

C-15

April 18, 2023

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, 2022. (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 ending September 30, 2022 (FY 22) 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.

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 \$4.6 billion as of September 30, 2022. Of this amount, \$349.2 million was recorded in governmental activities and \$4.3 billion was recorded in enterprise funds such as the Harbor Fund, Water Utility Fund, and Tidelands Operating Fund.

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 (now Long Beach Utilities) 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 21 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 on March 28, 2023, and by Revenue Management Officer Geraldine Alejo on March 30, 2023.

TIMING CONSIDERATIONS

City Council action on this item is not time critical.

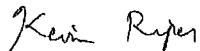
FISCAL IMPACT

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

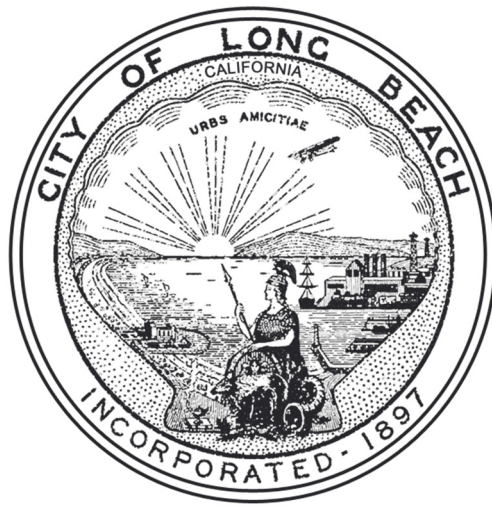
ATTACHMENTS: A – CITY OF LONG BEACH ANNUAL COMPREHENSIVE FINANCIAL REPORT
B – HARBOR DEPARTMENT ANNUAL COMPREHENSIVE FINANCIAL REPORT
C – LONG BEACH WATER DEPARTMENT ANNUAL COMPREHENSIVE FINANCIAL REPORT
D – LONG BEACH TRANSIT ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Long Beach California



Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2022



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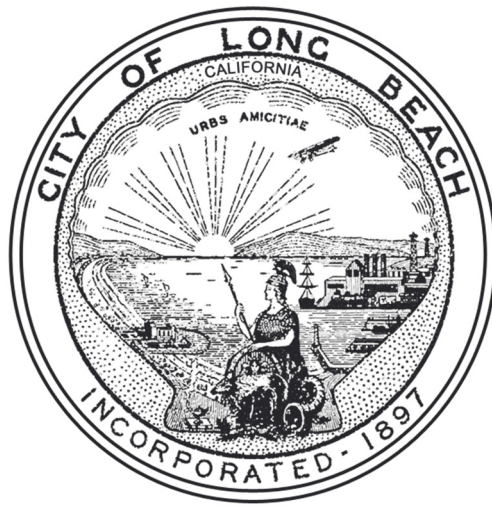
Annual Comprehensive Financial Report

City of Long Beach, California



For the Fiscal Year Ended
September 30, 2022

Prepared by the Department of Financial Management
Kevin Riper, Director



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City of Long Beach, California
Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2022

Prepared by the Department of Financial Management

Kevin Riper
Director of Financial Management

Ruby Carrillo-Quincey
City Controller

Stefannie Kodrat
Assistant City Controller

Glenda Pakingan
Accounting Operations Officer

Claudia Buenrostro
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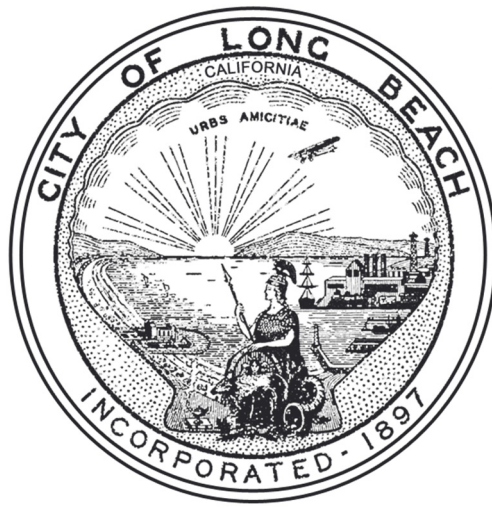
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Cover Photography by Liezl Estipona

Insert Photography by Liezl Estipona



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City of Long Beach
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

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INTRODUCTORY SECTION

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March 27, 2023

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, 2022. This report was prepared in accordance with 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 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. Though legally separate entities, blended component units are, in substance, part of the City's operations. A discretely presented component unit, Long Beach Transit, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City and to differentiate its financial position and results of operations from that of the City.

A specialized audit of City financial transactions, called the Single Audit, is separately required due to the City's 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, 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 has 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 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, City Prosecutor and City 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 2022, the Long Beach Police Department continued to partner with the community to build positive relationships and prevent crime in the community. This partnership was fostered by the Police Department reaching out to over 4,500 community members and visiting 520 businesses during “Neighborhood Walk” events. Together, the Long Beach Police Department and Long Beach communities have lowered the reported shooting incidents by 13% and murders by 6%. The Long Beach Police Department administered a \$25.5 million Homeland Security Award for critical training and equipment and has launched a Street Racing Takeovers Task Force. The Long Beach Fire Department continued to serve the City by responding to 80,000 calls during 2022 and sending experienced firefighters to help quell 10 wildfires plaguing the state of California.

Long Beach’s Public Safety staff are not alone in making life better for the City’s residents. The City’s fleet has been recognized as a Top 20 Fleet in Government Fleet Magazine competition for the seventh consecutive year and was ranked second best Green Fleet in the country by the National Association of Fleet Administrators. The Water Department remains a low cost provider of clean and great tasting water, performing over 61,000 water quality tests during 2022 to ensure the drinking water meets or exceeds all regulatory standards. The Long Beach Airport continues to serve the community by providing jobs and welcoming 3.2 million passengers to Long Beach. It was voted one of the Top Ten Airports in the nation and has received awards for both technical expertise and operational efficiencies. The successes in Long Beach kept happening all the way through to the very end of the year 2022. The Long Beach Partners of Parks won a nationwide competition to win a conservation grant of \$22,000 and a day of “Fishing With Santa”. Santa’s day got even better when the California Fish and Game restocked the pond with 700 pounds of trout.

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 continues to demonstrate 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 2 miles of bike lanes and increasing the bike share to over 1,400 bikes located at 96 hubs throughout the City. Safety barriers separate street and bike lanes, increasing safety and comfort for both riders and motorists. For the twelfth consecutive year, Long Beach was recognized as a Top 10 Digital City and was again awarded the highest honor in this ranking as the Top Digital City in the country by the Center for Digital Government. The City launched an on-line interactive map, available to the public, to provide information about street conditions, and several ‘Dashboard’ applications for citizens and stakeholders to find authoritative information about their topic of interest. Examples are: COVID 19, Long Beach Recovery Act, and self-service portals for utility customers.



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. Most recently, the City adopted an emergency proclamation on homelessness that will allow the City to mobilize local resources, coordinate interagency response, accelerate procurement of housing units and seek assistance from the state and federal government.

The Police Department's Homeless Outreach and Mental Evaluation (HOME) Detail made over 7,500 contacts offering services to persons experiencing homelessness, resulting in temporary housing for 271 and permanent housing for 39 individuals. The City served an average of 3,800 participants experiencing homelessness each month at the Multi-Service Center and provided showers, hygiene services and linkages to comprehensive services and housing. The City received 582 Housing Authority vouchers for people experiencing homelessness or at-risk of homelessness allowing 300 people to enjoy the security of permanent housing. The City secured \$1.3 million From the Conrad Hilton Foundation for the Unsheltered Homeless Services program to provide mental health, substance abuse and counseling for people currently experiencing homelessness and support for those moving to permanent housing. The City's Clean Team conducted 1,400 homeless encampment clean-ups and fifty-two 'Deep Cleaning' events throughout the City, and collected 2,000 tons of litter and illegally dumped items from City and private properties and alleyways. During the California Coastal Cleanup Day, 1,200 volunteers picked up and properly disposed of over 3,000 pounds of trash improving the beauty and environmental health of Long Beach's coastal areas. The City swept over 150,000 miles of street surfaces, filled over 40,000 potholes, and collected 380,000 tons of trash which was processed by the City's waste-to-energy plant, helping to generate clean power and preventing over 10,000 tons of recyclable materials from being disposed in landfills.

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. Local, national, and international businesses keep Long Beach growing and adapting to meet the constantly changing needs of today's modern life. The City is enjoying the ongoing benefits of the television and film industry in 2022. Long Beach has been selected for the filming of many television shows like "NCIS:LA" and "Hacks" and, since the Queen Mary became available, feature films such as "The Muppets Mayhem," and Netflix' series titled "Griselda."

As the City's business community grows, the need for housing of all types also grows. To accommodate this need, many diverse new residential projects have been approved for construction. In addition to the improvements that can be easily seen, equally important to the safety of residents and visitors were the 50 lane-miles of residential streets rehabilitated, 400 new ADA ramps installed and over 3,000 traffic and street name signs installed 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. After the success of a pilot program, 41 hybrid police Interceptor vehicles were placed in service allowing for a 41% reduction in fuel use, and lower carbon emissions. 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 2022 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 diverting 9-1-1 calls related to Homelessness to a Restorative Engagement to Achieve Collective Health (REACH) team;



surveying 600 miles of natural gas pipelines for leaks; maintaining remote services while welcoming 588,000 visitors to the library system ; and achieving a 60% increase in adoptions in early 2022 at Long Beach Animal Care Services. The Long Beach Airport worked to continue the planned Terminal Improvements, allowing both residents and visitors to feel safe and comfortable during their aviation journey to Long Beach. Long Beach has one of the first PPE (Personal Protective Equipment) vending machines in the City, provides a COVID-19 testing site for travelers, new self- check in kiosks, and a new baggage claim area. Long Beach Airport assured that no residents were exposed to improper noise levels and informed the community about military aircrafts visits.

The 2022 year included many improvements to the services and facilities available in Long Beach. The City approved thirteen residential and mixed-use projects, four affordable housing projects and supported 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 securing \$10.2 million in funding from the California Department of Housing and Community Development and \$69.8 million in federal and state funding to support the Long Beach Emergency Rental Assistance programs. The City welcomed a new park during 2022, adding a revitalized Lincoln Park to the Long Beach cityscape. The park will serves as a site for community engagement and a respite for visitors. The Parks, Recreation and Marine Department continues to provide healthy meals to children through the Summer Youth Program and interactive physical activities and a Teen Academy during the spring and summer. 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, Mpox and Baby Formula Challenges

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 mitigating 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.

During 2022, two new health challenges came to Long Beach when the US experienced a surge of Mpox cases and a National Baby Formulas shortage. The City's experience with COVID-19 allowed a quick and efficient response, administering more than 8,000 Mpox vaccines. The City was also able to respond quickly during the infant formula shortage, distributing nearly 1,000 cans of formula to infants nine months and younger at no cost.

Long Beach will continue to meet these health challenges 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 a total of \$292.1 million in 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 fifteenth 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, 2021. 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, 2022

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

Dr. 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 B. Modica

Assistant City Manager
Linda F. Tatum

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

Christopher Koontz
Johnny Vallejo
Robert Dowell
Kevin Riper
Kelly Colopy
Joseph Ambrosini
Cathy De Leon
Cynthia Guidry
Brent Dennis
Eric Lopez
Lea Eriksen
Reginald Harrison
Xavier Espino
Wally Hebeish



Council District 1
Mary Zendajas



Council District 2
Cindy Allen



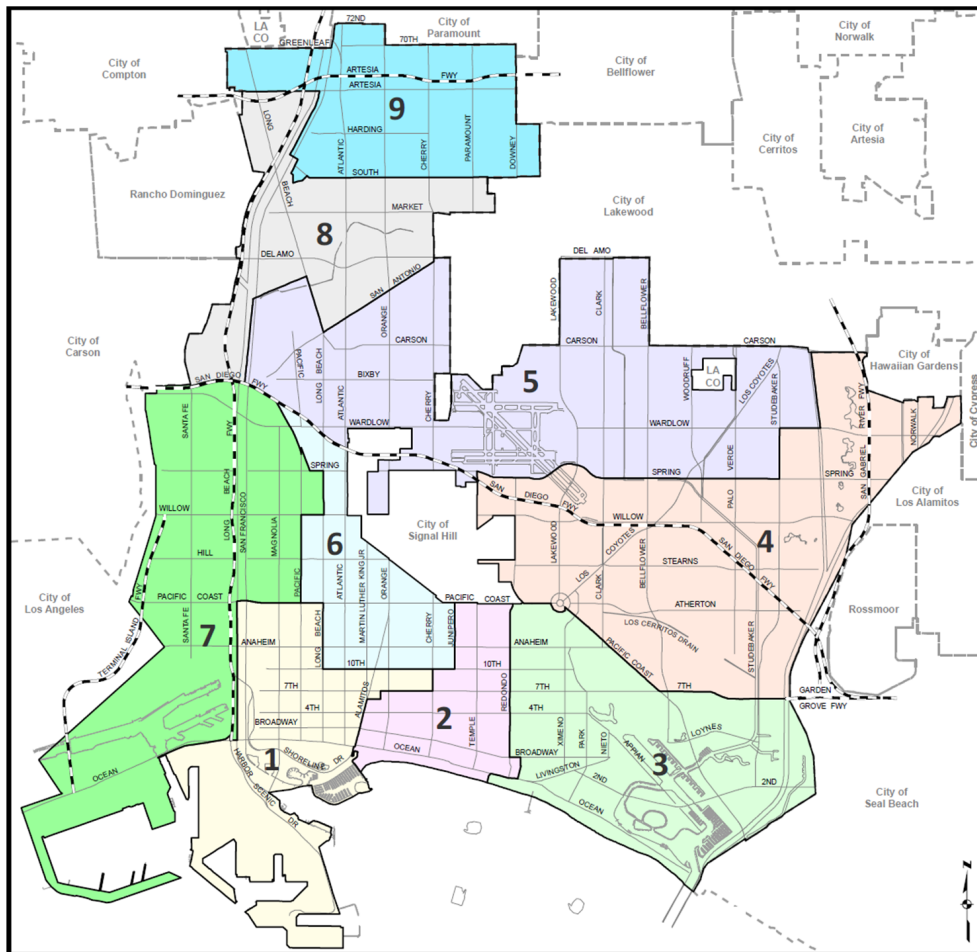
Mayor
Robert Garcia



Council District 3
Suzie Price



Council District 4
Daryl Supernaw



Council District 5
Stacy Mungo



Council District 6
Dr. Suely Saro



Council District 7
Roberto Uranga
ix



Council District 8
Al Austin

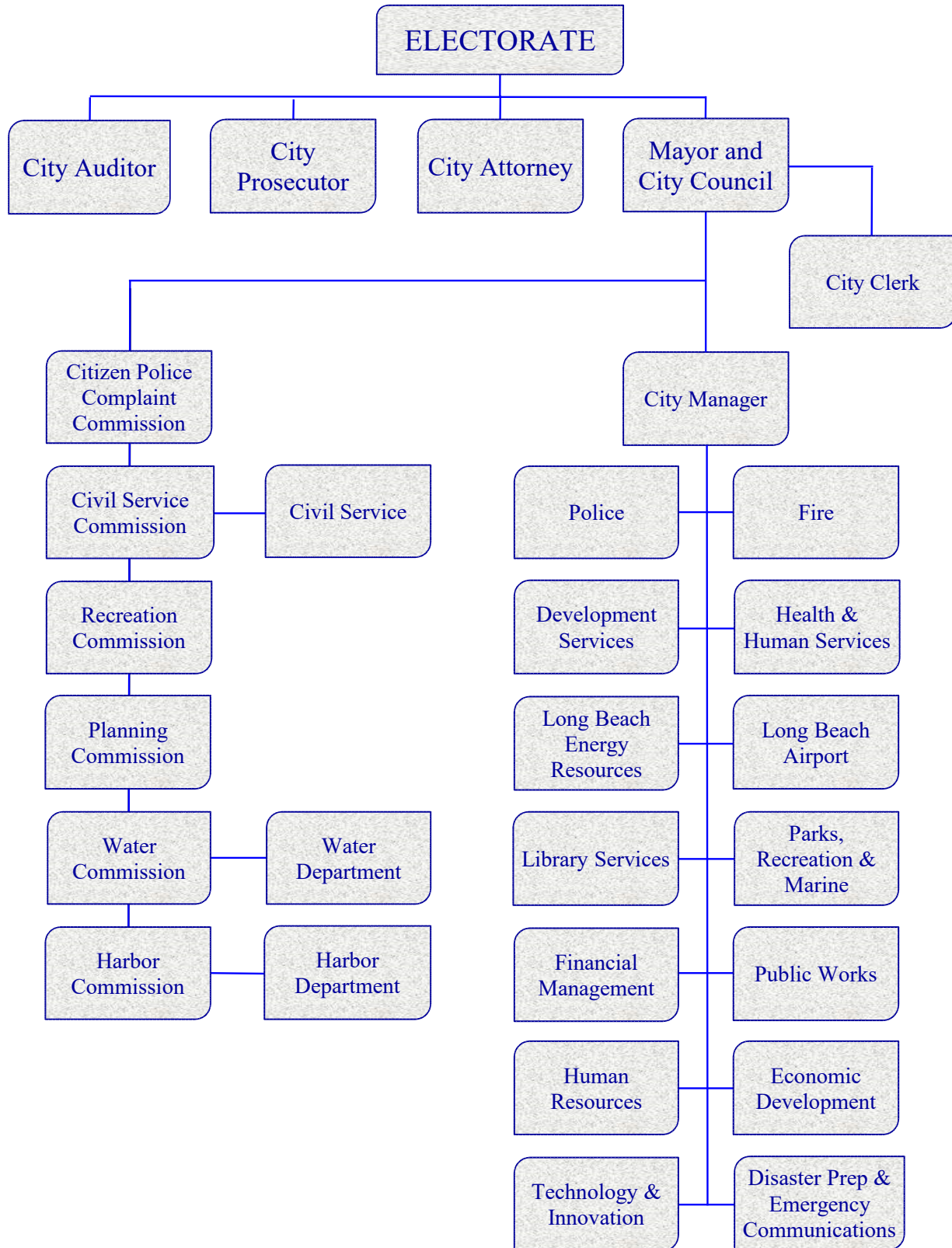


Council District 9
Vice Mayor
Rex Richardson

ORGANIZATIONAL CHART

CITY OF LONG BEACH, CALIFORNIA

As of September 30, 2022





Government Finance Officers Association

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in Financial
Reporting

Presented to

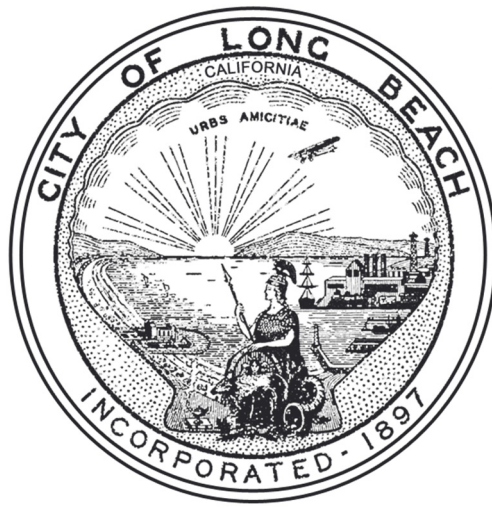
**City of Long Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



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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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of Long Beach Public Transportation Company (the Company), which represents 100% of the discretely presented component unit as of and for the year ended September 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Company, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, in 2022, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 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 additional financial information section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

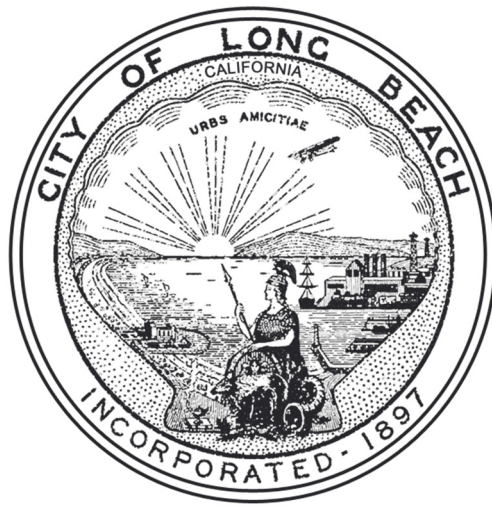
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023 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 27, 2023



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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, 2022

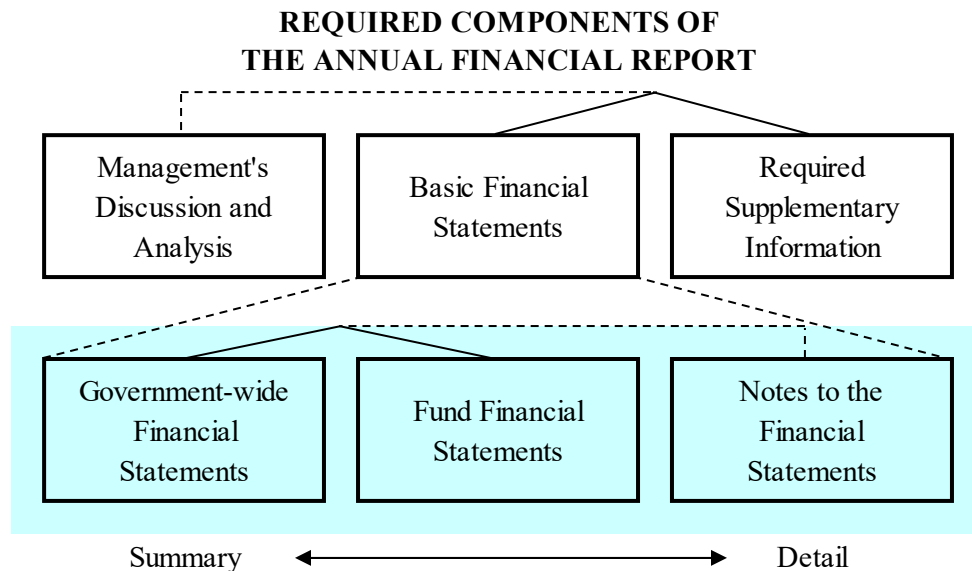
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider this information 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 \$4.6 billion. Of this amount, \$4.0 billion represents net investment in capital assets, and \$879.4 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 \$267.6 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$549.4 million, an increase of \$58.4 million or 11.9 percent, from the prior fiscal year end. Of these balances, \$4.2 million are nonspendable, \$254.5 million are restricted, \$78.9 million are committed, \$237.0 million are assigned, and a deficit \$25.3 million is unassigned.
- The fund balance of the General Fund was \$230.8 million. This represents an increase of \$58.2 million or 33.6 percent from the prior fiscal year. Of this balance, \$1.6 million is nonspendable, \$2.9 million is restricted, \$77.7 million is committed, and \$148.6 million is assigned.

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, 2022

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, 2022

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 to End Homelessness, 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, 2022

	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, 2022, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$4.6 billion, a decrease of \$1.2 billion from the prior year.

Net investment in capital assets accounted for \$4.0 billion 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 decreased by \$1.2 billion, or 22.7 percent, from the prior fiscal year. The slight increase of \$4.1 million in governmental activities is mostly attributable to payment of related debt. The decrease of \$1.2 billion in business-type activities is primarily due to the Harbor handing over ownership of the Long Beach International Gateway Bridge to the California Department of Transportation (Caltrans) for a capital asset cost of \$1.5 billion.

Restricted net position amounted to \$879.4 million. 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 \$267.6 million is the net of the \$625.0 million governmental activities deficit unrestricted net position (mostly related to pension liabilities) and the \$357.4 million business-type unrestricted net position.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Net Position
September 30, 2022 and 2021
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$1,401,494	\$1,175,621	\$ 2,335,477	\$ 2,423,230	\$ 3,736,971	\$ 3,598,851
Capital Assets	1,024,822	1,051,221	5,090,661	6,492,058	6,115,483	7,543,279
Total Assets	2,426,316	2,226,842	7,426,138	8,915,288	9,852,454	11,142,130
Deferred Outflows of Resources	357,455	99,311	121,291	55,762	478,746	155,073
Total Assets and Deferred Outflows of Resources	2,783,771	2,326,153	7,547,429	8,971,050	10,331,200	11,297,203
Liabilities:						
Current Liabilities	292,937	287,315	325,373	468,415	618,310	755,730
Noncurrent Liabilities, Net	1,809,699	1,249,474	2,505,917	2,376,008	4,315,616	3,625,482
Total Liabilities	2,102,636	1,536,789	2,831,290	2,844,423	4,933,926	4,381,212
Deferred Inflows of Resources	331,886	517,378	449,119	585,498	781,005	1,102,876
Total Liabilities and Deferred Inflows of Resources	2,434,522	2,054,167	3,280,409	3,429,921	5,714,931	5,484,088
Net Position:						
Net Investment in Capital Assets	456,247	452,155	3,548,274	4,727,066	4,004,521	5,179,221
Restricted	517,994	475,699	361,377	326,665	879,371	802,364
Unrestricted	(624,992)	(655,868)	357,369	487,398	(267,623)	(168,470)
Total Net Position	\$ 349,249	\$ 271,986	\$ 4,267,020	\$ 5,541,129	\$ 4,616,269	\$ 5,813,115

Key Changes in the Statement of Net Position:

The City's current and other assets increased \$138.1 million when compared to the prior fiscal year. Governmental activities increased \$225.9 million, primarily due to the implementation of a new accounting standard that resulted in the recognition of lease receivables in the amount of \$146.4 million, and increased cash balances of \$58.1 million as a result of higher sales tax, property tax, and federal grant revenues. There was also increased receivables from property tax and other revenues. Business-type activities decreased \$87.8 million mostly due to the recognition of unrealized losses from changes in fair value of the City's investment pool as a result of rising interest rates.

Citywide, capital assets decreased \$1.4 billion or 18.9 percent. Governmental activities reported a slight decrease of \$26.4 million and is mostly attributed to depreciation expense. Business-type activities decreased \$1.4 billion mostly due to the transfer of the Long Beach International Gateway Bridge to Caltrans.

Deferred outflows of resources increased \$323.7 million. Governmental activities deferred outflows increased \$258.1 million and business-type activities increased \$65.5 million. The increase is mostly attributable to difference between actual and expected investment returns of the City's pension plans.

Current liabilities decreased \$137.4 million. Governmental activities increased \$5.6 million and business-type activities decreased \$143.0 million. The increase in governmental activities resulted from increased

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

accounts payable at fiscal year-end, offset by a decrease 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 decreased liabilities from the refunding of the 2018A and 2020C Notes.

Overall, noncurrent liabilities increased \$690.1 million or 19.0 percent City-wide. Governmental activities increased \$560.2 million and Business-type activities increased \$129.9 million, the change was mostly attributed to a higher net pension liability as a result of the CalPERS pension plans reporting a negative 6.1% net return on investments.

In total, deferred inflows of resources decreased \$321.9 million. Governmental activities decreased \$185.5 million due to a decrease of \$331.2 million in the difference between actual and expected investment returns by CalPERS for the City's pension plans, offset by an increase of \$144.3 million related to the implementation of a new GASB standard on accounting for leases. Business-type activities decreased \$136.4 million due to a decrease of \$118.1 million in the difference between actual and expected investment returns by CalPERS and a decrease of \$148.9 million in the fair value of the gas commodity swap, offset by an increase of \$127.2 million in accounting for leases.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Analysis of Changes in Net Position

The following table presents condensed information from the statement of activities for the fiscal years 2022 and 2021. 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, 2022 and 2021						
(In Thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 168,054	\$ 150,848	\$ 1,256,767	\$ 1,031,852	\$ 1,424,821	\$ 1,182,700
Operating Grants and Contributions	302,613	352,336	219	160	302,832	352,496
Capital Grants and Contributions	86,781	76,033	131,479	40,099	218,260	116,132
General Revenues:						
Taxes:						
Property	234,386	225,820	-	-	234,386	225,820
Sales	174,257	150,887	-	-	174,257	150,887
Utility Users	40,349	38,546	-	-	40,349	38,546
Other	56,868	40,098	-	-	56,868	40,098
Franchise Taxes	20,813	23,734	-	-	20,813	23,734
Unrestricted Investment Earnings	1,495	3,496	11,461	1,469	12,956	4,965
Total Revenues	1,085,616	1,061,798	1,399,926	1,073,580	2,485,542	2,135,378
Expenses:						
Legislative and Legal	16,722	13,058	-	-	16,722	13,058
General Government	41,335	36,564	-	-	41,335	36,564
Public Safety	407,420	311,933	-	-	407,420	311,933
Public Health	101,438	60,016	-	-	101,438	60,016
Community and Cultural	259,577	217,381	-	-	259,577	217,381
Public Works	170,385	163,203	-	-	170,385	163,203
Oil Operations	6,830	3,679	-	-	6,830	3,679
Interest on Long-Term Debt	18,253	19,781	-	-	18,253	19,781
Gas Utility	-	-	128,684	83,900	128,684	83,900
Water Utility	-	-	136,550	93,075	136,550	93,075
Tidelands Operating	-	-	146,178	110,419	146,178	110,419
Tideland Oil	-	-	164,564	84,271	164,564	84,271
Harbor	-	-	1,871,078	336,106	1,871,078	336,106
Non-major Enterprise Funds	-	-	213,374	170,052	213,374	170,052
Total Expenses	1,021,960	825,615	2,660,428	877,823	3,682,388	1,703,438
Increase (Decrease) in Net Position before Transfers	63,656	236,183	(1,260,502)	195,757	(1,196,846)	431,940
Capital Assets Transfers	-	-	-	-	-	-
Transfers	13,607	(5,284)	(13,607)	5,284	-	-
Total Change in Net Position	77,263	230,899	(1,274,109)	201,041	(1,196,846)	431,940
Net Position, Beginning of Year	271,986	41,087	5,541,129	5,340,088	5,813,115	5,381,175
Net Position, End of Year	\$ 349,249	\$ 271,986	\$ 4,267,020	\$ 5,541,129	\$ 4,616,269	\$ 5,813,115

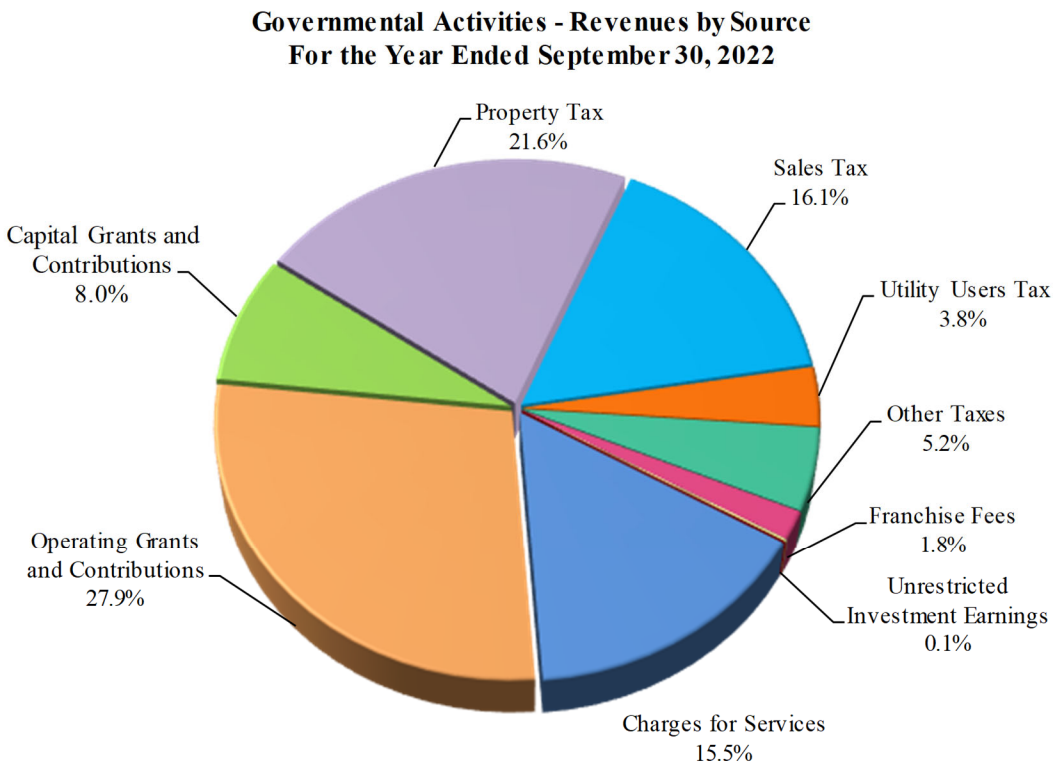
City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Governmental activities

Governmental activities net position increased \$77.3 million when compared to the Fiscal Year 2021 financial report.

Total revenues for governmental activities (excluding transfers) increased \$23.8 million, or 2.2 percent, with the majority of the increase reported in sales, property and other taxes. Total governmental program expenses increased \$196.3 million, or 23.8 percent, mostly due to higher pension expenses resulting from lower investment returns of the CalPERS pension plans that reported a negative 6.1% net return on investments. Other changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.



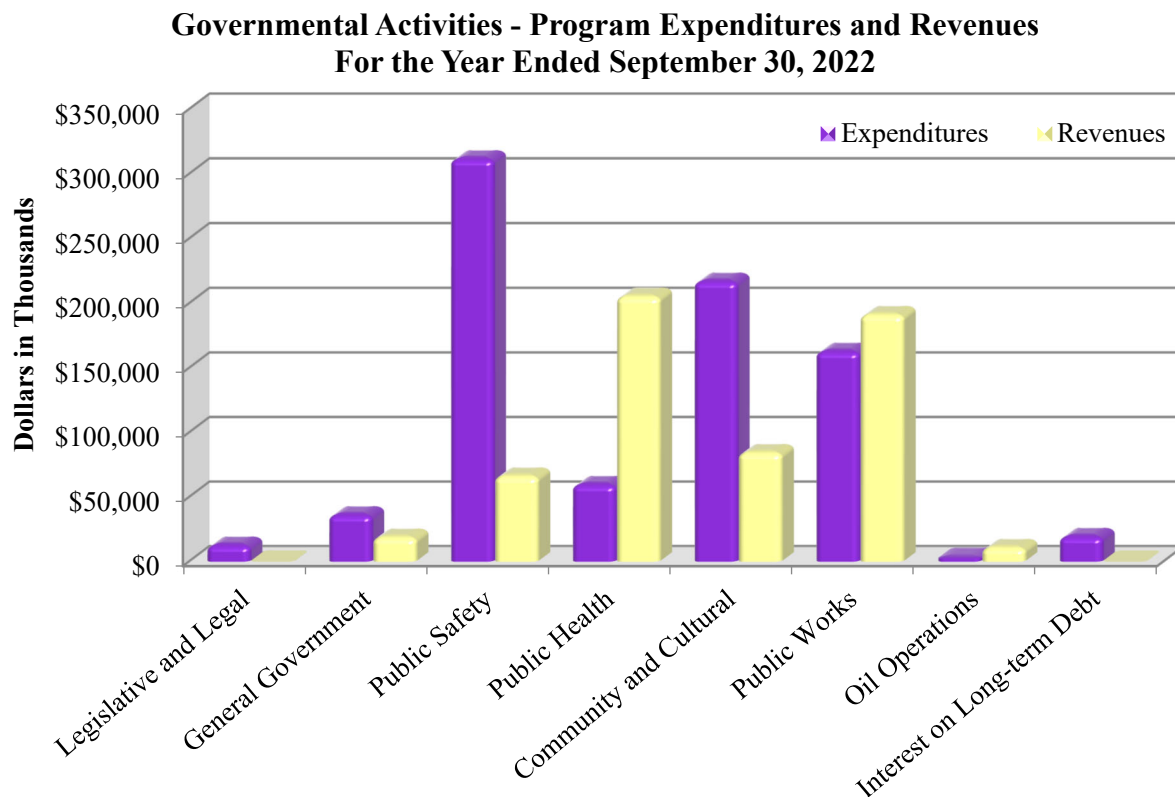
- The three largest revenue sources for governmental activities were operating grants and contributions, property taxes, and sales tax. Excluding transfers, these sources accounted for 65.6 percent of revenues. For fiscal year 2022, operating grants and contributions decreased \$49.7 million primarily due to the recognition of less federal ARPA revenue in the current year and lower FEMA federal awards as a result of decreased pandemic costs. Property tax revenues increased \$8.6 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 \$23.4 million due to strong performance in the general consumer goods and restaurants and hotels categories. There was also a notable increase generated from the unanticipated price increases to fuel and automobiles.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Governmental activities expenses, excluding transfers, increased \$196.3 million or 23.8 percent. The most significant changes were as follows:

- Public safety expenses reported the largest increase of \$95.5 million, primarily due to higher personnel expenses from increased pension costs due to lower investment returns of the CalPERS pension plans, which also resulted in a significant increase in the City's net pension liability.
- An increase of \$41.4 million in Public Health due to higher personnel expenses from increased pension costs and increased program expenses through the Long Beach Recovery Act and federal and state grants.
- An increase of \$42.2 million in expenses was also noted in Community and Cultural mostly due to increased grant funding for the Emergency Rental Assistance Program (ERAP) and Section 8 Housing Choice Voucher programs.

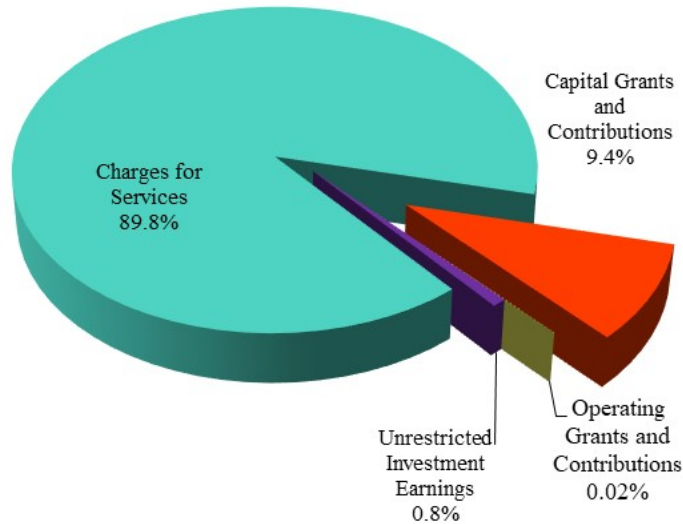
The following chart illustrates governmental activities program expenses and revenues by function.



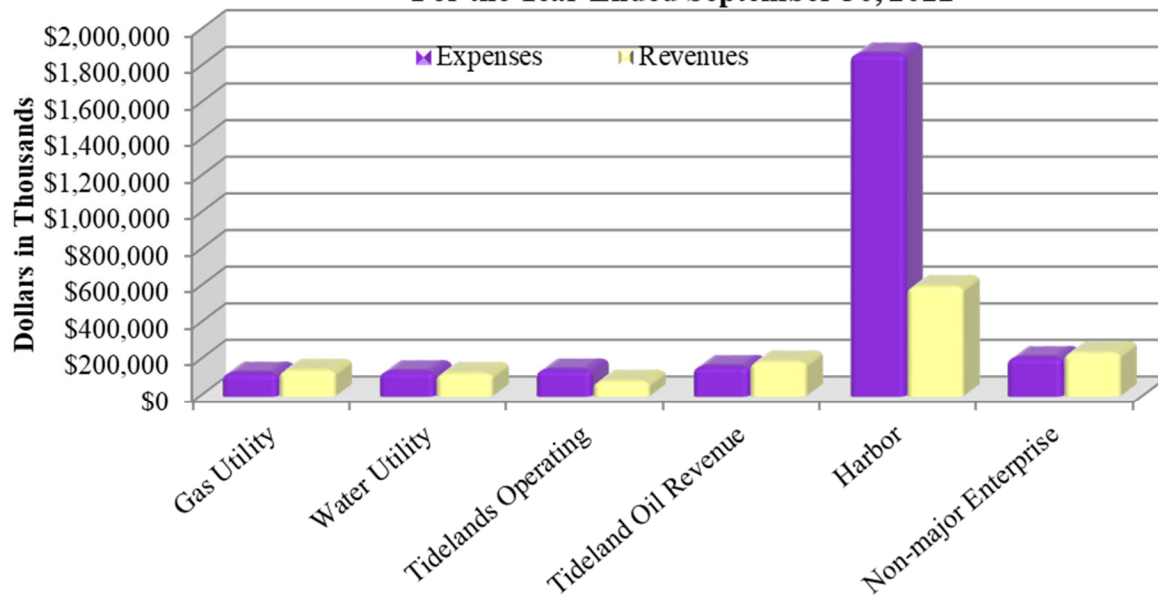
City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Business-type activities

Business-type Activities - Revenues by Source
For the Year Ended September 30, 2022



Business-type Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2022



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

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Business-type activities decreased net position by \$1.3 billion. 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 \$4.5 million, an increase of \$5.0 million from the prior fiscal year. The increase was due to higher transmission and commodity revenues due to increased prices for natural gas and continued strong demand.
- Water Utility net position at fiscal year-end was \$339.6 million, a \$8.5 million decrease from the prior fiscal year. The Water Utility realized higher charges for service revenues than in the prior year, that were offset by higher personnel expenses related to increased pension costs as a result of lower investment returns of the CalPERS pension plans.
- Tidelands Operating Fund net position increased \$0.5 million, totaling \$292.6 million at fiscal year-end. Tidelands transfers in from Tidelands Oil and Harbor amounted to \$57.8 million, an increase of \$23.6 million from the prior year. Harbor transferred \$24.0 million, consistent with City Charter mandated revenue sharing; and Tideland Oil Revenue transferred \$33.8 million due to higher oil prices of \$94 per barrel to be used to fund tidelands operations and capital improvements. During the fiscal year, the Convention Center operated at a loss resulting in the fund reporting additional expenses of \$5.7 million to cover the losses. Also reported were higher costs for the Queen Mary in the amount of \$6.6 million for critical repairs and maintenance, and property and legal costs. Personnel expenses were also higher by \$11.5 million mostly due to lower investment returns of the CalPERS pension plans that led to an increase in pension costs and the net pension liability.
- Tideland Oil Revenue Fund net position decreased \$8.0 million primarily due to increased expenses resulting from the oil field abandonment liability.
- Harbor net position decreased \$1.3 billion. The change was primarily due to the ownership transfer of the Long Beach International Gateway Bridget to Caltrans (as a component of the state highway system) for a capital asset cost of \$1.5 billion. This amount was slightly offset by higher operating revenues of \$44.9 million due to the delivery of 80 additional acres at the Middle Harbor terminal (Pier E) and higher rental property revenue due to continued strong demand for leased land for container storage. Also reported was an increase of \$75.7 million in grant revenues mostly due to reimbursements related to the Gerald Desmond Bridge Replacement Project.
- Overall, total net position for non-major business-type activities increased \$29.5 million, to \$565.6 million at fiscal year-end. Significant changes in the non-major funds included increased net position in the Airport Fund by \$25.4 million due to the receipt of direct federal grant awards through ARPA and higher airline and parking revenues, reflecting increasing passenger activity and the travel industry moving past the pandemic. The Development Services Fund also reported higher revenues for plan check and building permits from increased development activity.

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, 2022, the City's governmental funds reported combined fund balances of \$549.4 million, an increase of \$58.4 million from the prior year. Further information can be found in *Note 14 – Governmental Fund Balances and Fund Deficits*.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Governmental fund assets increased \$181.5 million, or 17.5 percent, from the prior fiscal year. Pooled and Non-Pooled Cash and Investments increased \$59.2 million mostly due to increased federal and state grant revenues as a result of the pandemic, including American Rescue Plan Act (ARPA) funding. Net Receivables, including Noncurrent Receivables, increased \$115.4 million. The increase was due to the implementation of a new GASB standard that requires the City report lease receivables related to renting capital assets such as land, buildings and equipment to other entities.

Governmental fund liabilities decreased \$35.3 million, or 16.1 percent. Due to Other Funds decreased \$50.4 million mostly due to the General Fund owing the Water Utility Fund \$30.8 million in the prior year for the court order ruling against the City on the Measure M litigation. Unearned revenues decreased \$10.5 million due to decreased advances from grantors to be used in the subsequent fiscal period.

Of the \$549.4 million total fund balances, \$254.5 million or 46.3 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 \$32.1 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 \$7.8 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$2.9 million at the end of the fiscal year.
- Proposition H (Prop H), the Police and Fire Public Safety Oil Production Tax proceeds may be used only for police officers, fire fighters, and related costs, including but not limited to equipment, facilities, and training in order to ensure timely responses to public needs. As of September 30, 2022, Prop H funds for police and fire amounted to \$171 thousand.
- Impact fees restricted for public safety amounted to \$4.7 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$93.7 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 \$30.3 million.
- Former Redevelopment Agency capital projects fund balance restricted for the purposes of winding down the activities of the Agency amounted to \$9.9 million.
- The Belmont Shore Parking Meter fund has restricted \$199 thousand as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area.
- Fund balance restricted within the Community Development Grant fund amounted to \$8.7 million.
- Fund balance restricted within the Other Special Revenue fund for economic development totaled \$11.1 million at the close of the fiscal year.
- Impact fees restricted for community development amounted to \$7.6 million.

Restricted for Public Works

As of September 30, 2022, fund balance restricted for public works amounted to \$120.7 million. The most significant restrictions include:

- \$14.8 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.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

- \$23.1 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.
- \$1.7 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.
- \$14.6 million pursuant to County Measure M. County Measure M is a one-half cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes.
- \$10.5 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.
- \$13.5 million is restricted for Measure W, a special tax for parcels located in the Los Angeles County Flood Control District, to pay for infrastructure and programs to capture, treat and recycle rainwater.
- \$11.7 million is restricted related to State gas tax funding. Gas tax funding is restricted to constructing and maintenance of streets and sidewalks.

The General Fund reported a year-end fund balance of \$230.8 million. The City's operating reserve, at \$15.7 million, is 2.5% of normal operating expenditures, which is within the policy required range of 2 to 7 percent. The Emergency Reserve, at \$47.8 million, is 7.6 percent of normal operating expenditures and is below the target level of 10 percent.

The General Capital Projects Fund reported a year-end fund balance of \$201.1 million, which represented an increase of \$43.0 million in fund balance. The change in fund balance was primarily due to higher grant revenues, Measure W, 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 \$30.3 million, which represented an increase of \$7.0 million in fund balance. The change in fund balance was primarily due 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
Fiscal Years Ending September 30, 2022 and 2021
(In Thousands)

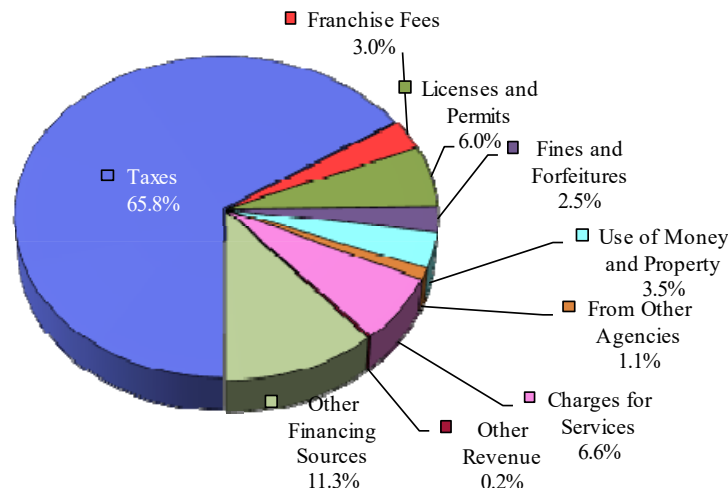
<i>Revenues and Other Financing Sources</i>	<i>Fiscal Year 2021-22</i>	<i>Percentage of Total</i>	<i>Fiscal Year 2020-21</i>	<i>Percentage of Total</i>
Taxes	\$ 460,859	65.8%	\$ 417,758	55.9%
Franchise Fees	20,813	3.0%	23,734	3.2%
Licenses and Permits	42,376	6.0%	36,550	4.9%
Fines and Forfeitures	17,670	2.5%	14,395	1.9%
Use of Money and Property	24,867	3.5%	30,001	4.0%
From Other Agencies	7,883	1.1%	8,482	1.1%
Charges for services	46,217	6.6%	39,646	5.3%
Other Revenue	1,386	0.2%	5,391	0.7%
Other Financing Sources	78,818	11.3%	171,382	22.9%
	<u>\$ 700,889</u>	<u>100%</u>	<u>\$ 747,339</u>	<u>100%</u>

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

General Fund revenues and other financing sources decreased \$46.5 million, or 6.2 percent, from the prior fiscal year. Significant year-over-year changes include:

- Taxes increased \$43.1 million, or 10.3 percent reflecting an increase from the prior year in various tax revenues. Sales and Use Tax was higher than the prior year by \$22.7 million due to continued growth in the City's share of the countywide pool following the 2019 implementation of AB 147 and strong performance in the general consumer goods and restaurants and hotels categories. There was also a notable increase generated from the unanticipated price increases to fuel and automobiles. Transient Occupancy Tax (TOT) also reported an increase of \$9.4 million when compared to the prior year. TOT revenue has shown significant improvement and now exceeds the average revenue reported in pre-pandemic periods. Property tax revenue increased \$4.5 million mostly due to citywide valuation increases from new development and improvements, as well as prior year adjustments such as supplemental tax revenues that are based on the change in valuation following the completion of a property sale, transfer of ownership, or new construction.
- Licenses and permits increased by \$5.8 million, mostly attributed to emergency fees being higher due to increased activity in fiscal year 2022, as well as the impact of efficiencies and improvements to billing processes.
- Charges for Services increased by \$6.6 million due to increased revenues from special events, reflecting an increase in both the number and scale of events, improving since fiscal year 2021, which had been impacted by COVID-19 pandemic related restrictions.
- Use of Money and Property decreased by \$5.1 million due to a decrease in interest earnings of \$10.0 million due to the recognition of unrealized losses from changes in fair value of the City's investment pool, offset by an increase of \$6.3 million in oil revenues.
- Revenues derived from other financing sources decreased \$92.6 million from the prior year. The majority of the decrease is due to transfers out of General Grants to the General Fund being lower in fiscal year 2022 as a result of the City's approach to use of ARPA funding. The City followed the ARPA regulations that allow use of funding to provide and maintain current government services, including parks and recreation and public safety services, up to the amount of the City's calculated revenue loss due to the pandemic. There was also a transfer in to the General Fund from the Health Grants Fund in the prior year related to the purchase of property for Homeless Services Housing that did not reoccur in fiscal year 2022.

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2022**



City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

General Fund Expenditures

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

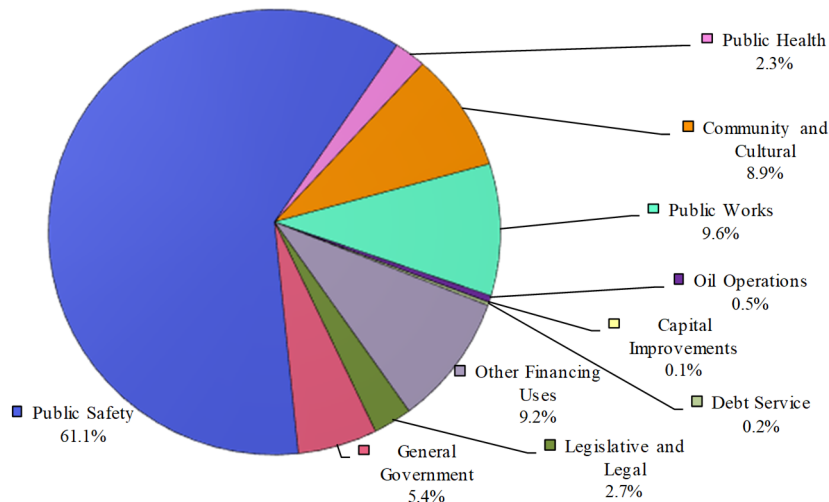
General Fund Expenditures and Other Financing Uses
Fiscal Years Ending September 30, 2022 and 2021
(In Thousands)

<i>Expenditures and Other Financing Uses</i>	<i>Fiscal Year 2021-22</i>	<i>Percentage of Total</i>	<i>Fiscal Year 2020-21</i>	<i>Percentage of Total</i>
Legislative and Legal	\$ 17,124	2.7%	\$ 16,537	2.3%
General Government	35,007	5.4%	34,860	4.9%
Public Safety	392,868	61.1%	408,803	57.6%
Public Health	15,051	2.3%	19,885	2.8%
Community and Cultural	57,045	8.9%	53,645	7.5%
Public Works	61,622	9.6%	58,535	8.3%
Oil Operations	2,979	0.5%	2,446	0.3%
Capital Improvements	116	0.1%	24,765	3.5%
Debt Service	1,473	0.2%	1,487	0.2%
Other Financing Uses	59,435	9.2%	89,625	12.6%
	<u>\$ 642,720</u>	<u>100%</u>	<u>\$ 710,588</u>	<u>100%</u>

Expenditures, including other financing uses, decreased \$67.9 million, or 9.6 percent, from the prior year. Significant changes include:

- A decrease of \$15.9 million in Public Safety was due to savings from position vacancies in the Fire and Police departments, as a result of increased separations, retirements, and hiring challenges during the Great Resignation.
- The Public Works department reported an increase of \$3.1 million due to more investment in infrastructure repairs and maintenance.
- Capital improvements reported a decrease of \$24.6 million due to land and property purchases that occurred in the prior year for Homeless Services Housing and Fire Station 9.
- A decrease in Transfers Out was also reported in the amount of \$30.2 million, due to the transfer out of \$30.8 million in the prior year 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.

General Fund Expenditures and Other Financing Uses
For the Year Ended September 30, 2022



City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Proprietary Funds Financial Analysis

Enterprise Funds

The combined net position of enterprise funds totaled \$4.3 billion at the close of the fiscal year. Total unrestricted net position amounted to \$390.0 million before the allocation of internal service fund activities. The total decrease in net position was \$1.3 billion 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 \$339.6 million, a decrease of \$8.5 million from the prior year. The decrease was attributed to the Water Utility refunding \$21.0 million in Measure M funds back to ratepayers, offset by a reduction of about \$9.0 million in transfers out to the General Fund that will no longer occur as a result of the court ruling on Measure M. Tidelands Operating reported net position of \$292.6 million, an increase of \$0.5 million from the prior year. The Harbor reported net position of \$3.2 billion, a decrease of \$1.3 billion, primarily due to the ownership transfer of the Long Beach International Gateway Bridge to Caltrans. The Gas Utility reported a deficit net position of \$4.5 million and the Tideland Oil Revenue reported a deficit net position of \$63.6 million. Other Proprietary funds reported net position of \$565.6 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, 2022, internal service funds reported a net position of \$34.5 million, a decrease of \$14.6 million. There were deficit net positions reported in the Workers' Compensation Insurance Fund and General Liability Insurance Fund, which reported deficit balances of \$103.3 million and \$46.4 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 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 fund reported \$57.6 million and the General Services fund reported \$14.6 million in net position, mostly attributed to the net investment in capital assets. For the Fleet Services fund, net position was \$88.6 million, mostly from the net investment in capital assets and cash available for future replacement of the City's fleet of vehicles and equipment.

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 to End Homelessness 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 2022 final budget for estimated revenues and expenditure appropriations reflected a net increase to budgeted fund balance of \$107.3 million. The change

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

between original and final budgeted amounts was \$65.5 million and consisted of additional appropriation for expenditures and other financing uses of \$61.4 million and a decrease in revenue and other financing sources of \$4.2 million.

Significant changes in the appropriations budget include:

- An increase of \$51.7 million to fund Long Beach Recovery Act programs focused on public health and economic recovery for residents and businesses in the community, and for the City to replace lost revenues during the pandemic. This was made possible due to the use of federal ARPA funds paying for parks and recreation and police services that would normally be funded by the General Fund.
- An increase of \$4.0 million in the Police Department for the Long Beach Safety Recovery Plan for violent crime reduction and community engagement activities.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$163.5 million. This consists of favorable variances in both revenues and other financing sources of \$102.2 million and expenditures and other financing uses of \$61.3 million.

The General Fund revenues and other financing sources positive budget to actual variance of \$102.2 million is mostly due to increased property, sales tax, and transfers in from the General Grants fund as a result of the federal ARPA award funding parks and recreation and police costs normally budgeted and paid by the General Fund.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$61.3 million primarily due to lower personnel costs than anticipated in the Police Department and lower operational costs in Public Works, Public Health and Financial Management.

Capital Assets and Debt Administration

Capital Assets: As of September 30, 2022, the City's capital assets held by governmental and business-type activities amounted to \$6.1 billion (net of accumulated depreciation). There was an overall decrease of \$1.4 billion in the City's capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2022 and 2021
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 223,449	\$ 225,112	\$ 1,434,082	\$ 1,376,585	\$ 1,657,531	\$ 1,601,697
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	3,442	3,442
Construction in Progress	74,519	62,905	574,926	602,338	649,445	665,243
Buildings	418,620	433,171	1,910,442	2,007,211	2,329,062	2,440,382
Improvements Other than Buildings	61,359	66,600	328,070	331,238	389,429	397,838
Infrastructure	55,870	64,796	525,363	1,859,235	581,233	1,924,031
Machinery and Equipment	35,799	40,165	23,886	30,539	59,685	70,704
Vehicles and Aircrafts	57,069	58,581	81,712	72,583	138,781	131,164
Software and Patents	16,797	18,551	5,394	5,543	22,191	24,094
Total Net Capital Assets	\$1,024,822	\$ 1,051,221	\$ 5,090,661	\$ 6,492,058	\$ 6,115,483	\$ 7,543,279

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

Governmental activities net capital assets decreased by \$12.7 million mostly due to decreases in Buildings and Infrastructure from the depreciation of those assets.

Business-type activities' net capital assets decreased \$1.4 billion over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor Fund capital assets decreased by \$1.5 billion, with the decrease mostly due to the ownership transfer of the Long Beach International Gateway Bridge to Caltrans. The fund also reported an increase of \$65.5 million in land due to the purchase of 28.6 acres made up of three parcels on the north end of Pier D.
- Airport Fund capital assets increased by \$49.6 million due to the completion of the new Ticketing Lobby and Checked Baggage Inspection System (CBIS) facility.
- Other Enterprise Funds capital asset increases resulted from gas utility pipeline improvements and water utility distribution systems.

Additional information on the City's capital assets can be found in Note 6 to the basic financial statements, and information related to commitments for future capital asset acquisitions can be found in Note 19 to the basic financial statements.

Long-Term Indebtedness: As of September 30, 2022, the City's net long-term debt outstanding totaled \$2.7 billion. Of this amount, \$2.3 billion relates to notes, bonds, financed purchase obligations, and \$284.6 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, 2022 and 2021						
(In Thousands)						
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Totals</i>	
	2022	2021	2022	2021	2022	2021
Notes Payable	\$ 7,233	\$ 7,569	\$ 513,207	\$ 545,309	\$ 520,440	\$ 552,878
Bonds Payable	231,920	258,203	1,519,722	1,600,382	1,751,642	1,858,585
Financed Purchase Obligations	47,068	38,943	30,105	32,943	77,173	71,886
Other Obligations	307,576	313,765	-	-	307,576	313,765
Total Outstanding	<u>\$ 593,797</u>	<u>\$ 618,480</u>	<u>\$ 2,063,034</u>	<u>\$ 2,178,634</u>	<u>\$ 2,656,831</u>	<u>\$ 2,797,114</u>

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

Governmental Activities

- Bonds payable decreased by \$26.2 million as a result of annual principal payments in the amount of \$22.1 million and premium amortization. For financed purchase obligations, the City is

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2022

reporting an increase of \$8.1 million primarily due to new obligations for purchase of technology equipment, fire trucks and refuse trucks. The Other Obligations of \$307.6 million is mostly attributable to City Hall and Civic Center complex.

Business-Type Activities

- Bonds payable reported a decrease of \$80.7 million. The change is attributed to the refunding of the 2012 Aquarium bonds that included a payoff of \$26.3 million, refunding of the 2010A and 2010B Airport bonds and issuance of new money for \$18.0 million, and for principal payments in the amount of \$71.7 million made by various enterprise funds. Notes payable decreased by \$32.1 million mostly due to the Harbor Department payoff on a line of credit. Additional information on the City's long-term obligations can be found in Notes 7 through 9 to the basic financial statements.

Economic Outlook

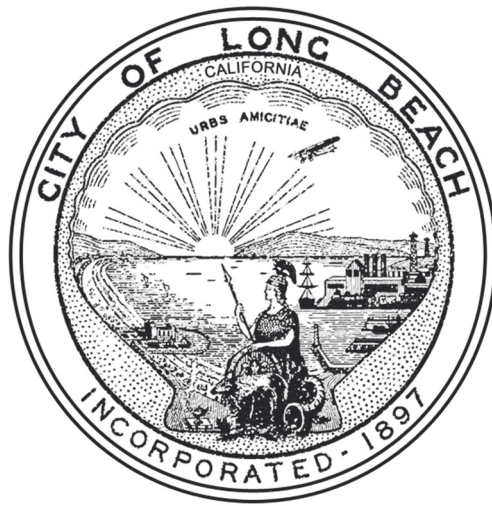
While the City of Long Beach continues to recover from the lasting implications of the COVID-19 pandemic, the City has remained strongly committed to best providing critical public services, prioritizing significant recovery support for residents and businesses, and making strong investments in the City's infrastructure.

The national economy has slowed from high inflation and continued rising interest rates. The City's current economic condition reflects a strong labor market, which has held the unemployment rate the lowest in decades and increased wages. This has sustained consumer spending that supports the City's sales and use tax related revenues. However, rising interest rates may result in a slow-down in the real estate market that could reduce the rate of growth in property tax revenues.

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

Requests for Information

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



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BASIC FINANCIAL STATEMENTS

City of Long Beach
Statement of Net Position
September 30, 2022
(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	\$ 89,841	\$ 172,505	\$ 262,346	\$ -
Non-Pooled Cash and Cash Equivalents	35,571	26,803	62,374	53,052
Pooled Investments	186,940	358,933	545,873	-
Interest Receivable	827	874	1,701	-
Property Tax Receivable, Net	113,212	-	113,212	-
Accounts and Loans Receivables, Net	35,487	131,938	167,425	9,669
Due from Other Governments	105,992	93,501	199,493	-
Lease Receivables	-	2,752	2,752	-
Internal Balances	43,756	(43,756)	-	-
Inventory	3,221	11,692	14,913	3,210
Other Assets and Deposits	12,839	32,420	45,259	1,361
Land Held for Resale	5,874	-	5,874	-
Total Current Assets	633,560	787,662	1,421,222	67,292
Noncurrent Restricted Assets:				
Non-Pooled Investments	-	36,949	36,949	21,779
Total Noncurrent Restricted Assets	-	36,949	36,949	21,779
Other Noncurrent Assets:				
Pooled Investments	385,412	740,010	1,125,422	-
Other Noncurrent Receivables	376,522	149,397	525,919	-
Prepaid Gas - Long-Term	-	286,887	286,887	-
Fair Value - Commodity Swap	-	294,922	294,922	-
Land and Other Capital Assets not being Depreciated	379,308	2,215,794	2,595,102	21,209
Capital Assets, Net of Accumulated Depreciation/Amortization	645,514	2,874,867	3,520,381	84,139
Other Assets	6,000	39,650	45,650	8,817
Total Other Noncurrent Assets	1,792,756	6,601,527	8,394,283	114,165
Total Assets	2,426,316	7,426,138	9,852,454	203,236
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources	357,455	121,291	478,746	16,027
Total Assets and Deferred Outflows of Resources	2,783,771	7,547,429	10,331,200	219,263
LIABILITIES				
Current Liabilities:				
Accounts Payable	80,253	134,081	214,334	5,965
Accrued Wages and Benefits Payable	2,487	992	3,479	4,872
Accrued Interest Payable	2,351	27,197	29,548	-
Unearned Revenue, Credits, and Other Payables	67,230	57,643	124,873	42,859
Employee Benefits and Accrued Long-Term Obligations	95,776	26,490	122,266	20,268
Bonds, Loans, Financed Purchase, and Other Long-Term Obligations	44,840	78,970	123,810	1,203
Total Current Liabilities	292,937	325,373	618,310	75,167
Noncurrent Liabilities:				
Fair Value - Interest Rate Swap	-	2,037	2,037	-
Other Payables	-	9,327	9,327	6,050
Lease Liability	-	-	-	9,053
Employee Benefits and Accrued Long-Term Obligations	291,374	170,277	461,651	5,219
Bonds, Loans, Financed Purchase, and Other Long-Term Obligations	548,957	1,984,064	2,533,021	2,010
Total OPEB Liability	3,156	1,009	4,165	-
Net Pension Liability	966,212	339,203	1,305,415	32,193
Total Noncurrent Liabilities	1,809,699	2,505,917	4,315,616	54,525
Total Liabilities	2,102,636	2,831,290	4,933,926	129,692
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	331,886	449,119	781,005	3,825
Total Liabilities and Deferred Inflows of Resources	2,434,522	3,280,409	5,714,931	133,517
NET POSITION				
Net Investment in Capital Assets	456,247	3,548,274	4,004,521	102,135
Restricted for:				
Debt Service	27,100	22,454	49,554	-
Capital Projects	144,699	87,003	231,702	300
Public Safety	7,833	-	7,833	-
Public Health	202	-	202	-
Community and Cultural	319,549	-	319,549	-
Healthcare Insurance	18,611	-	18,611	-
Tidelands	-	57,003	57,003	-
Airport	-	9,708	9,708	-
Subsidence	-	185,209	185,209	-
Unrestricted	(624,992)	357,369	(267,623)	(16,689)
Total Net Position	\$ 349,249	\$ 4,267,020	\$ 4,616,269	\$ 85,746

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, 2022
(In Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>FUNCTIONS/PROGRAMS</u>				
GOVERNMENTAL ACTIVITIES:				
Legislative and Legal	\$ 16,722	\$ 186	\$ -	\$ -
General Government	41,335	16,244	5,044	-
Public Safety	407,420	53,776	17,727	-
Public Health	101,438	10,289	152,021	-
Community and Cultural	259,577	21,627	79,064	237
Public Works	170,385	49,737	48,757	86,544
Oil Operations	6,830	16,195	-	-
Interest on Long-Term Debt	18,253	-	-	-
Total Governmental Activities	<u>1,021,960</u>	<u>168,054</u>	<u>302,613</u>	<u>86,781</u>
BUSINESS-TYPE ACTIVITIES				
Gas Utility	128,684	144,115	-	-
Water Utility	136,550	123,932	-	2,920
Tidelands Operating	146,178	84,845	31	-
Tideland Oil Revenue	164,564	190,336	-	-
Harbor	1,871,078	513,989	-	87,496
Non-major Enterprise Funds	<u>213,374</u>	<u>199,550</u>	<u>188</u>	<u>41,063</u>
Total Business-Type Activities	<u>2,660,428</u>	<u>1,256,767</u>	<u>219</u>	<u>131,479</u>
Total Primary Government	<u>\$ 3,682,388</u>	<u>\$ 1,424,821</u>	<u>\$ 302,832</u>	<u>\$ 218,260</u>
COMPONENT UNIT				
Long Beach Public Transportation Company	\$ 115,620	\$ 9,115	\$ 94,483	\$ 25,309

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
Prior Period Adjustment
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
\$ (16,536)	\$ -	\$ (16,536)	\$ -
(20,047)	-	(20,047)	-
(335,917)	-	(335,917)	-
60,872	-	60,872	-
(158,649)	-	(158,649)	-
14,653	-	14,653	-
9,365	-	9,365	-
(18,253)	-	(18,253)	-
(464,512)	-	(464,512)	-
-	15,431	15,431	-
-	(9,698)	(9,698)	-
-	(61,302)	(61,302)	-
-	25,772	25,772	-
-	(1,269,593)	(1,269,593)	-
-	27,427	27,427	-
-	(1,271,963)	(1,271,963)	-
(464,512)	(1,271,963)	(1,736,475)	-
-	-	-	13,287
234,386	-	234,386	-
174,257	-	174,257	-
40,349	-	40,349	-
56,868	-	56,868	-
20,813	-	20,813	-
1,495	11,461	12,956	(674)
13,607	(13,607)	-	-
541,775	(2,146)	539,629	(674)
77,263	(1,274,109)	(1,196,846)	12,613
271,986	5,541,129	5,813,115	73,251
-	-	-	(118)
<u>\$ 349,249</u>	<u>\$ 4,267,020</u>	<u>\$ 4,616,269</u>	<u>\$ 85,746</u>

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2022
(In Thousands)

	General	General Capital Projects	Housing Assistance Special Revenue	Other Governmental Funds	Total September 30, 2022
ASSETS					
Pooled Cash and Cash Equivalents	\$ 190,771	\$ 213,406	\$ 29,226	\$ 94,148	\$ 527,551
Non-Pooled Cash and Cash Equivalents	1,377	-	2,140	17,615	21,132
Receivables:					
Interest Receivable	655	-	-	4	659
Property Taxes	119,181	-	-	-	119,181
Accounts Receivable	39,639	290	185	4,337	44,451
Due from Other Governments	39,585	14,752	2,021	49,634	105,992
Due from Other Funds	26,503	-	-	1,061	27,564
Lease Receivables	143,309	-	-	3,131	146,440
Allowance for Receivables	(10,254)	(140)	(168)	(5,763)	(16,325)
Inventory	-	102	-	-	102
Other Assets - Current	1,632	1,489	-	277	3,398
Advances to Other Funds	-	-	-	3,809	3,809
Land Held for Resale	-	-	-	5,874	5,874
Other Noncurrent Receivables	-	-	-	230,082	230,082
Total Assets	\$ 552,398	\$ 229,899	\$ 33,404	\$ 404,209	\$ 1,219,910
LIABILITIES					
Liabilities:					
Accounts Payable	\$ 20,191	\$ 20,957	\$ 536	\$ 16,667	\$ 58,351
Accrued Wages and Benefits Payable	1,902	43	24	287	2,256
Due to Other Funds	7,368	153	85	23,521	31,127
Unearned Revenues	6,995	6,550	686	42,823	57,054
Deposits and Collections Held in Trust	4,716	1,103	1,736	2,036	9,591
Advances from Other Funds	21,832	-	-	3,809	25,641
Total Liabilities	63,004	28,806	3,067	89,143	184,020
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	258,544	-	-	227,983	486,527
FUND BALANCES					
Nonspendable	1,632	1,489	-	1,098	4,219
Restricted	2,921	111,182	30,337	110,061	254,501
Committed	77,711	-	-	1,200	78,911
Assigned	148,586	88,422	-	-	237,008
Unassigned	-	-	-	(25,276)	(25,276)
Total Fund Balances	230,850	201,093	30,337	87,083	549,363
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 552,398	\$ 229,899	\$ 33,404	\$ 404,209	\$ 1,219,910

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, 2022
(In Thousands)

Total governmental fund balances	\$ 549,363
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, consisting of \$342,356 of non-depreciable assets and \$228,600 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.	570,956
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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.	332,437
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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.	161,175
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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.	(1,331,878)
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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.	<u>67,196</u>
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Net position of governmental activities	<u><u>\$ 349,249</u></u>
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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, 2022
(In Thousands)

	General	General Capital Projects	Housing Assistance Special Revenue	Other Governmental Funds	Total September 30, 2022
Revenues:					
Taxes:					
Property	\$ 204,899	\$ -	\$ -	\$ 29,492	\$ 234,391
Sales	171,191	-	-	3,066	174,257
Utility Users	40,349	-	-	-	40,349
Other Taxes	44,420	-	-	12,448	56,868
Franchise Fees	20,813	-	-	-	20,813
Licenses and Permits	42,376	-	-	11,113	53,489
Fines and Forfeitures	17,670	-	-	-	17,670
Use of Money and Property	24,867	-	211	2,523	27,601
From Other Agencies	7,883	86,775	118,109	176,627	389,394
Charges for Services	46,217	-	-	1,794	48,011
Other	1,386	10,974	2,279	2,832	17,471
Total Revenues	<u>622,071</u>	<u>97,749</u>	<u>120,599</u>	<u>239,895</u>	<u>1,080,314</u>
Expenditures:					
Current:					
Legislative and Legal	17,124	-	-	4	17,128
General Government	35,007	-	10	5,795	40,812
Public Safety	392,868	-	-	14,330	407,198
Public Health	15,051	-	-	85,951	101,002
Community and Cultural	57,045	-	113,588	90,806	261,439
Public Works	61,622	4,630	-	8,356	74,608
Oil Operations	2,979	-	-	-	2,979
Total Current Expenditures	<u>581,696</u>	<u>4,630</u>	<u>113,598</u>	<u>205,242</u>	<u>905,166</u>
Capital Improvements	<u>116</u>	<u>91,067</u>	<u>-</u>	<u>11,497</u>	<u>102,680</u>
Debt Service:					
Principal	1,446	-	-	22,057	23,503
Interest	11	-	-	10,142	10,153
Debt Administration Fees	16	-	-	490	506
Total Expenditures	<u>583,285</u>	<u>95,697</u>	<u>113,598</u>	<u>249,428</u>	<u>1,042,008</u>
Excess of Revenues over (under) Expenditures	<u>38,786</u>	<u>2,052</u>	<u>7,001</u>	<u>(9,533)</u>	<u>38,306</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Asset	1,180	-	-	-	1,180
Issuance of Refunding Debt	-	-	-	25,411	25,411
Premium on Refunding Debt Issuance	-	-	-	2,123	2,123
Payment to Refunded Bonds Escrow Agent	-	-	-	(25,057)	(25,057)
Transfers In	77,638	46,536	-	9,278	133,452
Transfers Out	(59,435)	(5,555)	-	(52,002)	(116,992)
Total Other Financing Sources (Uses)	<u>19,383</u>	<u>40,981</u>	<u>-</u>	<u>(40,247)</u>	<u>20,117</u>
Net Change in Fund Balances	<u>58,169</u>	<u>43,033</u>	<u>7,001</u>	<u>(49,780)</u>	<u>58,423</u>
Fund Balances - October 1	<u>172,681</u>	<u>158,060</u>	<u>23,336</u>	<u>136,863</u>	<u>490,940</u>
Fund Balances - September 30	<u>\$ 230,850</u>	<u>\$ 201,093</u>	<u>\$ 30,337</u>	<u>\$ 87,083</u>	<u>\$ 549,363</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, 2022
(In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$	58,423
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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 (\$18,959) is less than depreciation (\$21,218) in the current period.		(2,259)
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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.		(1,671)
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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.		6,029
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Pension and OPEB 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.		7,633
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Pension expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds.		7,270
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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.		21,439
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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.		(8,862)
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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.		(10,739)
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Change in net position of governmental activities	\$	<u>77,263</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, 2022
(In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis ¹	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 199,545	\$ 199,545	\$ 204,899	\$ 5,354
Sales Taxes	140,616	140,616	171,191	30,575
Utility Users Taxes	33,195	33,195	40,349	7,154
Other Taxes	36,446	36,446	44,420	7,974
Franchise Fees	27,901	27,901	20,813	(7,088)
Licenses and Permits	32,444	32,444	42,376	9,932
Fines and Forfeitures	19,379	19,379	17,670	(1,709)
Use of Money and Property	33,215	33,220	24,867	(8,353)
From Other Agencies	6,922	7,033	7,883	850
Charges for Services	46,895	45,184	46,217	1,033
Other	3,571	991	1,386	395
Proceeds from Sale of Capital Asset	-	-	1,180	1,180
Transfers In	22,699	22,699	77,638	54,939
Total Revenues	602,828	598,653	700,889	102,236
Expenditures:				
Current:				
Legislative and Legal				
Mayor and City Council	6,977	8,579	6,652	1,927
City Attorney	3,996	3,996	4,517	(521)
City Clerk	6,116	6,484	5,958	526
General Government				
City Auditor	3,198	3,198	2,239	959
City Manager	7,668	10,941	9,441	1,500
Civil Service	3,651	3,651	3,622	29
Financial Management	24,811	24,560	18,237	6,323
Planning and Building	927	1,162	1,960	(798)
Public Safety				
Police	262,760	267,636	250,917	16,719
Fire	117,171	118,353	118,553	(200)
Disaster Preparedness	13,502	13,502	13,435	67
City Prosecutor	7,044	7,485	7,454	31
Planning and Building - Code Enforcement	4,186	3,774	3,559	215
Public Health	11,833	28,587	15,160	13,427
Community and Cultural				
Community Development	1,335	7,354	2,496	4,858
Library	20,629	21,841	21,312	529
Parks and Recreation	32,534	35,283	33,242	2,041
Public Works	53,246	79,033	61,906	17,127
Oil Operations	3,291	3,291	2,979	312
Debt Service	512	512	1,473	(961)
Capital Outlay	129	529	116	413
Transfers Out	59,075	56,238	59,435	(3,197)
Total Expenditures	644,591	705,989	644,663	61,326
Net Change in Budgetary Fund Balance:	\$ (41,763)	\$ (107,336)	\$ 56,226	\$ 163,562
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 56,226	
Add: Encumbrances			1,943	
Change in Fund Balance - September 30, GAAP Basis			58,169	
Fund Balance, October 1, GAAP Basis			172,681	
Fund Balance, September 30, GAAP Basis			\$ 230,850	

¹ Incorporates adjustments due to prepayment of the CalPERS unfunded liability. See page 157 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, 2022
(In Thousands)

	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget
				Positive
				(Negative)
Revenues:				
Use of Money and Property	\$ 92	\$ 92	\$ 211	\$ 119
From Other Agencies	104,967	114,097	118,109	4,012
Other	177	177	2,279	2,102
Total Revenues	105,236	114,366	120,599	6,233
Expenditures:				
General Government				
Financial Management	177	177	10	167
Community and Cultural				
Development Services	106,852	118,579	113,588	4,991
Total Expenditures	107,029	118,756	113,598	5,158
Net Change in Budgetary Fund Balance	\$ (1,793)	\$ (4,390)	\$ 7,001	\$ 11,391

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 7,001
Add: Encumbrances	-
Change in Fund Balance - September 30, GAAP Basis	7,001
Fund Balance, October 1, GAAP Basis	23,336
Fund Balance, September 30, GAAP Basis	\$ 30,337

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, 2022
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 54,002	\$ 45,628	\$ 150,305	\$ 60,811
Non-Pooled Cash and Cash Equivalents	45	903	6,447	-
Receivables:				
Interest Receivable	20	4	842	-
Accounts Receivable	20,389	9,222	8,960	21,523
Due from Other Governments	-	877	152	-
Due from Other Funds	10	101	24,001	-
Lease Receivable	-	342	2,268	-
Allowance for Receivables	(3,024)	(1,181)	(1,042)	-
Deposits	-	-	-	-
Inventory	3,679	7,025	-	-
Prepaid Gas - Current	23,893	-	-	-
Other Assets - Current	4	2,646	195	-
Total Current Asset	99,018	65,567	192,128	82,334
Noncurrent Assets:				
Restricted Noncurrent Assets:				
Non-Pooled Investments	29,137	1,972	5,840	-
Noncurrent Receivables:				
Lease Receivables- Noncurrent	-	-	123,585	-
Other Noncurrent Receivables, Net	-	-	-	-
Advances to Other Funds	-	-	-	-
Fair Value - Commodity Swap	294,922	-	-	-
Capital Assets:				
Land and Other Capital Assets not being Depreciated	19,343	91,509	77,339	-
Capital Assets, Net of Accumulated Depreciation/Amortization	168,563	288,257	256,901	8,317
Prepaid Gas - Long Term	286,887	-	-	-
Other Assets - Long-Term	-	-	-	-
Total Noncurrent Assets	798,852	381,738	463,665	8,317
Total Assets	897,870	447,305	655,793	90,651
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources	13,220	14,585	22,973	1,786

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
\$ 634,379	\$ 326,323	\$ 1,271,448	\$ 134,642
1	19,407	26,803	14,439
1	7	874	-
65,928	17,979	144,001	1,416
76,755	15,717	93,501	-
751	383	25,246	15,370
-	142	2,752	-
(310)	(6,506)	(12,063)	(24)
-	-	-	7,599
750	238	11,692	3,119
-	-	23,893	-
5,618	64	8,527	1,842
783,873	373,754	1,596,674	178,403
-	-	36,949	-
-	1,793	125,378	-
24,019	-	24,019	-
-	-	-	25,419
-	-	294,922	-
1,949,328	78,275	2,215,794	36,952
1,794,390	358,439	2,874,867	416,914
-	-	286,887	-
39,650	-	39,650	6,000
3,807,387	438,507	5,898,466	485,285
4,591,260	812,261	7,495,140	663,688
45,546	23,181	121,291	25,018

(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, 2022
(In Thousands)

(Continued)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tidelands Oil Revenue
LIABILITIES				
Current Liabilities Payable from Current Assets				
Accounts Payable	10,352	20,053	11,371	16,986
Accrued Wages	104	124	137	18
Accrued Interest Payable	9,626	194	2,271	-
Due to Other Funds	1,175	988	695	79
Unearned Revenues	2,470	237	2,191	-
Collections Held in Trust	-	4	152	-
Customers Deposits	2,913	1,086	994	-
Advances from Developers	-	1,057	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Environmental Remediation - Current	-	-	-	-
Due to State of California	-	-	-	4,588
Compensated Absences and Accrued Employee Benefits	1,963	2,351	3,105	299
Financed Purchase Obligations - Current	1,186	1,696	43	-
Bonds Payable Due Within One Year	18,645	3,450	11,615	-
Other Long-Term Obligations - Current	-	-	30	-
Total Current Liabilities	48,434	31,240	32,604	21,970
Noncurrent Liabilities:				
Advances from Other Funds	-	-	-	-
Unearned Revenues	-	-	4,440	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	127,080
Environmental Remediation	-	-	-	-
Site Restoration	-	1,000	-	-
Fair Value - Interest Rate Swap	2,037	-	-	-
Compensated Absences and Accrued Employee Benefits	4,192	4,501	7,168	533
Financed Purchase Obligations	9,147	17,891	142	-
Other Long-Term Obligations	-	14,000	251	-
Bonds Payable	520,870	6,558	155,696	-
Total OPEB Liability	119	129	200	16
Net Pension Liability	33,359	43,559	55,689	5,393
Total Noncurrent Liabilities	569,724	87,638	223,586	133,022
Total Liabilities	618,158	118,878	256,190	154,992
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	297,454	3,435	129,939	1,083
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	176,156	346,606	172,303	8,317
Restricted for:				
Debt Service	-	1,027	3,610	-
Capital Projects	21,004	-	473	-
Insurance	-	-	-	-
Tidelands	-	-	57,003	-
Airport	-	-	-	-
Subsidies	-	-	-	-
Unrestricted	(201,682)	(8,056)	59,248	(71,955)
Total Net Position (Deficit)	\$ (4,522)	\$ 339,577	\$ 292,637	\$ (63,638)
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
46,660	28,659	134,081	21,902
388	221	992	231
13,437	1,669	27,197	678
28,915	891	32,743	4,310
24,640	1,346	30,884	-
4,971	742	5,869	4,539
-	1,215	6,208	-
-	13,625	14,682	-
3,750	-	3,750	32,599
-	-	-	115
-	-	4,588	-
6,680	3,754	18,152	6,929
-	-	2,925	10,841
37,090	2,975	73,775	1,600
2,240	-	2,270	5,280
<u>168,771</u>	<u>55,097</u>	<u>358,116</u>	<u>89,024</u>
3,587	-	3,587	-
-	4,887	9,327	-
-	-	-	147,106
-	-	127,080	-
5,909	-	5,909	485
-	-	1,000	-
-	-	2,037	-
13,578	6,316	36,288	8,307
-	-	27,180	36,226
496,686	-	510,937	279,296
635,997	126,826	1,445,947	13,518
360	185	1,009	235
132,583	68,620	339,203	73,451
<u>1,288,700</u>	<u>206,834</u>	<u>2,509,504</u>	<u>558,624</u>
<u>1,457,471</u>	<u>261,931</u>	<u>2,867,620</u>	<u>647,648</u>
<u>9,261</u>	<u>7,947</u>	<u>449,119</u>	<u>6,534</u>
2,531,127	313,765	3,548,274	121,192
14,748	3,069	22,454	-
37,463	28,063	87,003	1,593
-	-	-	18,611
-	-	57,003	-
-	9,708	9,708	-
-	185,209	185,209	-
586,736	25,750	390,041	(106,872)
<u>\$ 3,170,074</u>	<u>\$ 565,564</u>	<u>4,299,692</u>	<u>\$ 34,524</u>
		(32,672)	
		<u>\$ 4,267,020</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, 2022
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
Operating Revenues:				
Licenses and Permits	\$ -	\$ -	\$ 1,473	\$ -
Fines and Forfeitures	-	-	282	-
Fees, Concessions, and Rentals	-	-	41,010	186,467
From Other Agencies	1,574	-	-	-
Charges for Services	142,421	120,212	31,390	3,793
Other	120	2,383	214	-
Total Operating Revenues	144,115	122,595	74,369	190,260
Operating Expenses:				
Personnel Services	19,004	25,350	34,838	2,692
Purchases of Gas and Water	41,286	32,211	-	-
Maintenance and Other Operations	28,720	37,303	69,424	4,862
Rental Expense	-	-	-	-
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	139,278
Depreciation	7,695	13,784	20,691	916
Total Operating Expenses	96,705	108,648	124,953	147,748
Operating Income (Loss)	47,410	13,947	(50,584)	42,512
Non-Operating Income (Expenses):				
Interest Income	1,622	322	1,369	-
Interest Expense	(27,420)	(1,249)	(7,721)	-
Unrealized Investment Loss	(2,367)	(1,964)	(8,969)	-
Gain (Loss) on Disposition of Capital Assets	(279)	(4)	25	-
Oil Field Abandonment	-	-	-	(16,780)
Operating Grants	-	-	31	-
Other Income	-	1,337	10,476	76
Other Expense	(771)	(23,869)	(4,484)	-
Total Non-Operating Income (Expenses)	(29,215)	(25,427)	(9,273)	(16,704)
Income (Loss) Before Contributions and Transfers	18,195	(11,480)	(59,857)	25,808
Capital Grants and Contributions	-	2,920	-	-
Transfers:				
Transfers In	4,233	-	60,368	-
Transfers Out	(17,440)	-	-	(33,799)
Change in Net Position	4,988	(8,560)	511	(7,991)
Net Position (Deficit) - October 1	(9,510)	348,137	292,126	(55,647)
Net Position (Deficit) - September 30	\$ (4,522)	\$ 339,577	\$ 292,637	\$ (63,638)
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
\$ -	\$ 33,520	\$ 34,993	\$ -
-	57	339	-
36,381	45,579	309,437	-
494	5,529	7,597	-
439,096	111,346	848,258	519,572
3,606	1,907	8,230	5,121
479,577	197,938	1,208,854	524,693
65,176	47,620	194,680	47,258
-	-	73,497	-
62,891	121,352	324,552	87,309
-	391	391	-
-	-	-	14,077
-	-	-	26,588
-	-	-	73,105
-	-	-	255,494
38,429	-	177,707	-
179,770	18,804	241,660	31,692
346,266	188,167	1,012,487	535,523
133,311	9,771	196,367	(10,830)
5,426	2,722	11,461	550
(27,340)	(5,859)	(69,589)	(7,835)
(27,943)	(14,140)	(55,383)	(5,837)
(1,465,657)	1	(1,465,914)	1,175
-	-	(16,780)	-
-	188	219	936
34,412	1,612	47,913	11,526
(2,447)	(4,822)	(36,393)	(1,453)
(1,483,549)	(20,298)	(1,584,466)	(938)
(1,350,238)	(10,527)	(1,388,099)	(11,768)
87,496	41,063	131,479	-
307	23	64,931	7,821
(26,213)	(1,086)	(78,538)	(10,674)
(1,288,648)	29,473	(1,270,227)	(14,621)
4,458,722	536,091	5,569,919	49,145
\$ 3,170,074	\$ 565,564	4,299,692	\$ 34,524
		(1,270,227)	
		(3,882)	
		<u>\$ (1,274,109)</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, 2022
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tidelands Oil Revenue
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 137,935	\$ 124,518	\$ 75,276	\$ -
Receipts from Oil Companies	-	-	-	187,482
Receipts from Other Entities	1,574	-	131	-
Receipts from Other Funds	-	30,832	9,755	1,478
Payments for Employee Salaries	(20,497)	(26,650)	(35,331)	(3,417)
Payments for Goods and Services	(42,312)	(62,245)	(62,443)	(2,223)
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Funds	-	-	-	-
Payments to Other Entities	-	(1,513)	(624)	(140,542)
Operating Grants to Utility Customers	-	(22,457)	(11,541)	-
Other Income	-	1,337	10,476	76
Other Expense	(771)	(1,412)	(4,484)	-
Net Cash Provided by (Used for) Operating Activities	75,929	42,410	(18,785)	42,854
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received from Other Governments	-	-	31	-
Operating Subsidies Received from Other Funds	-	-	-	-
Payments of Principal on Bonds Payable	(16,040)	-	-	-
Payments of Interest	(27,748)	-	-	-
Transfers In	4,233	-	60,368	-
Transfers Out	(17,440)	-	-	(33,799)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(56,995)	-	60,399	(33,799)
Cash Flows from Capital and Related Financing Activities:				
Receipt of Capital Grants	-	-	-	-
Proceeds from the Sale of Capital Assets	-	98	25	-
Proceeds from Issuance of Long-Term Obligations	-	14,000	-	-
Proceeds from Issuance of Refunding Debt	-	-	-	-
Receipts of Contributed Capital	-	2,518	-	-
Receipts from Passenger Facility Charges	-	-	-	-
Receipt of Federal Subsidy	-	-	-	-
Payments for Capital Acquisitions	(18,560)	(33,145)	(9,411)	(149)
Payments of Principal on Bonds Payable	-	(3,300)	(39,774)	-
Payments of Principal on Other Long-Term Obligations	(1,764)	(1,639)	(69)	-
Payments of Interest	-	(1,352)	(6,293)	-
Net Cash Used for Capital and Related Financing Activities	(20,324)	(22,820)	(55,522)	(149)
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	-	10,044	-
Receipts of Interest	1,617	752	635	-
Receipt from Joint Venture	-	-	-	-
Payments for Purchase of Investments	(2,052)	-	-	-
Changes in Investments	(2,367)	(1,964)	(8,969)	-
Net Cash Provided by Investing Activities	(2,802)	(1,212)	1,710	-
Net Increase (Decrease) in Cash and Cash Equivalents	(4,192)	18,378	(12,198)	8,906
Cash and Cash Equivalents - October 1	58,239	28,153	168,950	51,905
Cash and Cash Equivalents - September 30	\$ 54,047	\$ 46,531	\$ 156,752	\$ 60,811

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
\$ 481,390	\$ 189,704	\$ 1,008,823	\$ 3,973
-	-	187,482	-
-	1,030	2,735	(2,236)
-	583	42,648	533,531
(82,520)	(51,253)	(219,668)	(54,024)
(96,310)	(106,624)	(372,157)	(81,581)
-	-	-	(72,154)
-	-	-	(257,110)
-	-	-	(37,345)
-	(319)	(319)	(20,232)
-	(7,434)	(150,113)	-
-	-	(33,998)	-
32,899	292	45,080	1,689
-	(5,346)	(12,013)	8,384
335,459	20,633	498,500	22,895
-	-	31	936
3,488	100	3,588	-
-	-	(16,040)	-
-	-	(27,748)	-
307	23	64,931	7,821
(26,213)	(1,086)	(78,538)	(10,674)
(22,418)	(963)	(53,776)	(1,917)
42,267	-	42,267	-
12,047	1	12,171	1,313
5,000	-	19,000	28,873
-	121,278	121,278	-
-	34,784	37,302	-
-	6,279	6,279	-
-	827	827	-
(334,907)	(53,629)	(449,801)	(9,360)
(35,530)	(96,191)	(174,795)	(16,463)
(51,074)	-	(54,546)	(12,317)
(38,040)	(6,544)	(52,229)	(7,034)
(400,237)	6,805	(492,247)	(14,988)
-	7,449	17,493	-
5,432	3,331	11,767	-
3,000	-	3,000	-
-	-	(2,052)	551
(27,943)	(14,140)	(55,383)	(5,837)
(19,511)	(3,360)	(25,175)	(5,286)
(106,707)	23,115	(72,698)	704
741,087	322,615	1,370,949	148,377
\$ 634,380	\$ 345,730	\$ 1,298,251	\$ 149,081

(continued)

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

(Continued)

	Business-Type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tidelands Oil Revenue
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ 47,410	\$ 13,947	\$ (50,584)	\$ 42,512
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	7,695	13,784	20,691	916
Other Income	-	2,398	10,476	76
Other Expense	(771)	(24,930)	(4,484)	-
(Increase) Decrease in Accounts Receivable, Net	(4,565)	1,814	2,977	(2,778)
(Increase) Decrease in Amounts Due from Other Governments	-	-	116	(1,237)
(Increase) Decrease in Amounts Due from Other Funds	(10)	30,745	(14,697)	1,478
(Increase) in Inventory	-	(468)	-	-
(Increase) Decrease in Other Assets	23,789	-	(195)	10
Increase in Other Non-Operating Assets	-	2,404	-	-
Increase (Decrease) in Accounts Payable	2,744	4,367	6,993	2,629
Increase (Decrease) in Accrued Wages Payable	(1,493)	(1,300)	(493)	(725)
Increase (Decrease) in Amounts Due to Other Funds	(166)	(547)	10,285	(27)
Increase in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Unearned Revenues	1,063	57	(104)	-
Increase in Collections Held in Trust	233	139	234	-
Total Adjustments	28,519	28,463	31,799	342
Net Cash Provided by (Used for) Operating Activities	\$ 75,929	\$ 42,410	\$ (18,785)	\$ 42,854
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>				
Amortization of Bond Premium (Discount), Net	\$ 23,689	\$ -	\$ -	\$ -
Accrued Capital Assets	-	-	-	-
Accrued Oilfield Abandonment Costs	-	-	-	16,780
Amortization of Deferred Outflows on Debt Refunding	-	-	(575)	-
Amortization of Deferred Inflows on Debt Refunding	-	-	-	-
Accrued Transfers to Other Fund	-	-	-	-
Borrowing under Other Long-Term Obligations	-	-	-	-
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
\$ 133,311	\$ 9,771	\$ 196,367	\$ (10,830)
179,770	18,804	241,660	31,692
32,899	246	46,095	11,526
-	(5,068)	(35,253)	(1,453)
(1,520)	(2,371)	(6,443)	116
-	(11,295)	(12,416)	30
-	921	18,437	12,463
-	(53)	(521)	-
3,309	(64)	26,849	(1,467)
-	-	2,404	-
(25,543)	16,637	7,827	3,567
1,223	(3,634)	(6,422)	(4,068)
64	(1,549)	8,060	(22,443)
3,300	-	3,300	3,320
8,646	(4,691)	4,971	-
-	2,979	3,585	442
202,148	10,862	302,133	33,725
\$ 335,459	\$ 20,633	\$ 498,500	\$ 22,895

\$ 8,975	\$ 107,930	\$ 140,594	\$ -
34,688	-	34,688	-
-	-	16,780	-
-	-	(575)	-
1,254	-	1,254	-
23,979	-	23,979	-
-	-	-	99,287
2,447	-	2,447	-

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, 2022
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 561	\$ 11,405
Non-Pooled Cash and Cash Equivalents	-	10,413
Property Taxes Receivable	-	143
Accounts Receivable	-	1,472
Prepaid Expense	-	8
Land	-	11,000
Total Assets	<u>561</u>	<u>34,441</u>
LIABILITIES:		
Accounts Payable	-	2,624
Total Liabilities	<u>-</u>	<u>2,624</u>
NET POSITION:		
Restricted for:		
Miller Library Trust	556	-
Mayor's Fund for the Homeless	5	-
Oil Rights	-	1,833
Special Assessment Districts	-	11,251
Intermodal Container Transfer Facility	-	3,435
Los Cerritos Wetlands Authority	-	11,620
Other Custodial Funds	-	3,678
Total Restricted Net Position	<u>\$ 561</u>	<u>\$ 31,817</u>

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2022
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions	\$ -	\$ 3,353
Taxes	-	11,122
Grants	-	821
Use of Money and Property	-	99
Miscellaneous Revenue	-	11
Total Additions	<u>-</u>	<u>15,406</u>
DEDUCTIONS:		
Administrative Expense	57	214
Payments to Bond Holders	-	8,293
Payments to Others	-	9,992
Total Deductions	<u>57</u>	<u>18,499</u>
Change in Net Position	(57)	(3,093)
Net Position, October 1	<u>618</u>	<u>34,910</u>
Net Position, September 30	<u>\$ 561</u>	<u>\$ 31,817</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, 2022

NOTE 1 – REPORTING ENTITY

Organization

The City of Long Beach (City) operates under a City Charter originally adopted in 1921 and last amended in 2022. 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 Councilmembers 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
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For the Fiscal Year Ended September 30, 2022

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, 2022

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, 2022

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 and financing through leases 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, 2022

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 *Tideland Oil Revenue Fund* is used to account for the proceeds from oil operations within the City's tidelands area and related payments to the State Lands Commission.

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 to End Homelessness, 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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Long Beach
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For the Fiscal Year Ended September 30, 2022

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.

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 statement of net position date are presented as cash. Cash equivalents and investments with a maturity between 90 days and one year of the statement of net position 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 3 and note 11 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."

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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

Inventories

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

Capital Assets

Capital assets include property, plant, equipment, right-to-use assets, 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. Right-to-use assets are defined as leased assets with a useful life of more than one year and are recorded at the present value of future lease payments, including expenses to place the asset into service. 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
Right-to-Use Assets	Shorter of the leased asset's useful life or the lease term

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.

City of Long Beach
Notes to the Basic Financial Statements
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Lease Receivable

The City is a lessor for noncancellable leases of land and buildings. The City recognizes a lease receivable and a corresponding deferred inflow of resources in the Government-wide, Governmental, and Proprietary Fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received over the course of the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgments related to leases in which the City is lessor are as follows:

- The City recognizes lease receivables with an initial, individual value of \$500 or more.
- The City uses its estimated implicit rate or incremental borrowing rate as the discount rate for leases, whichever is applicable.
- The lease term includes the noncancellable period of the lease.
- Projected lease revenues included in the measurement of the lease receivable are comprised of fixed payments required per the lease terms.
- Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- Leases with rent payments that depend on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage rent increases or flat rate rent increases that are specified in the lease terms are included in the measurement of the lease receivable.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

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
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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.

Postemployment Healthcare Benefits

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.

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.

At September 30, 2022, the City's total OPEB liability was \$4.2 million. The total OPEB liability in the September 30, 2020 actuarial valuation as of measurement date of September 30, 2021, 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, 2021
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Inflation	2.50%
Discount Rate	2.19% 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
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For the Fiscal Year Ended September 30, 2022

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 City's Employee Benefits Internal Service Fund (EBF). Vacation and holiday benefits are recognized when earned. 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.

For the fiscal year ended September 30, 2022, 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. 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 \$2.9 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.

As of September 30, 2022, the City has recorded compensated absence and OPEB liabilities in the following categories and funds (in thousands):

<i>Reported in Fund Financial Statements as</i>				
<i>Recorded In</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>	\$ 6,140	\$ 9,096	\$ 235	\$ 15,471
<i>Enterprise Funds</i>	15,972	38,468	1,009	55,449
<i>Total</i>	<u>\$ 22,112</u>	<u>\$ 47,564</u>	<u>\$ 1,244</u>	<u>\$ 70,920</u>
<i>Reported In Government-wide Financial Statements as</i>				
<i>Recorded In</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>	\$ 51,788	\$ 121,321	\$ 3,156	\$ 176,265
<i>Business-Type Activities</i>	15,972	38,468	1,009	55,449
<i>Total</i>	<u>\$ 67,760</u>	<u>\$ 159,789</u>	<u>\$ 4,165</u>	<u>\$ 231,714</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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 assets that applies to future periods 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 assets that applies to future periods 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, 2022, the restricted net position balances were \$518.0 million and \$361.4 million for governmental activities and business type activities, respectively.

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

<i>Classification</i>		<i>Definition</i>	<i>Examples</i>
Nonspendable		Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	1. Inventories, prepaid items, long-term receivables, and permanent principal of endowment funds.
Restricted		Fund balance should be reported as restricted when constraints placed on the use of resources are either (a) Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) Imposed by law through constitutional provisions or enabling legislation.	1. Restricted by state statute; 2. Unspent bond proceeds; 3. Grants earned but not spent; 4. Debt covenants; 5. Taxes dedicated to a specific purpose; 6. Revenues restricted by enabling legislation.
Unrestricted	Committed	Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.	1. The City Council has decided to set aside \$1 million for a new senior center. 2. By resolution, e.g., 15% of Sales tax has been set aside to fund safety operations.
	Assigned	Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.	1. The City Council or its designee has formalized an intended use of fund balance or positive residual balances in governmental funds other than the general fund.
	Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.	

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

the use of the resources reported in governmental funds. The fund balances reported on the governmental fund statements consist of the following categories:

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.

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 2022 budget prior to October 1, 2021 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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2022:

In June of 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It 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 Statement is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. As a result of the implementation of GASB Statement No. 87, lease receivable and deferred inflows of resources as of September 30, 2021 were each restated by \$284.0 million, with no impact to beginning net position.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021, and all reporting periods thereafter. Early application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2022.

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods after June 15, 2021, and all reporting periods thereafter. Application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2022.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. Application of these requirements of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2022.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2022.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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

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, 2023.

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

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

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement is effective for the City's fiscal year ending September 30, 2023 for the requirements related to leases, Public-Private Partnerships (PPPs), and Subscription-Based Information Technology Arrangements (SBITAs), and for the City's fiscal year ending September 30, 2024 for the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This Statement is effective for the City's fiscal year ending September 30, 2024.

Reclassifications

Certain accounts presented in the fiscal year 2022 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, 2022

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of September 30, 2022 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Pooled cash and investments	\$ 1,945,607
Non-pooled cash and investments	109,736
Total cash and investments	<u>\$ 2,055,343</u>

Cash and investments as of September 30, 2022 consist of the following:

Cash and deposits	\$ 68,774
Investments	1,986,569
Total cash and investments	<u>\$ 2,055,343</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, 2022 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	\$ 89,841	\$ 172,505	\$11,966	\$ 274,312
Non-Pooled Cash and Cash Equivalents	35,571	26,803	10,413	72,787
Pooled Investments	186,940	358,933	-	545,873
Noncurrent Pooled Investments	385,412	740,010	-	1,125,422
Restricted Assets:				
Non-Pooled Investments	-	36,949	-	36,949
Total Cash and Investments	<u>\$ 697,764</u>	<u>\$ 1,335,200</u>	<u>\$22,379</u>	<u>\$2,055,343</u>

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees 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, 2022. 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, 2022

<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, 2022, the weighted average maturity in years for the City's pooled investments was 1.65 years. The following schedule indicates the interest rate risk of the City's investments as of September 30, 2022 (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	\$ 2,135	-
U.S. Treasury notes	1,439,760	1.62
Federal agency securities	286,332	1.42
Corporate notes	78,577	3.74
Local Agency Investment Fund (LAIF)	72,475	0.83
Subtotal Pooled Cash and Investments	1,879,279	
Cash and deposits	66,328	N/A
Total Pooled Cash and Investments	<u>\$ 1,945,607</u>	
Non-Pooled Cash And Investments		
Money market mutual funds	\$ 70,341	-
U.S. Treasury notes	7,812	1.73
Guaranteed Investment Contracts (GIC)	29,137	15.14
Subtotal Non-Pooled Cash And Investments	107,290	
Cash and deposits	2,446	N/A
Total Non-Pooled Cash And Investments	<u>\$ 109,736</u>	

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2022 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-/A/A+</i>	<i>AA-/AA/AA+</i>	<i>AAA</i>	<i>Unrated</i>
Pooled cash and investments						
Money market mutual funds	N/A	\$ 2,135	\$ -	\$ 2,135	\$ -	\$ -
U.S. Treasury notes	N/A	1,439,760	-	-	1,439,760	-
Federal agency securities	N/A	286,332	-	286,332	-	-
Corporate notes	N/A	78,577	50,986	24,184	3,407	-
Local Agency Investment Fund (LAIF)	N/A	72,475	-	-	-	72,475
Total pooled investments		<u>\$ 1,879,279</u>	<u>\$ 50,986</u>	<u>\$ 312,651</u>	<u>\$ 1,443,167</u>	<u>\$ 72,475</u>
Non-pooled cash and investments						
Money market mutual funds	N/A	\$ 70,341	\$ -	\$ -	\$ -	\$ 70,341
U.S. Treasury notes	N/A	7,812	-	-	7,812	-
Guaranteed Investment Contracts (GIC)	N/A	29,137	-	-	-	29,137
Total non-pooled investments		<u>\$ 107,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,812</u>	<u>\$ 99,478</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 Home Loan Bank	Federal Agency Securities	\$ 136,381

Custodial Credit Risk

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2022, the City reported deposits of \$89.7 million, collateralized in compliance with California Government Code, \$20.9 million for checks outstanding.

Fair Value Hierarchy

The City has the following recurring fair value measurements as of September 30, 2022:

- U.S. Treasury Notes totaling \$1,447.6 million, Federal Agency Securities totaling \$286.3 million, and Corporate Notes totaling \$78.6 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 \$72.5 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 \$72.5 million and \$29.1 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, 2022 (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	\$ 1,447,572	\$ -	\$ 1,447,572	\$ -
Federal agency securities	286,332	-	286,332	-
Corporate Notes	78,577	-	78,577	-
Total investments at fair value	1,812,481	<u>\$ -</u>	<u>\$ 1,812,481</u>	<u>\$ -</u>
<i>Other Investments at Fair Value</i>				
Local Agency Investment Fund (LAIF)	72,475			
<i>Other Investments at Cost or Contract Value</i>				
Money market mutual funds	72,476			
Guaranteed investment contracts	29,137			
Total investments	<u>\$ 1,986,569</u>			

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 4 – RECEIVABLES

The City's receivables are comprised mainly of property taxes receivable, accounts receivable, due from other governments, lease receivable, and other noncurrent 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, lease receivable and other noncurrent receivables.

Receivables at September 30, 2022 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 Receivable ¹	\$ 655	\$ -	\$ -	\$ 4	\$ -	\$ 659
Property Taxes Receivable	119,181	-	-	-	-	119,181
Accounts Receivable	39,639	290	185	4,337	1,416	45,867
Due from Other Governments	39,585	14,752	2,021	49,634	-	105,992
Lease Receivable	143,309	-	-	3,131	-	146,440
Other Noncurrent Receivables	-	-	-	230,082	-	230,082
Total Receivables	342,369	15,042	2,206	287,188	1,416	648,221
Less: Allowance for Receivables	(10,254)	(140)	(168)	(5,763)	(24)	(16,349)
Net Receivables	<u>\$ 332,115</u>	<u>\$ 14,902</u>	<u>\$ 2,038</u>	<u>\$ 281,425</u>	<u>\$ 1,392</u>	<u>\$ 631,872</u>

¹ Excludes \$168 thousand for Build America Subsidy

	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands Operating</i>	<i>Tideland Oil Revenue</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Total</i>
Business-type Activities:							
Receivables:							
Interest Receivable	\$ 20	\$ 4	\$ 842	\$ -	\$ 1	\$ 7	\$ 874
Accounts Receivable	20,389	9,222	8,960	21,523	65,928	17,979	144,001
Due from Other Governments	-	877	152	-	76,755	15,717	93,501
Lease Receivable	-	342	125,853	-	-	1,935	128,130
Other Noncurrent Receivables	-	-	-	-	24,019	-	24,019
Total Receivables	20,409	10,445	135,807	21,523	166,703	35,638	390,525
Less: Allowance for Receivables	(3,024)	(1,181)	(1,042)	-	(310)	(6,506)	(12,063)
Net Receivables	<u>\$17,385</u>	<u>\$ 9,264</u>	<u>\$ 134,765</u>	<u>\$ 21,523</u>	<u>\$ 166,393</u>	<u>\$29,132</u>	<u>\$ 378,462</u>

Lease receivable amount represents various lease agreements as described in Note 10 to the basic financial statements.

Other noncurrent receivables had a balance of \$230.1 million for governmental activities as of September 30, 2022. This amount primarily consists of \$146.5 million for Home Investments Partnerships Program (HOME) loan program reimbursements from the Department of Housing and Urban Development (HUD) and \$75.4 million for Community Development Block Grant (CDBG) loan distribution from developers.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2022 is as follows (in thousands):

	<i>Receivable - Due To:</i>			
	<i>General</i>	<i>Nonmajor Governmental Funds</i>	<i>Gas Utility</i>	<i>Water Utility</i>
<i>Payable - Due From:</i>				
General	\$ -	\$ 107	\$ 3	\$ -
General Capital Projects	1	-	-	-
Nonmajor Governmental	21,254	469	7	14
Gas Utility	800	-	-	-
Water Utility	543	-	-	-
Tidelands Operating	203	-	-	-
Tidelands Oil Revenue	14	-	-	-
Harbor	273	484	-	87
Nonmajor Proprietary	101	1	-	-
Internal Service	3,313	-	-	-
Total Due To	<u>\$ 26,503</u>	<u>\$ 1,061</u>	<u>\$ 10</u>	<u>\$ 101</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	\$ 22	\$ -	\$ 383	\$ 6,853	\$ 7,368
General Capital Projects	-	-	-	152	153
Housing Assistance Special Revenue	-	-	-	84	85
Nonmajor Governmental	-	751	-	1,026	23,521
Gas Utility	-	-	-	375	1,175
Water Utility	-	-	-	445	988
Tidelands Operating	-	-	-	492	695
Tidelands Oil Revenue	-	-	-	65	79
Harbor	23,979	-	-	4,092	28,915
Nonmajor Proprietary	-	-	-	789	891
Internal Service	-	-	-	997	4,310
Total Due To	<u>\$ 24,001</u>	<u>\$ 751</u>	<u>\$ 383</u>	<u>\$ 15,370</u>	<u>\$68,180</u>

	<i>Receivable - Advances To:</i>		
	<i>Nonmajor Governmental Funds</i>	<i>Internal Service</i>	<i>Total Advances From</i>
<i>Payable - Advances From:</i>			
General	\$ -	\$21,832	\$ 21,832
Nonmajor Governmental	3,809	-	3,809
Harbor	-	3,587	3,587
Total Advances To	<u>\$ 3,809</u>	<u>\$25,419</u>	<u>\$ 29,228</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Due to / Due from Other Funds

The General Fund has provided \$21.3 million to various grant funds to cover operating expenses prior to receipt of reimbursements, with the largest amount owed by the Health Fund as a result of pending reimbursements from the Federal Emergency Management Agency (FEMA) for COVID-19 costs.

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 2022 operating revenues is \$24.0 million and will be paid in fiscal year 2023.

The General Fund recorded a total due to Internal Service Funds of \$6.9 million. This amount 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.

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, 2022.

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, 2022 is \$5.1 million, of which \$3.6 million is long-term and \$1.5 million is current.

In fiscal year 2022, the Fleet Services Fund entered into a loan with the General Fund in the amount of \$21.8 million, for the General Fund to reimburse the Water Fund \$21.8 million pursuant to the outcome of Measure M litigation. The term of the interfund loan is 10 years with an interest only payment in the amount of \$436 thousand in fiscal year 2023, and both principal and interest payments beginning in fiscal year 2024. Annual principal payments from fiscal year 2024 through 2032 will be \$2.4 million, payable on the anniversary date of the loan. The General Fund will pay simple interest to the Fleet Services Fund based on the rate earned by the pooled cash investment portfolio.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Interfund Transfers

The City regularly executes transfers from one fund to another, such as for the reimbursement of services. At September 30, 2022, interfund transfers are as follows (in thousands):

	<i>Transfers In:</i>								
	<i>General</i>	<i>General Capital Projects</i>	<i>Nonmajor Governmental Funds</i>	<i>Gas Utility</i>	<i>Tidelands Operating</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Internal Service Funds</i>	<i>Total Transfers Out</i>
<i>Transfers Out:</i>									
General	\$ -	\$ 44,097	\$ 7,477	\$ -	\$ 1,252	\$ -	\$ -	\$ 6,609	\$ 59,435
General Capital Projects	245	-	243	4,233	834	-	-	-	5,555
Nonmajor Governmental	49,743	902	462	-	504	307	-	84	52,002
Gas Utility	16,976	366	50	-	-	-	23	25	17,440
Tidelands Oil Revenue	-	-	-	-	33,799	-	-	-	33,799
Harbor	-	257	996	-	23,979	-	-	981	26,213
Nonmajor Proprietary	-	914	50	-	-	-	-	122	1,086
Internal Service Funds	10,674	-	-	-	-	-	-	-	10,674
Total Transfers In	\$ 77,638	\$ 46,536	\$ 9,278	\$ 4,233	\$ 60,368	\$ 307	\$ 23	\$ 7,821	\$ 206,204

Significant transfers include the following:

The General Fund transferred \$44.1 million to the General Capital Projects funds to fund various capital projects. Of this amount, \$28.0 million was City Measure A funds.

The General Fund transferred a total of \$7.5 million to non-major governmental funds in fiscal year 2022. Of this amount, \$6.8 million was transferred to the General Debt Service Fund for debt service payments and fiscal agent fees.

Non-major Governmental Funds transferred \$49.7 million to the General Fund. Of this amount, \$48.9 million was transferred from the General Grants Fund for eligible expenditures funded by the American Rescue Plan Act, consisting of \$29.0 million for Police Department personnel expenditures and \$19.9 million for Parks and Recreation program expenditures.

The Internal Service Funds transferred \$10.7 million to the General Fund. Of this amount, the Employee Benefit Fund transferred \$6.9 million to the General Fund for pension unfunded liability payments.

The Harbor transferred \$24.0 million to the Tidelands Operating Fund as allowed by the City Charter.

The Tidelands Oil Revenue Fund transferred \$33.8 million under the optimized water flood program to the Tidelands Operating Fund.

The Gas Fund transferred \$17.0 million 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 audited annual gross revenue.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 6 – CAPITAL ASSETS

Capital asset activity for governmental activity for the year ended September 30, 2022 is as follows (in thousands):

<i>Governmental Activities:</i>	<i>Balance at October 1, 2021</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30 2022</i>
Capital Assets not being Depreciated/Amortized:					
Land	\$ 225,112	\$ -	\$ (1,663)	\$ -	\$ 223,449
Rights-of-way	81,340	-	-	-	81,340
Construction In Progress	62,905	11,957	-	(343)	74,519
Total Capital Assets not being Depreciated/Amortized	369,357	11,957	(1,663)	(343)	379,308
Capital Assets being Depreciated/Amortized:					
Buildings	588,563	-	-	-	588,563
Improvements Other than Buildings	158,385	-	-	343	158,728
Infrastructure	430,415	-	-	-	430,415
Machinery and Equipment	94,862	4,659	(1,552)	-	97,969
Vehicles and Aircraft	143,355	11,699	(7,443)	-	147,611
Software and Patents	37,808	1	-	-	37,809
Total Capital Assets being Depreciated/Amortized	1,453,388	16,359	(8,995)	343	1,461,095
Less Accumulated Depreciation/Amortization for:					
Buildings	(155,392)	(14,551)	-	-	(169,943)
Improvements Other than Buildings	(91,785)	(5,584)	-	-	(97,369)
Infrastructure	(365,619)	(8,926)	-	-	(374,545)
Machinery and Equipment	(54,697)	(9,020)	1,547	-	(62,170)
Vehicles and Aircraft	(84,774)	(13,074)	7,306	-	(90,542)
Software and Patents	(19,257)	(1,755)	-	-	(21,012)
Total Accumulated Depreciation/Amortization	(771,524)	(52,910)	8,853	-	(815,581)
Total Capital Assets being Depreciated/Amortized, Net	681,864	(36,551)	(142)	343	645,514
Governmental Activities Capital Assets, Net	\$ 1,051,221	\$ (24,594)	\$ (1,805)	\$ -	\$ 1,024,822

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

General Government	\$ 19
Public Safety	3,363
Public Health	984
Community and Cultural	4,849
Public Works	12,003
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	31,692
Total governmental activities depreciation/amortization	<u>\$ 52,910</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Capital asset activity for business-type activities for the year ended September 30, 2022 is as follows (in thousands):

<i>Business-type Activities:</i>	<i>Balance at October 1, 2021</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30, 2022</i>
Capital Assets not being Depreciated/Amortized:					
Land	\$ 1,376,585	\$ 65,504	\$ (8,007)	\$ -	\$ 1,434,082
Rights-of-way	203,304	-	-	-	203,304
Water Rights	40	-	-	-	40
Historic Collections	3,442	-	-	-	3,442
Construction In Progress	602,338	274,777	(6,456)	(295,733)	574,926
Total Capital Assets not being Depreciated/Amortized:	2,185,709	340,281	(14,463)	(295,733)	2,215,794
Capital Assets being Depreciated/Amortized:					
Buildings	4,413,633	-	(3,890)	65,719	4,475,462
Improvements Other than Buildings	740,663	-	-	23,580	764,243
Infrastructure	2,644,070	-	(1,529,593)	193,182	1,307,659
Machinery and Equipment	240,034	949	(1,180)	232	240,035
Vehicles and Aircraft	107,247	1,004	(1,512)	11,671	118,410
Software and Patents	30,146	-	-	1,349	31,495
Total Capital Assets being Depreciated/Amortized	8,175,793	1,953	(1,536,175)	295,733	6,937,304
Less Accumulated Depreciation/Amortization for:					
Buildings	(2,406,422)	(162,248)	3,650	-	(2,565,020)
Improvements Other than Buildings	(409,425)	(26,748)	-	-	(436,173)
Infrastructure	(784,835)	(39,939)	42,478	-	(782,296)
Machinery and Equipment	(209,495)	(7,681)	1,027	-	(216,149)
Vehicles and Aircraft	(34,664)	(3,546)	1,512	-	(36,698)
Software and Patents	(24,603)	(1,498)	-	-	(26,101)
Total Accumulated Depreciation/Amortization	(3,869,444)	(241,660)	48,667	-	(4,062,437)
Total Capital Assets being Depreciated/Amortized, Net	4,306,349	(239,707)	(1,487,508)	295,733	2,874,867
Business-type Activities Capital Assets, Net	\$ 6,492,058	\$ 100,574	\$ (1,501,971)	\$ -	\$ 5,090,661

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

Gas Utility	\$ 7,695
Tidelands Operating	20,691
Tidelands Oil Revenue	916
Harbor	179,770
Water Utility	13,784
Nonmajor Business-type Funds:	
Sewer Utility	2,787
Solid Waste Management	777
Airport	15,231
Development Services	9
Total Business-type Activities Depreciation	\$ 241,660

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended September 30, 2022 are as follows (in thousands):

	<i>Balance at October 1, 2021</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at September 30, 2022</i>	<i>Due Within One Year</i>
<u>Governmental Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 69,450	\$ 41,140	\$ (49,305)	\$ 61,285	\$ 7,465
Tax Allocation Bonds	171,990	-	(16,080)	155,910	19,655
Plus (Less) Unamortized Amounts:					
Premium	16,763	2,123	(4,162)	14,725	-
Total Bonds Payable	258,203	43,263	(69,547)	231,920	27,120
Notes, Loans and LOC Payable	7,569	142	(478)	7,233	599
Financed Purchase Obligations ¹	38,943	18,538	(10,413)	47,068	10,841
Police and Fire Annuities	4,436	-	(1,027)	3,409	-
Estimated Oil Field Abandonment Costs	23,070	3,860	-	26,930	-
Environmental Remediation	4,276	99	(378)	3,997	3,512
Accrued Self-Insured Claims	176,385	25,779	(22,459)	179,705	32,599
Accrued Employee Benefits	172,596	513	-	173,109	59,665
Total OPEB Liability	6,730	-	(3,574)	3,156	-
Net Pension Liability	375,696	590,516	-	966,212	-
Community Hospital-Seismic Work	24,000	-	(1,000)	23,000	1,000
Other LT Obligations-Civic Center	289,765	-	(5,189)	284,576	5,280
Total, Governmental Activities	\$ 1,381,669	\$ 682,710	\$ (114,065)	\$ 1,950,315	\$ 140,616
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 1,490,185	\$ 142,590	\$ (222,650)	\$ 1,410,125	\$ 73,775
Plus (Less) Unamortized Amounts:					
Premium	110,210	14,220	(14,833)	109,597	-
Discount	(13)	-	13	-	-
Total Bonds Payable	1,600,382	156,810	(237,470)	1,519,722	73,775
Notes, Loans and LOC Payable	545,309	19,000	(51,102)	513,207	2,270
Financed Purchase Obligations ¹	32,943	-	(2,838)	30,105	2,925
Due to State of California	5,825	4,588	(5,825)	4,588	4,588
Estimated Oil Field Abandonment Costs	110,300	16,780	-	127,080	-
Fair Value of Derivative	10,079	2,037	(10,079)	2,037	-
Environmental Remediation	2,600	3,309	-	5,909	-
Accrued Claims Liability	450	5,300	(2,000)	3,750	3,750
Accrued Employee Benefits	52,523	1,917	-	54,440	18,152
Total OPEB Liability	2,055	-	(1,046)	1,009	-
Net Pension Liability	152,179	187,024	-	339,203	-
Site Restoration	1,000	-	-	1,000	-
Total, Business-Type Activities	\$ 2,515,645	\$ 396,765	\$ (310,360)	\$ 2,602,050	\$ 105,460

¹Beginning balance was reclassified as a result of GASB Statement No. 87 implementation.

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, 2022

NOTE 8 – BONDS PAYABLE

At September 30, 2022, 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, 2022</i>
GOVERNMENTAL ACTIVITIES					
2016 Courthouse Demolition	01/13/16	08/01/26	2.00% - 5.00%	\$ 13,150	\$ 5,870
FALB2019A PS Parking Garage	05/22/19	08/01/39	3.00% - 5.00%	9,245	8,405
FALB2019B Lease Rev Ref Bonds	05/22/19	08/01/31	5.00%	13,350	10,485
FALB 2022 Lease Rev Ref Bonds	05/18/22	08/01/31	5.00%	25,411	22,604
Premium/Discount				-	4,098
Subtotal, General City Bonds				<u>61,156</u>	<u>51,462</u>
TAX ALLOCATION BONDS:					
2002B West Long Beach Industrial Project	12/05/02	11/01/22	2.25% - 5.50%	21,860	2,675
2002B Downtown Project	12/05/02	11/01/22	2.25% - 5.50%	25,920	5,395
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	1,555
2005C North Long Beach Project	02/01/06	08/01/31	3.25% - 5.50%	27,145	14,030
2015AB SA	06/23/15	08/01/40	4.00% - 5.00%	155,820	114,130
2021 SA Lease Revenue Bonds	02/11/21	08/01/39	3.00% - 4.00%	19,765	18,125
Premium/Discount				-	9,430
Subtotal, Tax Allocation Bonds				<u>258,410</u>	<u>165,340</u>
INTERNAL SERVICE FUND BONDS:					
2022 FALB	05/18/22	08/01/31	5.00%	15,729	13,921
Premium/Discount				-	1,197
Subtotal, Internal Service Fund Bonds				<u>15,729</u>	<u>15,118</u>
Total, Governmental Activities				<u>\$ 335,295</u>	<u>\$ 231,920</u>

(continued)

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

<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, 2022</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	\$ 461,510
2007B Natural Gas Purchase	10/18/07	11/15/33	4.90% - 5.07%	251,695	69,005
Premium/Discount				-	9,000
Subtotal, Gas Utility Bonds				887,360	539,515
Tidelands Fund:					
2015 Marina	06/03/15	05/15/45	4.00% - 5.00%	114,015	106,195
2016 Rainbow	07/26/16	08/01/23	3.00% - 5.00%	19,115	3,020
2017A Tidelands	11/01/17	11/01/27	1.35% - 2.55%	10,190	7,775
2017B Tidelands	11/01/17	11/01/27	1.79% - 3.49%	17,705	9,540
2022 Tidelands	09/14/22	11/01/29	5.00%	32,090	32,090
Premium/Discount				-	8,691
Subtotal, Tidelands Bonds				193,115	167,311
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	7,040
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	34,165
Premium/Discount				-	79,812
Subtotal, Harbor Bonds				680,725	673,087
Water Utility Fund:					
2010A Water	09/15/10	05/01/24	3.00% - 5.00%	22,740	5,660
2012 Water	08/30/12	05/01/27	2.00% - 5.00%	9,850	3,985
Premium/Discount				-	363
Subtotal, Water Utility Bonds				32,590	10,008
Non-Major Enterprise Funds:					
2022A Airport	06/01/22	06/01/40	5.00%	47,505	47,505
2022B Airport	06/01/22	06/01/40	5.00%	32,855	32,855
2022C Airport	06/01/22	06/01/40	5.00%	30,140	30,140
2016 Sewer	08/24/16	05/01/36	4.00% - 5.00%	9,830	7,570
Premium/Discount				-	11,731
Subtotal, Non-Major Enterprise Bonds				120,330	129,801
Total, Business-Type				1,914,120	1,519,722
Grand Total, Primary Government Bonds Payable				\$ 2,249,415	\$ 1,751,642

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Governmental Funds

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

<i>Year Ending</i>	<i>Governmental Funds</i>		<i>Internal Service Funds</i>	<i>Annual Debt Service Requirements</i>		
	<i>Lease Revenue</i>	<i>Tax Allocation</i>	<i>Lease Revenue</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 5,865	\$ 19,655	\$ 1,600	\$ 27,120	\$ 10,293	\$ 37,413
2024	6,152	17,625	1,693	25,470	8,918	34,388
2025	6,442	7,475	1,788	15,705	7,773	23,478
2026	6,727	7,880	1,883	16,490	7,101	23,591
2027	4,279	8,245	1,996	14,520	6,348	20,868
2028 - 2032	13,679	44,790	4,961	63,430	21,355	84,785
2033 - 2037	2,920	34,995	-	37,915	7,860	45,775
2038 - 2042	1,300	15,245	-	16,545	1,237	17,782
Subtotal	47,364	155,910	13,921	217,195	70,885	288,080
Premium / Discount	4,098	9,430	1,197	14,725	-	14,725
Totals	<u>\$ 51,462</u>	<u>\$ 165,340</u>	<u>\$ 15,118</u>	<u>\$ 231,920</u>	<u>\$ 70,885</u>	<u>\$302,805</u>

Refunding of Debt

In November 2012, the City issued \$69.7 million in Long Beach Bond Finance Authority (LBBFA) bonds consisting of \$54.6 million in 2012 Series A Lease Revenue Refunding Bonds (the “2012 Series A Bonds”) and \$15.1 million Series B Taxable Lease Revenue Refunding Bonds. The 2012 Series A Bonds were issued to (a) refinance the costs of the acquisition, construction, installation and equipping of certain public capital improvements, (b) refund the outstanding 1998 Series B Temple and Willow Facility Bonds, (c) refund the 2001 Plaza Parking Facility Lease Revenue Bonds, (c) refund the outstanding 2002 Public Safety Facilities Projects Lease Revenue Bonds, and (d) advance refund the outstanding 2005 Temple and Willow Facility Refinancing Project Lease Revenue Bonds, and (e) pay a portion of the costs of issuance of the Bonds. The 2012 Series A Bonds have fixed interest rates ranging from 4.0 percent to 5.0 percent with an average of 4.8 percent. The 2012 Series A Bonds are secured by a pledge of and lien on the revenues consisting primarily of lease payments.

In May 2022, the Finance Authority of Long Beach (FALB) issued \$41.1 million Lease Revenue Bonds, Series 2022. The 2022 FALB Lease Revenue Bonds were issued to (a) refund the outstanding LBBFA 2012 A Bonds, (b) reimburse the City for costs related to the City’s Public Safety Garage, and (c) pay costs of issuance of the FALB Series 2022 Bonds. The FALB Series 2022 interest rate range is 5.0 percent with debt service beginning in August 2022 through August 2031.

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 2012 Series A Bonds. Accordingly, the refunded 2012 Series A Bonds were considered to be defeased and the liabilities for those bonds were removed from the government-wide statement of net position – governmental activities.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Specific disclosures related to the refunding issue are as follows (in thousands):

Proceeds of refunding bonds issued	\$ 39,670
Premium	3,279
Cost of issuance	(473)
Deposit to escrow	<u>\$ 42,476</u>
Net present value savings (economic gain)	<u>\$ 2,689</u>

For the refunding transaction, the net carrying amount of the refunded debt of \$42.4 million was less than the reacquisition price by \$62 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, 2022, total principal and interest requirement for the bonds is \$210.9 million (\$156 million for principal and \$54.9 million for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$ 29.8 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	<i>Enterprise Funds</i>					<i>Annual Debt Service Requirements</i>		
	<i>Major Funds</i>				<i>Non Major Funds</i>			
	<i>Gas Utility</i>	<i>Tidelands</i>	<i>Harbor</i>	<i>Water</i>		<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 18,645	\$ 11,615	\$ 37,090	\$ 3,450	\$ 2,975	\$ 73,775	\$ 69,438	\$ 143,213
2024	21,655	9,675	38,945	3,720	3,585	77,580	66,620	144,200
2025	25,280	10,130	32,000	795	3,760	71,965	62,818	134,783
2026	19,195	8,735	33,525	820	3,945	66,220	59,351	125,571
2027	25,175	9,195	30,050	860	4,130	69,410	55,880	125,290
2028 - 2032	126,110	33,855	86,900	-	23,900	270,765	233,807	504,572
2033 - 2037	217,700	23,530	90,615	-	29,545	361,390	167,527	528,917
2038 - 2042	76,755	30,025	115,775	-	23,735	246,290	71,335	317,625
2043 - 2047	-	21,860	96,850	-	22,495	141,205	26,400	167,605
2048 - 2052	-	-	31,525	-	-	31,525	2,383	33,908
Subtotal	530,515	158,620	593,275	9,645	118,070	1,410,125	815,559	2,225,684
Premium / Discount	9,000	8,691	79,812	363	11,731	109,597	-	109,597
Totals	<u>\$ 539,515</u>	<u>\$ 167,311</u>	<u>\$ 673,087</u>	<u>\$ 10,008</u>	<u>\$ 129,801</u>	<u>\$ 1,519,722</u>	<u>\$ 815,559</u>	<u>\$ 2,335,281</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Current Refunding of Debt

In June 2022, the City of Long Beach issued City of Long Beach, California Senior Airport Revenue Refunding Bonds, \$ 47.5 million Series 2022A Bonds, 32.9 million Series 2022B Bonds, and 30.1 million Series 2022C Bonds. The Series 2022 Bonds are being issued (a) to pay the cost of certain capital improvements at the Airport; (b) together with other available funds, to current fund and defease all of the City's outstanding Senior Airport Revenue Bonds, Series 2009C, Senior Airport Revenue Bonds, Series 2010A and Senior Airport Revenue Bonds, Series 2010B and, together with the Series 2009C Bonds and the Series 2010A Bonds, the "Refunded Bonds"); (c) to fund a reserve fund for the Series 2022 Bonds; and (d) to pay the costs of issuance of the Series 2022 Bonds, including the premium for a municipal bond insurance policy insuring the Series 2022 Bonds. The interest rates range from 5.0 percent to 5.25 percent. Interest on the Series 2022 Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2022. Principal payments are due June 1, commencing on June 1, 2023.

A portion of the proceeds of the Series 2022A Bonds and the Series 2022B Bonds, together with other available moneys, will be used to current refund and defease 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. A portion of the proceeds of Series 2022A Bonds and Series 2022B Bonds, together with certain available moneys of the City will be deposited into Senior Reserve Fund. Specific disclosures related to the refunding issue are as follows (in thousand)

	Senior Airport Rev Bonds Series 2022A	Senior Airport Rev Bonds Series 2022B
Proceeds		
Proceeds of refunding bonds issued	\$ 47,505	\$ 32,855
Bonds Premium	5,022	3,459
Amounts available from Refunded Bonds	6,629	4,500
Cost of issuance	(484)	(340)
Reserve for Debt Service Fund	(3,727)	(2,576)
Deposit in Escrow	<u>\$ 54,945</u>	<u>\$ 37,898</u>
Net Present Value Savings (economic gain)	<u>\$ 5,918</u>	<u>\$ 3,596</u>

For the refunding transactions of the Series 2022A Bonds and the Series 2022B Bonds, the net carrying amount of the refunded debt of \$54.9 million was less than the reacquisition price by \$240 thousand, and the refunded debt of \$ 37.9 million was less than the reacquisition price by \$114 thousand, respectively. These amounts were amortized for governmental activities and has been reported as interest expense in the accompanying basic financial statements.

In September 2022, the City of Long Beach issued \$ 32.0 million Series 2022 Tidelands Revenue Refunding Bonds. The Series 2022 Bonds are being issued to (a) together with other available funds, refund all of the currently outstanding Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project), which are currently outstanding in the principal amount of \$58.4 million; (b) pay the cost of a municipal bond debt service reserve insurance policy to be issued by Assured Guaranty Municipal Corp.; and (c) pay the costs of issuance of the Series 2022 Bonds, including the premium for a municipal bond insurance policy insuring the scheduled payments of principal of and interest on the Series 2022 Bonds maturing on November 1, 2026 through November

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

1, 2029, both dates inclusive, to be issued by Assured Guaranty Municipal Corp. The Series 2022 Bonds bear interest rate at 5.0 % payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2022.

Proceeds of refunding bonds issued	\$ 32,090
Premium	3,243
Available Amounts from Refunding Bonds	9,228
Additional Contributions	15,560
Cost of Issuance	(576)
Deposit to Escrow	<u>\$ 59,545</u>
Net Present Value Savings (economic gain)	<u>\$ 6,843</u>

For the refunding transaction of the Series 2022 Tidelands Revenue Refunding Bonds, the net carrying amount of the refunded debt of \$59.5 million was less than the reacquisition price by \$1.1 million. This amount was fully amortized for governmental activities and has been reported as interest expense in the accompanying basic financial statements.

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, 2022, 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:	4.85% – 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, 2022:	\$41,460,000

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 5.375 percent to 5.75 percent.

City of Long Beach
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For the Fiscal Year Ended September 30, 2022

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 remaining two term bonds will mature in October 2026 and October 2032 with an interest rate of 6.25 percent and 6.3 percent, respectively.

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 remaining two term bonds will mature in September 2026 and September 2037, both with an interest rate of 5.25 percent.

Belmont Shore CFD No. 2007-2 : In December 2009, Community Facilities District No. 2007-2 (Belmont Shore) issued \$3.7 million of 2009 Special Tax Bonds. The Bonds are payable solely from proceeds of a special assessment tax to be levied annually on land within the district and certain pledged Belmont Shore area parking meter revenues. Proceeds will be used to finance a new City parking lot in the Belmont Shore area and to finance other improvements to enhance parking. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The bonds will mature in October 2040 and carry interest rates ranging from 5.0 percent to 6.0 percent.

Toledo Utility Underground: In June 2010, Assessment District No. 08-01 (the Toledo Utility Underground) issued \$1.1 million of Limited Obligation Improvement Bonds. The Bonds were issued under the provisions of the City Code, and where applicable, the Improvement Bond Act of 1915. 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 4.85 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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2022, 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, 2022</i>
Carnival Bonds	2030	\$ 30,000	\$ 17,965
Grisham Housing Bonds Series A	2035	10,245	899
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 18,864</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 9 – NOTES, LOANS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

At September 30, 2022, 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, 2022</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	\$ 155
Southern California Edison	01/09/18	02/25/25	2.18%	877	328
Southern California Edison	05/08/18	10/23/24	2.69%	869	192
Southern California Edison	01/31/19	02/27/27	2.37%	715	411
Premium/Discount				-	39
Total General Fund				2,857	1,125
Successor Agency Fund:					
Los Angeles County	01/21/92	N/A	3.75%	-	6,108
OTHER LONG-TERM OBLIGATIONS:					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	3,409
MWN Community Hospital	N/A	N/A	N/A	25,000	23,000
Total General Fund				62,600	26,409
General Services Fund:					
Financed Purchase Obligations	Various	Various	0.87% - 3.82%	51,829	27,692
Fleet Services Fund:					
Financed Purchase Obligations	Various	Various	1.91% - 2.94%	25,720	19,376
Civic Center Fund:					
New Civic Center Complex	N/A	N/A	N/A	300,702	284,576
Total, Governmental Activities				\$ 443,708	\$ 365,286
<u>BUSINESS-TYPE ACTIVITIES</u>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
Gas Utility Fund:					
Financed Purchase Obligations	08/03/15	05/01/30	2.40%	\$ 18,000	\$ 10,333
Water Fund:					
Financed Purchase Obligations	12/20/18	12/20/33	3.35%	27,394	19,587
Water 2022 Line of Credit	08/04/22	N/A	N/A	14,000	14,000
Total Water Fund				41,394	33,587
Tidelands Fund:					
Financed Purchase Obligations	10/01/05	10/01/25	4.99%	649	185
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.50%	700	281
Total Tidelands Fund				1,349	466
Harbor Fund:					
Harbor 2021 TIFIA Loan	05/03/21	05/15/55	1.26%	495,000	498,926
OTHER LONG-TERM OBLIGATIONS:					
Water Fund:					
Site Restoration	N/A	N/A	N/A	1,000	1,000
Total, Business-Type Activities				\$ 556,743	\$ 544,312

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2022 totaled \$23.0 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, 2022 totaled \$6.1 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, 2022 totaled \$1.1 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>
2023	\$ 457	\$ 142	\$ 599	\$ 20	\$ 619
2024	301	-	301	11	312
2025	191	-	191	5	196
2026	96	-	96	2	98
2027	41	-	41	-	41
2028 - 2032	-	-	-	1	1
2033 - 2037	-	5,966	5,966	-	5,966
Subtotal	1,086	6,108	7,194	39	7,233
Premium/Discount	39	-	39	-	39
Total	<u>\$ 1,125</u>	<u>\$ 6,108</u>	<u>\$ 7,233</u>	<u>\$ 39</u>	<u>\$ 7,272</u>

Financed Purchase Obligations

As a result of GASB Statement No. 87 implementation, the City reclassified capital lease obligations to financed purchase obligations, where the asset transfers ownership to the City by the end of the agreement. The City entered into various direct borrowing agreements with lenders to finance the acquisition of governmental assets including computers, technology equipment, machinery, and vehicles for City staff and operations. Repayments are secured from revenues of the General Services Internal Service Fund and the Fleet Internal Service Fund, which primarily come from billing revenues from other City departments. The General Fund primarily benefits from the finance purchased assets.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

During fiscal year 2022, the City executed new obligations for equipment and vehicles, where the asset transfers ownership to the City by the end of the agreement. Under various agreements with different entities, the obligations totaled \$0.6 million to be paid over terms ranging from 5 to 7 years at rates between 1.57% to 2.50%.

Aggregate future debt service payments under the City's governmental activities financed purchase obligations 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>
2023	\$ 7,605	\$ 3,236	\$ 10,841	\$ 1,168	\$ 12,009
2024	3,244	3,151	6,395	952	7,347
2025	3,050	2,018	5,068	805	5,873
2026	2,896	1,970	4,866	675	5,541
2027	2,270	2,015	4,285	549	4,834
2028 - 2032	8,459	6,986	15,445	1,069	16,514
2033 - 2037	168	-	168	2	170
Totals	<u>\$ 27,692</u>	<u>\$ 19,376</u>	<u>\$ 47,068</u>	<u>\$ 5,220</u>	<u>\$ 52,288</u>

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.

During fiscal year 2019, the City moved into the new City Hall and the new Library. Consistent with the agreement, the City began paying PECP the Base Service fees, as defined, over 40 years consisting of a Fixed Growth Fee attributable to construction costs of the Project Assets and a Variable Growth Fee attributable primarily to operation and maintenance services and life-cycle replacement costs of Project Assets. Both the Fixed Growth and Variable Growth Fee have scheduled annual increases. The Fixed Growth component is a stable 2.18% per annum and the Variable Growth is subject to annual increases in the CPI-U index.

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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

Year	Payments					Total
	Principal	Base Interest	Sub Total	Variable Growth	Harbor Fee	
2023	\$ 5,280	\$ 4,919	\$ 10,199	\$ 8,680	\$ 675	\$ 19,554
2024	5,373	4,827	10,200	8,922	675	19,797
2025	5,467	4,732	10,199	9,170	675	20,044
2026	5,563	4,636	10,199	9,423	675	20,297
2027 - 2031	29,319	21,679	50,998	51,106	3,374	105,478
2032 - 2036	31,987	19,011	50,998	58,313	3,353	112,664
2037 - 2041	34,898	16,099	50,997	66,341	3,478	120,816
2042 - 2046	38,075	12,923	50,998	75,284	5,943	132,225
2047 - 2051	41,540	9,458	50,998	85,243	5,095	141,336
2052 - 2056	45,321	5,677	50,998	96,338	4,328	151,664
2057 - 2061	41,753	1,596	43,349	89,700	3,258	136,307
	<u>\$ 284,576</u>	<u>\$ 105,557</u>	<u>\$ 390,133</u>	<u>\$ 558,520</u>	<u>\$ 31,529</u>	<u>\$ 980,182</u>

Business-Type Activities

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

Year ending	Business-Type Activities				
	Principal Payments		Annual Debt Service Requirements		
	Tidelands	Harbor	Principal	Interest	Total
2023	\$ 30	\$ 2,240	\$ 2,270	\$ 6,299	\$ 8,569
2024	31	2,350	2,381	6,278	8,659
2025	33	2,415	2,448	6,230	8,678
2026	34	2,500	2,534	6,207	8,741
2027	36	2,565	2,601	6,174	8,775
2028 - 2032	117	14,330	14,447	30,342	44,789
2033 - 2037	-	28,356	28,356	29,278	57,634
2038 - 2042	-	52,171	52,171	26,713	78,884
2043 - 2047	-	97,777	97,777	22,970	120,747
2048 - 2052	-	174,519	174,519	14,289	188,808
2053 - 2057	-	119,703	119,703	3,048	122,751
Subtotal	281	498,926	499,207	157,828	657,035
Premium / Discount	-	-	-	-	-
Totals	<u>\$ 281</u>	<u>\$ 498,926</u>	<u>\$ 499,207</u>	<u>\$ 157,828</u>	<u>\$ 657,035</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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. In May 2020, Harbor entered into a revised new TIFIA loan agreement (the 2020 TIFIA Loan) for an approved amount up to \$500.0 million that replaced the 2014 TIFIA Loan. Under the 2020 TIFIA Loan, the USDOT will allow 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 one year after substantial completion of the replacement bridge that was retroactively declared in December of 2020. As of September 30, 2022, Harbor has made three draws on the TIFIA Loan in the total amount of \$500.0 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%.

Financed Purchase Obligations

The City entered into multiple direct borrowing agreements with lenders to finance the installation of a surface membrane to the Convention Center roof and for the implementation of an Advanced Metering Infrastructure (AMI). Repayments are secured from charges for services of the Tidelands Operating Fund for the Convention Center financed purchase obligations, and from charges for services of the Water Fund and the Gas Utility Fund for the AMI financed purchase obligations.

Annual debt service requirements to maturity for business-type activities financed purchase obligations are as follows (in thousands):

<i>Business-type Activities</i>						
<i>Year ending</i>	<i>Principal Payments by Fund</i>			<i>Annual Debt Service Requirements</i>		
	<i>Gas Utility</i>	<i>Water</i>	<i>Tidelands Operating</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 1,186	\$ 1,696	\$ 43	\$ 2,925	\$ 880	\$ 3,805
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	1,875	50	3,199	607	3,806
2027	1,305	1,938	-	3,243	510	3,753
2028 - 2032	4,109	10,512	-	14,621	1,076	15,697
Totals	<u>\$ 10,333</u>	<u>\$ 19,587</u>	<u>\$ 185</u>	<u>\$ 30,105</u>	<u>\$ 4,566</u>	<u>\$ 34,671</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 10 – LEASES

The City is a lessor in various noncancelable leases of City-owned properties such as land and buildings. During fiscal year 2022, the City recognized \$17.1 million in lease revenue and \$6.5 million in interest revenue. The noncurrent portion of the City's lease receivables for governmental activities and business-type activities are accounted for in the Other Noncurrent Receivables in the Statement of Net Position in the amount of \$140.9 million and \$125.4 million, respectively.

The following is a schedule of future minimum lease payment receipts on noncancelable leases as of September 30, 2022 (in thousands):

<i>Year Ending September 30,</i>	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2023	\$ 5,542	\$ 3,412	\$ 2,752	\$ 2,835
2024	5,648	3,199	2,573	2,741
2025	5,812	2,983	2,327	2,655
2026	6,668	2,753	2,096	2,585
2027	6,885	2,509	2,109	2,519
2028-2032	25,695	9,497	10,703	11,663
2033-2037	17,816	7,472	9,105	10,366
2038-2042	21,653	5,661	9,998	9,403
2043-2047	23,735	3,573	11,450	8,289
2048-2052	26,986	1,176	11,177	7,146
2053-2057	-	-	12,486	5,957
2058-2062	-	-	14,373	4,602
2063-2067	-	-	16,548	3,040
2068-2072	-	-	6,371	1,782
2073-2077	-	-	5,383	1,233
2078-2082	-	-	8,679	566
Total	<u>\$ 146,440</u>	<u>\$ 42,235</u>	<u>\$ 128,130</u>	<u>\$ 77,382</u>

The following is the schedule of lease payment income for the fiscal year ended September 30, 2022(in thousands):

	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Minimum Lease Payments	\$ 8,954	\$ 5,534
Variable Lease Payments	1,786	851
Total	<u>\$ 10,740</u>	<u>\$ 6,385</u>

The minimum lease payment is a fixed amount based on the lease agreements. The variable lease payment is a percentage of revenue above a certain base for the asset development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

Business-Type Activities

The City has various Harbor marine terminal leases that are considered regulated leases, at all times subject to federal, state, regional and municipal laws, ordinances and regulations (e.g., including but not limited to States Lands Commission and Federal Maritime Commission). These regulated leases are not included in the measurement of lease receivables, in accordance with the requirements of GASB Statement No. 87. The City recognized \$400.4 million in lease revenue during fiscal year 2022 for these leases.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

The City also has various aeronautical leasing agreements for land and hangar space at the Airport. These qualify as regulated leases and are not included in the measurement of lease receivables, in accordance with the requirements of GASB Statement No. 87. The City recognized \$6.8 million in lease revenue during fiscal year 2022 for these leases.

As of September 30, 2022, the minimum payments expected to be received over the remaining lease terms totaled \$6.2 billion, as shown in the following table:

<i>Year Ending September 30,</i>	<i>Harbor</i>	<i>Airport</i>	<i>Total</i>
2023	\$ 398,947	\$ 6,925	\$ 405,872
2024	403,983	6,467	410,450
2025	398,308	6,080	404,388
2026	391,993	6,097	398,090
2027	338,463	6,113	344,576
2028 - 2032	1,079,967	27,903	1,107,870
2033 - 2037	1,012,384	25,526	1,037,910
2038 - 2042	939,948	20,224	960,172
2043 - 2047	1,081,971	19,118	1,101,089
2048 - 2052	-	17,959	17,959
2053- 2057	-	9,820	9,820
2058 - 2062	-	7,057	7,057
2063 - 2067	-	7,057	7,057
2068 - 2072	-	5,302	5,302
2073 - 2077	-	4,668	4,668
2078 - 2082	-	4,668	4,668
2083 - 2087	-	1,674	1,674
Total	<u>\$ 6,045,964</u>	<u>\$ 182,658</u>	<u>\$ 6,228,622</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 11 – DERIVATIVE INSTRUMENTS

At September 30, 2022, 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.	83.4 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 Bonds' outstanding notional amounts to \$69.0 million as follows:

<i>Maturity Date</i>	<i>Notional Amounts (in thousands)</i>	<i>Synthetic Fixed Rate</i>	<i>Variable Rate</i>	<i>Spread</i>
11/15/2025	\$ 19,195	4.903%	3.926%	1.410%
11/15/2026	25,175	4.930%	3.946%	1.430%
11/15/2027	24,630	4.955%	3.966%	1.450%
11/15/2033	5	5.067%	4.066%	1.550%
	<u>\$ 69,005</u>	4.931%	3.947%	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, 2022, 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, 2022

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 \$10.1 million on October 1, 2021. During the fiscal year ending September 30, 2022, the fair value increased by \$8 million to a negative fair value of \$2.0 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 \$443.8 million on October 1, 2021. During the fiscal year, fair value decreased \$148.9 million to a fair value of \$294.9 million as of September 30, 2022. 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, 2021</i>	<i>Change in Fair Value</i>	<i>Fair Value, September 2022</i>
<i>Interest Rate Swap</i>			
11/15/2025	\$ (2,351)	\$ 1,967	\$ (384)
11/15/2026	(3,643)	2,919	(724)
11/15/2027	(4,084)	3,156	(928)
11/15/2033	(1)	1	-
	(10,079)	8,043	(2,036)
<i>Commodity Swap</i>			
9/30/2037	443,833	(148,911)	294,922
Total	\$ 433,754	\$ (140,868)	\$ 292,886

Information on the effects of these transactions on the financial statement presentation can be found in Note 20 to the basic financial statements.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Credit Risks: As of September 30, 2022, 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 custodian role migrated first to Wells Fargo and most recently to Principal Custody Solutions.

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 A3 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, 2022, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows (in thousands):

<i>Fiscal Year</i>	<i>Variable-Rate Bonds</i>		<i>Net Swap</i>	<i>Total</i>
<i>Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Payments</i>	<i>Interest</i>
<i>September 30</i>				
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	24,630	305	99	404
2028 - 2033	5	1	18	19
Total	<u>\$ 69,005</u>	<u>\$ 11,340</u>	<u>\$ 892</u>	<u>\$ 12,232</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, 2022

NOTE 12 – 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, 2022, 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	30.58%	30.58%	30.58%
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	48.40%	48.40%	48.40%
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, 2022

Employees Covered – Based on the June 30, 2021 funding valuation report, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	3,565	1,231
Inactive employees or beneficiaries currently receiving benefits	4,690	1,869
Inactive employees entitled to but not yet receiving benefits	4,466	332

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, 2022 (measurement date), using the actuarial valuation report as of June 30, 2021 rolled forward using standard actuarial procedures. At September 30, 2022, the City reported net pension liability of \$1.3 billion for both plans. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date (VD)	June 30, 2021	June 30, 2021
Measurement Date (MD)	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method	
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increase	Varies by Entry Age and Service	
Mortality	Derived using CalPERS' membership data for all funds	

1 The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 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, 2022

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

<i>Asset Class</i> ¹	<i>Assumed Asset Allocation</i>	<i>Real Return</i> ¹
Global Equity - Cap-Weighted	30.00 %	4.54 %
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2021 (MD)	\$ 2,891,887	\$ 2,577,251	\$ 314,636
Changes in the year:			
Service Cost	50,653	-	50,653
Interest on Total Pension Liability	198,959	-	198,959
Differences between Actual and Expected Experience	(16,364)	-	(16,364)
Changes in Assumptions	61,627	-	61,627
Contribution - Employer	-	81,488	(81,488)
Contribution - Employee	-	21,568	(21,568)
Net Investment Income	-	(193,818)	193,818
Administrative Expenses	-	(1,605)	1,605
Benefit Payments, including Refunds of Employee Contributions	(158,021)	(158,021)	-
Net Changes	136,854	(250,388)	387,242
Balance at June 30, 2022 (MD)	\$ 3,028,741	\$ 2,326,863	\$ 701,878

<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, 2021 (MD)	\$ 2,825,833	\$ 2,612,594	\$ 213,239
Changes in the year:			
Service Cost	49,374	-	49,374
Interest on Total Pension Liability	194,259	-	194,259
Differences between Actual and Expected Experience	(31,255)	-	(31,255)
Changes in Assumptions	68,729	-	68,729
Contribution - Employer	-	71,361	(71,361)
Contribution - Employee	-	17,840	(17,840)
Net Investment Income	-	(196,765)	196,765
Administrative Expenses	-	(1,627)	1,627
Benefit Payments, including Refunds of Employee Contributions	(145,304)	(145,304)	-
Net Changes	135,803	(254,495)	390,298
Balance at June 30, 2022 (MD)	\$ 2,961,636	\$ 2,358,099	\$ 603,537

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 6.90 percent, compared to a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%). Amounts shown below are in thousands:

<i>Net Pension Liability/(Asset)</i>	<i>1% Decrease (5.90%)</i>	<i>Discount Rate (6.90%)</i>	<i>1% Increase (7.90%)</i>
Miscellaneous	\$ 1,097,624	\$ 701,878	\$ 375,237
Safety	1,003,338	603,537	275,860

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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, 2022, the City recognized pension expense of \$77.1 million and \$77.3 million for the Miscellaneous and Safety Plan, respectively.

At September 30, 2022, 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	\$ 63,836	\$ -	\$ 54,356	\$ -	\$ 118,192	\$ -
Differences Between Actual and Expected Experience	-	(15,465)	903	(25,022)	903	(40,487)
Changes in Assumptions	41,747	-	51,966	-	93,713	-
Net Differences between Projected and Actual Earnings on Plan Investments	119,708	-	121,337	-	241,045	-
Change in Proportion	8,703	(8,703)	1,425	(1,425)	10,128	(10,128)
Total	\$ 233,994	\$ (24,168)	\$ 229,987	\$ (26,447)	\$ 463,981	\$ (50,615)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Net difference between projected and actual earnings on pension plan investments are recognized in pension expense over a 5-year period and the other economic/demographic gains or losses and assumption changes or inputs are recognized over the expected average remaining service lifetime (EARSL) for all active and inactive members, which is 3.1 years as of measurement date of June 30, 2022.

The \$118.2 million reported as deferred outflows of resources related to contributions made by the City subsequent to the measurement date of June 30, 2022 will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. 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
2023	\$ 29,869	2023	\$ 28,240	2023	\$ 58,109
2024	32,089	2024	27,146	2024	59,235
2025	10,117	2025	17,891	2025	28,008
2026	73,915	2026	75,907	2026	149,822
Total	\$ 145,990	Total	\$ 149,184	Total	\$ 295,174

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 13 – 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, 2022, the City accrued non-discounted estimates totaling \$179.7 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 \$20.8 million and a long-term liability of \$111.8 million. The City has recorded in the General Liability Insurance Fund a current liability of \$11.8 million and a long-term liability of \$35.3 million.

The ultimate amount of losses incurred through September 30, 2022 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, 2022 and 2021 is as follows (in thousands):

	<i>Workers' Compensation Claims</i>	<i>General Liability Claims</i>	<i>Total</i>
Balance at October 1, 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	132,080	44,305	176,385
Additions	11,711	14,068	25,779
Payments	<u>(11,149)</u>	<u>(11,310)</u>	<u>(22,459)</u>
Balance at September 30, 2022	<u>\$ 132,642</u>	<u>\$ 47,063</u>	<u>\$ 179,705</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 14 – GOVERNMENTAL FUND BALANCES AND FUND DEFICITS

As of September 30, 2022, 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>					
<u>Nonspendable:</u>					
Prepaid Expense and Deposits	\$ 1,632	\$ 1,489	\$ -	\$ 1,098	\$ 4,219
Subtotal	1,632	1,489	-	1,098	4,219
<u>Restricted for:</u>					
Debt Service	-	-	-	32,069	32,069
Public Safety	2,921	-	-	4,912	7,833
Public Health	-	-	-	202	202
Community and Cultural	-	-	30,337	63,400	93,737
Public Works	-	111,182	-	9,478	120,660
Subtotal	2,921	111,182	30,337	110,061	254,501
<u>Committed to:</u>					
Community and Cultural	-	-	-	1,200	1,200
Other Purposes - Emergency Reserve	47,764	-	-	-	47,764
Other Purposes - Operating Reserve	15,719	-	-	-	15,719
Oil Abandonment	14,228	-	-	-	14,228
Subtotal	77,711	-	-	1,200	78,911
<u>Assigned to:</u>					
Subsequent Year's Appropriations	113,091	-	-	-	113,091
Unfunded Liabilities and Commitments	35,495	-	-	-	35,495
Public Works	-	88,422	-	-	88,422
Subtotal	148,586	88,422	-	-	237,008
<u>Unassigned (Deficit)</u>	-	-	-	(25,276)	(25,276)
Total Fund Balances	<u>\$ 230,850</u>	<u>\$ 201,093</u>	<u>\$ 30,337</u>	<u>\$ 87,083</u>	<u>\$ 549,363</u>

Fund Deficits

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$4.5 million as of September 30, 2022. This deficit was primarily attributed to an increase of \$17.9 million in the net pension liability. City management believes that the cash position of the fund is sufficient to support the utilities ongoing operations.

The Tidelands Oil Revenue Fund, a major proprietary fund, reported a deficit net position of \$63.6 million as of September 30, 2022. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability of \$127 million, reflecting an increase of \$16.8 million during the fiscal year. The City will continue to accumulate resources to pay for the oil field abandonment liability.

The Towing Fund, a nonmajor enterprise fund, reported a deficit net position of \$2.4 million as of September 30, 2022. This deficit primarily resulted from the recognition of a net pension liability of \$4.2 million and compensated absences of \$0.4 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, 2022, the Workers' Compensation insurance fund reflected a deficit net position of \$103.2 million. This deficit included the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$111.8 million and \$8.9 million respectively. City management believes the cash position is sufficient to cover the current costs related to workers' compensation claims and current operating costs. 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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

As of September 30, 2022, the General Liability insurance fund reflected a deficit net position of \$46.4 million. This deficit included the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$35.3 million and \$5.8 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 15 – OIL FIELD ABANDONMENT LIABILITY

Tideland Oil Revenues

In 1911 the State of California (State) committed to the trusteeship of the City certain tidelands properties the City has been required to administer. 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, 2022, the State's total estimated abandonment cost liability is \$939.7 million, which decreased by \$26.7 million from fiscal year 2021. 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, 2022, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$939.7 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve. In the Tideland Oil fund, the abandonment reserve set aside for the estimated liability is \$55.7 million.

At September 30, 2022, the Tideland Oil Fund recorded an estimated oil field abandonment cost liability of \$127.1 million increasing by \$16.8 million from fiscal year 2021. 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 \$26.9 million of which \$14.2 million has been funded in the Upland Oil Fund as of September 30, 2022.

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, 2022, the reserve balance within the Subsidence Fund is \$185.2 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 contribution to the State in both fiscal years 2005 and 2006. The City made the last payment during fiscal year 2022, and there is no outstanding loan balance at September 30, 2022.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 16 – POLLUTION REMEDIATION OBLIGATIONS

The City is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the City’s ownership of land, buildings, and infrastructure assets. In some cases, regulatory agencies (e.g., California State Water Resources Control Board, Regional Water Quality Board, State Department of Toxic Control) notified the City of the need for remedial action. In addition, the City conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the City is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include groundwater and soil contamination, leaking underground storage tanks, asbestos and lead paint contamination, methane gas detection, and excessive levels of other contaminants. Remediation efforts include continuous groundwater monitoring on a recurring semi-annual basis, developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles, and other hazardous materials.

As of September 30, 2022, the City’s estimated pollution remediation obligation totaled \$9.9 million, which was comprised of \$4.0 million related to governmental activities and \$5.9 million related to business-type activities, respectively, as shown in the following table (in thousands):

	<i>Governmental Funds</i>	<i>Internal Service Funds</i>	<i>Total Governmental Activities</i>
Governmental Activities:			
Environmental Remediation:			
55th Way Landfill	\$ 2,880	\$ -	\$ 2,880
(formerly Paramount Landfill)			
El Cortez (formerly El Ranchito)	320	-	320
Cowelco	197	-	197
Leaking Underground Storage Tanks	-	600	600
Total Environmental Remediation	<u>\$ 3,397</u>	<u>\$ 600</u>	<u>\$ 3,997</u>
		<i>Total Business-Type Activities</i>	
Business-type Activities:			
Environmental Remediation:			
Harbor Warehouse	\$ 5,909	\$ 5,909	
Total Environmental Remediation	<u>\$ 5,909</u>	<u>\$ 5,909</u>	

The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the City will adjust the estimated obligation when new information indicates that such changes are required. At this time, the City has determined there are no estimated recoveries reducing the obligation. 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, 2022

NOTE 17 – 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, 2022 totaled \$2.2 million. The ICTF financial statements for the year ended June 30, 2022 can be obtained from the Harbor.

NOTE 18 – 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.

Effective October 1, 2021, the City shall contribute \$75 per month, 1 or 4 percent of eligible participants' base compensation into the 457 Plan, based on the various employee associations' Memorandum of Understanding. Plan participants have the right to 100 percent of contributions made on their behalf and related earning upon their death, permanent and total disability or upon attainment of normal retirement age. Annual Pension Cost Employer contributions to the 457 Plan as of September 30, 2022 was \$0.8 million.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Encumbrances

The City uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but as restricted or committed fund balance on the governmental funds balance sheet. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following fiscal year.

At September 30, 2022, business-type and governmental funds had outstanding operating and capital contractual commitments for construction projects and purchases of goods and services, as follows (in thousands):

<u>Governmental Activities</u>	
General Fund	\$ 1,944
General Capital Projects	76,281
Non-major Governmental Funds	10,331
Internal Service Fund	15,238
Total	<u>\$ 103,794</u>

<u>Business-Type Activities</u>	
Gas Utility	\$ 512
Water	13,950
Tidelands Operating	37,175
Harbor	22,443
Non-major Business-Type Funds	15,422
Total	<u>\$ 89,502</u>

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.

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 of \$25.0 million 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, 2022 the MOU amount remains unchanged.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

Self-Insurance

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

As stated in Note 13 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% of the total annual required amount, with the Harbor and the Port of Los Angeles each responsible for one-half or 20% 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 of Estimated Shortfall Advances and Reserve Account Funding provided by ACTA dated on August 24, 2022 indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2023.

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 the California Department of Transportation (Caltrans) and Harbor.

The new bridge (currently named as the Long Beach International Gateway) has been completed and transferred to the Caltrans as a component of the state highway system on March 2022. Harbor has an agreement with Caltrans for maintenance costs of the new bridge for a 30-year period commencing on the date of the ownership transfer to Caltrans.

The demolition phase on the old bridge started in 2022 and is estimated to be completed in 2024. The old bridge's main span has been removed, and other remaining structures (approaches, supports, pavement, etc.) are underway. The demolition budget is \$59.9 million, and the Harbor has incurred approximately \$25.1 million as of September 30, 2022.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 20 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

At September 30, 2022, 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, 2022 (In Thousands)					
	<i>General</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>	<i>GASB 34 Conversion Adjustments</i>	<i>Total Adjusted Governmental Funds</i>
<i>Deferred Outflows of Resources:</i>					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ 986	\$ 986
Pension contributions after measurement date	-	-	-	80,691	80,691
CalPERS Change in assumptions, experience, and expected investment returns	-	-	-	238,809	238,809
CalPERS Difference between actual Change in pension allocation proportion	-	-	-	5,990	5,990
OPEB contributions after measurement date	-	-	-	2,476	2,476
OPEB Change in assumptions, experience, and expected investment returns	-	-	-	2,822	2,822
Change in OPEB allocation proportion	-	-	-	663	663
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,437</u>	<u>\$ 332,437</u>
<i>Deferred Inflows of Resources:</i>					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 4,157	\$ 4,157
Unavailable revenue and property taxes	117,306	224,874	342,180	(223,048)	119,132
Leases	141,238	3,109	144,347	-	144,347
CalPERS Change in assumptions, experience, and expected investment returns	-	-	-	30,755	30,755
Change in pension allocation proportion	-	-	-	1,100	1,100
OPEB Change in assumptions, experience, and expected investment returns	-	-	-	24,167	24,167
Change in OPEB allocation proportion	-	-	-	1,694	1,694
Total deferred inflows of resources	<u>\$ 258,544</u>	<u>\$ 227,983</u>	<u>\$ 486,527</u>	<u>\$ (161,175)</u>	<u>\$ 325,352</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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>	<i>Total Governmental Activities</i>
Deferred Outflows of Resources:								
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 986
Pension contributions after measurement date	81	3,129	1,315	809	527	819	6,680	87,371
CalPERS Change in assumptions, experience, and expected investment returns	205	7,915	3,326	2,045	1,334	2,072	16,897	255,706
Change in pension allocation proportion	-	-	-	-	180	428	608	6,598
OPEB contributions after measurement date	-	100	50	16	12	23	201	2,677
OPEB Change in assumptions, experience, and expected investment returns	-	114	57	19	14	27	231	3,053
Change in OPEB allocation proportion	-	108	15	127	151	-	401	1,064
Total deferred outflows of resources	<u>\$ 286</u>	<u>\$ 11,366</u>	<u>\$ 4,763</u>	<u>\$ 3,016</u>	<u>\$ 2,218</u>	<u>\$ 3,369</u>	<u>\$ 25,018</u>	<u>\$ 357,455</u>
Deferred Inflows of Resources:								
Economic gain from the refunding of debt	\$ -	\$ -	\$ 395	\$ -	\$ -	\$ -	\$ 395	\$ 4,552
Unavailable revenue	-	-	-	-	-	-	-	119,132
Leases	-	-	-	-	-	-	-	144,347
CalPERS Change in assumptions, experience, and expected investment returns	20	758	319	196	128	198	1,619	32,374
Change in pension allocation proportion	92	671	639	144	22	455	2,023	3,123
OPEB Change in assumptions, experience, and expected investment returns	-	971	481	159	119	228	1,958	26,125
Change in OPEB allocation proportion	-	182	122	7	44	184	539	2,233
Total deferred inflows of resources	<u>\$ 112</u>	<u>\$ 2,582</u>	<u>\$ 1,956</u>	<u>\$ 506</u>	<u>\$ 313</u>	<u>\$ 1,065</u>	<u>\$ 6,534</u>	<u>\$ 331,886</u>

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>Tideland Oil Revenue</i>	<i>Harbor</i>	<i>Nonmajor Enterprise Funds</i>	<i>Total Enterprise Funds</i>
Deferred Outflows of Resources:							
Issuance costs - Bond Insurance	\$ -	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ 61
Economic loss from the refunding of debt	-	313	482	-	-	10	805
Pension contributions after measurement date	3,034	3,962	5,036	490	12,059	6,240	30,821
CalPERS Change in assumptions, experience, and expected investment returns	7,674	10,020	14,736	1,241	30,498	15,786	79,955
Change in pension allocation proportion	192	-	1,220	-	1,542	576	3,530
OPEB contributions after measurement date	101	109	170	14	305	156	855
OPEB Change in assumptions, experience, and expected investment returns	115	125	195	16	349	179	979
Change in OPEB allocation proportion	67	56	1,073	25	793	234	2,248
Derivative instrument							
Interest rate swap	2,037	-	-	-	-	-	2,037
Total deferred outflows of resources	<u>\$ 13,220</u>	<u>\$ 14,585</u>	<u>\$ 22,973</u>	<u>\$ 1,786</u>	<u>\$ 45,546</u>	<u>\$ 23,181</u>	<u>\$ 121,291</u>
Deferred Inflows of Resources:							
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ -	\$ 2,403	\$ 15	\$ 2,418
Leases	-	326	125,023	-	-	1,894	127,243
CalPERS Change in assumptions, experience, and expected investment returns	735	960	1,865	119	2,921	1,513	8,113
Change in pension allocation proportion	597	864	1,302	700	880	2,662	7,005
OPEB Change in assumptions, experience, and expected investment returns	979	1,067	1,658	130	2,978	1,527	8,339
Change in OPEB allocation proportion	221	218	91	134	79	336	1,079
Derivative instrument							
Commodity swap	294,922	-	-	-	-	-	294,922
Total deferred inflows of resources	<u>\$ 297,454</u>	<u>\$ 3,435</u>	<u>\$ 129,939</u>	<u>\$ 1,083</u>	<u>\$ 9,261</u>	<u>\$ 7,947</u>	<u>\$ 449,119</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 21 - TAX ABATEMENTS

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

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

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

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

The RSTIP was established by the City Council in March 1992, to encourage large-scale retail development, improve retail sales tax productivity, and stimulate private investment in the retail sector of 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 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, 2022, sales tax abatements totaled \$5.1 million.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

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 2022.

Mills Act Property Tax Incentive Program

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

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

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

For fiscal year 2022, the City had agreements for which re-assessments were completed by the County Assessor's office with a total property tax valuation of \$190 million, and an estimated tax abatement of \$209 thousand.

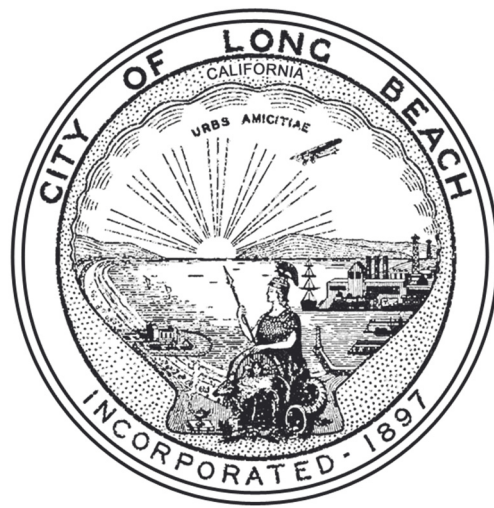
City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2022

NOTE 22 – SUBSEQUENT EVENTS

MWN Community Hospital, LLC

In fiscal year 2020, the City entered into a short-term lease with MWN Community Hospital, LLC (Tenant), for the lease of property owned by the City at 1720 Termino Avenue, 1760 Termino Ave, and 4111 East Wilton Street. During the two years following the lease agreement, the Tenant worked to reopen the hospital and secure approval for seismic construction plans prior to the statutory deadline; however, seismic construction costs increased substantially over initial estimates, and demand for acute care services failed to reach levels needed to sustain acute care hospital operations. As a result, the Tenant determined that it was no longer economically feasible to operate the property as an acute care hospital and issued the City a lease termination notice. In the event of a lease termination, pursuant to lease terms, the Tenant was entitled to reimbursement by the City for all hospital capital costs expended by the Tenant to start up and reopen the hospital less any revenue received from operations. Should hospital capital costs exceed the value of the property, the City could transfer the property to the Tenant as full and complete payment.

In October 2022, the City Council approved the transfer of the property to the Tenant. The fair market value of the property was established at \$17.7 million and hospital capital costs were verified by an independent third party at \$26.6 million. Since the City's financial obligation is limited to the fair market value of the property, hospital capital costs are deemed to be fully and completely paid.



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REQUIRED SUPPLEMENTARY INFORMATION

City of Long Beach
Required Supplementary Information
(Unaudited)

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
(In Thousands)

	2015	2016	2017
Total Pension Liability (TPL)			
TPL - beginning	\$ 2,362,579	\$ 2,368,500	\$ 2,431,211
Service cost	37,502	37,306	42,500
Interest in the TPL	171,128	175,727	177,096
Differences between actual and expected experience	(45,118)	(29,800)	(56,898)
Changes in assumptions ²	(40,892)	-	144,164
Benefit payments ³	(116,699)	(120,522)	(125,722)
Net change in TPL	5,921	62,711	181,140
TPL - ending (a)	\$ 2,368,500	\$ 2,431,211	\$ 2,612,351
Plan Fiduciary Net Position			
Plan fiduciary net position - beginning	\$ 1,881,680	\$ 1,857,249	\$ 1,802,786
Net Plan to Plan Resource Movement	-	-	(39)
Contribution - employer	35,136	39,877	45,864
Contribution - employees	17,652	17,959	17,793
Net investment income	41,570	9,355	198,457
Administrative expenses	(2,090)	(1,132)	(2,662)
Benefit payments ³	(116,699)	(120,522)	(125,722)
Other miscellaneous expense	-	-	-
Net change in fiduciary net position	(24,431)	(54,463)	133,691
Plan fiduciary net position - ending (b)	\$ 1,857,249	\$ 1,802,786	\$ 1,936,477
Net pension liability - ending (a)-(b)	\$ 511,251	\$ 628,425	\$ 675,874
Fiduciary net position as a percentage of the TPL	78.41%	74.15%	74.13%
Covered payroll	\$ 223,225	\$ 228,212	\$ 234,782
NPL as percentage of covered payroll	229.03%	275.37%	287.87%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

³ Benefit payments include refunds of employee contributions.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 2,612,351	\$ 2,623,898	\$ 2,726,916	\$ 2,813,763	\$ 2,891,887
43,138	43,491	44,000	45,016	50,653
178,030	185,085	191,098	196,483	198,959
(28,799)	11,466	(4,185)	(13,138)	(16,364)
(49,554)	-	-	-	61,627
(131,268)	(137,024)	(144,066)	(150,237)	(158,021)
11,547	103,018	86,847	78,124	136,854
\$ 2,623,898	\$ 2,726,916	\$ 2,813,763	\$ 2,891,887	\$ 3,028,741
\$ 1,936,477	\$ 2,030,299	\$ 2,105,327	\$ 2,153,414	\$ 2,577,251
(5)	(5)	-	7	-
53,278	62,484	71,565	78,158	81,488
18,339	18,876	19,350	19,885	21,568
162,226	132,140	104,205	478,175	(193,818)
(3,018)	(1,449)	(2,967)	(2,151)	(1,605)
(131,268)	(137,023)	(144,066)	(150,237)	(158,021)
(5,730)	5	-	-	-
93,822	75,028	48,087	423,837	(250,388)
\$ 2,030,299	\$ 2,105,327	\$ 2,153,414	\$ 2,577,251	\$ 2,326,863
\$ 593,599	\$ 621,589	\$ 660,349	\$ 314,636	\$ 701,878
77.38%	77.21%	76.53%	89.12%	76.83%
\$ 242,227	\$ 248,064	\$ 254,926	\$ 265,736	\$ 267,155
245.06%	250.58%	259.04%	118.40%	262.72%

See accompanying Independent Auditors' Report

City of Long Beach
Required Supplementary Information
(Unaudited)

Schedule of Contributions
Miscellaneous Plan

As of and for the year ended September 30
Last 10 Years¹
(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution ²	\$ 35,136	\$ 39,877	\$ 45,864
Contributions in relation to the actuarially determined	(35,136)	(39,877)	(45,864)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ⁴	\$ 239,897	\$ 246,490	\$ 258,248
Contributions as a percentage of covered payroll ⁴	14.65%	16.18%	17.76%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were from the June 30, 2019 funding valuation report.

Valuation Date:	6/30/2019
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	For details, see June 30, 2019 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2019 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.

⁴Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

2018	2019	2020	2021	2022
\$ 53,278	\$ 62,484	\$ 71,565	\$ 78,158	\$ 81,488
(53,278)	(62,484)	(71,565)	(78,158)	(81,488)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 269,936	\$ 270,237	\$ 285,980	\$ 279,318	\$ 295,145
19.74%	23.12%	25.02%	27.98%	27.61%

City of Long Beach
Required Supplementary Information
(Unaudited)

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
(In Thousands)

	2015	2016	2017
Total Pension Liability			
TPL - beginning	\$ 2,209,454	\$ 2,222,223	\$ 2,286,528
Service cost	34,835	34,636	38,622
Interest in the TPL	160,374	165,092	166,486
Differences between actual and expected experience	(38,807)	(27,528)	(61,909)
Changes in assumptions ²	(39,710)	-	139,900
Benefit payments ³	(103,922)	(107,895)	(110,713)
Net change in TPL	12,770	64,305	172,386
TPL - ending (a)	\$ 2,222,224	\$ 2,286,528	\$ 2,458,914
Plan Fiduciary Net Position			
Plan fiduciary net position - beginning	\$ 1,889,902	\$ 1,866,598	\$ 1,811,258
Net Plan to Plan Resource Movement	-	-	39
Contribution - employer	29,815	32,845	39,371
Contribution - employees	11,737	11,733	12,802
Net investment income	41,167	9,115	198,577
Administrative expenses	(2,101)	(1,138)	(2,674)
Benefit payments ³	(103,922)	(107,895)	(110,713)
Other miscellaneous expense	-	-	-
Net change in fiduciary net position	(23,304)	(55,340)	137,402
Plan fiduciary net position - ending (b)	\$ 1,866,598	\$ 1,811,258	\$ 1,948,660
Net pension liability - ending (a)-(b)	\$ 355,626	\$ 475,270	\$ 510,254
Fiduciary net position as a percentage of the TPL	84.00%	79.21%	79.25%
Covered payroll	\$ 127,265	\$ 127,789	\$ 126,530
NPL as percentage of covered payroll	279.44%	371.92%	403.27%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

³ Benefit payments include refunds of employee contributions

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 2,458,914	\$ 2,510,763	\$ 2,630,341	\$ 2,723,971	\$ 2,825,833
40,757	42,335	43,862	45,592	49,374
170,018	178,200	184,631	191,618	194,259
(102)	21,708	(5,180)	1,763	(31,255)
(43,795)	-	-	-	68,729
(115,029)	(122,665)	(129,683)	(137,111)	(145,304)
51,849	119,578	93,630	101,862	135,803
\$ 2,510,763	\$ 2,630,341	\$ 2,723,971	\$ 2,825,833	\$ 2,961,636
\$ 1,948,660	\$ 2,048,027	\$ 2,126,671	\$ 2,178,824	\$ 2,612,594
(5)	4	-	(7)	-
46,437	55,248	64,654	71,008	71,361
14,047	14,287	15,089	16,780	17,840
162,720	133,226	105,091	485,277	(196,765)
(3,037)	(1,461)	(2,998)	(2,177)	(1,627)
(115,029)	(122,665)	(129,683)	(137,111)	(145,304)
(5,766)	5	-	-	-
99,367	78,644	52,153	433,770	(254,495)
\$ 2,048,027	\$ 2,126,671	\$ 2,178,824	\$ 2,612,594	\$ 2,358,099
\$ 462,736	\$ 503,670	\$ 545,147	\$ 213,239	\$ 603,537
81.57%	80.85%	79.99%	92.45%	79.62%
\$ 136,458	\$ 141,252	\$ 148,487	\$ 156,245	\$ 154,439
339.10%	356.57%	367.14%	136.48%	390.79%

See accompanying Independent Auditors' Report

City of Long Beach
Required Supplementary Information
(Unaudited)

Schedule of Contributions
Safety Plan

As of and for the year ended September 30
Last 10 Years¹
(In Thousands)

	2015	2016	2017
Actuarially Determined Contribution ²	\$ 29,815	\$ 32,845	\$ 39,371
Contributions in relation to the actuarially determined contribution ³	(29,815)	(32,845)	(39,371)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ⁴	\$ 155,208	\$ 127,788	\$ 126,530
Contributions as a percentage of covered payroll ⁴	19.21%	25.70%	31.12%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were from the June 30, 2019 funding valuation report.

Valuation Date:	6/30/2019
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	For details, see June 30, 2019 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2019 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

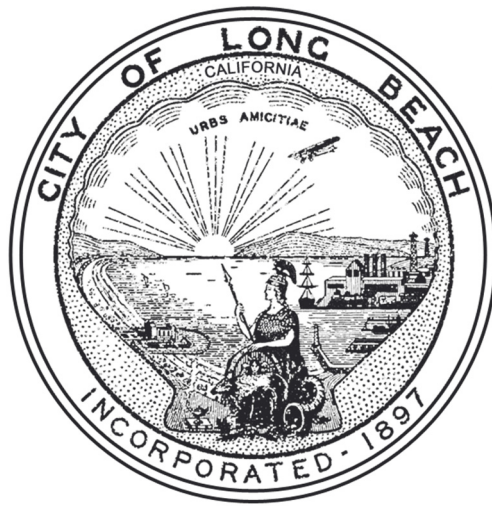
¹Historical information is required only for years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation.

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

³Amount represents actual contributions as recorded by CalPERS.

⁴Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

2018	2019	2020	2021	2022
\$ 46,437	\$ 55,248	\$ 64,654	\$ 71,008	\$ 71,361
(46,437)	(55,248)	(64,654)	(71,008)	(71,361)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 136,458	\$ 141,252	\$ 148,486	\$ 156,245	\$ 196,182
34.03%	39.11%	43.54%	45.45%	36.37%



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ADDITIONAL FINANCIAL SECTION

City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Pooled Cash and Cash Equivalents	\$ 66,400	\$ 16,010	\$ 11,738	\$ 94,148
Non-Pooled Cash and Cash Equivalents	40	17,509	66	17,615
Receivables:				
Interest Receivable	1	-	3	4
Accounts Receivable	4,326	-	11	4,337
Due from Other Governments	49,634	-	-	49,634
Due from Other Funds	1,061	-	-	1,061
Lease Receivables	253	-	2,878	3,131
Allowance for Receivables	(5,763)	-	-	(5,763)
Other Assets	277	-	-	277
Advances to Other Funds	3,809	-	-	3,809
Land Held for Resale	5,874	-	-	5,874
Other Noncurrent Receivables	224,398	-	5,684	230,082
Total Assets	<u>\$350,310</u>	<u>\$ 33,519</u>	<u>\$ 20,380</u>	<u>\$ 404,209</u>
LIABILITIES				
Accounts Payable	\$ 16,656	\$ 1	\$ 10	\$ 16,667
Accrued Wages and Benefits Payable	287	-	-	287
Due to Other Funds	23,521	-	-	23,521
Unearned Revenues	42,793	-	30	42,823
Deposits and Collections Held in Trust	487	1,449	100	2,036
Advances from Other Funds	3,809	-	-	3,809
Total Liabilities	<u>87,553</u>	<u>1,450</u>	<u>140</u>	<u>89,143</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	<u>219,442</u>	<u>-</u>	<u>8,541</u>	<u>227,983</u>
FUND BALANCES				
Nonspendable	1,098	-	-	1,098
Restricted	66,293	32,069	11,699	110,061
Committed	1,200	-	-	1,200
Unassigned	(25,276)	-	-	(25,276)
Total Fund Balance	<u>43,315</u>	<u>32,069</u>	<u>11,699</u>	<u>87,083</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$350,310</u>	<u>\$ 33,519</u>	<u>\$ 20,380</u>	<u>\$ 404,209</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, 2022
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes:				
Property	\$ 6,317	\$ 21,390	\$ 1,785	\$ 29,492
Sales	3,066	-	-	3,066
Other Taxes	12,448	-	-	12,448
Licenses and Permits	11,113	-	-	11,113
Use of Money and Property	1,768	755	-	2,523
From Other Agencies	176,627	-	-	176,627
Charges for Services	1,794	-	-	1,794
Other	2,509	-	323	2,832
Total Revenues	<u>215,642</u>	<u>22,145</u>	<u>2,108</u>	<u>239,895</u>
Expenditures:				
Current:				
Legislative and Legal	4	-	-	4
General Government	5,795	-	-	5,795
Public Safety	14,330	-	-	14,330
Public Health	85,951	-	-	85,951
Community and Cultural	90,050	6	750	90,806
Public Works	8,356	-	-	8,356
Total Current Expenditures	<u>204,486</u>	<u>6</u>	<u>750</u>	<u>205,242</u>
Capital Improvements	11,497	-	-	11,497
Debt Service:				
Principal	-	22,057	-	22,057
Interest	-	10,142	-	10,142
Debt Administration Fees	-	490	-	490
Total Expenditures	<u>215,983</u>	<u>32,695</u>	<u>750</u>	<u>249,428</u>
Excess of Revenues over (under) Expenditures	<u>(341)</u>	<u>(10,550)</u>	<u>1,358</u>	<u>(9,533)</u>
Other Financing Sources (Uses):				
Issuance of Refunding Debt	-	25,411	-	25,411
Premium on Refunding Debt Issuance	-	2,123	-	2,123
Payment to Refunded Bonds Escrow Agent	-	(25,057)	-	(25,057)
Transfers In	1,811	7,467	-	9,278
Transfers Out	(51,460)	(84)	(458)	(52,002)
Total Other Financing Sources (Uses)	<u>(49,649)</u>	<u>9,860</u>	<u>(458)</u>	<u>(40,247)</u>
Net Change in Fund Balances	<u>(49,990)</u>	<u>(690)</u>	<u>900</u>	<u>(49,780)</u>
Fund Balances - October 1	93,305	32,759	10,799	136,863
Fund Balances - September 30	<u>\$ 43,315</u>	<u>\$ 32,069</u>	<u>\$ 11,699</u>	<u>\$ 87,083</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, 2022
(In Thousands)

	Special Revenue			
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health
ASSETS				
Pooled Cash and Cash Equivalents	\$ 9,487	\$ 158	\$ 315	\$ 818
Non-Pooled Cash and Cash Equivalents	-	-	31	1
Receivables:				
Interest Receivable	-	-	-	1
Accounts Receivable	2	253	-	1,372
Due from Other Governments	12,074	-	11,918	25,476
Due from Other Funds	244	-	-	334
Lease Receivables	-	-	-	253
Allowance for Receivables	(2)	-	(5,202)	(383)
Other Assets-Current	185	-	92	-
Advances to Other Funds	-	-	3,809	-
Land Held for Resale	-	-	821	-
Other Noncurrent Receivables (net)	-	-	75,370	-
Total Assets	<u>\$ 21,990</u>	<u>\$ 411</u>	<u>\$ 87,154</u>	<u>\$ 27,872</u>
LIABILITIES				
Accounts Payable	\$ 1,999	\$ -	\$ 3,823	\$ 9,561
Accrued Wages	14	-	39	208
Due to Other Funds	1,310	-	166	21,948
Unearned Revenues	21,735	240	3,366	17,337
Deposits and Collections Held in Trust	25	-	-	367
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>25,083</u>	<u>240</u>	<u>7,394</u>	<u>49,421</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	-	-	70,167	247
FUND BALANCES (DEFICIT)				
Nonspendable	185	-	913	-
Restricted	-	171	8,680	202
Committed	-	-	-	-
Unassigned	(3,278)	-	-	(21,998)
Total Fund Balances	<u>(3,093)</u>	<u>171</u>	<u>9,593</u>	<u>(21,796)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 21,990</u>	<u>\$ 411</u>	<u>\$ 87,154</u>	<u>\$ 27,872</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
\$ 229	\$ 24,674	\$ 20,061	\$ 10,658	\$ 66,400	Pooled Cash and Cash Equivalents
-	8	-	-	40	Non-Pooled Cash and Cash Equivalents
					Receivables:
-	-	-	-	1	Interest Receivable
-	23	-	2,676	4,326	Accounts Receivable
-	-	-	166	49,634	Due from Other Governments
-	6	-	477	1,061	Due from Other Funds
-	-	-	-	253	Lease Receivables
-	-	-	(176)	(5,763)	Allowance for Receivables
-	-	-	-	277	Other Assets-Current
-	-	-	-	3,809	Advances to Other Funds
-	5,053	-	-	5,874	Land Held for Resale
-	146,483	-	2,545	224,398	Other Noncurrent Receivables
<u>\$ 229</u>	<u>\$ 176,247</u>	<u>\$ 20,061</u>	<u>\$ 16,346</u>	<u>\$ 350,310</u>	Total Assets
					LIABILITIES
\$ 20	\$ 49	\$ 2	\$ 1,202	\$ 16,656	Accounts Payable
-	4	-	22	287	Accrued Wages
-	13	-	84	23,521	Due to Other Funds
-	25	-	90	42,793	Unearned Revenues
10	-	-	85	487	Deposits and Collections Held in Trust
-	3,809	-	-	3,809	Advances from Other Funds
<u>30</u>	<u>3,900</u>	<u>2</u>	<u>1,483</u>	<u>87,553</u>	Total Liabilities
					DEFERRED INFLOWS OF RESOURCES
-	146,483	-	2,545	219,442	Deferred Inflows of Resources
					FUND BALANCES (DEFICIT)
-	-	-	-	1,098	Nonspendable
199	25,864	20,059	11,118	66,293	Restricted
-	-	-	1,200	1,200	Committed
-	-	-	-	(25,276)	Unassigned
<u>199</u>	<u>25,864</u>	<u>20,059</u>	<u>12,318</u>	<u>43,315</u>	Total Fund Balances
<u>\$ 229</u>	<u>\$ 176,247</u>	<u>\$ 20,061</u>	<u>\$ 16,346</u>	<u>\$ 350,310</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, 2022
(In Thousands)

	Special Revenue			
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 6,317
Sales	-	-	-	3,066
Other Taxes	-	2,872	-	-
Licenses and Permits	-	-	-	3,946
Use of Money and Property	52	1	722	199
From Other Agencies	65,837	-	76,761	33,561
Charges for Services	256	-	-	1,526
Other	133	-	1,580	44
Total Revenues	<u>66,278</u>	<u>2,873</u>	<u>79,063</u>	<u>48,659</u>
Expenditures:				
Current:				
Legislative and Legal	4	-	-	-
General Government	4,424	-	-	-
Public Safety	11,074	2,878	378	-
Public Health	281	-	-	83,337
Community and Cultural	2,210	-	81,417	-
Public Works	8,356	-	-	-
Total Current Expenditures	<u>26,349</u>	<u>2,878</u>	<u>81,795</u>	<u>83,337</u>
Capital Improvements	<u>166</u>	<u>-</u>	<u>-</u>	<u>810</u>
Total Expenditures	<u>26,515</u>	<u>2,878</u>	<u>81,795</u>	<u>84,147</u>
Excess of Revenues over (under) Expenditures	<u>39,763</u>	<u>(5)</u>	<u>(2,732)</u>	<u>(35,488)</u>
Other Financing Sources (Uses)				
Transfers In	66	-	2	1,639
Transfers Out	<u>(49,225)</u>	<u>-</u>	<u>(84)</u>	<u>(600)</u>
Total Other Financing Sources (Uses)	<u>(49,159)</u>	<u>-</u>	<u>(82)</u>	<u>1,039</u>
Net Change in Fund Balances	(9,396)	(5)	(2,814)	(34,449)
Fund Balances - October 1	<u>6,303</u>	<u>176</u>	<u>12,407</u>	<u>12,653</u>
Fund Balances - September 30	<u>\$ (3,093)</u>	<u>\$ 171</u>	<u>\$ 9,593</u>	<u>\$ (21,796)</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:
\$ -	\$ -	\$ -	\$ -	\$ 6,317	Property
-	-	-	-	3,066	Sales
-	-	-	9,576	12,448	Other Taxes
-	176	3,029	3,962	11,113	Licenses and Permits
794	-	-	-	1,768	Use of Money and Property
-	-	-	468	176,627	From Other Agencies
-	-	-	12	1,794	Charges for Services
-	402	-	350	2,509	Other
794	578	3,029	14,368	215,642	Total Revenues
					Expenditures:
					Current:
-	-	-	-	4	Legislative and Legal
6	347	-	1,018	5,795	General Government
-	-	-	-	14,330	Public Safety
-	-	-	2,333	85,951	Public Health
686	4,771	-	966	90,050	Community and Cultural
-	-	-	-	8,356	Public Works
692	5,118	-	4,317	204,486	Total Current Expenditures
-	-	774	9,747	11,497	Capital Improvements
692	5,118	774	14,064	215,983	Total Expenditures
					Excess of Revenues Over (Under) Expenditures
102	(4,540)	2,255	304	(341)	
					Other Financing Sources (Uses)
-	-	-	104	1,811	Transfers In
-	(729)	(410)	(412)	(51,460)	Transfers Out
-	(729)	(410)	(308)	(49,649)	Total Other Financing Sources (Uses)
102	(5,269)	1,845	(4)	(49,990)	Net Change in Fund Balances
97	31,133	18,214	12,322	93,305	Fund Balances - October 1
\$ 199	\$ 25,864	\$ 20,059	\$ 12,318	\$ 43,315	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, 2022
(In Thousands)

	General Grants			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Positive
				(Negative)
Revenues:				
Use of Money and Property	\$ -	\$ -	\$ 52	\$ 52
From Other Agencies	7,546	39,336	65,837	26,501
Charges for Services	194	133	256	123
Other Revenues	345	610	133	(477)
Transfers In	-	-	66	66
Total Revenues	8,085	40,079	66,344	26,265
Expenditures:				
Legislative and Legal	-	-	4	(4)
General Government	-	7,260	4,424	2,836
Public Safety	5,932	15,893	11,988	3,905
Public Health	-	365	291	74
Community and Cultural	-	-	2,210	(2,210)
Public Works	1,339	3,372	8,403	(5,031)
Capital Improvements	8,883	39,319	1,679	37,640
Transfers Out	-	-	49,225	(49,225)
Total Expenditures	16,154	66,209	78,224	(12,015)
Net Change in Budgetary Fund Balance	\$ (8,069)	\$ (26,130)	\$ (11,880)	\$ 14,250
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (11,880)	
Add: Encumbrances			2,484	
Change in Fund Balance - September 30, GAAP Basis			(9,396)	
Fund Balance, October 1, GAAP Basis			6,303	
Fund Balance, September 30, GAAP Basis			\$ (3,093)	

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, 2022
(In Thousands)

Police and Fire Public Safety Oil Production Tax				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other Taxes	\$ 2,923	\$ 2,923	\$ 2,872	\$ (51)
Use of Money and Property	-	-	1	1
Total Revenues	<u>2,923</u>	<u>2,923</u>	<u>2,873</u>	<u>(50)</u>
Expenditures:				
Public Safety	<u>2,922</u>	<u>2,922</u>	<u>2,878</u>	<u>44</u>
Total Expenditures	<u>2,922</u>	<u>2,922</u>	<u>2,878</u>	<u>44</u>
Net Change in Budgetary Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (5)</u>	<u>\$ (6)</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (5)</u>	
Add: Encumbrances			<u>-</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>(5)</u>	
Fund Balance, October 1, GAAP Basis			<u>176</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 171</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, 2022
(In Thousands)

Community Development Grants			
	<u>Budgeted Amounts</u>		Variance
	<u>Original</u>	<u>Final</u>	with Final Budget - Positive (Negative)
Revenues:			
Use of Money and Property	\$ 323	\$ 276	\$ 722
From Other Agencies	9,543	16,319	76,761
Other Revenues	-	3,829	1,580
Transfers In	-	-	2
Total Revenues	9,866	20,424	79,065
Expenditures:			
General Government	(704)	(704)	-
Public Safety	1,610	1,610	378
Community and Cultural	(4,949)	40,870	81,887
Transfers Out	1,164	1,158	84
Total Expenditures	(2,879)	42,934	82,349
Net Change in Budgetary Fund Balance	\$ 12,745	\$ (22,510)	\$ (3,284)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis			
Change in Fund Balance - September 30, Budgetary Basis			\$ (3,284)
Add: Encumbrances			470
Change in Fund Balance - September 30, GAAP Basis			(2,814)
Fund Balance, October 1, GAAP Basis			12,407
Fund Balance, September 30, GAAP Basis			\$ 9,593

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, 2022
(In Thousands)

	Health			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Revenues:				
Property Taxes	\$ 5,800	\$ 5,800	\$ 6,317	\$ 517
Sales Taxes	2,886	2,886	3,066	180
Licenses and Permits	3,889	3,889	3,946	57
Use of Money and Property	45	45	199	154
From Other Agencies	43,242	81,779	33,561	(48,218)
Charges for Services	2,871	4,414	1,526	(2,888)
Other Revenues	59	68	44	(24)
Transfers In	325	381	1,639	1,258
Total Revenues	59,117	99,262	50,298	(48,964)
Expenditures:				
Public Health	56,714	96,890	91,539	5,351
Capital Improvements	2,364	1,766	810	956
Transfers Out	-	-	600	(600)
Total Expenditures	59,078	98,656	92,949	5,707
Net Change in Budgetary Fund Balance	\$ 39	\$ 606	\$ (42,651)	\$ (43,257)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (42,651)	
Add: Encumbrances			8,202	
Change in Fund Balance - September 30, GAAP Basis			(34,449)	
Fund Balance, October 1, GAAP Basis			12,653	
Fund Balance, September 30, GAAP Basis			\$ (21,796)	

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, 2022
(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	\$ 1,592
Total Revenues	<u>765</u>	<u>798</u>	<u>1,592</u>
Expenditures:			
General Government	-	-	6
Community and Cultural	<u>765</u>	<u>798</u>	<u>688</u>
Total Expenditures	<u>765</u>	<u>798</u>	<u>694</u>
Net Change in Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis			
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ 898</u>
Add: Encumbrances			2
Less: Change in Mark-to-Market and Other Adjustments			<u>(798)</u>
Change in Fund Balance - September 30, GAAP Basis			<u>102</u>
Fund Balance, October 1, GAAP Basis			<u>97</u>
Fund Balance, September 30, GAAP Basis			<u><u>\$ 199</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, 2022
(In Thousands)

	Housing Development			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 370	\$ 370	\$ 176	\$ (194)
Use of Money and Property	385	385	-	(385)
Other Revenues	562	562	402	(160)
Transfers In	2,911	2,911	-	(2,911)
Total Revenues	4,228	4,228	578	(3,650)
Expenditures:				
General Government	257	257	395	(138)
Community and Cultural	2,510	2,463	4,808	(2,345)
Transfers Out	-	-	729	(729)
Total Expenditures	2,767	2,720	5,932	(3,212)
Net Change in Budgetary Fund Balance	\$ 1,461	\$ 1,508	\$ (5,354)	\$ (6,862)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (5,354)	
Add:	Encumbrances		85	
Change in Fund Balance - September 30, GAAP Basis			(5,269)	
Fund Balance, October 1, GAAP Basis			31,133	
Fund Balance, September 30, GAAP Basis			\$ 25,864	

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, 2022
(In Thousands)

	Development Impact Fees			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 2,515	\$ 2,532	\$ 3,029	\$ 497
Total Revenues	2,515	2,532	3,029	497
Expenditures:				
Capital Improvements	7	24	792	(768)
Transfers Out	2,743	2,743	410	2,333
Total Expenditures	2,750	2,767	1,202	1,565
Net Change in Budgetary Fund Balance	\$ (235)	\$ (235)	\$ 1,827	\$ 2,062

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

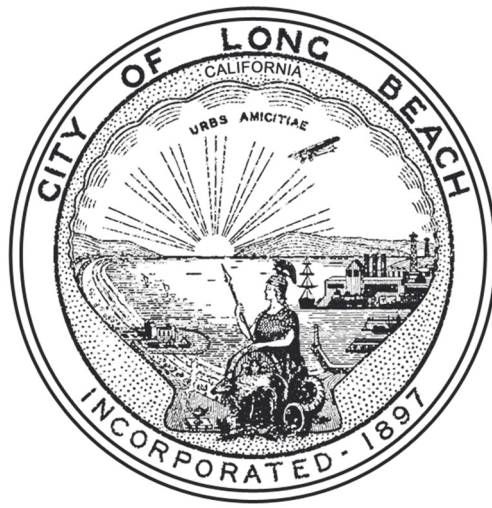
Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 1,827</u>
Add: Encumbrances	<u>18</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,845</u>
Fund Balance, October 1, GAAP Basis	<u>18,214</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 20,059</u></u>

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, 2022
(In Thousands)

	Other Special Revenue Funds			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Positive
				(Negative)
Revenues:				
Other Taxes	\$ 8,327	\$ 8,327	\$ 9,576	\$ 1,249
Licenses and Permits	2,998	2,998	3,962	964
Use of Money and Property	36	36	-	(36)
From Other Agencies	-	-	468	468
Charges for Services	-	-	12	12
Other Revenues	768	812	350	(462)
Transfers In	156	156	104	(52)
Total Revenues	12,285	12,329	14,472	2,143
Expenditures:				
General Government	570	570	1,018	(448)
Public Health	2,523	2,523	2,333	190
Community and Cultural	11,623	12,256	1,005	11,251
Capital Improvements	-	-	9,747	(9,747)
Transfers Out	-	-	412	(412)
Total Expenditures	14,716	15,349	14,515	834
Net Change in Budgetary Fund Balance	\$ (2,431)	\$ (3,020)	\$ (43)	\$ 2,977
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (43)	
Add: Encumbrances			39	
Change in Fund Balance - September 30, GAAP Basis			(4)	
Fund Balance, October 1, GAAP Basis			12,322	
Fund Balance, September 30, GAAP Basis			\$ 12,318	

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, 2022
(In Thousands)

	General Debt Service	Successor Agency Debt Service	Total Debt Service Funds
ASSETS			
Pooled Cash and Cash Equivalents	\$ 16,010	\$ -	\$ 16,010
Non-Pooled Cash and Cash Equivalents	2,486	15,023	17,509
Total Assets	<u>\$ 18,496</u>	<u>\$ 15,023</u>	<u>\$ 33,519</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 1	\$ 1
Deposits and Collections Held in Trust	1,449	-	1,449
Total Liabilities	<u>1,449</u>	<u>1</u>	<u>1,450</u>
FUND BALANCES			
Restricted	17,047	15,022	32,069
Total Fund Balance	<u>17,047</u>	<u>15,022</u>	<u>32,069</u>
Total Liabilities and Fund Balances	<u>\$ 18,496</u>	<u>\$ 15,023</u>	<u>\$ 33,519</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, 2022
(In Thousands)

	General Debt Service	Successor Agency Debt Service	Total Debt Service Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 21,390	\$ 21,390
Use of Money and Property	690	65	755
Total Revenues	690	21,455	22,145
Expenditures:			
Current:			
Community and Cultural	-	6	6
Total Current Expenditures	-	6	6
Debt Service:			
Principal	5,977	16,080	22,057
Interest	2,389	7,753	10,142
Debt Administration Fees	476	14	490
Total Expenditures	8,842	23,853	32,695
Excess of Revenues over (under) Expenditures	(8,152)	(2,398)	(10,550)
Other Financing Sources (Uses):			
Issuance of Refunding Debt	25,411	-	25,411
Premium on Refunding Debt Issuance	2,123	-	2,123
Payment to Refunded Bonds Escrow Agent	(25,057)	-	(25,057)
Transfers In	7,009	458	7,467
Transfers Out	(84)	-	(84)
Total Other Financing Sources	9,402	458	9,860
Net Change in Fund Balances	1,250	(1,940)	(690)
Fund Balances - October 1	15,797	16,962	32,759
Fund Balances - September 30	\$ 17,047	\$ 15,022	\$ 32,069

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, 2022

(In Thousands)

General Debt Service 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	\$ 250	\$ 250	\$ 690	\$ 440
Issuance of Refunding Debt	-	-	25,411	25,411
Premium on Refunding Debt Issuance	-	2,123	2,123	-
Transfers In	6,287	6,287	7,009	722
Total Revenues	6,537	8,660	35,233	26,573
Expenditures:				
Debt Service	8,132	11,911	8,842	3,069
Payment to Refunded Bonds Escrow Agent	-	-	25,057	(25,057)
Transfers Out	84	84	84	-
Total Expenditures	8,216	11,995	33,983	(21,988)
Net Change in Budgetary Fund Balance	\$ (1,679)	\$ (3,335)	\$ 1,250	\$ 4,585
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 1,250	
Add: Encumbrances			-	
Change in Fund Balance - September 30, GAAP Basis			1,250	
Fund Balance, October 1, GAAP Basis			15,797	
Fund Balance, September 30, GAAP Basis			\$ 17,047	

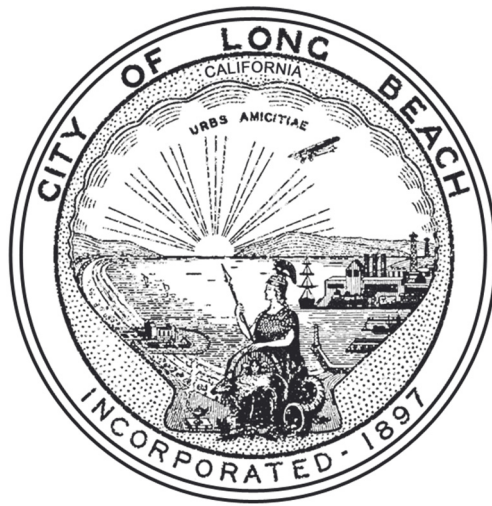
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City of Long Beach
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2022

(In Thousands)

	Successor Agency Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Revenues:				
Property Taxes	\$ 30,162	\$ 30,162	\$ 21,390	\$ (8,772)
Use of Money and Property	-	-	65	65
Transfers In	-	-	458	458
Total Revenues	30,162	30,162	21,913	(8,249)
Expenditures:				
Community and Cultural	-	-	6	(6)
Debt Service	23,946	23,946	23,847	99
Total Expenditures	23,946	23,946	23,853	93
Net Change in Budgetary Fund Balance	\$ 6,216	\$ 6,216	\$ (1,940)	\$ (8,156)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (1,940)	
Add: Encumbrances			-	
Change in Fund Balance - September 30, GAAP Basis			(1,940)	
Fund Balance, October 1, GAAP Basis			16,962	
Fund Balance, September 30, GAAP Basis			\$ 15,022	

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, 2022
(In Thousands)

	Special Assessment Capital Projects	Successor Agency Capital Projects	Total Capital Projects Funds
ASSETS			
Pooled Cash and Cash Equivalents	\$ 1,776	\$ 9,962	\$ 11,738
Non-Pooled Cash and Cash Equivalents	33	33	66
Receivables:			
Interest Receivable	-	3	3
Accounts Receivable	-	11	11
Lease Receivables	-	2,878	2,878
Other Noncurrent Receivables	-	5,684	5,684
Total Assets	<u>\$ 1,809</u>	<u>\$ 18,571</u>	<u>\$ 20,380</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 10	\$ 10
Unearned Revenues	-	30	30
Deposits and Collections Held in Trust	-	100	100
Total Liabilities	<u>-</u>	<u>140</u>	<u>140</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	<u>-</u>	<u>8,541</u>	<u>8,541</u>
FUND BALANCES			
Restricted	<u>1,809</u>	<u>9,890</u>	<u>11,699</u>
Total Fund Balance	<u>1,809</u>	<u>9,890</u>	<u>11,699</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,809</u>	<u>\$ 18,571</u>	<u>\$ 20,380</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, 2022
(In Thousands)

	Special Assessment Capital Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 1,785	\$ 1,785
Other	-	323	323
Total Revenues	-	2,108	2,108
Expenditures:			
Current:			
Community and Cultural	-	750	750
Total Current Expenditures	-	750	750
Excess of Revenues Over (under) Expenditures	-	1,358	1,358
Other Financing Sources (Uses):			
Transfers Out	-	(458)	(458)
Net Change in Fund Balances	-	900	900
Fund Balances - October 1	1,809	8,990	10,799
Fund Balances - September 30	\$ 1,809	\$ 9,890	\$ 11,699

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, 2022
(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	<u>15</u>	<u>15</u>	<u>-</u>	<u>(15)</u>
Expenditures:				
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Budgetary Fund Balance	<u>15</u>	<u>15</u>	<u>-</u>	<u>\$ (15)</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ -</u>	
Add: Encumbrances			<u>-</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>-</u>	
Fund Balance, October 1, GAAP Basis			<u>1,809</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 1,809</u>	

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, 2022
(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	\$ 1,785	\$ (1,215)
Licenses and Permits	15	15	-	(15)
Use of Money and Property	797	797	-	(797)
Other Revenues	408	408	323	(85)
Total Revenues	4,220	4,220	2,108	(2,112)
Expenditures:				
General Government	9	9	-	9
Community and Cultural	4,284	4,284	750	3,534
Transfers Out	-	-	458	(458)
Total Expenditures	4,293	4,293	1,208	3,085
Net Change in Budgetary Fund Balance	(73)	(73)	900	\$ 973

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 900</u>
Add: Encumbrances	<u>-</u>
Change in Fund Balance - September 30, GAAP Basis	<u>900</u>
Fund Balance, October 1, GAAP Basis	<u>8,990</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 9,890</u></u>

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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 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, 2022
(In Thousands)

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	\$12,682	\$ 61,885	\$ 27,008	\$ 1,380	\$ 185,209	\$ 38,159	\$ 326,323
Non-Pooled Cash and Cash Equivalents	-	19,402	3	2	-	-	19,407
Receivables:							
Interest Receivable	-	7	-	-	-	-	7
Accounts Receivable	1,582	4,120	12,030	247	-	-	17,979
Due from Other Governments	-	14,475	260	-	-	982	15,717
Due from Other Funds	-	-	343	-	-	40	383
Lease Receivable - Current	-	142	-	-	-	-	142
Allowance for Receivables	(158)	(731)	(3,789)	(244)	-	(1,584)	(6,506)
Inventory	238	-	-	-	-	-	238
Other Assets - Current	-	64	-	-	-	-	64
Total Current Assets	14,344	99,364	35,855	1,385	185,209	37,597	373,754
Noncurrent Assets:							
Noncurrent Receivables	-	-	-	-	-	-	-
Lease Receivables	-	1,793	-	-	-	-	1,793
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	11,510	59,762	7,003	-	-	-	78,275
Capital Assets, Net of Accumulated Depreciation/Amortization	77,479	274,890	6,065	-	-	5	358,439
Total Noncurrent Assets	88,989	336,445	13,068	-	-	5	438,507
Total Assets	103,333	435,809	48,923	1,385	185,209	37,602	812,261
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources	2,774	5,823	5,979	1,467	-	7,138	23,181
LIABILITIES							
Current Liabilities Payable from Current Assets							
Accounts Payable	1,472	14,925	10,784	37	-	1,441	28,659
Accrued Wages	29	51	60	14	-	67	221
Accrued Interest Payable	135	1,534	-	-	-	-	1,669
Due to Other Funds	104	188	292	70	-	237	891
Unearned Revenues	7	1,085	56	-	-	198	1,346
Collections Held in Trust	-	-	741	-	-	1	742
Customers Deposits	-	247	-	-	-	968	1,215
Advances from Developers	215	-	-	-	-	13,410	13,625
Compensated Absences and Accrued Employee Benefits	440	1,078	1,039	232	-	965	3,754
Bonds Payable Due within One Year	405	2,570	-	-	-	-	2,975
Total Current Liabilities	2,807	21,678	12,972	353	-	17,287	55,097
Noncurrent Liabilities:							
Unearned Revenues	-	4,887	-	-	-	-	4,887
Compensated Absences and Accrued Employee Benefits	836	1,812	1,765	433	-	1,470	6,316
Bonds Payable	8,118	118,708	-	-	-	-	126,826
Total OPEB Liability	24	52	51	13	-	45	185
Net Pension Liability	8,470	16,867	17,353	4,244	-	21,686	68,620
Total Noncurrent Liabilities	17,448	142,326	19,169	4,690	-	23,201	206,834
Total Liabilities	20,255	164,004	32,141	5,043	-	40,488	261,931
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources	902	2,989	2,118	236	-	1,702	7,947
NET POSITION							
Net Investment in Capital Assets	79,066	221,626	13,068	-	-	5	313,765
Restricted for:							
Debt Service	304	2,765	-	-	-	-	3,069
Capital Projects	-	28,063	-	-	-	-	28,063
Airport	-	9,708	-	-	-	-	9,708
Subsidence	-	-	-	-	185,209	-	185,209
Unrestricted	5,580	12,477	7,575	(2,427)	-	2,545	25,750
Total Net Position	\$84,950	\$ 274,639	\$ 20,643	\$(2,427)	\$ 185,209	\$ 2,550	\$ 565,564

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, 2022
(In Thousands)

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
Operating Revenues:							
Licenses and Permits	-	-	2,886	-	-	30,634	33,520
Fines and Forfeitures	-	57	-	-	-	-	57
Fees, Concessions and Rentals	-	45,579	-	-	-	-	45,579
From Other Agencies	245	4,106	785	-	-	393	5,529
Charges for Services	21,356	295	81,165	7,217	-	1,313	111,346
Other	86	-	-	-	-	1,821	1,907
Total Operating Revenues	21,687	50,037	84,836	7,217	-	34,161	197,938
Operating Expenses:							
Personnel Services	4,506	11,535	14,924	3,252	-	13,403	47,620
Maintenance and Other Operations	7,564	28,151	68,512	3,938	-	13,187	121,352
Rental Expense	-	-	391	-	-	-	391
Depreciation/Amortization	2,787	15,231	777	-	-	9	18,804
Total Operating Expenses	14,857	54,917	84,604	7,190	-	26,599	188,167
Operating Income (Loss)	6,830	(4,880)	232	27	-	7,562	9,771
Non-Operating Income (Expenses):							
Interest Income	121	547	217	22	1,486	329	2,722
Interest Expense	(212)	(5,647)	-	-	-	-	(5,859)
Unrealized Investment Loss	(549)	(2,650)	(1,157)	(60)	(8,042)	(1,682)	(14,140)
Gain (Loss) on Disposition of Capital Assets	-	-	1	-	-	-	1
Operating Grants	-	-	188	-	-	-	188
Other Income	7	989	2	-	614	-	1,612
Other Expense	(937)	(3,885)	-	-	-	-	(4,822)
Total Non-Operating Income (Expenses)	(1,570)	(10,646)	(749)	(38)	(5,942)	(1,353)	(20,298)
Income Before Contributions	5,260	(15,526)	(517)	(11)	(5,942)	6,209	(10,527)
Capital Grants and Contributions	20	41,043	-	-	-	-	41,063
Transfers:							
Transfers In	-	-	-	-	-	23	23
Transfers Out	-	(122)	(50)	-	-	(914)	(1,086)
Change in Net Position	5,280	25,395	(567)	(11)	(5,942)	5,318	29,473
Net Position - October 1	79,670	249,244	21,210	(2,416)	191,151	(2,768)	536,091
Net Position - September 30	\$ 84,950	\$ 274,639	\$ 20,643	\$ (2,427)	\$ 185,209	\$ 2,550	\$ 565,564

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2022
(In Thousands)

	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	\$ 21,485	\$ 45,292	\$ 82,408	\$ 7,222	\$ -	\$ 33,297	\$ 189,704
Receipts from Other Entities	245	-	785	-	-	-	1,030
Receipts from Other Funds	-	546	-	37	-	-	583
Payments for Employee Salaries	(4,943)	(12,280)	(15,848)	(3,304)	-	(14,878)	(51,253)
Payments for Goods and Services	(7,236)	(18,506)	(62,596)	(3,978)	-	(14,308)	(106,624)
Payments to Other Funds	(57)	-	(236)	(26)	-	-	(319)
Payments to Other Entities	-	(7,434)	-	-	-	-	(7,434)
Other Income	128	162	2	-	-	-	292
Other Expense	(1,461)	(3,885)	-	-	-	-	(5,346)
Net Cash Provided by (Used for) Operating Activities	8,161	3,895	4,515	(49)	-	4,111	20,633
Cash Flows from Non-Capital Financing Activities:							
Operating Subsidies Received from Other Funds	-	-	100	-	-	-	100
Transfers In	-	-	-	-	-	23	23
Transfers Out	-	(122)	(50)	-	-	(914)	(1,086)
Net Cash Used for Non-Capital Financing Activities	-	(122)	50	-	-	(891)	(963)
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Capital Assets	-	-	1	-	-	-	1
Proceeds from Issuance of Refunding Debt	-	121,278	-	-	-	-	121,278
Receipts of Contributed Capital	20	34,764	-	-	-	-	34,784
Receipts from Passenger Facility Charges	-	6,279	-	-	-	-	6,279
Receipts of Federal Subsidy	-	827	-	-	-	-	827
Payments for Capital Acquisitions	(6,907)	(46,329)	-	-	-	(393)	(53,629)
Payments of Principal on Bonds Payable	(388)	(95,803)	-	-	-	-	(96,191)
Payments of Interest	(342)	(6,202)	-	-	-	-	(6,544)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(7,617)	14,814	1	-	-	(393)	6,805
Cash Flows from Investing Activities:							
Proceeds from Sale of Investments	-	7,449	-	-	-	-	7,449
Receipts of Interest	122	540	217	22	2,101	329	3,331
Changes in Investments	(549)	(2,650)	(1,157)	(60)	(8,042)	(1,682)	(14,140)
Net Cash Provided by (Used for) Investing Activities	(427)	5,339	(940)	(38)	(5,941)	(1,353)	(3,360)
Net Increase (Decrease) in Cash and Cash Equivalents	117	23,926	3,626	(87)	(5,941)	1,474	23,115
Cash and Cash Equivalents - October 1	12,565	57,361	23,385	1,469	191,150	36,685	322,615
Cash and Cash Equivalents - September 30	\$ 12,682	\$ 81,287	\$ 27,011	\$ 1,382	\$ 185,209	\$ 38,159	\$ 345,730
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>							
Operating Income (Loss)	\$ 6,830	(4,880)	\$ 232	\$ 27	\$ -	\$ 7,562	\$ 9,771
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Operating Activities:							
Depreciation and Amortization Expense	2,787	15,231	777	-	-	9	18,804
Other Income	82	162	2	-	-	-	246
Other Expense	(1,183)	(3,885)	-	-	-	-	(5,068)
(Increase) Decrease in Accounts Receivable, Net	(276)	(368)	(1,678)	5	-	(54)	(2,371)
Increase (Decrease) in Amounts Due from Other Governments	245	(11,540)	-	-	-	-	(11,295)
(Increase) Decrease in Amounts Due from Other Funds	-	546	(236)	37	614	(40)	921
Increase in Inventory	(53)	-	-	-	-	-	(53)
(Increase) in Other Operating Assets	-	(64)	-	-	-	-	(64)
Increase (Decrease) in Accounts Payable	346	9,709	6,457	(40)	-	165	16,637
(Decrease) in Accrued Wages Payable	(438)	(745)	(924)	(52)	-	(1,475)	(3,634)
(Decrease) in Amounts Due to Other Funds	(87)	-	(150)	(26)	-	(1,286)	(1,549)
Increase (Decrease) in Unearned Revenues	(113)	(271)	56	-	(614)	(3,749)	(4,691)
Increase (Decrease) in Collections Held in Trust	21	-	(21)	-	-	2,979	2,979
Total Adjustments	1,331	8,775	4,283	(76)	-	(3,451)	10,862
Net Cash Provided by (Used for) Operating Activities	\$ 8,161	\$ 3,895	\$ 4,515	\$ (49)	\$ -	\$ 4,111	\$ 20,633

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, 2022
(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	\$ -	\$ 27,446	\$ 38,567	\$ 37,072	\$ 8,243	\$ 23,314	\$ 134,642
Non-Pooled Cash and Cash Equivalents	-	1,566	12,873	-	-	-	14,439
Receivables:							
Accounts Receivable	14	1,218	39	-	-	145	1,416
Due from Other Funds	1,157	61	13	614	168	13,357	15,370
Allowance for Receivables	-	-	(24)	-	-	-	(24)
Deposits	-	-	-	-	-	7,599	7,599
Inventory	-	-	3,119	-	-	-	3,119
Other Assets - Current	-	148	-	-	-	1,694	1,842
Total Current Assets	1,171	30,439	54,587	37,686	8,411	46,109	178,403
Noncurrent Assets:							
Noncurrent Receivables:							
Advances to Other Funds	-	-	21,832	-	-	3,587	25,419
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	29,877	7,075	-	-	-	-	36,952
Capital Assets, Net of Accumulated Depreciation/Amortization	310,371	41,375	65,164	-	4	-	416,914
Other Assets - Long-Term	6,000	-	-	-	-	-	6,000
Total Noncurrent Assets	346,248	48,450	86,996	-	4	3,587	485,285
Total Assets	347,419	78,889	141,583	37,686	8,415	49,696	663,688
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources	286	11,366	4,763	3,016	2,218	3,369	25,018
LIABILITIES							
Current Liabilities Payable from Current Assets:							
Accounts Payable	1,325	3,791	2,897	158	2,743	10,988	21,902
Accrued Wages and Benefits	2	105	46	61	17	-	231
Accrued Interest Payable	-	544	134	-	-	-	678
Due to Other Funds	3,238	395	195	386	71	25	4,310
Collections Held in Trust	-	-	-	-	-	4,539	4,539
Compensated Absences and Accrued Employee Benefits	-	1,895	837	391	404	3,402	6,929
Accrued Claims - Current	-	-	-	20,844	11,755	-	32,599
Environmental Remediation - Current	-	-	115	-	-	-	115
Financed Purchase Obligations - Current	-	7,605	3,236	-	-	-	10,841
Bonds Payable Due within One Year	-	-	1,600	-	-	-	1,600
Other Long Term Obligation - Current	5,280	-	-	-	-	-	5,280
Total Current Liabilities	9,845	14,335	9,060	21,840	14,990	18,954	89,024
Noncurrent Liabilities:							
Compensated Absences and Accrued Employee Benefits	-	4,137	2,075	910	657	528	8,307
Accrued Claims	-	-	-	111,798	35,308	-	147,106
Environmental Remediation	-	-	485	-	-	-	485
Financed Purchase Obligations	-	20,087	16,139	-	-	-	36,226
Other Long Term Obligations	279,296	-	-	-	-	-	279,296
Bonds Payable	-	-	13,518	-	-	-	13,518
OPEB Liability	-	117	58	19	14	27	235
Net Pension Liability	891	34,407	14,457	8,891	5,800	9,005	73,451
Total Noncurrent Liabilities	280,187	58,748	46,732	121,618	41,779	9,560	558,624
Total Liabilities	290,032	73,083	55,792	143,458	56,769	28,514	647,648
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources	112	2,582	1,956	506	313	1,065	6,534
NET POSITION (DEFICIT)							
Net Investment in Capital Assets	55,522	22,122	43,544	-	4	-	121,192
Restricted for:							
Capital Projects	-	1,593	-	-	-	-	1,593
Insurance	-	-	-	-	-	18,611	18,611
Unrestricted	2,039	(9,125)	45,054	(103,262)	(46,453)	4,875	(106,872)
Total Net Position (Deficit)	\$ 57,561	\$ 14,590	\$ 88,598	\$ (103,262)	\$ (46,449)	\$ 23,486	\$ 34,524

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, 2022
(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	\$ 25,140	\$ 59,233	\$ 55,288	\$ 30,357	\$ 39,477	\$ 310,077	\$ 519,572
Other	14	3,903	841	238	125	-	5,121
Total Operating Revenues	25,154	63,136	56,129	30,595	39,602	310,077	524,693
Operating Expenses:							
Personnel Services	-	23,150	10,149	5,867	4,004	4,088	47,258
Maintenance and Other Operations	10,626	41,615	23,694	3,230	3,912	4,232	87,309
Insurance Premiums	-	-	-	-	14,077	-	14,077
Self-Insured Losses	-	-	-	12,520	14,068	-	26,588
Compensated Absences	-	-	-	9,819	-	63,286	73,105
Employee Benefits	-	-	-	-	-	255,494	255,494
Depreciation	9,323	8,816	13,549	3	1	-	31,692
Total Operating Expenses	19,949	73,581	47,392	31,439	36,062	327,100	535,523
Operating Income (Loss)	5,205	(10,445)	8,737	(844)	3,540	(17,023)	(10,830)
Non-Operating Income (Expenses):							
Interest Income	-	6	83	295	57	109	550
Interest Expense	(5,685)	(920)	(1,230)	-	-	-	(7,835)
Unrealized Investment Loss	-	(1,143)	(1,727)	(1,609)	(324)	(1,034)	(5,837)
Gain (Loss) on Disposition of Capital Assets	-	-	1,175	-	-	-	1,175
Operating Grants	-	936	-	-	-	-	936
Other Income	198	-	1,491	-	-	9,837	11,526
Other Expense	(1)	(34)	(1,418)	-	-	-	(1,453)
Total Non-Operating Income (Expenses)	(5,488)	(1,155)	(1,626)	(1,314)	(267)	8,912	(938)
Income (Loss) before Contributions and Transfers	(283)	(11,600)	7,111	(2,158)	3,273	(8,111)	(11,768)
Transfers:							
Transfers In	1,090	6,403	218	-	-	110	7,821
Transfers Out	-	(3,745)	-	-	-	(6,929)	(10,674)
Change in Net Position	807	(8,942)	7,329	(2,158)	3,273	(14,930)	(14,621)
Net Position (Deficit) - October 1	56,754	23,532	81,269	(101,104)	(49,722)	38,416	49,145
Net Position (Deficit) - September 30	\$ 57,561	\$ 14,590	\$ 88,598	\$ (103,262)	\$ (46,449)	\$ 23,486	\$ 34,524

See accompanying Independent Auditors' Report

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2022
(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	\$ -	\$ 3,951	\$ 22	\$ -	\$ -	\$ -	\$ 3,973
Receipts from Other Funds	24,101	61,559	56,729	31,618	39,434	320,090	533,531
Payments to Other Entities	(1,777)	(289)	(120)	(9)	(41)	-	(2,236)
Payments for Employee Salaries	(11)	(23,652)	(10,409)	(6,157)	(4,087)	(9,708)	(54,024)
Payments for Goods and Services	(10,447)	(40,044)	(25,671)	(3,153)	(2,266)	-	(81,581)
Changes on Compensated Absences	-	167	(55)	(9,770)	256	(62,752)	(72,154)
Payments for Employee Benefits	(416)	(140)	(528)	(339)	(124)	(255,563)	(257,110)
Payments for Liability Claims	-	-	-	(11,958)	(25,387)	-	(37,345)
Payments to Other Funds	-	-	(20,232)	-	-	-	(20,232)
Other Income	198	-	1,491	-	-	-	1,689
Other Expense	(1)	(34)	(1,418)	-	-	9,837	8,384
Net Cash Provided by (Used for) Operating Activities	11,647	1,518	(191)	232	7,785	1,904	22,895
Cash Flows from Non-Capital Financing Activities:							
Operating Grants Received from Other Governments	-	936	-	-	-	-	936
Operating Subsidies Paid to Other Funds	-	(3,745)	-	-	-	(6,929)	(10,674)
Operating Subsidies Received from Other Funds	1,090	6,403	218	-	-	110	7,821
Net Cash Provided by (Used for) Non-Capital Financing Activities	1,090	3,594	218	-	-	(6,819)	(1,917)
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Capital Assets	-	-	1,313	-	-	-	1,313
Proceeds from Issuance Of Long-Term Obligations	-	-	28,873	-	-	-	28,873
Payments for Capital Acquisitions	(2,110)	4,350	(11,600)	-	-	-	(9,360)
Payments of Principal on Bonds Payable	-	-	(16,463)	-	-	-	(16,463)
Payments of Principal on Other Long-Term Obligations	(5,189)	(5,191)	(1,937)	-	-	-	(12,317)
Payments of Interest	(5,685)	(976)	(326)	-	-	(47)	(7,034)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(12,984)	(1,817)	(140)	-	-	(47)	(14,988)
Cash Flows from Investing Activities:							
Receipts of Interest	-	6	83	295	58	109	551
Changes in Investments	-	(1,143)	(1,727)	(1,609)	(324)	(1,034)	(5,837)
Net Cash Provided by (Used for) Investing Activities	-	(1,137)	(1,644)	(1,314)	(266)	(925)	(5,286)
Net Decrease in Cash and Cash Equivalents	(247)	2,158	(1,757)	(1,082)	7,519	(5,887)	704
Cash and Cash Equivalents - October 1	247	26,854	53,197	38,154	724	29,201	148,377
Cash and Cash Equivalents - September 30	\$ -	\$ 29,012	\$ 51,440	\$ 37,072	\$ 8,243	\$ 23,314	\$ 149,081
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 5,205	\$ (10,445)	\$ 8,737	\$ (844)	\$ 3,540	\$ (17,023)	\$ (10,830)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization Expense	9,323	8,816	13,549	3	1	-	31,692
Other Income	198	-	1,491	-	-	9,837	11,526
Other Expense	(1)	(34)	(1,418)	-	-	-	(1,453)
(Increase) Decrease in Accounts Receivable, Net	(14)	48	(8)	-	-	90	116
Decrease in Amounts Due from Other Governments	-	-	30	-	-	-	30
(Increase) Decrease in Amounts Due from Other Funds	(1,039)	2,326	600	1,023	(168)	9,721	12,463
(Increase) Decrease in Other Operating Assets	375	(148)	-	-	-	(1,694)	(1,467)
Increase (Decrease) in Accounts Payable	(196)	(475)	(1,977)	77	1,646	4,492	3,567
Increase (Decrease) in Accrued Wages Payable	(427)	1,719	(843)	(580)	49	(3,986)	(4,068)
Increase (Decrease) in Amounts Due to Other Funds	(1,777)	(289)	(20,352)	(9)	(41)	25	(22,443)
Increase in Accrued Claims Payable	-	-	-	562	2,758	-	3,320
Increase in Collections Held in Trust	-	-	-	-	-	442	442
Total Adjustments	6,442	11,963	(8,928)	1,076	4,245	18,927	33,725
Net Cash Provided by (Used for) Operating Activities	\$ 11,647	\$ 1,518	\$ (191)	\$ 232	\$ 7,785	\$ 1,904	\$ 22,895
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:							
Borrowing under Other Long-Term Obligations	\$ 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, 2022
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
ASSETS:				
Pooled Cash and Cash Equivalents	\$ 89	\$ 1,833	\$ 652	\$ 3,435
Non-Pooled Cash and Cash Equivalents	-	-	9,778	-
Property Taxes Receivable, Net	-	-	22	-
Accounts Receivable	-	-	-	-
Prepaid Expense	-	-	-	-
Land	-	-	-	-
Total Assets	89	1,833	10,452	3,435
LIABILITIES:				
Accounts Payable	89	-	-	-
Total Liabilities	89	-	-	-
NET POSITION:				
Held in Trust	\$ -	\$ 1,833	\$ 10,452	\$ 3,435

City of Long Beach
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended September 30, 2022
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
ADDITIONS:				
Contributions	\$ -	\$ -	\$ 3,314	\$ -
Taxes	-	-	2,395	-
Grants	-	-	-	-
Use of Money and Property	-	14	-	-
Miscellaneous Revenue	-	-	7	-
Total Additions	-	14	5,716	-
DEDUCTIONS:				
Administrative Expense	-	-	60	99
Payments to Bond Holders	-	-	5,327	2,966
Payments to Others	-	-	-	-
Total Deductions	-	-	5,387	3,065
Change in Net Position	-	14	329	(3,065)
Net Position, October 1	-	1,819	10,123	6,500
Net Position, September 30	\$ -	\$ 1,833	\$ 10,452	\$ 3,435

See accompanying Independent Auditors' Report

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ 798	\$ -	\$ 4,598	\$ 11,405	ASSETS:
-	635	-	10,413	Pooled Cash and Cash Equivalents
1	-	120	143	Non-Pooled Cash and Cash Equivalents
-	185	1,287	1,472	Property Taxes Receivable
-	8	-	8	Accounts Receivable
-	11,000	-	11,000	Prepaid Expense
				Land
799	11,828	6,005	34,441	Total Assets
-	208	2,327	2,624	LIABILITIES:
-	208	2,327	2,624	Accounts Payable
				Total Liabilities
\$ 799	\$ 11,620	\$ 3,678	\$ 31,817	NET POSITION:
				Held in Trust

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ -	\$ 39	\$ -	\$ 3,353	ADDITIONS:
-	-	8,727	11,122	Contributions
-	821	-	821	Taxes
-	66	19	99	Grants
-	4	-	11	Use of Money and Property
-	930	8,746	15,406	Miscellaneous Revenue
				Total Additions
28	-	27	214	DEDUCTIONS:
-	-	-	8,293	Administrative Expense
-	579	9,413	9,992	Payments to Bond Holders
28	579	9,440	18,499	Payments to Others
(28)	351	(694)	(3,093)	Total Deductions
827	11,269	4,372	34,910	Change in Net Position
\$ 799	\$ 11,620	\$ 3,678	\$ 31,817	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 Fiduciary Net Position
September 30, 2022
(In Thousands)

	Miller Library	Mayor's Fund to End Homelessness	Total September 30, 2022
ASSETS			
Pooled Cash and Cash Equivalents	\$ 556	\$ 5	\$ 561
NET POSITION			
Held in Trust for Private Purpose Trust Funds	\$ 556	\$ 5	\$ 561

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2022
(In Thousands)

	Miller Library	Mayor's Fund to End Homelessness	Total September 30, 2022
Additions:			
Use of Money and Property	\$ -	\$ -	\$ -
Deductions:			
Administrative Expense	57	-	57
Change in Net Position	(57)	-	(57)
Net Position, October 1	613	5	618
Net Position, September 30	\$ 556	\$ 5	\$ 561

See accompanying Independent Auditors' Report

OTHER
SUPPLEMENTARY
INFORMATION

City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2022
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
ASSETS				
Pooled Cash and Cash Equivalents	\$ 174,329	\$ 16,442	\$ -	\$ 190,771
Non-Pooled Cash and Cash Equivalents	1,377	-	-	1,377
Receivables:				
Interest Receivable	655	-	-	655
Property Taxes	119,181	-	-	119,181
Accounts Receivable	37,776	1,863	-	39,639
Due from Other Governments	39,585	-	-	39,585
Due from Other Funds	26,503	-	-	26,503
Lease Receivable	143,309	-	-	143,309
Allowance for Receivables	(10,254)	-	-	(10,254)
Other Assets	1,632	-	-	1,632
Total Assets	<u>534,093</u>	<u>18,305</u>	<u>-</u>	<u>552,398</u>
LIABILITIES				
Accounts Payable	19,913	278	-	20,191
Accrued Wages and Benefits Payable	1,902	-	-	1,902
Due to Other Funds	7,368	-	-	7,368
Unearned Revenues	6,995	-	-	6,995
Deposits and Collections Held in Trust	4,716	-	-	4,716
Advances from Other Funds	21,832	-	-	21,832
Total Liabilities	<u>62,726</u>	<u>278</u>	<u>-</u>	<u>63,004</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	<u>258,544</u>	<u>-</u>	<u>-</u>	<u>258,544</u>
FUND BALANCES				
Nonspendable	1,632	-	-	1,632
Restricted	2,921	-	-	2,921
Committed	60,101	17,610	-	77,711
Assigned	148,586	-	-	148,586
Unassigned	(417)	417	-	-
Total Fund Balances	<u>212,823</u>	<u>18,027</u>	<u>-</u>	<u>230,850</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 534,093</u>	<u>\$ 18,305</u>	<u>\$ -</u>	<u>\$ 552,398</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, 2022
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
Revenues:				
Taxes:				
Property	\$ 204,899	\$ -	\$ -	\$ 204,899
Sales	171,191	-	-	171,191
Utility Users	40,349	-	-	40,349
Other Taxes	44,420	-	-	44,420
Franchise Fees	20,813	-	-	20,813
Licenses and Permits	42,376	-	-	42,376
Fines and Forfeitures	17,670	-	-	17,670
Use of Money and Property	7,410	17,457	-	24,867
From Other Agencies	7,883	-	-	7,883
Charges for Services	46,217	-	-	46,217
Other	1,386	-	-	1,386
Total Revenues	<u>604,614</u>	<u>17,457</u>	<u>-</u>	<u>622,071</u>
Expenditures:				
Legislative and Legal	17,124	-	-	17,124
General Government	35,007	-	-	35,007
Public Safety	392,868	-	-	392,868
Public Health	15,051	-	-	15,051
Community and Cultural	57,045	-	-	57,045
Public Works	61,622	-	-	61,622
Oil Operations	2	2,977	-	2,979
Total Current Expenditures	<u>578,719</u>	<u>2,977</u>	<u>-</u>	<u>581,696</u>
Capital Improvements	116	-	-	116
Debt Service:				
Principal	1,446	-	-	1,446
Interest	11	-	-	11
Debt Administration Fees	16	-	-	16
Total Expenditures	<u>580,308</u>	<u>2,977</u>	<u>-</u>	<u>583,285</u>
Excess of Revenues over Expenditures	<u>24,306</u>	<u>14,480</u>	<u>-</u>	<u>38,786</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Asset	1,180	-	-	1,180
Transfers In	89,669	-	(12,031)	77,638
Transfers Out	(59,435)	(12,031)	12,031	(59,435)
Total Other Financing Sources (Uses)	<u>31,414</u>	<u>(12,031)</u>	<u>-</u>	<u>19,383</u>
Net Change in Fund Balances	<u>55,720</u>	<u>2,449</u>	<u>-</u>	<u>58,169</u>
Fund Balances - October 1	<u>157,103</u>	<u>15,578</u>	<u>-</u>	<u>172,681</u>
Fund Balances - September 30	<u>\$ 212,823</u>	<u>\$ 18,027</u>	<u>\$ -</u>	<u>\$ 230,850</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, 2022
(In Thousands)

	Final Amended Budget			Actual on Budgetary Basis		CalPERS	Combined	Variance with
	General	Uplands Oil	Combined	General	Uplands	Prepayment Expense	Actual on Budgetary Basis	Final Budget - Positive (Negative)
Revenues:								
Property Taxes	\$ 199,545	\$ -	\$ 199,545	\$ 204,899	\$ -	\$ -	\$ 204,899	\$ 5,354
Sales Taxes	140,616	-	140,616	171,191	-	-	171,191	30,575
Utility Users Taxes	33,195	-	33,195	40,349	-	-	40,349	7,154
Other Taxes	36,446	-	36,446	44,420	-	-	44,420	7,974
Franchise Fees	27,901	-	27,901	20,813	-	-	20,813	(7,088)
Licenses and Permits	32,444	-	32,444	42,376	-	-	42,376	9,932
Fines and Forfeitures	19,379	-	19,379	17,670	-	-	17,670	(1,709)
Use of Money and Property	16,602	16,618	33,220	7,410	17,457	-	24,867	(8,353)
From Other Agencies	7,033	-	7,033	7,883	-	-	7,883	850
Charges for Services	45,184	-	45,184	46,217	-	-	46,217	1,033
Other	991	-	991	1,386	-	-	1,386	395
Proceeds from Sale of Capital Asset	-	-	-	1,180	-	-	1,180	1,180
Transfers In	22,699	-	22,699	77,638	-	6,928	84,566	61,867
Total Revenues	582,035	16,618	598,653	683,432	17,457	6,928	707,817	109,164
Expenditures:								
Current:								
Legislative and Legal								
Mayor and City Council	8,579	-	8,579	6,652	-	110	6,762	1,817
City Attorney	3,996	-	3,996	4,517	-	110	4,627	(631)
City Clerk	6,484	-	6,484	5,958	-	24	5,982	502
General Government								
City Auditor	3,198	-	3,198	2,239	-	(174)	2,065	1,133
City Manager	10,941	-	10,941	9,441	-	58	9,499	1,442
Civil Service	3,651	-	3,651	3,622	-	108	3,730	(79)
Financial Management	24,560	-	24,560	18,237	-	323	18,560	6,000
Planning and Building	1,162	-	1,162	1,960	-	105	2,065	(903)
Public Safety								
Police	267,636	-	267,636	250,917	-	2,674	253,591	14,045
Fire	118,353	-	118,353	118,553	-	1,994	120,547	(2,194)
Disaster Preparedness	13,502	-	13,502	13,435	-	128	13,563	(61)
City Prosecutor	7,485	-	7,485	7,454	-	253	7,707	(222)
Planning and Building-Code Enforcement	3,774	-	3,774	3,559	-	(168)	3,391	383
Public Health	28,587	-	28,587	15,160	-	143	15,303	13,284
Community and Cultural								
Development Services	7,354	-	7,354	2,496	-	-	2,496	4,858
Library	21,841	-	21,841	21,312	-	81	21,393	448
Parks and Recreation	35,283	-	35,283	33,242	-	303	33,545	1,738
Public Works	79,033	-	79,033	61,906	-	856	62,762	16,271
Oil Operations	-	3,291	3,291	2	2,977	-	2,979	312
Capital Outlay	529	-	529	116	-	-	116	413
Debt Service	512	-	512	1,473	-	-	1,473	(961)
Transfers Out	67,941	(11,703)	56,238	47,404	12,031	-	59,435	(3,197)
Total Expenditures	714,401	(8,412)	705,989	629,655	15,008	6,928	651,591	54,398
Net Change in Budgetary Fund Balance:	\$ (132,366)	\$ 25,030	\$ (107,336)	\$ 53,777	\$ 2,449	\$ -	\$ 56,226	\$ 163,562

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

	General	Uplands Oil	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ 53,777	\$ 2,449	\$ 56,226
Add: Encumbrances	1,943	-	1,943
Change in Fund Balance - September 30, GAAP Basis	55,720	2,449	58,169
Fund Balance, October 1, GAAP Basis	157,103	15,578	172,681
Fund Balance, September 30, GAAP Basis	\$ 212,823	\$ 18,027	\$ 230,850

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, 2022
(In Thousands)

	Adopted Budget	Final Amended Budget	Actual on a Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Sales Taxes	\$ 69,037	\$ 69,037	\$ 85,981	\$ 16,944
Use of Money and Property	160	160	-	(160)
Total Revenues	69,197	69,197	85,981	16,784
Expenditures:				
General Government	208	208	208	-
Public Safety	37,860	39,325	39,325	-
Public Works	1,000	1,683	1,157	526
Community and Cultural	-	400	227	173
Transfers Out ^(a)	35,263	31,766	32,626	(860)
Total Expenditures	74,331	73,382	73,543	(161)
Net Change in Fund Balance (Deficit)	(5,134)	(4,185)	12,438	16,945
Fund Balance October 1, GAAP Basis	22,794	22,794	22,794	
Fund Balance September 30, Budgetary Basis	<u>\$ 17,660</u>	<u>\$ 18,609</u>	<u>\$ 35,232</u>	

Fund Balances as of September 30, 2022

Assigned for Subsequent year Programmed Uses, October 1	\$ 22,794	
Less:		
Programmed Releases in Fiscal Year 2022 ^(b)	(16,734)	
Add:		
New Programmed Assignments as of September 30 ^(c)	<u>19,312</u>	
Amounts Assigned for Subsequent Year Programmed Uses		25,372
Unassigned Fund Balance		<u>9,860</u>
Total Measure A Fund Balance		<u>\$ 35,232</u>

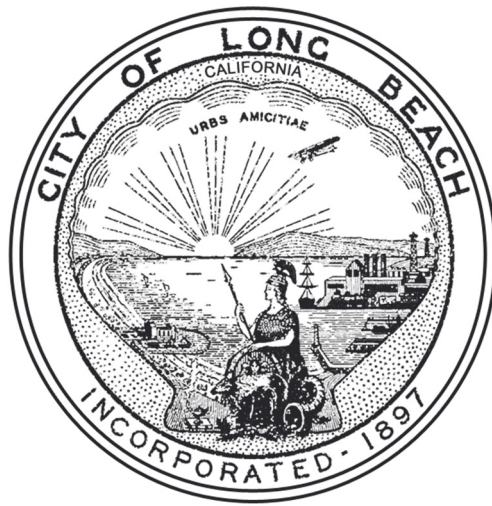
Notes:

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

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, 2022
(In Thousands)

	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget
				Positive
				(Negative)
Revenues:				
Property Taxes	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Other Taxes	1,027	1,027	-	(1,027)
Licenses and Permits	125	125	-	(125)
Use of Money and Property	806	1,132	-	(1,132)
From Other Agencies	54,817	92,014	86,775	(5,239)
Charges for Services	-	13,435	-	(13,435)
Other	-	(134)	10,974	11,108
Transfers In	110,676	84,501	46,536	(37,965)
Total Revenues	170,451	195,100	144,285	(50,815)
Expenditures:				
General Government				
Financial Management	200	200	-	200
Public Works	28,366	28,256	4,630	23,626
Capital Improvements	91,823	153,108	167,348	(14,240)
Transfers Out	48,946	49,252	5,555	43,697
Total Expenditures	169,335	230,816	177,533	53,283
Net Change in Budgetary Fund Balance (Deficit)	\$ 1,116	\$ (35,716)	\$ (33,248)	\$ 2,468
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (33,248)	
Add: Encumbrances			76,281	
Change in Fund Balance - September 30, GAAP Basis			43,033	
Fund Balance, October 1, GAAP Basis			158,060	
Fund Balance, September 30, GAAP Basis			\$ 201,093	

See accompanying Independent Auditors' Report



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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.

Summary financial information for the consolidated Gas Utility Fund is presented on the following pages (in thousands) as of September 30, 2022:

City of Long Beach
Gas Utility Fund
Combining Statement of Net Position
September 30, 2022
(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	\$ 53,941	\$ 61	\$ 54,002	\$ -	\$ 54,002
Non-Pooled Cash and Cash Equivalents	1	44	45	-	45
Receivables:					
Interest Receivable	-	20	20	-	20
Accounts Receivable	16,330	4,059	20,389	-	20,389
Due from Other Funds	603	-	603	(593)	10
Allowance for Receivables	(3,024)	-	(3,024)	-	(3,024)
Inventory	3,679	-	3,679	-	3,679
Prepaid Gas - Current	-	23,893	23,893	-	23,893
Other Assets	4	-	4	-	4
Total Current Assets	71,534	28,077	99,611	(593)	99,018
Noncurrent Assets:					
Restricted Noncurrent Assets:					
Non-Pooled Investments	-	29,137	29,137	-	29,137
Noncurrent Receivables:					
Fair Value - Commodity Swap	-	294,922	294,922	-	294,922
Capital Assets:					
Land and Other Assets Not Being Depreciated	19,343	-	19,343	-	19,343
Capital Assets, Net of Accumulated Depreciation/Amortization	168,563	-	168,563	-	168,563
Prepaid Gas - Long-Term	-	286,887	286,887	-	286,887
Total Noncurrent Assets	187,906	610,946	798,852	-	798,852
Total Assets	259,440	639,023	898,463	(593)	897,870
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources	11,183	2,037	13,220	-	13,220
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	9,311	1,041	10,352	-	10,352
Accrued Wages	104	-	104	-	104
Accrued Interest Payable	103	9,523	9,626	-	9,626
Due to Other Funds	1,175	593	1,768	(593)	1,175
Unearned Revenues	2,470	-	2,470	-	2,470
Customers Deposits	2,913	-	2,913	-	2,913
Compensated Absences and Accrued Employee Benefits	1,963	-	1,963	-	1,963
Financed Purchase Obligations - Current	1,186	-	1,186	-	1,186
Bonds Payable Due within One Year	-	18,645	18,645	-	18,645
Total Current Liabilities	19,225	29,802	49,027	(593)	48,434
Noncurrent Liabilities:					
Fair Value - Interest Rate Swap	-	2,037	2,037	-	2,037
Compensated Absences and Accrued Employee Benefits	4,192	-	4,192	-	4,192
Financed Purchase Obligations	9,147	-	9,147	-	9,147
Bonds Payable	-	520,870	520,870	-	520,870
Net Pension Liability	33,359	-	33,359	-	33,359
Total OPEB Liability	119	-	119	-	119
Total Noncurrent Liabilities	46,817	522,907	569,724	-	569,724
Total Liabilities	66,042	552,709	618,751	(593)	618,158
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	2,532	294,922	297,454	-	297,454
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	176,156	-	176,156	-	176,156
Restricted for:					
Capital Projects	21,004	-	21,004	-	21,004
Unrestricted	4,889	(206,571)	(201,682)	-	(201,682)
Total Net Position (Deficit)	\$ 202,049	\$ (206,571)	\$ (4,522)	\$ -	\$ (4,522)

City of Long Beach
Gas Utility Fund
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2022
(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:					
From Other Agencies	\$ 1,574	\$ -	\$ 1,574	\$ -	\$ 1,574
Charges for Services	142,421	39,408	181,829	(39,408)	142,421
Other	120	-	120	-	120
Total Revenues	<u>144,115</u>	<u>39,408</u>	<u>183,523</u>	<u>(39,408)</u>	<u>144,115</u>
Operating Expenses:					
Personnel Services	19,004	-	19,004	-	19,004
Purchases of Gas	63,809	16,885	80,694	(39,408)	41,286
Maintenance and Other Operations	28,715	5	28,720	-	28,720
Depreciation/Amortization	7,695	-	7,695	-	7,695
Total Operating Expenses	<u>119,223</u>	<u>16,890</u>	<u>136,113</u>	<u>(39,408)</u>	<u>96,705</u>
Operating Income	<u>24,892</u>	<u>22,518</u>	<u>47,410</u>	<u>-</u>	<u>47,410</u>
Non-Operating Income (Expense):					
Interest Income	782	840	1,622	-	1,622
Interest Expense	499	(27,919)	(27,420)	-	(27,420)
Unrealized Investment Loss	(2,367)	-	(2,367)	-	(2,367)
Loss on Disposition of Capital Assets	(279)	-	(279)	-	(279)
Other Expense	(771)	-	(771)	-	(771)
Total Non-Operating Income (Expense)	<u>(2,136)</u>	<u>(27,079)</u>	<u>(29,215)</u>	<u>-</u>	<u>(29,215)</u>
Income (Loss) before Contributions and Transfers	22,756	(4,561)	18,195	-	18,195
Transfers:					
Transfers In	4,233	-	4,233	-	4,233
Transfers Out	<u>(17,440)</u>	<u>-</u>	<u>(17,440)</u>	<u>-</u>	<u>(17,440)</u>
Change in Net Position	9,549	(4,561)	4,988	-	4,988
Net Position (Deficit), October 1	<u>192,500</u>	<u>(202,010)</u>	<u>(9,510)</u>	<u>-</u>	<u>(9,510)</u>
Net Position (Deficit), September 30	<u>\$ 202,049</u>	<u>\$ (206,571)</u>	<u>\$ (4,522)</u>	<u>\$ -</u>	<u>\$ (4,522)</u>

City of Long Beach
Gas Utility Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2022
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 99,724	\$ 38,211	\$ -	\$ 137,935
Receipts from Other Governments	1,574	-	-	1,574
Payments for Employee Salaries	(20,497)	-	-	(20,497)
Payments for Goods and Services	(43,348)	1,036	-	(42,312)
Other Income	-	4,548	(4,548)	-
Other Expense	(5,319)	-	4,548	(771)
Net Cash Provided by Operating Activities	<u>32,134</u>	<u>43,795</u>	<u>-</u>	<u>75,929</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers In	4,233	-	-	4,233
Payments of Principal on Bonds Payable	402	(16,442)	-	(16,040)
Payments of Interest	488	(28,236)	-	(27,748)
Transfers Out	(17,440)	-	-	(17,440)
Net Cash Used for Non-Capital Financing Activities	<u>(12,317)</u>	<u>(44,678)</u>	<u>-</u>	<u>(56,995)</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(18,560)	-	-	(18,560)
Payments of Principal on Other Long-Term Obligations	(1,764)	-	-	(1,764)
Net Cash Used for Capital and Related Financing Activities	<u>(20,324)</u>	<u>-</u>	<u>-</u>	<u>(20,324)</u>
Cash Flows from Investing Activities:				
Receipts of Interest	782	835	-	1,617
Payments for Investments	(2,052)	-	-	(2,052)
Changes in Investments	(2,367)	-	-	(2,367)
Net Cash Provided by (Used for) Investing Activities	<u>(3,637)</u>	<u>835</u>	<u>-</u>	<u>(2,802)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(4,144)</u>	<u>(48)</u>	<u>-</u>	<u>(4,192)</u>
Cash and Cash Equivalents - October 1	<u>58,086</u>	<u>153</u>	<u>-</u>	<u>58,239</u>
Cash and Cash Equivalents - September 30	<u>\$ 53,942</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 54,047</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Operating Income	\$ 24,892	\$ 22,518	\$ -	\$ 47,410
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	7,695	-	-	7,695
Other Expense	(771)	-	-	(771)
(Increase) Decrease in Accounts Receivable, Net	(4,565)	(1,161)	1,161	(4,565)
(Increase) in Amounts Due from Other Funds	(10)	-	-	(10)
(Increase) Decrease in Other Operating Assets/Gas Prepay	19,241	4,548	-	23,789
Increase (Decrease) in Accounts Payable	2,864	1,041	(1,161)	2,744
(Decrease) in Accrued Wages Payable	(1,493)	-	-	(1,493)
(Decrease) in Amounts Due to Other Funds	(130)	(36)	-	(166)
Increase in Unearned Revenues	1,063	-	-	1,063
(Increase) Decrease in Other Non-Operating Assets	(16,885)	16,885	-	-
Increase in Collections Held in Trust	233	-	-	233
Total Adjustments	<u>7,242</u>	<u>21,277</u>	<u>-</u>	<u>28,519</u>
Net Cash Provided by Operating Activities	<u>\$ 32,134</u>	<u>\$ 43,795</u>	<u>\$ -</u>	<u>\$ 75,929</u>
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>				
Amortization of Bond Premium (Discount), Net	\$ -	\$ 23,689	\$ -	\$ 23,689

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, 2022:

City of Long Beach
Tidelands Operating Fund
Combining Statement of Net Position
September 30, 2022
(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	\$ 90,653	\$ 10,395	\$ 39,333	\$ 1,674	\$ 8,250	\$ 150,305	\$ -	\$ 150,305
Non-Pooled Cash and Cash Equivalents	4	-	2,615	2,417	1,411	6,447	-	6,447
Receivables:								
Interest Receivable	809	-	33	-	-	842	-	842
Accounts Receivable	6,894	144	1,139	783	-	8,960	-	8,960
Due from Other Governments	102	15	50	-	-	167	(15)	152
Due from Other Funds	35,216	4	-	-	-	35,220	(11,219)	24,001
Lease Receivable - Current	1,586	-	682	-	-	2,268	-	2,268
Allowance for Receivables	(284)	(3)	(755)	-	-	(1,042)	-	(1,042)
Other Assets	-	-	-	195	-	195	-	195
Total Current Assets	134,980	10,555	43,097	5,069	9,661	203,362	(11,234)	192,128
Noncurrent Assets:								
Non-Pooled Investments	-	-	5,840	-	-	5,840	-	5,840
Noncurrent Receivables:								
Lease Receivable	120,882	-	2,703	-	-	123,585	-	123,585
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	62,005	-	1,992	3,442	9,900	77,339	-	77,339
Capital Assets, Net of Accumulated Depreciation/Amortization	137,462	6,895	96,799	2,795	12,950	256,901	-	256,901
Total Noncurrent Assets	320,349	6,895	107,334	6,237	22,850	463,665	-	463,665
Total Assets	455,329	17,450	150,431	11,306	32,511	667,027	(11,234)	655,793
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows of Resources	16,471	-	5,972	36	494	22,973	-	22,973
LIABILITIES								
Current Liabilities Payable from Current Assets:								
Accounts Payable	9,882	320	447	722	-	11,371	-	11,371
Accrued Wages	90	1	45	1	-	137	-	137
Accrued Interest Payable	37	-	1,966	122	146	2,271	-	2,271
Due to Other Funds	2,872	3,344	276	2	5,420	11,914	(11,219)	695
Unearned Revenues	300	-	1,891	-	-	2,191	-	2,191
Collections Held in Trust	152	-	-	-	-	152	-	152
Customers Deposits	-	-	969	25	-	994	-	994
Due to State of California	15	-	-	-	-	15	(15)	-
Compensated Absences and Accrued Employee Benefits	2,340	-	765	-	-	3,105	-	3,105
Financed Purchase Obligations - Current	43	-	-	-	-	43	-	43
Bonds Payable Due Within One Year	3,020	-	2,100	2,155	4,340	11,615	-	11,615
Other Long Term Obligation - Current	30	-	-	-	-	30	-	30
Total Current Liabilities	18,781	3,665	8,459	3,027	9,906	43,838	(11,234)	32,604
Noncurrent Liabilities:								
Unearned Revenues	4,317	-	123	-	-	4,440	-	4,440
Compensated Absences and Accrued Employee Benefits	6,335	-	833	-	-	7,168	-	7,168
Financed Purchase Obligations	142	-	-	-	-	142	-	142
Other Long Term Obligations	251	-	-	-	-	251	-	251
Bonds Payable	98	-	109,483	7,385	38,730	155,696	-	155,696
Total OPEB Liability	174	-	26	-	-	200	-	200
Net Pension Liability	39,824	-	15,865	-	-	55,689	-	55,689
Total Noncurrent Liabilities	51,141	-	126,330	7,385	38,730	223,586	-	223,586
Total Liabilities	69,922	3,665	134,789	10,412	48,636	267,424	(11,234)	256,190
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows of Resources	125,314	-	4,625	-	-	129,939	-	129,939
NET POSITION								
Net Investment in Capital Assets	192,769	6,895	(4,318)	(3,304)	(19,739)	172,303	-	172,303
Restricted for:								
Debt Service	26	-	139	2,431	1,014	3,610	-	3,610
Capital Projects	-	473	-	-	-	473	-	473
Tidelands	-	-	-	-	57,003	57,003	-	57,003
Unrestricted	83,769	6,417	21,168	1,803	(53,909)	59,248	-	59,248
Total Net Position	\$ 276,564	\$ 13,785	\$ 16,989	\$ 930	\$ (15,631)	\$ 292,637	\$ -	\$ 292,637

See accompanying Independent Auditors' Report

City of Long Beach
Tidelands Operating Fund
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2022
(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	\$ 127	\$ 344	\$ -	\$ 1,002	\$ -	\$ 1,473	\$ -	\$ 1,473
Fines and Forfeitures	282	-	-	-	-	282	-	282
Fees, Concessions, and Rentals	4,947	10,022	26,041	-	-	41,010	-	41,010
Charges for Services	30,809	211	370	-	-	31,390	-	31,390
Other	186	1	27	-	-	214	-	214
Total Revenues	36,351	10,578	26,438	1,002	-	74,369	-	74,369
Operating Expenses:								
Personnel Services	24,836	239	9,677	86	-	34,838	-	34,838
Maintenance and Other Operations	48,020	4,076	7,565	6,725	3,038	69,424	-	69,424
Depreciation/Amortization	9,843	1,710	5,495	421	3,222	20,691	-	20,691
Total Operating Expenses	82,699	6,025	22,737	7,232	6,260	124,953	-	124,953
Operating Income (Loss)	(46,348)	4,553	3,701	(6,230)	(6,260)	(50,584)	-	(50,584)
Non-Operating Income (Expense):								
Interest Income	1,264	73	-	1	31	1,369	-	1,369
Interest Expense	(99)	-	(4,987)	(296)	(2,339)	(7,721)	-	(7,721)
Unrealized Investment Loss	(7,274)	-	(1,695)	-	-	(8,969)	-	(8,969)
Gain (Loss) on Disposition of Fixed Assets	-	-	25	-	-	25	-	25
Operating Grants	16	-	15	-	-	31	-	31
Other Income	6,244	-	1,470	2,762	-	10,476	-	10,476
Other Expense	(692)	(2,729)	(8)	(2)	(1,053)	(4,484)	-	(4,484)
Total Non-Operating Income (Expense)	(541)	(2,656)	(5,180)	2,465	(3,361)	(9,273)	-	(9,273)
Income (Loss) before Contributions and Transfers	(46,889)	1,897	(1,479)	(3,765)	(9,621)	(59,857)	-	(59,857)
Transfers:								
Transfers In	68,592	-	3	6,644	6,645	81,884	(21,516)	60,368
Transfers Out	(10,488)	(2,804)	-	-	(8,224)	(21,516)	21,516	-
Change in Net Position	11,215	(907)	(1,476)	2,879	(11,200)	511	-	511
Net Position, October 1	265,349	14,692	18,465	(1,949)	(4,431)	292,126	-	292,126
Net Position, September 30	<u>\$ 276,564</u>	<u>\$ 13,785</u>	<u>\$ 16,989</u>	<u>\$ 930</u>	<u>\$ (15,631)</u>	<u>\$292,637</u>	<u>\$ -</u>	<u>\$ 292,637</u>

See accompanying Independent Auditors' Report

City of Long Beach
Tidelands Operating Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2022
(In Thousands)

	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Eliminations Increase (Decrease)	Consolidated Tidelands Operating Total
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>							
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 38,125	\$ 10,517	\$ 26,634	\$ -	\$ -	\$ -	\$ 75,276
Receipts from Other Funds	-	3,331	-	1,004	5,420	-	9,755
Receipts from Other Entities	131	-	-	-	-	-	131
Payments for Employee Salaries	(24,900)	(246)	(10,100)	(85)	-	-	(35,331)
Payments for Goods and Services	(41,723)	(3,932)	(7,390)	(6,360)	(3,038)	-	(62,443)
Payments to Other Entities	-	(15)	(414)	(195)	-	-	(624)
Payments to Other Funds	(11,541)	-	-	-	-	-	(11,541)
Other Income	6,244	-	1,470	2,762	-	-	10,476
Other Expense	(692)	(2,729)	(8)	(2)	(1,053)	-	(4,484)
Net Cash Provided by (Used for) Operating Activities	(34,356)	6,926	10,192	(2,876)	1,329	-	(18,785)
Cash Flows from Non-Capital Financing Activities:							
Operating Grants Received from Other Governments	16	-	15	-	-	-	31
Transfers In	68,592	-	3	6,644	6,645	(21,516)	60,368
Transfers Out	(10,488)	(2,804)	-	-	(8,224)	21,516	-
Net Cash Provided by Non-Capital Financing Activities	58,120	(2,804)	18	6,644	(1,579)	-	60,399
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Capital Assets	-	-	25	-	-	-	25
Changes Related to Capital Acquisitions	(9,033)	(260)	(117)	(1)	-	-	(9,411)
Payments of Principal on Bonds Payable	(2,905)	-	(2,181)	(2,093)	(32,595)	-	(39,774)
Payments of Principal on Other Long-Term Obligations	(69)	-	-	-	-	-	(69)
Payments of Interest, Net of Amounts Capitalized	(290)	-	(5,057)	(318)	(628)	-	(6,293)
Net Cash Used for Capital and Related Financing Activities	(12,297)	(260)	(7,330)	(2,412)	(33,223)	-	(55,522)
Cash Flows from Investing Activities:							
Proceeds from the Sale of Investments	-	-	1,456	-	8,588	-	10,044
Receipts of Interest	456	73	44	1	61	-	635
Changes in Investments	(7,274)	-	(1,695)	-	-	-	(8,969)
Net Cash Provided by (Used for) Investing Activities	(6,818)	73	(195)	1	8,649	-	1,710
Net Increase (Decrease) in Cash and Cash Equivalents	4,649	3,935	2,685	1,357	(24,824)	-	(12,198)
Cash and Cash Equivalents - October 1	86,008	6,460	39,263	2,734	34,485	-	168,950
Cash and Cash Equivalents - September 30	<u>\$ 90,657</u>	<u>\$ 10,395</u>	<u>\$ 41,948</u>	<u>\$ 4,091</u>	<u>\$ 9,661</u>	<u>\$ -</u>	<u>\$ 156,752</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>							
Operating Income (Loss)	\$ (46,348)	\$ 4,553	\$ 3,701	\$ (6,230)	\$ (6,260)	\$ -	\$ (50,584)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization Expense	9,843	1,710	5,495	421	3,222	-	20,691
Other Income	6,244	-	1,470	2,762	-	-	10,476
Other Expense	(692)	(2,729)	(8)	(2)	(1,053)	-	(4,484)
(Increase) Decrease in Accounts Receivable, Net	3,073	(61)	(35)	-	-	-	2,977
(Increase) in Amounts Due from Other Funds	(14,693)	(4)	-	-	-	-	(14,697)
(Increase) Decrease in Amounts Due from Other Governments	131	(15)	-	-	-	-	116
Decrease in Other Operating Assets	-	-	-	(195)	-	-	(195)
Increase in Accounts Payable	6,233	144	251	365	-	-	6,993
Increase (Decrease) in Accrued Wages Payable	(64)	(7)	(423)	1	-	-	(493)
Increase (Decrease) in Amounts Due to Other Funds	1,942	3,335	(414)	2	5,420	-	10,285
(Decrease) in Unearned Revenues	(104)	-	-	-	-	-	(104)
Increase in Collections Held in Trust	79	-	155	-	-	-	234
Total Adjustments	11,992	2,373	6,491	3,354	7,589	-	31,799
Net Cash Provided by (Used for) Operating Activities	<u>\$ (34,356)</u>	<u>\$ 6,926</u>	<u>\$ 10,192</u>	<u>\$ (2,876)</u>	<u>\$ 1,329</u>	<u>\$ -</u>	<u>\$ (18,785)</u>
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u>							
Amortization of Deferred Outflows on Debt Refunding	\$ (575)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (575)

See accompanying Independent Auditors' Report

City of Long Beach
Fleet Services Fund
Combining Statement of Net Position (Deficit)
September 30, 2022
(In Thousands)

	Fleet Operating	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ -	\$ 38,293	\$ 241	\$ 33	\$ -	\$ 38,567
Non-Pooled Cash and Cash Equivalents	-	12,873	-	-	-	12,873
Receivables:						
Accounts Receivable	39	-	-	-	-	39
Due from Other Funds	613	-	-	6,381	(6,981)	13
Allowance for Receivables	(24)	-	-	-	-	(24)
Inventory	3,119	-	-	-	-	3,119
Total Current Assets	3,747	51,166	241	6,414	(6,981)	54,587
Noncurrent Assets:						
Capital Assets:						
Capital Assets, Net of Accumulated Depreciation/Amortization	65,164	-	-	-	-	65,164
Other NonCurrent Assets	-	21,832	-	-	-	21,832
Total Noncurrent Assets	65,164	21,832	-	-	-	86,996
Total Assets	68,911	72,998	241	6,414	(6,981)	141,583
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	4,763	-	-	-	-	4,763
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	2,021	748	-	128	-	2,897
Accrued Wages and Benefits	39	7	-	-	-	46
Accrued Interest Payable	-	18	116	-	-	134
Due to Other Funds	6,547	629	-	-	(6,981)	195
Compensated Absences and Accrued Employee Benefits	837	-	-	-	-	837
Environmental Remediation - Current	115	-	-	-	-	115
Financed Purchase Obligations - Current	-	3,236	-	-	-	3,236
Bonds Payable Due Within One Year	-	-	1,600	-	-	1,600
Total Current Liabilities	9,559	4,638	1,716	128	(6,981)	9,060
Noncurrent Liabilities:						
Environmental Remediation	485	-	-	-	-	485
Financed Purchase Obligations	-	16,139	-	-	-	16,139
Bonds Payable	-	-	13,518	-	-	13,518
Compensated Absences and Accrued Employee Benefits	2,075	-	-	-	-	2,075
OPEB Liability	58	-	-	-	-	58
Net Pension Liability	14,457	-	-	-	-	14,457
Total Noncurrent Liabilities	17,075	16,139	13,518	-	-	46,732
Total Liabilities	26,634	20,777	15,234	128	(6,981)	55,792
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources	1,561	-	395	-	-	1,956
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	65,164	(6,502)	(15,118)	-	-	43,544
Unrestricted	(19,685)	58,723	(270)	6,286	-	45,054
Total Net Position (Deficit)	\$ 45,479	\$ 52,221	\$ (15,388)	\$ 6,286	\$ -	\$ 88,598

See accompanying Independent Auditors' Report

City of Long Beach
Fleet Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2022
(In Thousands)

	Fleet Operating	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
Operating Revenues:						
Billing to Other Departments	\$ 27,002	\$ 26,668	\$ -	\$ 1,618	\$ -	\$ 55,288
Other	568	34	-	239	-	841
Total Operating Revenues	27,570	26,702	-	1,857	-	56,129
Operating Expenses:						
Personnel Services	8,653	1,496	-	-	-	10,149
Maintenance and Other Operations	7,216	15,444	-	1,034	-	23,694
Depreciation/Amortization	13,549	-	-	-	-	13,549
Total Operating Expenses	29,418	16,940	-	1,034	-	47,392
Operating Income (Loss)	(1,848)	9,762	-	823	-	8,737
Non-Operating Income (Expenses):						
Interest Income	-	83	-	-	-	83
Interest Expense	(736)	(364)	(130)	-	-	(1,230)
Unrealized Investment Loss	(1,727)	-	-	-	-	(1,727)
Gain (Loss) on Disposition of Capital Assets	(138)	1,313	-	-	-	1,175
Other Income	1,491	-	-	-	-	1,491
Other Expense	(1,561)	(1,754)	1,897	-	-	(1,418)
Total Non-Operating Income (Expenses)	(2,671)	(722)	1,767	-	-	(1,626)
Income (Loss) Before Contributions and Transfers	(4,519)	9,040	1,767	823	-	7,111
Transfers:						
Transfers In	1,182	-	-	-	(964)	218
Transfers Out	-	(964)	-	-	964	-
Change in Net Position	(3,337)	8,076	1,767	823	-	7,329
Net Position (Deficit) - October 1	48,816	44,145	(17,155)	5,463	-	81,269
Net Position (Deficit) - September 30	\$ 45,479	\$ 52,221	\$ (15,388)	\$ 6,286	\$ -	\$ 88,598

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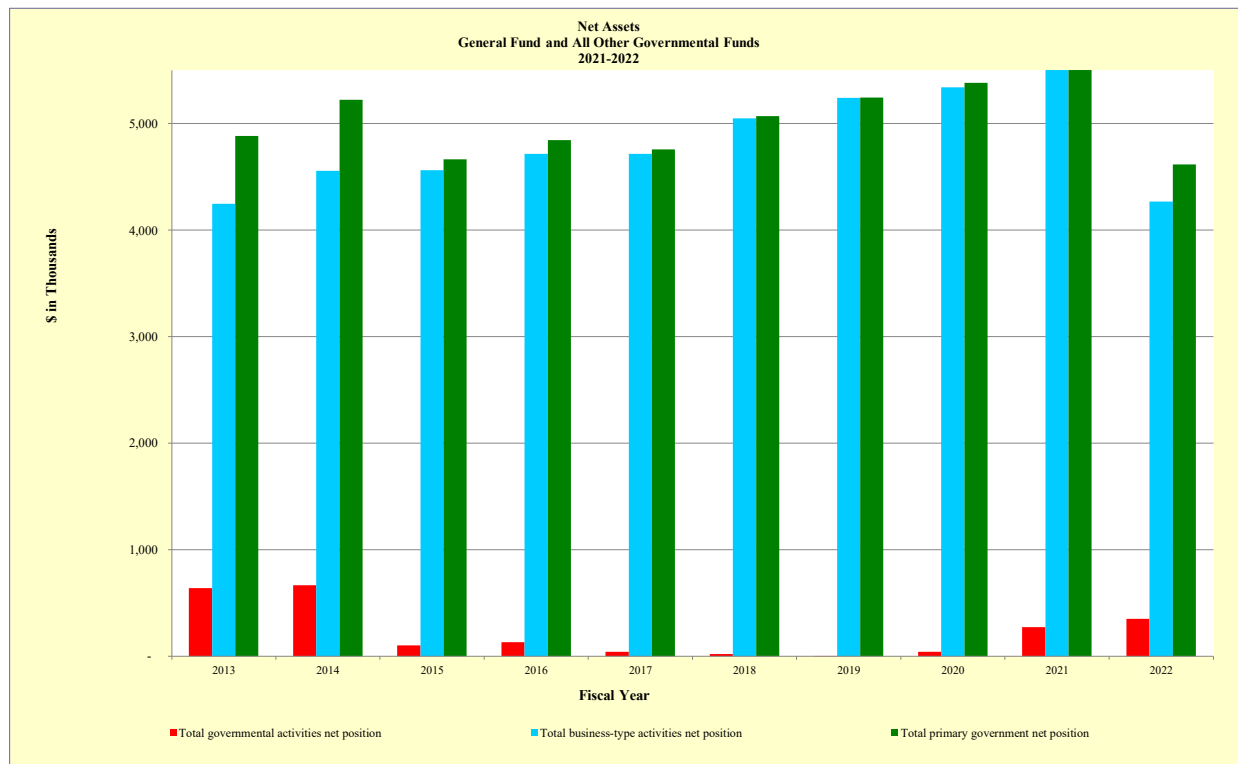
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant fiscal year.



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net Investment in Capital Assets	\$ 242,105	\$ 245,780	\$ 344,839	\$ 346,224	\$ 361,370	\$ 377,098	\$ 418,191	\$ 432,090	\$ 452,155	\$ 456,247
Restricted	458,167	473,181	351,055	393,588	397,204	403,557	428,903	442,908	475,699	517,994
Unrestricted	(61,528)	(53,167)	(595,857)	(610,409)	(716,979)	(761,817)	(844,483)	(833,911)	(655,868)	(624,992)
Total governmental activities net position	638,744	665,794	100,037	129,403	41,595	18,838	2,611	41,087	271,986	349,249
Business-type activities:										
Net Investment in Capital Assets	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	3,548,274
Restricted	297,694	439,163	494,526	323,827	323,827	298,613	297,552	312,076	326,665	361,377
Unrestricted	399,890	418,151	237,808	160,569	160,569	272,494	338,972	320,382	487,398	357,369
Total business-type activities net position	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	4,267,020
Primary government:										
Net Investment in Capital Assets	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	4,004,521
Restricted	755,861	912,344	845,581	717,415	721,031	702,170	726,455	754,984	802,364	879,371
Unrestricted	338,362	364,984	(358,049)	(449,840)	(556,410)	(489,323)	(505,511)	(513,529)	(168,470)	(267,623)
Total primary government net position	\$ 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	\$ 4,616,269



See accompanying Independent Auditors' Report

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 10,957	\$ 12,001	\$ 10,632	\$ 11,814	\$ 13,343	\$ 13,025	\$ 15,245	\$ 13,155	\$ 13,058	\$ 16,722
General Government	23,342	21,378	22,400	23,869	29,718	29,189	43,637	40,408	36,564	41,335
Public Safety	303,872	296,817	307,116	344,358	402,361	409,632	430,512	389,489	311,933	407,420
Public Health	41,966	41,877	43,710	46,150	49,688	53,045	57,729	71,880	60,016	101,438
Community and Cultural	173,239	153,206	165,501	155,792	173,637	167,624	183,825	190,370	217,381	259,577
Public Works	102,979	114,303	104,744	103,772	123,268	139,209	171,927	136,067	163,203	170,385
Oil Operations	7,101	4,869	3,961	6,466	9,694	3,755	3,777	1,775	3,679	6,830
Interest on Long-Term Debt	26,941	24,945	22,738	19,104	19,120	17,916	17,473	19,055	19,781	18,253
Total Governmental Activities										
Expenses	690,397	669,396	680,802	711,325	820,829	833,395	924,125	862,199	825,615	1,021,960
Business-type Activities:										
Gas Utility	82,693	80,651	68,414	66,896	80,680	83,276	110,991	94,835	83,900	128,684
Water Utility	89,767	93,297	102,501	93,959	96,082	98,204	95,970	111,219	93,075	136,550
Tidelands Operating	96,881	111,074	121,547	107,313	126,123	130,796	124,283	143,249	110,419	146,178
Tideland Oil Revenue	362,144	327,087	81,565	70,949	93,200	101,495	101,872	30,436	84,298	164,564
Harbor	195,335	233,410	236,186	307,546	298,756	298,441	309,722	327,081	336,106	1,871,078
Sewer	15,542	15,681	16,244	16,151	16,766	14,931	15,375	18,819	14,973	16,871
Airport	41,616	44,067	44,844	47,686	51,917	53,758	55,739	58,627	51,655	67,459
Development Services	15,404	15,753	17,621	20,281	25,907	25,912	27,223	28,928	22,505	28,481
Solid Waste Management	71,708	76,027	73,525	72,745	76,332	71,388	88,967	90,197	76,048	85,257
Towing	5,915	4,938	5,134	5,815	5,524	5,283	6,402	5,421	4,557	7,264
Subsidence	3	-	-	-	-	-	-	-	287	8,042
Total Business-Type Activities										
Expenses	977,008	1,001,985	767,581	809,341	871,287	883,484	936,544	908,812	877,823	2,660,428
Total Primary Government										
Expenses	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	3,682,388
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	61	163	224	1,804	52	481	34	558	18	186
General Government	16,093	16,459	16,545	17,955	17,981	17,727	16,473	16,182	15,729	16,244
Public Safety	32,371	34,659	38,961	38,050	34,995	43,536	50,961	50,198	49,116	53,776
Public Health	11,856	8,498	8,178	7,284	8,052	8,550	10,232	9,826	7,471	10,289
Community and Cultural	14,656	12,168	15,084	17,051	25,801	21,980	35,649	32,599	34,452	21,627
Public Works	25,011	25,963	25,246	27,949	29,875	32,208	43,283	38,123	32,872	49,737
Oil Operations	39,869	36,942	19,414	10,900	12,176	16,060	14,926	9,743	11,190	16,195
Operating Grants and Contributions	171,937	183,789	164,621	170,614	176,643	187,038	167,793	200,489	352,336	302,613
Capital Grants and Contributions	10,778	8,530	3,780	2,085	12,286	10,739	67,976	65,232	76,033	86,781
Total Governmental Activities										
Program Revenues	\$ 322,632	\$ 327,171	\$ 292,053	\$ 293,692	\$ 317,861	\$ 338,319	\$ 407,327	\$ 422,950	\$ 579,217	\$ 557,448

(continued)

See accompanying Independent Auditors' Report

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

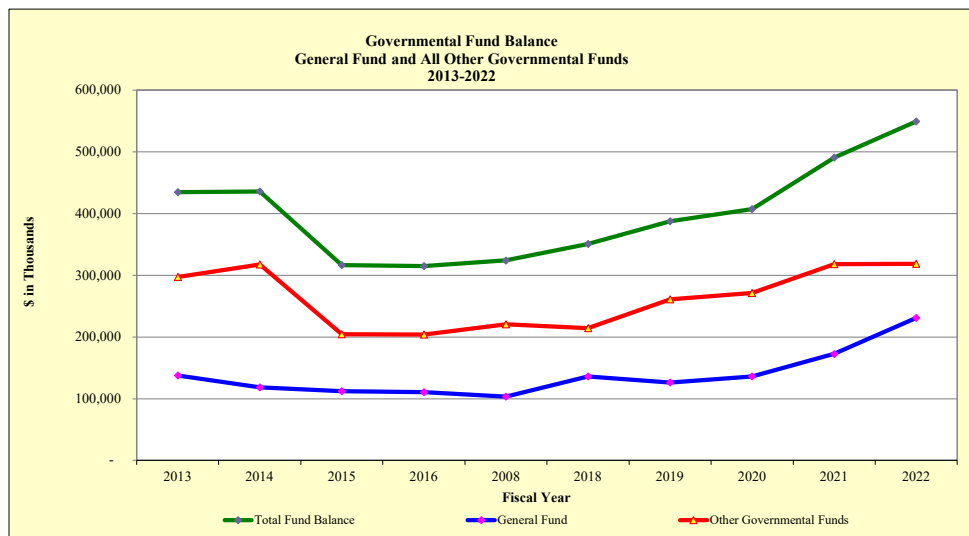
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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-Type activities:										
Charges for Services:										
Gas Utility	\$ 87,141	\$ 82,293	\$ 77,398	\$ 79,826	\$ 97,033	\$ 92,109	\$ 120,562	\$ 103,869	\$ 112,277	\$ 144,115
Water Utility	93,036	101,345	101,158	98,677	100,761	104,701	102,474	116,071	122,089	123,932
Tidelands Operating	59,929	64,318	67,894	67,205	76,352	77,734	80,594	72,467	99,458	84,845
Tidelands Oil Revenue	397,301	362,783	99,401	53,630	81,989	124,721	117,528	59,385	99,144	190,336
Harbor	346,244	362,752	363,309	363,343	388,834	406,420	415,321	399,841	440,340	513,989
Sewer	17,311	17,954	17,904	18,355	19,964	19,578	19,750	19,200	19,613	21,694
Airport	43,817	44,811	36,537	39,723	49,607	50,464	46,997	31,034	30,899	51,026
Development Services	17,546	17,573	20,783	23,015	31,039	29,471	30,803	24,293	18,670	34,161
Solid Waste Management	79,542	81,051	80,322	75,637	82,848	75,450	79,627	86,034	82,722	84,838
Towing	6,445	5,440	5,253	5,568	5,310	5,139	5,885	4,583	6,140	7,217
Subsidence	-	-	-	-	-	-	499	499	500	614
Operating Grants and Contributions	1,105	921	753	758	976	2,768	932	3,394	160	219
Capital Grants and Contributions	259,188	182,021	140,618	150,510	83,681	99,586	96,660	80,020	40,099	131,479
Total Business-Type Activities	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	1,388,465
Program Revenues	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	1,388,465
Total Primary Government	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	1,945,913
Net Revenues (expenses):										
Governmental Activities	(367,765)	(342,225)	(388,749)	(417,633)	(502,968)	(495,076)	(516,798)	(439,249)	(246,398)	(464,512)
Business-Type Activities	431,597	321,277	243,749	166,906	147,107	204,657	181,088	91,878	194,288	(1,271,963)
Total Net Expenses	63,832	(20,948)	(145,000)	(250,727)	(355,861)	(290,419)	(335,710)	(347,371)	(52,110)	(1,736,475)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	203,770	183,719	180,989	200,766	191,514	199,576	211,007	220,665	225,820	234,386
Sales	63,443	59,097	64,177	67,658	99,528	133,523	138,598	129,095	150,887	174,257
Utility Users	38,026	38,691	38,419	37,079	35,858	36,639	34,898	33,767	38,546	40,349
Other	46,446	41,504	45,517	47,746	46,837	51,558	51,066	39,449	40,098	56,868
Franchise Taxes	25,243	26,175	25,915	24,911	25,912	20,308	18,126	16,481	23,734	20,813
Grants and Contributions not										
Restricted to Specific Programs	150	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	3,417	3,688	6,061	13,182	3,581	4,761	14,172	11,426	3,496	1,495
Gain (Loss) on Sales of Capital Assets	-	-	-	-	-	-	-	(2)	-	-
Capital Asset Transfers	4,786	2,365	-	-	-	-	-	(37)	-	-
Transfers	21,490	14,210	21,661	16,855	11,930	25,954	32,704	26,881	(5,284)	13,607
Total Governmental Activities	406,771	369,449	382,739	408,197	415,160	472,319	500,571	477,725	477,297	541,775
Business-type Activities:										
Unrestricted Investment Earnings	5,557	6,365	8,887	10,802	7,714	13,357	43,503	34,336	1,469	11,461
Capital Asset Transfers	(4,786)	(2,365)	-	-	-	-	-	37	-	-
Transfers	(21,490)	(14,210)	(21,661)	(16,855)	(11,930)	(25,954)	(32,704)	(26,881)	5,284	(13,607)
Total Business-type Activities	(20,719)	(10,210)	(12,774)	(6,053)	(4,216)	(12,597)	10,799	7,492	6,753	(2,146)
Total Primary Government	386,052	359,239	369,965	402,144	410,944	459,722	511,370	485,217	484,050	539,629
Change in Net Position										
Government activities	39,006	27,224	(6,010)	(9,436)	(87,808)	(22,757)	(16,227)	38,476	230,899	77,263
Business-type Activities	410,878	311,067	230,975	160,853	142,891	192,060	191,887	99,370	201,041	(1,274,109)
Total Primary Government	\$ 449,884	\$ 338,291	\$ 224,965	\$ 151,417	\$ 55,083	\$ 169,303	\$ 175,660	\$ 137,846	\$ 431,940	\$ (1,196,846)

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 2,043	\$ 6	\$ 2	\$ 102	\$ 500	\$ 1,375	\$ 1,424	\$ 1,503	\$ 2,127	\$ 1,632
Restricted	2,311	4,266	4,308	4,498	4,469	4,807	5,009	5,864	2,836	2,921
Committed	5,711	61,079	62,598	63,568	64,539	67,640	69,440	50,708	76,543	77,711
Assigned	119,542	49,531	42,953	38,482	31,947	59,463	50,495	75,789	107,658	148,586
Unassigned	8,130	3,397	2,170	3,934	1,926	3,072	138	2,066	(16,483)	-
Total General Fund	137,737	118,279	112,031	110,584	103,381	136,357	126,506	135,930	172,681	230,850
Other Governmental Funds:										
Nonspendable	8,009	8,012	2,846	2,577	2,613	1,324	2,406	2,377	2,416	2,587
Restricted	293,567	289,497	173,096	173,562	180,084	174,541	199,781	201,777	219,947	251,580
Committed	1,362	1,362	1,422	1,422	1,414	1,414	1,414	1,414	1,414	1,200
Assigned	24,433	36,476	39,197	26,710	36,582	37,067	57,443	65,823	94,482	88,422
Unassigned	(30,112)	(17,646)	(11,819)	-	-	-	-	-	-	(25,276)
Total Other Governmental Funds	297,259	317,701	204,742	204,271	220,693	214,346	261,044	271,391	318,259	318,513
Total All Governmental Funds	\$ 434,996	\$ 435,980	\$ 316,773	\$ 314,855	\$ 324,074	\$ 350,703	\$ 387,550	\$ 407,321	\$ 490,940	\$ 549,363



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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes:										
Property	\$ 214,816	\$ 183,885	\$ 179,999	\$ 201,207	\$ 191,808	\$ 199,336	\$ 210,656	\$ 220,665	\$ 226,143	\$ 234,391
Sales	63,443	59,097	64,177	67,658	99,528	133,523	138,598	129,095	150,887	174,257
Utility Users	38,026	38,691	38,419	37,079	35,858	36,639	34,898	33,767	38,546	40,349
Other Taxes	46,446	41,504	45,517	47,746	46,837	51,558	51,066	39,449	40,098	56,868
Franchise Fees	25,243	26,175	25,915	24,911	25,912	20,308	18,126	16,481	23,734	20,813
Licenses and Permits	19,941	22,341	23,329	25,456	24,926	26,076	42,728	48,803	47,010	53,489
Fines and Forfeitures	16,394	16,166	15,988	16,292	16,184	15,946	17,674	16,354	14,395	17,670
Use of Money and Property	58,441	56,687	41,816	40,991	33,815	39,419	48,033	39,543	33,846	27,601
From Other Agencies	181,039	191,423	166,988	170,780	187,872	197,570	235,841	290,748	42,857	389,394
Charges for Services	28,292	29,042	28,428	29,482	33,533	41,034	46,987	44,621	41,676	48,011
Other Contributions	1,385	341	556	249	194	137	-	-	-	-
Other	18,577	10,693	17,615	13,167	19,907	17,599	19,944	10,236	11,444	17,471
Total Revenues	712,043	676,045	648,747	675,018	716,374	779,145	864,551	889,762	670,636	1,080,314
Expenditures:										
Legislative and Legal	9,673	11,373	9,604	11,420	11,522	13,378	13,458	13,108	16,537	17,128
General Government	17,785	17,951	18,116	21,793	23,285	25,426	39,002	40,577	41,833	40,812
Public Safety	288,979	300,519	297,901	307,065	353,456	360,879	383,222	369,052	423,769	407,198
Public Health	39,297	41,273	42,108	42,819	44,530	47,658	52,487	69,773	84,751	101,002
Community and Cultural	185,378	158,122	237,433	152,005	160,985	173,542	180,390	188,806	222,778	261,439
Public Works	65,484	66,498	70,921	74,580	73,103	82,450	71,989	61,459	67,115	74,608
Oil Operations	4,722	4,309	3,512	2,352	2,563	2,945	2,774	2,572	2,446	2,979
Total Current Expenditures	611,318	600,045	679,595	612,034	669,444	706,278	743,322	745,347	859,229	905,166
Capital Improvements	26,199	36,427	27,139	38,629	45,693	47,935	90,370	73,355	102,712	102,680
Debt Service:										
Principal	16,358	18,836	18,601	18,717	20,564	28,439	23,356	20,072	22,159	23,503
Interest	23,776	21,044	22,499	16,763	16,156	15,361	14,155	13,679	11,970	10,153
Debt Administration Fees	542	57	178	434	90	29	27	24	26	506
Total Expenditures	678,193	676,409	748,012	686,577	751,947	798,042	871,230	852,477	996,096	1,042,008
(Deficiency) of Revenues over (under) Expenditures	33,850	(364)	(99,265)	(11,559)	(35,573)	(18,897)	(6,679)	37,285	50,140	38,306
Other Financing Sources (Uses):										
Proceeds from Sale of Capital Asset	-	-	-	-	-	-	-	11,062	1,539	1,180
Issuance of Refunding Debt	54,186	1,012	155,820	13,150	-	2,306	26,458	-	19,765	25,411
Premium (Discount) on Debt Issuance	-	-	6,700	1,045	-	-	-	-	4,170	2,123
Payment to Refunded Bonds										
Escrow Agent	(57,611)	-	(179,330)	-	-	-	(15,020)	-	(26,300)	(25,057)
Cost of Issuance	-	-	(1,505)	-	-	-	(411)	-	(410)	-
Transfers In	114,615	106,128	91,363	60,641	104,983	125,473	130,312	126,196	228,486	133,452
Transfers Out	(87,032)	(105,577)	(92,990)	(65,195)	(60,191)	(82,253)	(97,813)	(154,772)	(193,771)	(116,992)
Total Other Financing Sources	24,158	1,563	(19,942)	9,641	44,792	45,526	43,526	(17,514)	33,479	20,117
Net Change in Fund Balances	\$ 58,008	\$ 1,199	\$ (119,207)	\$ (1,918)	\$ 9,219	\$ 26,629	\$ 36,847	\$ 19,771	\$ 83,619	\$ 58,423
Debt Service as a Percentage of Noncapital Expenditures	6.1%	6.0%	5.6%	5.4%	5.0%	5.6%	4.4%	4.0%	3.6%	3.3%

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

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

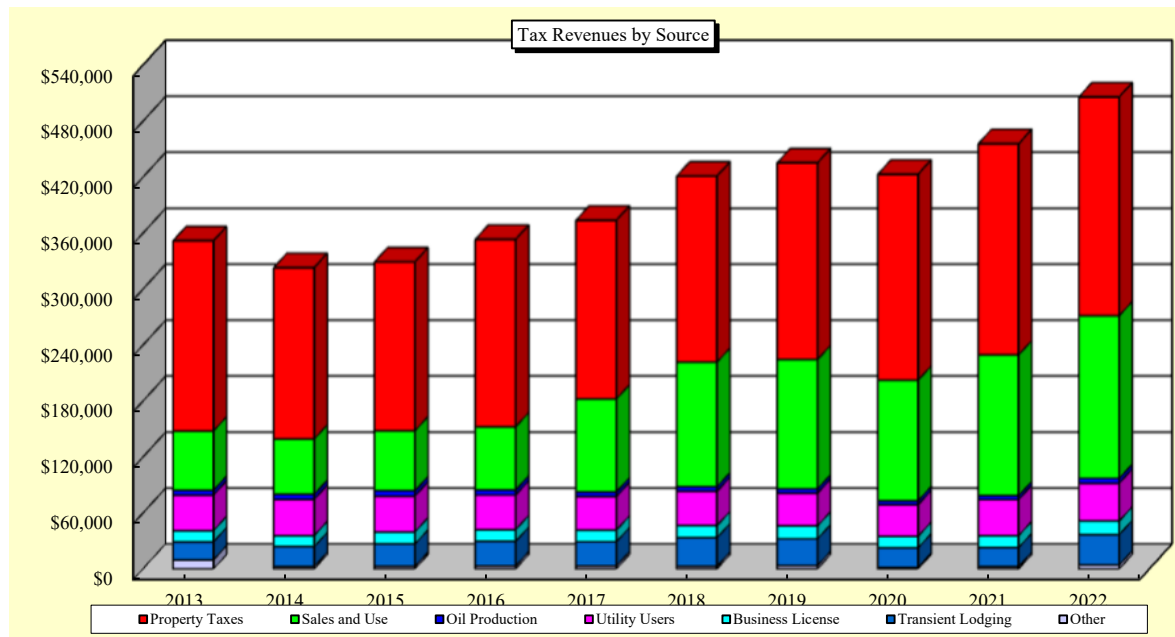
See accompanying Independent Auditors' Report

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
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
2022	234,391	174,257	5,413	40,349	14,578	32,590	4,287	505,865

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>
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%
2022	68,114,455	3,865,716	1,831,667	73,811,838	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	
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
2022	1.000000	-	0.121072	0.024882	0.003500	1.149454

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.

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

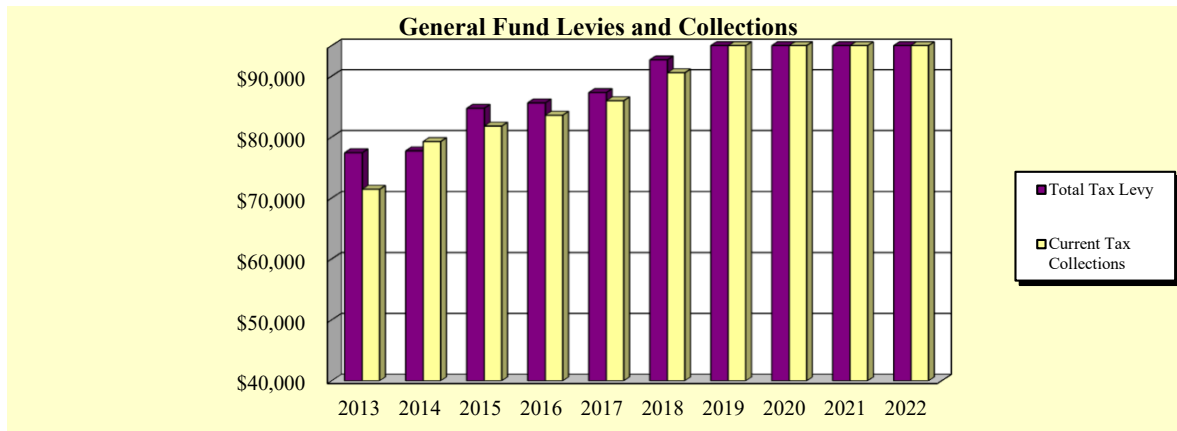
Taxpayer	Fiscal Year 2022		Fiscal Year 2013	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
CF Alpha and Golf Prop Co LLC	\$ 255,067	0.41 %		
GCC Long Beach LLC	213,460	0.34		
Douglas Park Associates III & IV LLC	173,647	0.28		
2009 CUSA Community Owner LLC	163,610	0.26	\$ 140,537	0.34 %
John Hancock Life Insurance	153,455	0.25		
TABC Inc.	138,046	0.22		
707 East Ocean Boulevard LLC	135,332	0.22		
Equity One LLC	129,308	0.21		
IMT Capital IV Gallery LLC	129,045	0.21		
LB Oceanaire Development LLC	127,258	0.20		
PPF AMLI 245 West Broadway LLC	116,783	0.19		
W GL Ocean Avenue LB Holdings	115,762	0.19		
Terra Funding Shoreline Square	115,176	0.18		
DP3 Sub 1 & 2 LLC	111,030	0.18		
2300 Redondo Holdings LLC	94,874	0.15		
Tesoro Logistics Operations LLC	93,021	0.15		
Long Beach Center LLC	89,985	0.14		
GS Long Beach LLC	89,981	0.14		
HCI 333 East Ocean Owner LP	88,719	0.14		
404 Pine LP	83,006	0.13		
The Boeing Company			396,342	0.95
AES Alamitos LLC			219,500	0.53
Legacy Partners II LB World Trade LLC			153,840	0.37
BOP Landmark Square Co. LLC			123,053	0.29
GRE Shoreline Square LP			96,993	0.23
Noble Utah Long Beach LLC			92,828	0.22
Linwood Avenue LP			84,347	0.20
Molina Center LLC			81,000	0.19
Long Beach Generation LLC			64,100	0.15
HEI Long Beach LLC			62,059	0.15
Arco Terminal Services Corp.			61,792	0.15
City Place Long Beach LLC			60,870	0.15
Alamitos Bay Partnership			57,913	0.14
Sunstone Ocean LLC			55,901	0.13
Pacific Pipeline System LLC			52,835	0.13
Lyon West Gateway LLC			52,211	0.12
EQR Fresca 2009 LP			51,468	0.12
Plain West Coast Terminals LLC			49,232	0.12
Los Altos Gateway LLC			49,227	0.12
	<u>\$ 2,616,565</u>	<u>4.19 %</u>	<u>\$ 2,006,048</u>	<u>4.80 %</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
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%
2022	111,169	107,794	97.0%	4,376	112,170	100.9%	7,181	6.5%



- 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.

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	Financed Purchase Obligations	Other Long-Term Obligations	Total Governmental Activities
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	319,864	664,015
2021	75,899	-	182,304	7,569	38,943	313,765	618,480
2022	66,580	-	165,340	7,233	47,068	307,576	593,797

	Business-type Activities			
	Revenue Bonds	Notes Payable	Financed Purchase Obligations	Total Business-type Activities
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
2022	1,519,722	513,207	30,105	2,063,034

	Total Primary Government	Percentage of Personal Income	Per Capita
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	2,849,907	4.208%	6,160
2021	2,797,114	4.384%	5,993
2022	2,656,831	4.567%	5,767

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)		
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
2022	-	165,340	15,022	150,318	21%	326.29

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, 2022 (In Thousands)

2021-22 Assessed Valuation: \$64,588,433

		Outstanding Debt	Exclusions	Estimated Overlapping Debt
<u>DIRECT DEBT:</u>				
City of Long Beach				
Lease Revenue Bonds		\$ 66,580	\$ -	\$ 66,580
Tax Allocation Bonds		165,340	-	165,340
Notes Payable		7,233	-	7,233
Financed Purchase Obligations		47,068	-	47,068
Total Direct Debt		<u>\$ 286,221</u>	<u>\$ -</u>	<u>\$ 286,221</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
	<u>% Applicable</u>			
Cerritos Community College District	0.367 %	\$ 445,233	\$ 443,394	\$ 1,839
Coast Community College District	0.001	920,781	920,772	9
Compton Community College District	2.601	104,372	101,580	2,792
Long Beach Community College District	85.851	596,390	82,886	513,504
Los Angeles Community College District	0.050	4,600,730	4,598,798	1,932
ABC Unified School District	1.138	59,638	58,871	767
Compton Unified School District	0.024	230,206	230,153	53
Long Beach Unified School District	85.852	1,299,755	180,627	1,119,128
Los Angeles Unified School District	0.061	10,237,310	10,231,987	5,323
Paramount Unified School District	9.170	180,936	163,655	17,281
Metropolitan Water District	1.975	20,175	19,777	398
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT ⁽¹⁾		<u>\$ 18,695,526</u>	<u>\$ 17,032,500</u>	<u>\$ 1,663,026</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.785 %	\$ 2,664,122	\$ 2,563,578	\$ 100,544
Los Angeles County Superintendent of Schools Certificates of Participation	3.785	3,403	3,275	128
Compton Unified School District Certificates of Participation	0.024	26,870	26,864	6
Los Alamitos Unified School District Certificates of Participation	0.009	34,077	34,073	4
Los Angeles Unified School District Certificates of Participation	0.061	108,570	108,514	56
Paramount Unified School District Certificates of Participation	9.170	25,050	22,657	2,393
County Sanitation District No. 1 Certificates of Participation	1.219	983	971	12
County Sanitation District No. 2 Certificates of Participation	0.188	1,518	1,515	3
County Sanitation District No. 3 Certificates of Participation	85.913	1,153	162	991
County Sanitation District No. 8 Certificates of Participation	2.738	601	585	16
County Sanitation District No. 19 Certificates of Participation	29.396	273	191	82
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,866,620</u>	<u>\$ 2,762,385</u>	<u>\$ 104,235</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency) :</u>	100.000 %	\$ 155,910	\$ -	\$ 155,910
TOTAL GROSS OVERLAPPING COMBINED DEBT		<u>\$ 21,718,056</u>	<u>\$ 19,794,885</u>	<u>\$ 1,923,171</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)		-	-	117
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 21,718,056</u>	<u>\$ 19,794,885</u>	<u>\$ 1,923,054</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u>\$ 22,004,277</u>	<u>\$ 19,794,885</u>	<u>\$ 2,209,275</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				
	2013	2014	2015	2016	2017
Assessed valuation	\$ 47,952,110	\$ 50,498,496	\$ 51,678,154	\$ 52,898,656	\$ 55,662,248
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,988,028	12,624,624	12,919,539	13,224,664	13,915,562
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,798,204	1,893,694	1,937,931	1,983,700	2,087,334
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>	<u>\$ 1,983,700</u>	<u>\$ 2,087,334</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2018	2019	2020	2021	2022
Assessed valuation	\$ 58,634,492	\$ 61,889,133	\$ 65,445,552	\$ 67,573,359	\$ 71,980,171
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	14,658,623	15,472,283	16,361,388	16,893,340	17,995,043
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	2,198,793	2,320,842	2,454,208	2,534,001	2,699,256
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 2,198,793</u>	<u>\$ 2,320,842</u>	<u>\$ 2,454,208</u>	<u>\$ 2,534,001</u>	<u>\$ 2,699,256</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	
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
2022	144,115	89,010	55,105	27,420	82,525	16,040	28,084	44,124	1.9

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

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
2022	122,595	94,864	27,731	1,249	28,980	3,300	592	3,892	7.4

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 (3)	Interest	Total	
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
2022	50,037	39,686	10,351	5,647	15,998	3,310	6,309	9,619	1.7

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

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
2022	56,129	33,843	22,286	1,230	23,516	1,808	737	2,545	9.2

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

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
2022	26,438	17,242	9,196	4,987	14,183	1,900	5,338	7,238	2.0

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.
- (3) Senior Airport Bonds Series 2009 and Senior Airport Bonds Series 2010 were refunded by the Senior Airport Revenue Refunding Bond Series 2022A, 2022B, and 2022C.

Source: City of Long Beach, Department of Financial Management

See accompanying Independent Auditors' Report

City of Long Beach
Pledged Revenue Coverage
Tidelands 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 (3)	Interest	Total	
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	-
2022	46,929	77,171	(30,242)	99	(30,143)	8,360	3,544	11,904	-

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

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
2022	479,577	166,496	313,081	27,340	340,421	35,530	31,058	66,588	5.1

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2012 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 2001 Series bonds, (2) to fund a reserve fund for the Series 2012 Bonds, and (3) pay the costs of issuance of the Series 2012 Bonds.
- (3) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2012 was refunded by the Tidelands Revenue Refunding Bond Series 2022.

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)
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	20,460	43,836	69,708	8.9
2022	460,682	(6) 21,038	45,667	67,573	4.6

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

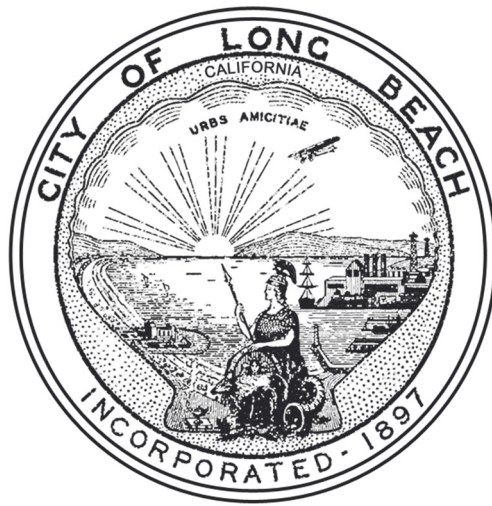
Ranking	Employer	Fiscal Year 2022		Ranking	Fiscal Year 2013	
		Number of Employees (1)	Percentage of Total City Employment (2)		Number of Employees (1)	Percentage of Total City Employment (2)
1	Long Beach Unified School District	12,049	5.10%	1	10,389	4.31%
2	City of Long Beach	5,395	2.28%	4	5,028	2.09%
3	Long Beach Memorial Medical Center	4,950	2.09%	2	5,693	2.36%
4	Veteran Affairs Medical Center	3,524	1.49%	6	2,413	1.00%
5	California State University Long Beach (CSULB)	3,336	1.41%	5	2,679	1.11%
6	Long Beach City College	3,321	1.41%	7	2,137	0.89%
7	The Boeing Company	2,019	0.85%	3	5,042	2.09%
8	St. Mary Medical Center	1,547	0.65%	9	1,200	0.50%
9	CSULB Research Foundation	1,261	0.53%	8	1,464	0.61%
10	Molina Healthcare Inc	1,119	0.47%	10	841	0.35%

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2013 and 2022

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Legislative and Legal	129	130	130	122	140	136	141	141	148	135
General Government ⁽¹⁾	382	398	415	513	534	556	607	718	609	592
Public Safety	1,765	1,757	1,843	1,698	1,738	1,729	1,862	1,862	1,638	1,585
Public Health	263	249	257	252	259	287	272	272	484	533
Community and Cultural ⁽¹⁾	1,020	1,046	1,121	1,006	1,040	855	1,008	1,008	874	910
Public Works	273	275	258	263	310	305	297	213	329	359
Gas Utility	202	201	198	201	209	199	183	183	191	189
Water Utility	223	217	220	224	224	248	266	266	245	237
Airport	88	88	91	97	98	103	89	89	92	99
Solid Waste Management	177	181	183	177	187	183	198	198	198	177
Towing	22	26	26	26	26	27	27	27	30	28
Tideland Oil Revenue	15	15	15	16	17	15	17	17	13	13
Harbor	469	491	529	527	536	514	509	509	533	538
Total	5,028	5,074	5,286	5,122	5,318	5,157	5,476	5,503	5,384	5,395

(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, 2022

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

Function	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Public Safety:					
Police priority one calls response time in minute:	4.35	4.69	4.90	4.60	4.80
Violent crime rate - per 1,000 residents	5.85	4.37	4.28	5.79	6.40
Fire on-scene arrival for emergency calls within six minute	55.1%	50.0%	46.3%	43.4%	41.7%
Public Health:					
Percentage of beach days that are safe for swimming in summer	94%	97%	95%	94%	90%
Homeless population ratio vs. total population (1)	0.93%	0.75%	0.51%	0.51%	0.51%
Community and Cultural					
Public library computer session log-ons	N/A	N/A	222,360	218,717	254,974
Parks, recreation programs - youth and teen attendance	636,796	760,641	779,641	835,358	892,556
Public Works:					
Number of trees trimmed	24,668	23,500	23,839	19,500	23,112
Curbs and alleys swept in miles	150,804	156,302	153,527	154,300	141,132
Sidewalk repaired in square feet	382,536	551,597	363,476	333,039	296,865
Storm drain catch basins cleaned	3,004	5,771	5,800	5,800	5,800
Gas Utility:					
Gas consumption in sales dollars-total	\$ 68,229,000	\$ 72,544,000	\$ 62,281,000	\$ 64,382,000	\$ 78,467,000
Gas consumption in cubic feet (In 000's)	9,092,000	8,183,000	7,689,000	8,542,000	9,237,000
Average daily gas consumption (MCF)	24,910	22,421	21,065	23,404	25,307
Gas mains installed/replaced/relocated in feet (2)	108,646	110,900	40,589	22,556	40,737
Gas meters installed/removed/replaced	6,093	3,529	4,440	29,873	34,465
Water Utility:					
Water daily demand in thousand gallons	53,079	52,389	47,441	46,417	45,869
Water annual demand in thousand gallons	19,373,993	19,122,012	17,315,820	16,942,297	16,742,192
Available supply total in thousand gallon:	21,538,947	21,019,736	19,000,372	19,412,932	19,045,926
Sewer Utility:					
Sewer mains cleaned in miles	535	498	492	405	113
Sewer mains and laterals repaired in number of jobs	241	213	224	215	169
Airport:					
Number of commercial passengers enplaned	1,497,503	1,433,273	1,276,679	1,327,001	1,793,753
Number of commercial passengers deplaned	1,492,430	1,426,830	1,273,232	1,325,537	1,794,245
Number of aircraft landings and take offs	284,193	325,527	300,184	295,007	294,303
Solid Waste Management:					
Number of refuse tons collected	187,146	182,452	173,895	187,432	193,622
Number of recycling tons collected	169,264	169,420	161,997	158,852	160,037
SERRF tons of refuse received	470,510	459,160	447,535	417,169	426,430
SERRF energy sold to So Cal Edison megawatt-hours	226,592	223,658	200,994	158,400	201,438
Harbor:					
Number of container movements in twenty-foot equivalent unit	6,647,975	6,817,590	7,087,699	6,946,255	7,230,758
Cargo in thousands of metric revenue tons	162,257	165,526	164,274	161,322	168,100
Number of ship calls	3,425	2,752	2,676	2,227	2,149

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 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Function
					Public Safety:
4.50	4.30	4.40	4.60	5.10	Police priority one calls response time in minutes
7.00	5.75	4.96	5.60	5.72	Violent crime rate - per 1,000 residents
41.1%	38.6%	37.0%	34.0%	33.8%	Fire on-scene arrival for emergency calls within six minute
					Public Health:
88%	89%	86%	92%	90%	Percentage of beach days that are safe for swimming in summer
0.39%	0.40%	0.44%	0.26%	0.71%	Homeless population ratio vs. total population (1)
					Community and Cultural
225,983	186,873	79,862	12,249	60,860	Public library computer session log-ons
793,226	820,748	4,062	215,621	338,609	Parks, recreation programs - youth and teen attendance
					Public Works:
21,857	22,055	25,000	19,500	30,000	Number of trees trimmed
142,851	147,316	125,254	128,042	149,796	Curbs and alleys swept in miles
603,504	537,666	306,044	416,167	427,831	Sidewalk repaired in square feet
5,800	5,800	5,800	5,800	55,700	Storm drain catch basins cleaned
					Gas Utility:
\$ 77,999,000	\$ 98,355,000	\$ 79,886,282	\$ 87,908,917	\$ 111,662,459	Gas consumption in sales dollars-total
8,802,000	9,116,009	9,113,067	8,941,456	8,397,277	Gas consumption in cubic feet (In 000's)
24,114	24,975	24,967	24,497	23,006	Average daily gas consumption (MCF)
17,327	32,032	22,279	24,500	30,100	Gas mains installed/replaced/relocated in feet
2,944	1,279	1,983	1,459	2,698	Gas meters installed/removed/replaced
					Water Utility:
47,620	44,478	50,503	45,647	42,616	Water daily demand in thousand gallons
17,381,120	16,234,549	18,433,521	16,661,155	15,337,807	Water annual demand in thousand gallons
19,172,030	17,439,187	20,238,997	1,983,812	15,565,436	Available supply total in thousand gallons
					Sewer Utility:
439	477	360	380	343	Sewer mains cleaned in miles
157	164	162	263	191	Sewer mains and laterals repaired in number of jobs
					Airport:
2,006,292	1,757,499	904,815	767,207	1,576,552	Number of commercial passengers enplaned
2,007,872	1,752,650	914,487	766,260	1,568,060	Number of commercial passengers deplaned
266,892	293,587	294,509	320,601	330,840	Number of aircraft landings and take offs
					Solid Waste Management:
185,403	192,483	202,620	201,510	189,810	Number of refuse tons collected
133,932	40,955	39,481	42,719	31,143	Number of recycling tons collected
359,752	385,541	378,016	386,047	371,746	SERRF tons of refuse received
165,702	182,342	181,000	191,160	189,108	SERRF energy sold to So Cal Edison / CAISO megawatt-hours
					Harbor:
8,000,929	7,747,251	7,660,975	9,500,860	9,631,901	Number of container movements in twenty-foot equivalent unit
180,593	172,961	168,574	198,118	202,766	Cargo in thousands of metric revenue tons
2,278	2,095	2,237	2,561	2,698	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 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
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	161	162	164	168
Parks and golf courses in acres	3,121	3,123	3,122	3,124
Number of libraries	12	12	12	12
Number of library holdings (books, videos, tapes)	782,571	798,809	808,957	851,614
Number of library circulations	1,391,825	1,391,617	1,205,523	1,233,309
Public Works:				
Street in miles	823	823	823	823
Storm drain lines in miles	180	180	180	180
Number of street lights (1)	31,550	31,550	31,337	32,283
Gas Utility:				
Gas mains in miles (2)	930	928	929	929
Water Utility:				
Water mains in miles	912	912	912	912
Number of fire hydrants	6,589	6,604	6,631	6,894
Number of water services	95,607	95,999	95,775	95,749
Sewer Utility:				
Sanitary sewers in miles	714	714	714	714
Number of manholes	16,158	16,170	15,129	15,127
Sanitary sewer pump stations	28	28	28	28
Storm drain pump stations	23	23	23	22
Harbor:				
Sanitary sewer pump stations	37	37	37	39
Storm drain pump stations	21	23	23	22
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 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	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:
169	169	169	167	167	166	Number of parks
3,125	3,125	3,126	3,125	3,125	3,122	Parks and golf courses in acres
12	12	12	12	12	12	Number of libraries
795,629	798,760	740,442	728,829	707,151	709,449	Number of library holdings (books, videos, tapes)
1,335,819	1,302,021	1,273,997	966,790	756,037	1,026,106	Number of library circulations
						Public Works:
823	823	823	823	823	1,012	Street in miles
180	180	180	180	180	180	Storm drain lines in miles
27,439	32,481	32,502	32,480	35,254	35,254	Number of street lights (1)
						Gas Utility:
931	916	917	917	917	917	Gas mains in miles (2)
						Water Utility:
912	912	916	917	917	917	Water mains in miles
6,910	6,953	7,036	7,049	7,054	7,070	Number of fire hydrants
95,667	95,586	95,690	95,731	95,891	96,167	Number of water services
						Sewer Utility:
715	714	714	715	715	714	Sanitary sewers in miles
15,112	15,122	15,125	15,126	15,132	15,143	Number of manholes
28	28	28	28	28	28	Sanitary sewer pump stations
23	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, 2022



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 27, 2023

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, 2022. 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, 2022 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, 2022 are fairly presented, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GMP 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 of 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 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 provided 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 Outlook

The Port 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 container volumes in fiscal year 2022, with 9.6 million twenty-foot-equivalent units (TEUs) moved, or a 1.4% 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 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 2022 marked the sixth 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 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.

A key competitive advantage of the Port of Long Beach over other gateways is the ability to accommodate the largest vessels currently in-service and on order. 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.

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

- Pier B On-Dock Rail Support Facility: The Pier B on-dock 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.
- Supply Chain Information Highway: The Port continues to advance data sharing concepts to maximize efficiency and visibility into cargo movement and has joined with a leading technology firm to create the "Supply Chain Information Highway." This tool will allow all stakeholders to track cargo across the various nodes of transportation. The soft launch of the proof of concept was at the Trans-Pacific Maritime Conference in Long Beach in February 2022. The Port of Miami and the South Carolina Ports Authority joined the Port of Oakland, the Northwest Seaport Alliance and the Utah Inland Port Authority in supporting the digital infrastructure project.

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.

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 88%, sulfur oxides by 96%, and smog-forming nitrogen oxides by 49% as identified in the 2021 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 over \$110 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 utilizes the Harbor Patrol, a cadre of highly trained public officers who are responsible for security operations and traffic management on the property owned by the Port and any public roadways within its boundaries. The Long Beach Police Department, Port Police Division also provides a dedicated force of police officers who patrol land and water side throughout the port complex. Supporting the Harbor Patrol and Port Police patrol units is a Command Center within the JCCC that provides domain awareness, information sharing across agencies, and dispatches resources to emergent situations 24 hours a day seven days a week. The Long Beach Fire Department also has four stations within the Harbor District, one with a hazardous materials unit, that provide land and waterside emergency response in addition to two state of the art fire response boats.

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, 2021. This was the 39th consecutive year that the Department has received this prestigious award. In order to be awarded a



Port of
LONG BEACH
THE PORT OF CHOICE

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 for the timely preparation of this report.

Respectfully submitted:

Mario Cordero
Executive Director

Sam Joublat, 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, 2021

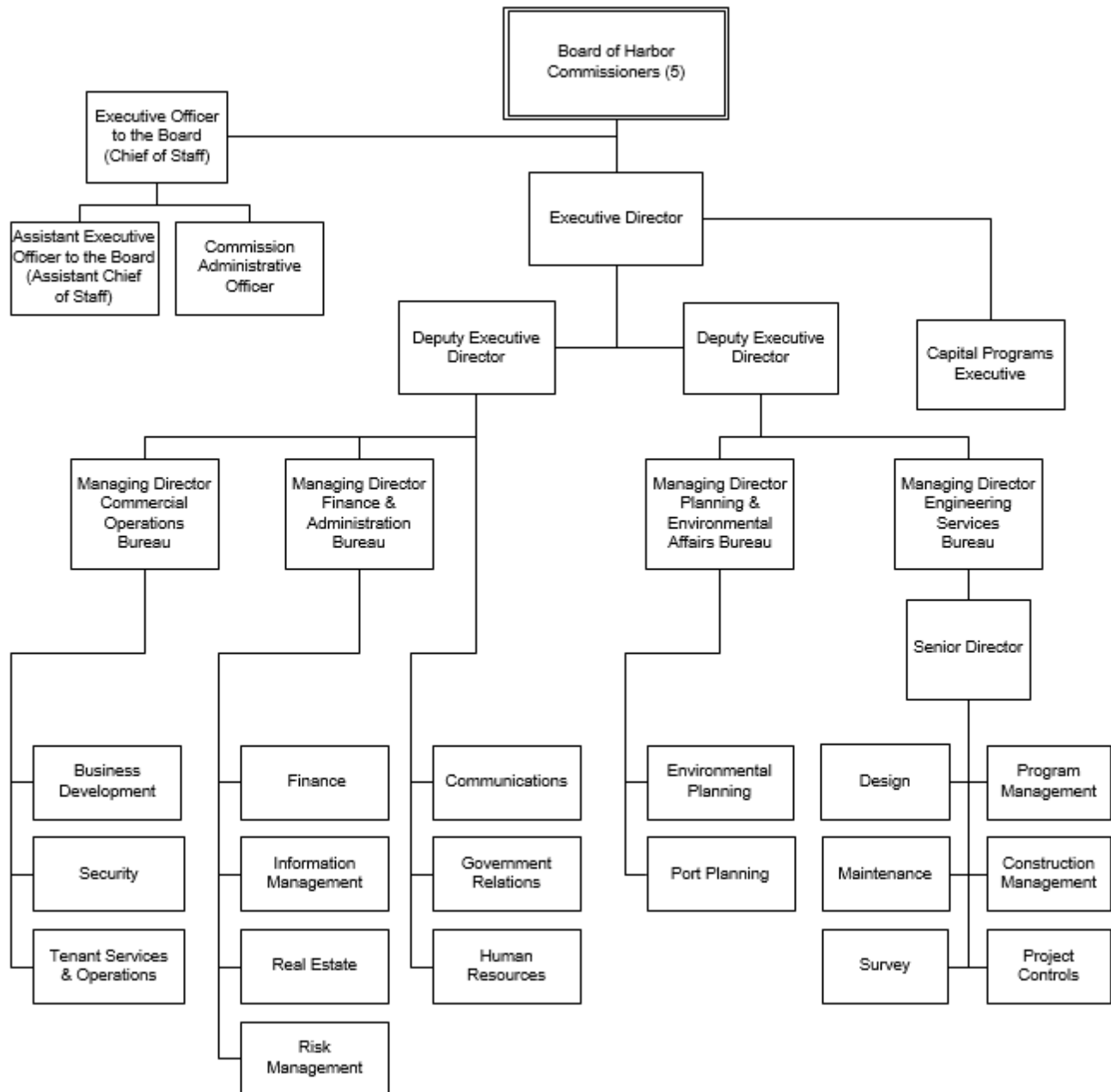
Christopher P. Morill

Executive Director/CEO

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Organizational Chart

September 30, 2022



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Board of Harbor Commissioners and Senior Management

September 30, 2022

Board of Harbor Commissioners

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

Executive Offices

Executive Director
Deputy Executive Director
Deputy Executive Director
Executive Officer to the Board
Capital Program Executive

Mario Cordero
Noel Hacegaba
Richard D. Cameron
Shana Espinoza
Duane Kenagy

Communications Division
Government Relations Division
Human Resources Division

Director, Kerry Gerot
Director, Eleanor Torres
Director, Sandy Witz

Finance and Administration Bureau

Finance Division
Information Management Division
Real Estate Division
Risk Management Division

Managing Director, Sam Joumbat
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
Port Planning Division

Managing Director, Heather Tomley
Director, Matthew Arms
Director, Theresa Dau-Ngo

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
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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Harbor Department (the Department) of the City of Long Beach, California (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Department as of September 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Reporting Entity

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 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, 2022, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 5 to the basic financial statements, in fiscal year 2022, the Department adopted, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 under the financial section in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023 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

Irvine, California
March 27, 2023

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2022

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, 2022 with selected comparative information for fiscal year ended September 30, 2021. The information presented here should be read in conjunction with the additional information contained in the Department's financial statements and related notes and the 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 revenues, expenses, and changes in net position* – Reports the results of all revenues 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* – Reports 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, 2022

Analysis of Net Position

The following condensed financial information provides an overview of the Department's financial position as of September 30, 2022 and 2021:

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

September 30, 2022 and 2021

(Amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Assets:		
Capital assets, net	\$ 3,743,718	5,197,575
Current and other assets	<u>847,542</u>	<u>892,741</u>
Total assets	4,591,260	6,090,316
Deferred outflows of resources	<u>45,545</u>	<u>15,989</u>
Total assets and deferred outflows of resources	<u>\$ 4,636,805</u>	<u>6,106,305</u>
Liabilities:		
Current liabilities	\$ 168,768	338,178
Long-term obligations, net of current portion	<u>1,288,700</u>	<u>1,255,761</u>
Total liabilities	1,457,468	1,593,939
Deferred inflows of resources	<u>9,262</u>	<u>53,642</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,466,730</u>	<u>1,647,581</u>
Net position:		
Net investment in capital assets	\$ 2,531,127	3,768,983
Restricted:		
Capital projects	37,463	37,743
Debt service	14,749	13,717
Unrestricted	<u>586,736</u>	<u>638,280</u>
Total net position	<u>\$ 3,170,075</u>	<u>4,458,723</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2022

Net Position Discussion

The changes in net position over time serve as a useful indicator of the Department's financial activities and position. As of September 30, 2022, \$2.5 billion, or 79.8%, 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, 2022. 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 \$52.2 million, or 1.6%, is comprised of \$37.5 million in environmental mitigation credits for use on landfill capital projects and \$14.7 million reserved for current debt service payments. The remaining balance of \$586.7 million, or 18.5%, reflects the unrestricted resources that may be used for ongoing and future operations of the Department.

Current and other assets of \$847.5 million, a decrease of \$45.2 million from the prior fiscal year was primarily due to the pay down of the outstanding \$50 million line of credit, which was partially offset by an increase in due from other governmental agencies.

Capital assets, net of depreciation, decreased by \$1.5 billion, or 28.0%, from the prior fiscal year primarily due to the Department transferring the ownership title of the new Gerald Desmond Bridge Replacement "GDBR" (or the Long Beach International Gateway Bridge) to the California Department of Transportation (Caltrans) as a component of the state highway system on March 2022; this resulted in a write-off on the Department's capital asset. Refer to page 16 and note 4 for additional discussion related to capital assets.

Current liabilities decreased by \$169.4 million primarily as a result of a \$105 million payment in accrued liability as part of a settlement on the construction contract of the Gerald Desmond Bridge Replacement project, and a \$50 million pay-down on the revolving line of credit's outstanding balance.

Long-term obligations increased by \$32.9 million due to a \$72.4 million increase in the City's allocated pension liability driven primarily by a lower than expected return on CalPERS actuarial reporting for the measurement period, the additional \$5 million draw-down of the Transportation Infrastructure Finance & Innovation Act (TIFIA) loan, and the offsetting \$46.1 million annual principal payment of debt service. Refer to page 16 and notes 11 to 15 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, 2022

Capital Assets and Debt Administration

Capital Assets Discussion

The Department's capital assets, net of accumulated depreciation as of September 30, 2022 and 2021 are as follows (amounts expressed in thousands):

	<u>2022</u>	<u>2021</u>
Nondepreciable capital assets:		
Land	\$ 1,371,193	1,313,696
Construction in progress	380,251	441,539
Right-of-way	<u>197,884</u>	<u>197,884</u>
Total nondepreciable capital assets	<u>1,949,328</u>	<u>1,953,119</u>
Depreciable capital assets (net):		
Structures and facilities	1,696,134	3,151,019
Furniture, fixtures, and equipment	<u>98,256</u>	<u>93,437</u>
Total depreciable capital assets (net)	<u>1,794,390</u>	<u>3,244,456</u>
Total capital assets, net	<u><u>\$ 3,743,718</u></u>	<u><u>5,197,575</u></u>

The capital asset accounts, net of accumulated depreciation totaled \$3.7 billion, a net decrease of \$1.5 billion from the prior fiscal year, which was primarily due to the aforementioned ownership transfer of the GDBR or the Long Beach International Gateway Bridge to Caltrans. The amount of capital assets transferred out of construction in progress and into service totaled approximately \$216 million for the year ended September 30, 2022. Refer to note 4 for additional discussion related to capital assets.

Debt Administration Discussion

The following table summarizes the Department's debt as of September 30, 2022 and 2021 (amounts expressed in thousands):

	<u>2022</u>	<u>2021</u>
Long-term debt (principal and net premiums)	\$ 673,087	717,592
TIFIA Loan	498,926	495,000
Line of credit	<u>—</u>	<u>50,000</u>
Total	<u><u>\$ 1,172,013</u></u>	<u><u>1,262,592</u></u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2022

The Department's total debt decreased by \$90.6 million, or 7.2%. This was primarily due to the \$50 million pay-down on the revolving line of credit's outstanding balance, in addition to the annual debt service principal payments. Refer to notes 12 to 14 for additional discussion related to debt service.

The underlying ratings assigned to the Department's long term debt are as follows:

Rating Agency	Senior Revenue Bonds	TIFIA Loan	Outlook
Standard & Poor's	AA+	AA	Stable
Moody's	Aa2	Aa3	Stable
Fitch	AA	AA-	Stable

Note: Standard & Poor's upgraded Port's ratings in December 2022.

The debt service coverage ratio for fiscal year 2022 was 3.93, 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.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2022

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 2022 and 2021:

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

Years ended September 30, 2022 and 2021

(Amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Berths and special facilities	\$ 439,096	408,312
Rental properties	36,875	23,061
Miscellaneous	3,606	3,271
Total operating revenues	<u>479,577</u>	<u>434,644</u>
Operating expenses:		
Personnel services	65,176	37,258
Maintenance and operations	62,890	59,145
Interdepartmental services	38,430	38,320
Total operating expenses before depreciation	<u>166,496</u>	<u>134,723</u>
Depreciation	<u>179,771</u>	<u>172,827</u>
Income from operations	<u>133,310</u>	<u>127,094</u>
Nonoperating revenue (expenses):		
Interest expense	(27,340)	(26,431)
Investment loss, net	(22,517)	(637)
Equity in income from joint venture	1,513	2,243
Other income, net	51,307	3,453
Net nonoperating revenues (expenses)	<u>2,963</u>	<u>(21,372)</u>
Income before capital grants and transfer	136,273	105,722
Transfers to the City	(26,213)	(21,598)
Transfer to Caltrans	(1,486,204)	—
Grants	87,496	11,769
Change in net position	<u>(1,288,648)</u>	<u>95,893</u>
Total net position – beginning of year	<u>4,458,723</u>	<u>4,362,830</u>
Total net position – end of year	<u>\$ 3,170,075</u>	<u>4,458,723</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

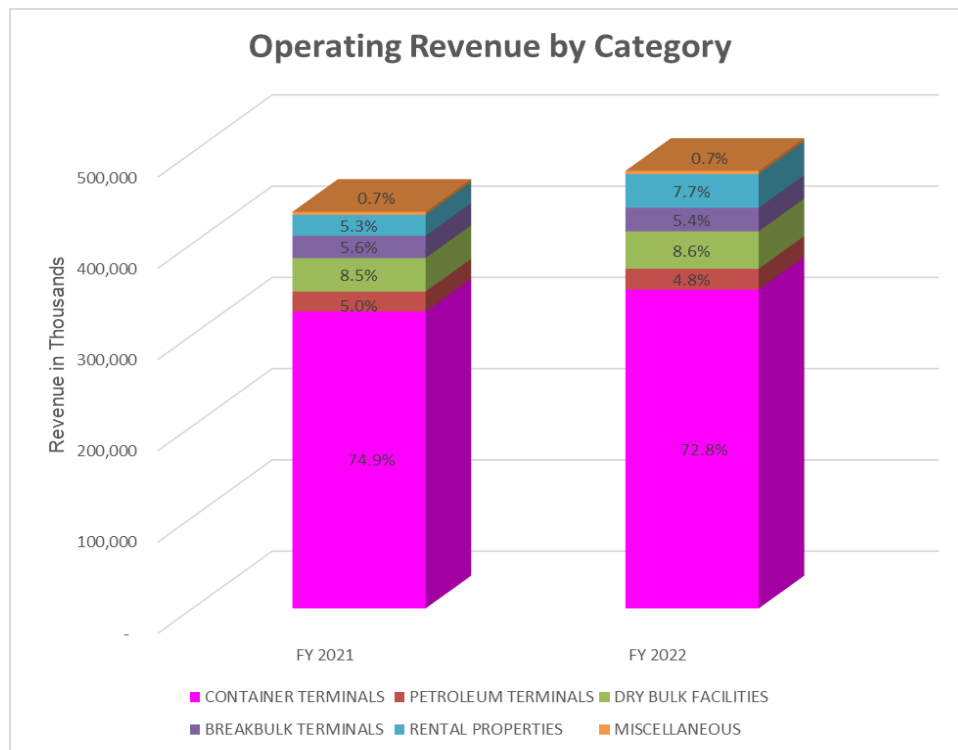
September 30, 2022

Changes in Net Position Discussion

Operating Revenues

Total operating revenues for fiscal year 2022 totaled \$479.6 million, an increase of \$44.9 million, or 10.3%, from the prior fiscal year, which was primarily attributed to the delivery of 80 additional acres at the Middle Harbor terminal (Pier E), and some updated lease terms at other terminals. In addition, rental property revenue was up \$13.8 million from the prior year mostly due to continued strong demand for leased land for container storage.

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



Cargo Volumes

The Port is one of the busiest major gateways 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 2.3% to 202.8 million MRTs versus 198.1 million MRTs in the prior fiscal year. Containerized cargo was unchanged, at 155.2 million MRTs, dry bulk (coke, coal, sulfur, etc.) increased 15.3% to 9.5 million MRTs, break bulk (vehicles, metals, and lumber) increased 16.0% to 1.3 million MRTs, and liquid bulk (petroleum and crude) increased 11.2% to 36.7 million MRTs. The Port continues to invest in capital programs to modernize its terminal facilities and infrastructure to

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

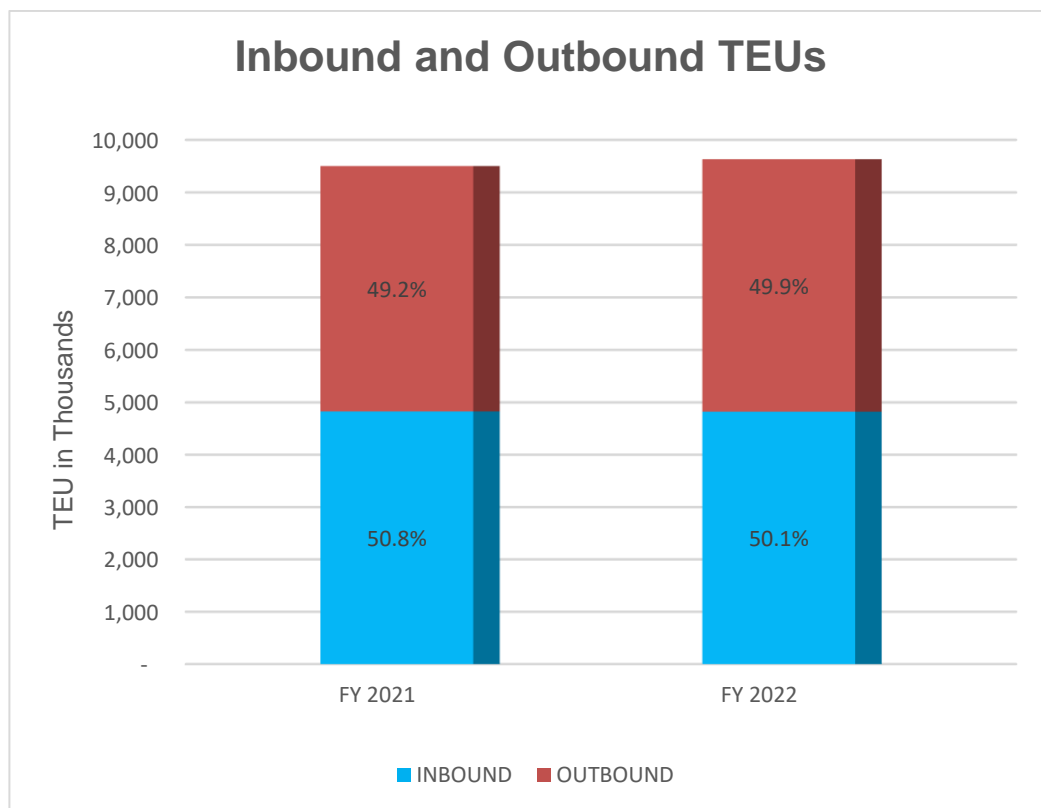
Management's Discussion and Analysis

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enhance operational efficiencies 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 1.1% to 9.6 million TEUs. This is another record for the Port on top of a record fiscal year 2021, when 9.5 million TEUs were moved.

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



Change in Net Position

Change in net position for fiscal year 2022 was a loss of \$1.3 billion, resulting in a decrease of \$1.3 billion from the prior fiscal year. This was primarily due to the asset write-off of \$1.5 billion associated with the ownership transfer of the GDBR (Long Beach International Gateway Bridge) to Caltrans as a component of the state highway system on March 2022. Other factors contributing to the net change were higher operating revenue of \$44.9 million, offset by higher operating expenses (including depreciation) of \$38.7 million, a \$20.5 million gain on sale of assets, and \$75.7 million increase in grants funding. Additionally, the new Clean Trucks Program, which began in April 2022, collected \$21.6 million in fees. The following section provides a further discussion of the operations.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2022

Operating Expense and Other Income and Expense

Total operating expenses (excluding depreciation) for fiscal year 2022 was \$166.5 million, \$31.8 million higher than the prior fiscal year. Personnel services expense was \$65.2 million, \$27.9 million higher than prior year primarily due to a \$22.9 million increase in the Department's portion of the City's managed pension and postretirement healthcare benefits expenses, as well as a \$5.2 million increase in salaries and fringe benefits. Maintenance and operations expense was \$62.9 million, \$3.7 million higher due to a \$4.4 million increase in environmental remediation obligations, and a \$1.0 million reduction in miscellaneous maintenance expenses.

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 2022 was \$179.8 million, \$6.9 million higher than the prior fiscal year primarily from the addition of Pier E structures and facilities.

Interest expense on debt service for fiscal year 2022 was \$27.3 million, \$0.9 million higher than the prior fiscal year due to the addition of TIFIA loan drawdown.

Investment loss, net is comprised of (1) investment interest income and (2) unrealized loss of \$22.5 million. a decline of \$21.9 million year-over-year, due to a change in the market value of the investment portfolio.

Other income for fiscal year 2022 totaled \$51.3 million, \$47.9 million higher than prior fiscal year, primarily due to \$21.6 million in fees from the new Clean Trucks Program, a \$20.5 million gain on sale of the World Trade Center parking lot, and other tenant cost share contribution for leasehold improvement.

Transfers to the City totaled \$26.2 million in fiscal year 2022, \$4.6 million higher than prior fiscal year, which is primarily for the City Tidelands Operating Fund to be paid in fiscal year 2023, per the City Charter. Refer to note 9 for additional discussion.

Grant revenue totaled \$87.5 million in fiscal year 2022, \$75.7 million higher in comparison to the prior fiscal year. Grants are recognized when the collectability is certain on the eligible expenses that are reimbursable under the specific conditions of the grant programs. The largest driver of the increase was a \$56.2 million for the GDBR project.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2022

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 had a significant impact on the global supply chain. It resulted in a surge of imported goods throughout most of fiscal year 2022, which was largely fueled by increased consumer spending on goods versus services. As the effects of the pandemic have eased, cargo volumes have moderated closer to pre-pandemic levels. The Harbor Department cannot predict the impact of this, or any future pandemic could have on goods movement.

In addition, the Department cannot predict what impact ongoing or future contract negotiations with the union that represents the Port's dockworkers will have on cargo volumes, including the potential for labor disruptions.

Notes to Financial Statements

The notes to the Department's financial statements can be found on pages 28-55 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 website at www.polb.com under the following path: Business -> Finance -> Annual Comprehensive Financial Reports.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2022

(Dollars in thousands)

Assets and Deferred Outflows

Current assets:

Pooled cash and cash equivalents (note 2)	\$ 606,194
Trade accounts receivable, net of allowance (note 3)	65,618
Due from other governmental agencies (note 3)	77,506
Other current assets	<u>6,370</u>

Subtotal 755,688

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

Restricted pooled cash and cash equivalents (note 2)	<u>28,186</u>
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Total current assets 783,874

Noncurrent assets:

Capital assets (notes 4 and 5):

Land	1,371,193
Construction in progress	380,251
Right-of-way (note 6)	197,884
Structures and facilities	4,160,043
Furniture, fixtures, and equipment	210,132
Less accumulated depreciation	<u>(2,575,785)</u>

Net capital assets 3,743,718

Other assets:

Environmental mitigation credits (note 7)	37,463
Investment in joint venture (note 8)	2,187
Other noncurrent assets	<u>24,018</u>

Total other assets 63,668

Total noncurrent assets 3,807,386

Total assets 4,591,260

Deferred outflows of resources (note 17) 45,545

Total assets and deferred outflows of resources \$ 4,636,805

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2022

(Dollars in thousands)

Liabilities and Deferred Inflows

Current liabilities payable from current assets:

Accounts payable and accrued expenses	\$ 48,434
Due to the City of Long Beach (note 9)	27,527
Compensated absences (note 11)	6,680
Security deposits and unearned revenue	29,610
Liability claims (note 10)	<u>3,750</u>

Total current liabilities payable from current assets	<u>116,001</u>
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Current liabilities payable from restricted assets:

Current portion of bonds indebtedness (notes 11 and 12)	37,090
Current portion of loans payable (notes 11 and 13)	2,240
Accrued interests payable	<u>13,437</u>

Total current liabilities payable from restricted assets	<u>52,767</u>
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Total current liabilities	<u>168,768</u>
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Long-term obligations net of current portion:

Bonded indebtedness (notes 11 and 12)	635,997
Loans payable (notes 11 and 13)	496,686
Due to City of Long Beach (note 11)	3,587
Compensated absences (note 11)	13,578
Environmental remediation liability (notes 11 and 16)	5,909
Net pension liability (notes 11 and 15)	132,583
Net OPEB liability (notes 11 and 15)	<u>360</u>

Total noncurrent liabilities	<u>1,288,700</u>
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Total liabilities	1,457,468
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Deferred inflows on gain on debt refunding (note 17)	2,403
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Deferred inflows of resources (note 17)	<u>6,859</u>
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Total liabilities and deferred inflows of resources	<u><u>\$ 1,466,730</u></u>
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Net position:

Net investment in capital assets	\$ 2,531,127
Restricted – capital projects	37,463
Restricted – debt service	14,749
Unrestricted	<u>586,736</u>

Total net position	<u><u>\$ 3,170,075</u></u>
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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, 2022

(Dollars in thousands)

Port operating revenues:	
Berths and special facilities	\$ 439,096
Rental properties	36,875
Miscellaneous	3,606
Total port operating revenues	<u>479,577</u>
Port operating expenses:	
Personnel services	65,176
Maintenance and operations	62,890
Interdepartmental services	38,430
Total operating expenses before depreciation	<u>166,496</u>
Depreciation	<u>179,771</u>
Total operating expenses	<u>346,267</u>
Income from operations	<u>133,310</u>
Nonoperating revenues, (expenses) net:	
Interest expense	(27,340)
Investment loss, net	(22,517)
Equity in income from joint venture	1,513
Gain on disposal of capital assets	20,546
Discontinued capitalized projects	(2,447)
Other income, net	33,208
Total nonoperating expenses, net	<u>2,963</u>
Income before transfers and grants	136,273
Transfers to City	(26,213)
Transfers to Caltrans	(1,486,204)
Grants	87,496
Decrease in net position	<u>(1,288,648)</u>
Total net position – beginning of year	<u>4,458,723</u>
Total net position – end of year	<u>\$ 3,170,075</u>

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2022

(Dollars in thousands)

Cash flows from operating activities:	
Cash received from customers	\$ 481,390
Cash paid to employees	(82,520)
Cash paid to suppliers	(96,310)
Other income	33,208
Net cash provided by operating activities	<u>335,768</u>
Cash flows from noncapital financing activities:	
Transfers to City Tidelands and other funds	<u>(22,728)</u>
Net cash provided by noncapital financing activities	<u>(22,728)</u>
Cash flows from capital and related financing activities:	
Grants received	35,408
Interest paid	(38,040)
Principal payments made on bonds payable	(35,530)
Principal payments made on loans payable	(1,074)
Proceeds from loans	5,000
Payments from line of credit	(50,000)
Payments for capital acquisitions – personnel costs	(11,475)
Payments for capital acquisitions – vendors	(323,431)
Proceeds from sales of assets	12,047
Proceeds from other receivable	6,859
Net cash used in capital and related financing activities	<u>(400,236)</u>
Cash flows from investing activities:	
Interest received	5,432
Change in value of equity in the City's investment pool	(27,943)
Return on investment in joint venture	3,000
Net cash used in investing activities	<u>(19,511)</u>
Net decrease in cash and cash equivalents	(106,707)
Cash and cash equivalents, beginning of year	<u>741,087</u>
Cash and cash equivalents, end of the year	<u><u>\$ 634,380</u></u>
Reconciliation of cash and cash equivalents:	
Unrestricted pooled cash and cash equivalents	\$ 606,194
Restricted pooled cash and cash equivalents	<u>28,186</u>
	<u><u>\$ 634,380</u></u>

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2022

(Dollars in thousands)

Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 133,310
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	179,771
Other income	33,208
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
Accounts receivable and prepaid	(1,520)
Accounts payable	(25,543)
Accrued liabilities	3,308
Accrued claims and judgments	3,300
Unearned revenues	8,646
Due to other funds	64
Compensated absences	1,814
Deferred outflows of resources	(29,556)
Net pension liability and related deferred inflows of resources	29,282
Net OPEB liability	(316)
Total adjustments	<u>202,458</u>
Net cash provided by operating activities	\$ <u><u>335,768</u></u>
Supplemental schedule of noncash capital and financing activities:	
Transfers to Caltrans	\$ 1,486,204
Accrued capital related liabilities	34,688
Accrued transfers to the City's tidelands fund	23,979
Amortization of bond premium	8,975
Amortization of deferred inflows on debt refunding	1,254
Discontinued capital projects	2,447

See accompanying notes to financial statements

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

(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, 2022

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, 2022

(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) Leases

GASB No. 87 requires recognition of certain lease assets for long-term leases as inflows of resources based on the payment provisions of the lease agreement and the lease receivable. The net present value of future minimum lease payments over the lease term, using a discount rate based on the stated rate of the lease or the municipal borrowing rate of the City, will be recorded as lease receivable and deferred inflow of resources for the effective lease term. A schedule of periodic amortization amounts of the discounted receivable, related interest revenue, and deferred inflows of resources are recognized over the term of the lease. Lease receivable will be re-measured when there are lease term modifications or terminations, and the related deferred inflow of resources will be adjusted to include as a gain or loss for the difference.

Port as Lessor

The Port's lease revenue and lease receivable are principally generated from the marine terminal leases. These are regulated leases that provide for preferential area assignments or non-exclusive right-to-use of the premises, at all times subject to federal, state, regional and municipal laws, ordinances and regulations (e.g., including but not limited to States Lands Commission and Federal Maritime Commission); and specific lease terms that include an adherence to a schedule or tariff of all rates, charges, regulations and practices, of the type contained in Tariff No. 4 published in compliance with the regulations of the U.S. Federal Maritime Commission. Other short-term leases such as revocable permits and area assignments are cancelable on a period of 30-180 days based upon notice provided by either party. These type of leases are not within the scope of GASB Statement No. 87 evaluation for adoption.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

(j) *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.

(k) *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.

(l) *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.

(m) *Net Position*

The Department has adopted a policy of generally utilizing restricted funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

The Department's net position is classified into the following categories:

Net investment in capital assets – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and unexpended bond proceeds and economic losses of refunding of debt

Restricted – Net position subject to externally imposed conditions or constraints that can be fulfilled by the actions of the Department or by the passage of time; the restrictions are externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or by law through constitutional provisions or enabling legislation

Unrestricted – All other categories of net position; additionally, unrestricted net position may be designated for use by management of the Department. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas.

(n) *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.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

Federal or state grants are considered as nonoperating revenue identified as grants in the statement of revenue, expenses, and changes in net position. Grants are recognized when the collectability is certain on the eligible expenses that are reimbursable under the specific conditions of the grant programs. Operating revenue or grant funds that have been received but not earned are identified as unearned revenue in the statement of net position.

(o) 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.

(p) Pension Plan and Postretirement Benefits

All full-time Department employees are members of the City's Miscellaneous Plan. The Department's policy is to fund all pension costs accrued. The costs to be funded are determined annually as of October 1 and are incorporated into the payroll burden rate to reimburse the 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 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 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 payment, and (c) has attained the minimum retirement age for the employee's retirement plan. Benefits are administered through a third-party provider.

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Notes to Financial Statements

September 30, 2022

(q) 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.

(r) Recent Accounting Pronouncements

GASB Statement No. 87, *Leases*: issued in June 2017, effective for reporting periods beginning after June 30, 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. This statement has been evaluated in fiscal year 2022, and it has no material impact on the Department's financial statements. Refer to note 5 for additional discussion related to regulated leases.

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 has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 92, *Omnibus 2020*: issued in January 2020, effective for reporting periods beginning after June 15, 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. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, effective for reporting periods beginning after December 31, 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 2022. This statement has been evaluated in fiscal year 2022, 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 15, 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. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

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GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, effective for fiscal years beginning after June 15, 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 15, 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 benefits provided through those plans. This statement has been evaluated in fiscal year 2022, and it has no impact on the Department's financial statements.

GASB Statement No. 99, *Omnibus 2022*: issued in April 2022, effective dates vary depending on the requirements. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Department is currently evaluating the financial impact of this statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62: issued in June 2022, effective for fiscal years beginning after June 15, 2023. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement is effective beginning fiscal year 2024, and the Department is currently evaluating the financial impact of this statement.

GASB Statement No. 101, *Compensated Absences*: issued in June 2022, effective for fiscal years beginning after December 15, 2023. This statement aligns the recognition and measurement criteria for compensated absences into a unified model of guidance. In addition, the statement amends the disclosure requirements for compensated absences to allow governments to disclose only the net change in the liability for compensated absences. Governments are also no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Early application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2022.

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Notes to Financial Statements

September 30, 2022

(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	\$ 606,194	28,186	634,380

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, Local Agency Investment Fund (LAIF), repurchase agreements, reverse repurchase agreements, securities lending, asset-backed securities, mortgage-backed securities, and money market mutual funds.

As of September 30, 2022, the City's majority investment pool has a weighted average maturity of two years or less. At September 30, 2022, the Department had \$634.4 million equity in the pool, representing approximately 33.8% of the pool. The following are the actual ratings as of September 30, 2022 for each investment type (in thousands):

Investment type	Minimum legal rating	Rating as of year end				
		Total	A-/A/A+	AA-/AA/AA+	AAA	Unrated
Pooled cash and investments:						
Money market mutual funds	N/A	\$ 2,135	—	2,135	—	—
U.S. Treasury notes	N/A	1,439,760	—	—	1,439,760	—
Federal agency securities	N/A	286,332	—	286,332	—	—
Corporate notes	N/A	78,577	50,986	24,184	3,407	—
LAIF	N/A	72,475	—	—	—	72,475
Total pooled investments		<u>\$ 1,879,279</u>	<u>50,986</u>	<u>312,651</u>	<u>1,443,167</u>	<u>72,475</u>

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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	\$ 1,439,760	—	1,439,760	—
Federal agency securities	286,332	—	286,332	—
Corporate notes	78,577	—	78,577	—
Total investments at fair value	1,804,669	\$ —	1,804,669	—
Other investments at fair value:				
Local Agency Investment Fund (LAIF)	72,475			
Other investments at cost or contract value:				
Money market mutual funds	2,135			
Total investments	\$ 1,879,279			

(3) Accounts Receivable and Other Receivables

Accounts receivable as of September 30, 2022, included the following (expressed in thousands):

Trade accounts receivable	\$ 68,088
Less allowance for doubtful accounts	(2,470)
Accounts receivable, net	\$ 65,618

Other receivables as of September 30, 2022 included the following (expressed in thousands):

Due from other governmental agencies:	
Federal and state grants	\$ 77,506
Total due from other governmental agencies	\$ 77,506

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.

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Notes to Financial Statements

September 30, 2022

(4) Capital Assets

Capital assets' schedule as of September 30, 2022 is as follows: (expressed in thousands):

Description	Balance, October 1, 2021	Additions	Adjustments/ disposals	Placed in service	Balance, September 30, 2022
Nondepreciable capital assets:					
Purchased land	\$ 524,416	65,504	(8,007)	—	581,913
Constructed land	789,280	—	—	—	789,280
Construction in progress	441,539	159,570	(4,923)	(215,935)	380,251
Right of way (note 6)	197,884	—	—	—	197,884
Subtotal	1,953,119	225,074	(12,930)	(215,935)	1,949,328
Depreciable capital assets:					
Structures and facilities	5,489,895	—	(1,532,535)	202,683	4,160,043
Furniture, fixtures, and equipment	196,718	900	(738)	13,252	210,132
Subtotal	5,686,613	900	(1,533,273)	215,935	4,370,175
Total capital assets	7,639,732	225,974	(1,546,203)	—	6,319,503
Less accumulated depreciation:					
Structures and facilities	2,338,876	170,558	(45,525)	—	2,463,909
Furniture, fixtures, and equipment	103,281	9,213	(618)	—	111,876
	2,442,157	179,771	(46,143)	—	2,575,785
Net capital assets	\$ 5,197,575	46,203	(1,500,060)	—	3,743,718

Construction in progress at September 30, 2022 includes the following projects (in thousands):

Pier B On-Dock Rail Program	\$ 104,515
All other programs and projects	275,736
Total	\$ 380,251

During the year ended September 30, 2022, \$4.9 million of Construction in Progress was written off, of which \$2.4 million was due to discontinued projects.

(5) Leases

Port as Lessor

The major portion of the Port's property is leased to others. Such property includes marine terminal land and facilities, plus special-purpose facilities. Marine terminal facilities are leased typically under long-term agreements that provide the tenants with preferential but not exclusive use of the facilities. Most leases relate to shipping services based upon tenants' usage of the facilities, measuring by their annual revenue or volume activities. The leases and the preferential assignments generally provide for a guarantee annual minimum (GAM) charge to the tenant.

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Property under lease at September 30, 2022 consisted of the following (expressed in thousands):

Land	\$ 851,587
Structures and facilities:	
Docks and wharves	826,275
Warehouses and sheds	24,416
Cranes and shiploaders	70,602
Buildings and other facilities	1,020,029
Infrastructure	<u>1,838,473</u>
Historical cost of leased property	4,631,382
Less accumulated depreciation	<u>(2,342,600)</u>
Carrying value of leased property	<u><u>\$ 2,288,782</u></u>

Regulated Leases

The Port's marine terminal leases are considered regulated leases, at all times subject to federal, state, regional and municipal laws, ordinances and regulations (e.g., including but not limited to States Lands Commission and Federal Maritime Commission). As such these leases are not within the scope of GASB Statement No. 87 evaluation.

Operating revenues for these regulated leases was \$425.0 million, a \$28.2 million over the GAM amount of \$396.8 million for the year ended September 30, 2022. Assuming these regulated leases will perform throughout their contractual terms, the expected future GAM of lease payments under the current terms is as follows (expressed in thousands):

2023	\$ 397,655
2024	403,749
2025	398,082
2026	391,869
2027	339,029
2028–2032	1,078,643
2033–2037	1,012,841
2038–2042	939,713
2043 and thereafter	<u>1,081,971</u>
	<u><u>\$ 6,043,552</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

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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 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, 2022, the Department has utilized a total of \$13.3 million of environmental credits for completed landfill as part of capital projects within the port boundaries to date, of which \$280 thousand was incurred in fiscal year 2022. No environmental credit has been acquired in fiscal year 2022. The existing \$37.5 million or 224 credits will be used in future projects.

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(8) Investment in Joint Venture

Intermodal Container Transfer Facility (ICTF)

The Department and the Port of Los Angeles (POLA) entered into a joint powers agreement to form the ICTF Joint Powers Authority for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. The facility, which began operations in December 1986, was developed and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues to operate as Union Pacific Corporation. The Department appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. The Department and POLA share income and equity distributions equally.

The ICTF's operations are financed from lease revenue from ICTF activities. The Department's share of the ICTF's net position as of September 30, 2022 totaled \$2.2 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 2022, the Department accrued \$24.0 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 \$3.8 million for fiscal year 2022, 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, 2022 aggregated \$27.1 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 \$1.5 million has already been advanced to the City. The remaining funds of \$30.7 million will be paid to the City as reimbursement for

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actual cost incurred per the MOU terms from fiscal year 2020 through 2023. As of September 30, 2022, 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 is not currently carrying a "Master Builder's Risk" policy as it does not have current projects that would require it. The program will be renewed as risk arises. The coverage limit for each construction projects that would be placed in this program would be equivalent to the contract's price. Exclusive of Earthquake coverage the maximum per project amount would be \$125.0 million, but could 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, 2022 (in thousands):

Property insurance coverage for fire and other risks	\$	1,000,000
Property insurance coverage for new Gerald Desmond Bridge		200,000
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.

(iii) Workers Compensation

The Department participates in the City's self-insured workers' compensation program. During fiscal years 2022, it made payments to the City's Insurance Fund totaling \$2.2 million for

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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, 2022. 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.

The most recent notice date, August 24, 2022, indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2023.

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

The new Gerald Desmond Bridge Replacement (Long Beach International Gateway Bridge) has been completed and transferred to the California Department of Transportation (Caltrans) as a component of the state highway system on March 2022. The Department has an agreement with Caltrans for maintenance costs of the new GDBR for a 30 year period commencing on the date of the ownership transfer to Caltrans.

The demolition phase on the old bridge started in 2022 and is estimated to be completed in 2024. The old bridge's main span has been removed, and other remaining structures (approaches, supports, pavement, etc.) are underway. The demolition budget is \$59.9 million, and the Department has incurred approximately \$25.1 million as of September 30, 2022.

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(11) Long-Term Liabilities

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

Description	Balance, October 1, 2021	Additions	Reductions	Balance, September 30, 2022	Due in one year
Revenue bonds	\$ 628,805	—	35,530	593,275	37,090
Premium	88,787	—	8,975	79,812	—
Total revenue bonds	717,592	—	44,505	673,087	37,090
TIFIA loan	495,000	5,000	1,074	498,926	2,240
Line of credit	50,000	—	50,000	—	—
Compensated absences	18,445	1,967	154	20,258	6,680
Net pension liability	60,174	132,583	60,174	132,583	—
Net OPEB liability	675	—	315	360	—
Environmental remediation liability	2,600	3,309	—	5,909	—
Due to City of Long Beach	4,087	—	500	3,587	—
Total long-term liability	\$ <u>1,348,573</u>	<u>142,859</u>	<u>156,722</u>	<u>1,334,710</u>	<u>46,010</u>

Senior Bonds are secured by and payable solely from revenues of the Harbor Department pledged under the Senior Resolution, and are not a debt of the City. Upon the occurrence and continuation of an event of default under the Senior Resolution, the bond owners, credit facility provider, a liquidity facility provider or any other party do not have the right to accelerate the payment of principal of and interest on the bonds outstanding. Subordinate Obligations are secured by and payable solely from revenues of the Harbor Department pledged under the Subordinate Resolution (subject to the prior pledge to the Senior Bonds), and are not a debt of the City. Pursuant to Section 10.02 of the Subordinate Resolution, except as otherwise permitted in the Subordinate Resolution or a supplemental resolution, upon the occurrence and continuation of an event of default under the Subordinate Resolution, the holders, a credit facility provider, a liquidity facility provider or any other party do not have the right to accelerate the payment of principal of and interest on the Subordinate Obligations outstanding.

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Notes to Financial Statements

September 30, 2022

(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, 2021	Additions	Payments *	Ending balance September 30, 2022	Principal due within one year
Revenue bonds:									
2014B	4/24/2014	— %	2018–27	\$ 20,570	11,700	—	—	11,700	7,650
2015A	4/16/2015	—	2018–23	44,845	21,430	—	14,390	7,040	7,040
2015B	4/16/2015	—	2023–25	20,130	20,130	—	—	20,130	9,775
2015C	7/15/2015	—	2026–32	66,085	66,085	—	—	66,085	—
2015D	7/15/2015	—	2033–42	66,865	66,865	—	—	66,865	—
2017A	6/28/2017	—	2026–40	101,610	101,610	—	—	101,610	—
2017B	6/28/2017	—	2041–43	25,985	25,985	—	—	25,985	—
2017C	6/28/2017	—	2043–47	42,660	42,660	—	—	42,660	—
2019A	7/11/2019	—	2026–49	161,310	161,310	—	—	161,310	—
2020A	2/19/2020	—	2024–27	55,725	55,725	—	—	55,725	—
2020B	2/19/2020	—	2021–24	74,940	55,305	—	21,140	34,165	12,625
Total bonds				\$ 680,725	628,805	—	35,530	593,275	37,090
Unamortized bond premium					88,787	—	8,975	79,812	—
Net total bonds indebtedness					\$ 717,592	—	44,505	673,087	37,090

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

Annual Debt Service Requirements to Maturity – All Bonded Debt (excluding Bond Anticipated Notes)

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

	Principal	Interest	Total
Fiscal year(s) ending September 30:			
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	30,050	22,586	52,636
2028-2032	86,900	97,093	183,993
2033-2037	90,615	75,094	165,709
2038-2042	115,775	50,019	165,794
2043 and thereafter	128,375	22,898	151,273
	\$ 593,275	374,870	968,145

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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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.

(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

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September 30, 2022

(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.

(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

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Notes to Financial Statements

September 30, 2022

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.

(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.

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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.

(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) TIFIA Loan Subordinate Indebtedness

On May 2020, the Port entered into a new TIFIA loan agreement (the 2021 TIFIA Loan) for an approved amount up to \$500.0 million. Under the 2021 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. 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, 2022, the Department has made three draws on the TIFIA Loan in the total amounted to \$500.0 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%.

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Notes to Financial Statements

September 30, 2022

Annual Debt Service Requirements to Maturity – TIFIA Loan

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year(s) ending September 30:			
2023	\$ 2,240	6,286	8,526
2024	2,350	6,267	8,617
2025	2,415	6,220	8,635
2026	2,500	6,198	8,698
2027	2,565	6,167	8,732
2028-2032	14,330	30,331	44,661
2033-2037	28,356	29,278	57,634
2038-2042	52,171	26,713	78,884
2043 and thereafter	391,999	40,307	432,306
	<u>\$ 498,926</u>	<u>157,767</u>	<u>656,693</u>

(14) Lines of Credit

On April 14, 2022, the Board of Harbor Commissioners approved the renewal of the revolving line of credit provided by MUFG Union Bank, N.A. in an aggregate principal amount not to exceed \$250.0 million. On December 2022, this revolving credit agreement is assumed by U.S. Bancorp through its acquisition of MUFG Union Bank, N.A. The tax exempt and taxable interest rates under this agreement is based on the rate equal to the secured overnight financing rate (SOFR) as administered by the Federal Reserve Bank of New York. 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, 2022, the Department has no outstanding balance under this revolving line of credit.

(15) Retirement Program

(a) Pension Plan

(i) Plan Description – California Public Employees' Retirement System (CalPERS)

The City contributes to the CalPERS agent multiple-employer defined benefit pension plan. The City is considered the employer and the Department is a department of the City. The Department's employees are enrolled in the City Miscellaneous Plan. CalPERS provides retirement benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by 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

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

are eligible to participate in the Miscellaneous Plan. The reports can be found on the CalPERS website.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment, age at retirement and final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for the plan is applied as specified by the Public Employees' Retirement Law.

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

The Miscellaneous Plan's provisions and benefits in effect at September 30, 2022, 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 %	6.5 %
Employer	30.580 %	30.580 %	30.580 %
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

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

related GASB 68 accounting elements. The Department's proportionate share totaled 18.9% as of September 30, 2022.

(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, 2022 (measurement date). The Department's share of the net pension liability for the Miscellaneous Plan was \$60.2 million at the beginning of the period and \$132.6 million at June 30, 2022. For the measurement period ending June 30, 2020, the Department incurred pension expense of \$14.6 million.

As of September 30, 2022, the Department had deferred outflows and deferred inflows related to pensions as follows (in thousands):

Deferred outflows of resources:

Pension contributions after measurement date	\$	12,058
CalPERS difference between actual and expected investment returns		22,613
CalPERS change in assumptions		7,886
CalPERS change in proportion		<u>1,541</u>
Total deferred outflows of resources	\$	<u><u>44,098</u></u>

Deferred inflows of resources:

CalPERS difference between actual and expected investment returns	\$	—
CalPERS differences between actual and expected experience		(2,921)
CalPERS change in proportion		<u>(881)</u>
Total deferred inflows of resources	\$	<u><u>(3,802)</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
2023	\$ 6,744
2024	5,622
2025	1,911
2026	<u>13,962</u>
Total	\$ <u><u>28,239</u></u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

(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, 2022 is as follows:

	Miscellaneous
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	6.90 %
Inflation	2.30 %
Projected salary increase	Varies by entry age and service
Mortality *	Derived using CalPERS' membership data for all funds

* The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The

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Notes to Financial Statements

September 30, 2022

expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset class ¹	Assumed asset allocation	Real return ¹
Global Equity – Cap-Weighted	30.00 %	5.00 %
Global Equity – Non-Cap-Weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.90%, compared to a discount rate that is 1.0% age point lower (5.90%) or 1.0% age point higher (7.90%). Amounts shown below are in thousands:

Sensitivity to net pension liability	
1.0% Decrease (5.90%)	\$ 207,338
Current discount rate (6.90%)	132,583
1.0% Increase (7.90%)	70,881

(b) Termination Benefits

As of September 30, 2022, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$137 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

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2022

liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees.

The \$137 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, 2022, the Department has recorded noncurrent liabilities totaling \$11.8 million, which represents the Department's share of these liabilities.

(c) *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 year ended September 30, 2022.

(16) 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 \$5.9 million as of September 30, 2022. This warehouse has a net book value of zero and there is no reasonable expectation of any recovery associated with these remediation efforts.

(17) Deferred Outflows/Inflows of Resources

The deferrals of accounting gains and losses are related to cumulative bond refunding activity from current year and prior year bonds. The deferred outflows and deferred inflows of resources related to net pension liability are certain changes in total pension liability and fiduciary net position of the pension plan that are to be recognized in future pension expense.

The schedule of deferrals as of September 30, 2022 is as follows (expressed in thousands):

Deferred outflows of resources:

Pension related deferred outflows	\$	44,098
OPEB related deferred outflows		654
Change in OPEB allocated proportion		793
Total deferred outflows of resources	\$	<u>45,545</u>

Deferred inflows of resources:

Gain on debt refunding	\$	2,403
Pension related deferred inflows		3,802
OPEB related deferred inflows		2,978
Change in OPEB allocated proportion		79
Total deferred inflows of resources	\$	<u>9,262</u>

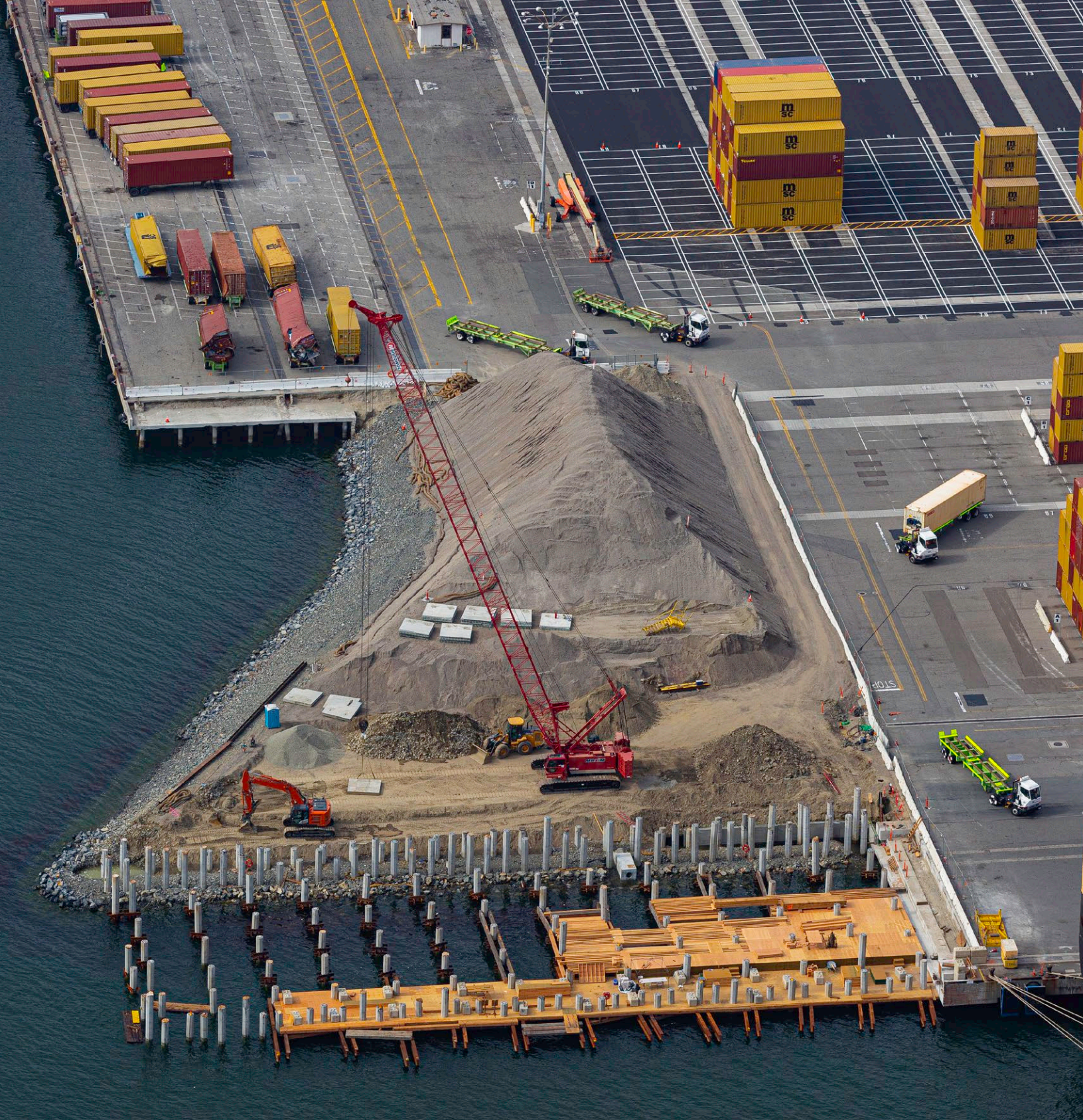
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Notes to Financial Statements

September 30, 2022

(18) Subsequent Events

Subsequent events have been evaluated through March 27, 2023, which corresponds to the date when the financial statements were available to be issued. There are no subsequent events that require disclosure.



Required Supplementals

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Pension Liability and Related Ratios¹

September 30, 2022

Last 10 Years¹

(Dollars in thousands)

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Department's percentage of total City pension liability	18.9 %	19.1 %	18.4 %	18.3 %	18.7 %	19.2 %	20.9 %
Department's total pension liability	\$ 132,583	60,174	121,539	113,611	110,982	129,893	124,170
Department covered-employee payroll	57,024	54,483	46,826	47,718	45,236	48,381	47,203
Department pension liability as a percentage of covered payroll	232.5 %	110.4 %	259.6 %	238.1 %	245.3 %	268.5 %	263.1 %
Fiduciary net position as a percentage of the pension liability	76.83 %	89.12 %	76.13 %	76.77 %	76.92 %	73.72 %	73.71 %

Notes to Schedule:

¹ Fiscal year 2015 was the first year of GASB 68 implementation. This table will be completed for a 10-year period as data becomes available.

See accompanying independent auditors' report.

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Schedule of Contributions
Miscellaneous Plan

September 30, 2022

Last 10 Years¹

(Dollars in thousands)

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution ²	\$ 15,393	14,952	13,175	11,422	9,963	8,815	8,338
Contributions in relation to the actuarially determined contribution ³	<u>(15,393)</u>	<u>(14,952)</u>	<u>(13,175)</u>	<u>(11,422)</u>	<u>(9,963)</u>	<u>(8,815)</u>	<u>(8,338)</u>
Contribution deficiency (excess)	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered payroll	57,024	54,483	46,826	47,718	45,236	48,381	47,203
Contributions as a percentage of covered payroll	26.99 %	27.44 %	28.14 %	23.94 %	22.02 %	18.22 %	17.66 %

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were from the June 30, 2019 funding valuation report public agency valuations.

Valuation Date:	6/30/2019
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	For details, see June 30, 2019 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2019 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:

¹ Fiscal year 2015 was the first year of GASB 68 implementation. This table will be completed for a 10-year period as data becomes available.

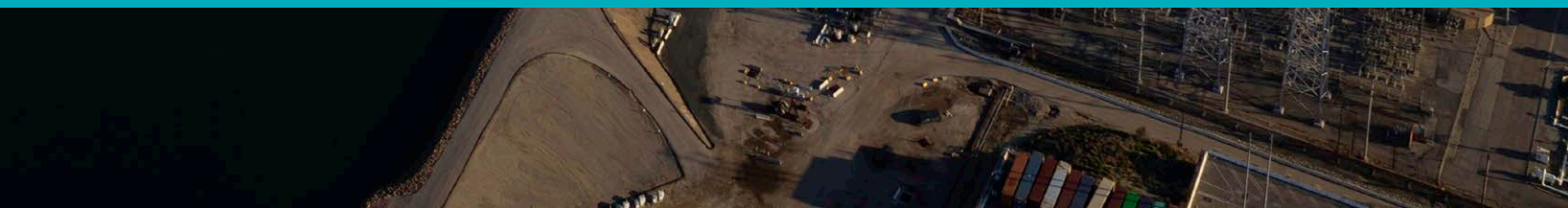
² Actuarially Determined Calculation is based on a CalPERS projection of the Miscellaneous payroll

³ Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.



Statistics



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statistical Section

Year ended September 30, 2022

(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.

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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 58

Changes in Fund Net Position – Last 10 Fiscal Years – Exhibit 2 59

Revenue Capacity Information:

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

Operating Revenue by Type – Last 10 Fiscal Years – Exhibit 3 60

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 61

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 62

Tonnage by Commodity Group and Vessel Calls – Last 10 Fiscal Years – Exhibit 6 63

Metric Revenue Tons and Container Counts – Last 10 Fiscal Years – Exhibit 7 64

Other Information:

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Employee Headcount by Division – Last 10 Fiscal Years – Exhibit 9 66

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statements of Net Position

Last Ten Fiscal Years

(In millions)

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Assets and deferred outflows:										
Current	\$ 784	837	793	658	717	690	487	501	453	441
Other	3,807	5,254	5,089	5,039	4,853	4,665	4,550	4,474	4,229	3,612
Deferred outflows	46	16	9	14	21	42	42	22	10	11
Total assets and deferred outflows	\$ 4,637	6,107	5,891	5,711	5,591	5,397	5,079	4,997	4,692	4,064
Liabilities and deferred inflows:										
Current	\$ 116	238	131	125	315	101	111	100	123	153
Current – restricted*	53	100	520	55	58	65	61	60	67	61
Long term	1,289	1,256	868	1,263	1,115	1,292	1,115	1,215	1,037	672
Deferred inflows	9	54	9	13	22	13	12	15	3	—
Total liabilities and deferred inflows	\$ 1,467	1,648	1,528	1,456	1,510	1,471	1,299	1,390	1,230	886
Net position:										
Net investment in capital assets	\$ 2,531	3,769	3,791	3,745	3,643	3,492	3,442	3,077	2,975	2,848
Restricted	52	52	52	47	56	51	90	265	199	62
Unrestricted	587	638	520	463	382	383	248	267	289	269
Total net position	\$ 3,170	4,459	4,363	4,255	4,081	3,926	3,780	3,609	3,463	3,179
Working capital	\$ 668	599	662	533	402	589	376	401	330	288
Current ratio	4.6	2.5	1.2	3.7	1.9	4.2	2.8	3.1	2.4	2.1
Debt to asset ratio	38.1%	31.3%	30.0%	28.8%	31.0%	31.3%	28.3%	30.9%	29.0%	24.5%

* 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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenue	\$ 480	435	399	412	402	381	362	355	358	346
Operating expense	347	308	292	279	287	291	292	271	228	188
Income from operations	133	127	107	133	115	90	70	84	130	158
Investment earnings/(loss), net	(21)	(25)	(17)	(9)	(10)	—	(15)	39	(12)	—
Other income/(expense), net	24	3	(6)	3	2	2	5	4	7	1
Transfers to City Tidelands Fund/Other Operating Funds	(26)	(21)	(21)	(21)	(20)	(19)	(19)	(18)	(18)	(17)
Transfers to Caltrans	(1,486)	—	—	—	—	—	—	—	—	—
Capital grants	87	12	45	68	68	73	132	121	178	251
Change in net position	\$ (1,289)	96	108	174	155	146	173	230	285	393
Return on investment	(51.0)%	2.5 %	2.8 %	4.6 %	4.3 %	4.2 %	0.1 %	7.4 %	9.4 %	14.4 %
Capital expenditures (Includes personnel costs)	\$ 326	203	265	496	251	252	367	363	552	792
Personnel:										
Wages and benefits from operations	\$ 81	53	76	66	63	60	62	55	48	45

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Berth and special facilities:										
Wharfage	\$ 392	367	355	367	359	342	323	312	308	297
Dockage	18	18	6	6	7	7	8	11	11	12
Bunkers	1	1	1	1	1	1	1	1	1	1
Special facilities rentals	28	21	18	19	16	13	16	16	14	12
Crane rentals	—	—	—	—	—	—	—	2	13	13
Other	—	1	1	1	1	1	1	1	1	1
Total berths and special facilities	439	408	381	394	384	364	349	343	348	336
Rental properties	37	23	15	15	14	14	10	10	9	9
Miscellaneous	4	3	3	3	4	3	3	2	1	1
Total operating revenue	\$ 480	434	399	412	402	381	362	355	358	346
Growth (reduction)%	—	—	—	—	5.5	5.6	1.5	(1.1)	3.4	3.6
Special facility revenue by terminal commodity:										
Containers	\$ 349	325	302	311	311	291	275	270	280	268
Liquid bulk	23	22	19	23	17	18	17	17	16	17
Dry bulk	41	37	37	37	37	35	29	29	26	26
Vehicles	19	18	18	17	14	15	15	14	13	12
Steel	6	5	4	5	4	4	8	8	8	8
Lumber	1	1	1	1	1	1	1	1	1	1
Miscellaneous	—	—	—	—	—	—	3	3	3	3
Total special facility revenue	\$ 439	408	381	394	384	364	348	342	347	335

Source: Finance Division, Harbor Department

See accompanying independent auditors' report.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Revenue Bonds and Loan Debt Service Coverage

Last Ten Fiscal Years

(Millions of Dollars)

(Unaudited)

Fiscal year	Revenues (a)	Maintenance costs (b)	Net revenues (a-b)	Debt service (c)	Times debt service covered
2022	\$ 457	166	291	74	3.93
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

(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	
2022	161,332	—	161,332	39,677	1,756	41,433	202,765
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

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Total	Average annual growth
Containerized:												
In	124,785	124,547	100,669	103,173	108,091	98,941	93,614	95,798	94,310	91,047	910,190	4.32 %
Out	30,384	31,110	30,247	29,204	30,823	28,174	29,400	29,307	31,262	30,525	270,052	0.36 %
Other break bulk:												
In	1,272	1,107	964	1,116	1,243	1,127	1,008	1,039	1,002	854	9,460	3.89 %
Out	67	61	60	115	129	61	99	101	92	108	826	1.13 %
Liquid bulk:												
In	34,022	30,325	26,950	29,310	29,819	30,130	27,971	27,479	26,696	27,398	256,078	1.45 %
Out	2,717	2,703	3,074	2,300	2,351	2,497	3,203	3,521	2,995	3,197	25,841	(0.78)%
Dry bulk:												
In	1,254	894	550	471	445	238	344	209	235	259	3,645	23.20 %
Out	8,265	7,371	6,060	7,268	7,692	6,933	5,684	6,820	8,934	8,869	65,631	(0.90)%
Total:												
In	161,333	156,873	129,133	134,070	139,598	130,436	122,937	124,525	122,243	119,558	1,179,373	3.73 %
Out	41,433	41,245	39,441	38,887	40,995	37,665	38,386	39,749	43,283	42,699	362,350	— %
Vessel calls*	2,698	2,561	2,237	2,095	2,278	2,149	2,227	2,676	2,752	3,425	22,400	
Annual growth/(decline)	5.35 %	14.48 %	6.78 %	(8.03)%	6.00 %	(3.50)%	(16.78)%	(2.76)%	(19.65)%	(84.71)%		
TEU's	9,632	9,501	7,661	7,747	8,001	7,231	6,946	7,088	6,818	6,648	67,641	
TEU annual growth/(decline)	1.38 %	24.02 %	(1.11)%	(3.17)%	10.65 %	4.10 %	(2.00)%	3.96 %	2.56 %	(90.17)%		

* 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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Municipal berths ¹ :										
Foreign	126,312	125,923	101,566	104,012	108,811	99,468	93,928	98,464	104,245	101,027
Coastwise/intercoastal	35,020	30,950	27,567	30,058	30,787	30,977	29,009	26,061	17,998	18,477
Total inbound cargo	161,332	156,873	129,133	134,070	139,598	130,445	122,937	124,525	122,243	119,504
Outbound cargo:										
Foreign	34,839	34,871	34,061	34,418	36,218	32,923	32,737	33,592	37,067	36,769
Coastwise/intercoastal	4,839	4,466	3,751	3,618	3,516	3,258	3,996	4,843	5,348	5,141
Bunkers	1,756	1,908	1,630	851	1,261	1,474	1,653	1,313	867	843
Total outbound cargo	41,434	41,245	39,442	38,887	40,995	37,655	38,386	39,748	43,282	42,753
Total municipal cargo	202,766	198,118	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257
Private berths ¹ :										
Inbound	—	—	—	—	—	—	—	—	—	—
Outbound	—	—	—	—	—	—	—	—	—	—
Total private cargo	—	—	—	—	—	—	—	—	—	—
Grand total	202,766	198,118	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257
Container count summary (000's) ²										
Loaded inbound TEUs	4,670	4,667	3,761	3,862	4,044	3,698	3,514	3,596	3,523	3,420
Loaded outbound TEUs	1,400	1,456	1,492	1,441	1,564	1,451	1,538	1,528	1,664	1,671
Total loaded	6,070	6,123	5,253	5,303	5,608	5,149	5,052	5,124	5,187	5,091
Full containers annual growth (decline)				(5.4)%	8.9 %	1.9 %	(1.4)%	(1.2)%	1.9 %	15.1 %
Total empty	3,562	3,378	2,408	2,444	2,393	2,081	1,894	1,964	1,631	1,557
Empty containers annual growth (decline)				2.1 %	15.0 %	9.9 %	(3.6)%	20.4 %	4.8 %	8.6 %
Total TEUs	9,632	9,501	7,661	7,747	8,001	7,230	6,946	7,088	6,818	6,648
Annual growth	1.4 %	24.0 %	(1.1)%	(3.2)%	10.7 %	4.1 %	(2.0)%	4.0 %	2.6 %	

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
Long Beach Container Terminal, LLC	07/2011	06/2051
International Transportation Service, LLC	09/2006	08/2026
Pacific Maritime Services, L.L.C. – Pacific Container Terminal	05/2002	04/2042
SSA Terminals (Pier A), LLC	12/2002	10/2027
Toyota Motor North America, Inc.	01/2009	12/2040
SSA Terminals, LLC – SSA Terminal C60/Matson Navigation	05/2002	04/2022
Pacific Crane Maintenance Company, LLC	07/2022	Month-to-month
Metropolitan Stevedore Company	09/2014	09/2034
Oxbow Carbon & Minerals, LLC	09/2014	09/2029
Carson Cogeneration LLC – Tesoro Refining & Marketing Company LLC	06/1983	05/2023
Tesoro Refining & Marketing Company LLC – Tesoro Logistics Operations LLC	01/2012	01/2032
Koch Carbon, Inc.	01/1988	12/2027
SA Recycling, LLC	11/1994	11/2024
Tesoro Refining & Marketing Company LLC	01/2015	12/2034
Jacobsen Pilot Service, Inc.	08/2017	07/2032
CSA Equipment Company, LLC	02/2013	06/2027
Crescent Terminals, Inc.	07/2000	06/2027
Tesoro Refining & Marketing Company LLC	01/1981	12/2022
Olympus Terminals LLC	07/2010	06/2025

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Executive administration	18.0	17.0	18.0	18.0	15.0	14.0	18.0	17.0	11.9	9.3
Business development	12.0	10.0	12.0	11.0	12.0	13.0	13.0	11.0	—	—
Communications	19.0	17.0	19.0	18.0	16.0	14.0	14.0	16.0	15.0	12.8
Construction management	52.0	50.0	48.0	47.0	48.0	45.0	47.0	46.0	—	—
Design	46.0	48.0	46.0	46.0	46.0	51.0	49.0	48.0	—	—
Engineering	—	—	—	—	—	—	—	—	140.7	128.8
Environmental planning	23.0	22.0	23.0	21.0	24.0	21.0	24.0	23.0	—	—
Finance	29.0	27.0	28.0	23.0	22.0	25.0	25.0	25.0	24.5	24.9
Government relations/affairs	5.0	4.0	4.0	3.0	3.0	4.0	3.0	4.0	4.0	4.0
Human resources	19.0	17.0	19.0	20.0	18.0	16.0	18.0	18.0	17.4	16.3
Information management	25.0	25.0	27.0	24.0	20.0	22.0	22.0	22.0	20.6	20.8
Maintenance	87.0	79.0	81.0	78.0	82.0	90.0	92.0	84.0	76.3	81.1
Port Planning (Master planning & Transportation planning)	10.0	11.0	12.0	14.0	12.0	14.0	11.0	12.0	31.7	30.6
Program delivery	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	—	—
Program management	25.0	27.0	25.0	23.0	22.0	27.0	28.0	25.0	—	—
Project controls	16.0	16.0	16.0	15.0	12.0	11.0	11.0	8.0	—	—
Real estate	10.0	10.0	9.0	7.0	8.0	9.0	9.0	8.0	8.8	9.0
Risk management	9.0	12.0	11.0	11.0	11.0	9.0	10.0	10.0	8.3	7.6
Security	99.0	84.0	85.0	78.0	84.0	81.0	74.0	79.0	68.0	71.2
Survey	22.0	22.0	21.0	20.0	21.0	22.0	22.0	23.0	—	—
Tenant services/trade relations	11.0	11.0	13.0	13.0	13.0	12.0	9.0	9.0	19.3	16.5
Full-time/permanent subtotal	540.0	512.0	520.0	493.0	492.0	503.0	502.0	490.0	446.5	432.9
Growth/decline	5.5 %	(1.5)%	5.5 %	0.2 %	(2.2)%	0.2 %	2.4 %	9.7 %	3.1 %	(3.1)%
Part-time/temporary subtotal	8.5	12.0	24.0	13.7	19.0	31.0	29.0	34.0	25.5	29.4
Growth/decline	(29.2)%	(50.0)%	75.2 %	(27.9)%	(38.7)%	6.9 %	(14.7)%	33.3 %	(13.3)%	126.2 %
Total number of employees	548.5	524.0	544.0	506.7	511.0	534.0	531.0	524.0	472.0	462.3
Growth/decline	4.7 %	(3.7)%	7.4 %	(0.8)%	(4.3)%	0.6 %	1.3 %	11.0 %	2.1 %	0.5 %

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

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, 2022



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, 2022**

**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, 2022

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Long Beach Water

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DATE March 27, 2023

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, 2022

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, 2022. 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, 2022. 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 456,062 with some customers outside the City limits. The Department is not subject to regulation by the California Public Utilities Commission.

LOCAL ECONOMY

Long Beach continues to maximize opportunities in today's global economy by drawing from the strength and adaptability of its local economy. In the current economic environment, the combination of local, national, and international businesses keeps Long Beach growing to meet the constantly changing needs of city.

Long Beach's business community continues to grow, thus, the need for housing infrastructure also grows. New residential projects have been approved for construction to meet this need. In addition to city-wide improvements, there were 50 lane-miles of residential streets rehabilitated, 400 new ADA ramps installed and over 3,000 traffic and street name signs installed by City staff and contractors, which are important to the safety of residents and visitors.

In FY2022, 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 sixty-nine percent (69%) of the Department's total potable water sales.

The City continues its commitment in protecting the environment and resources by transitioning to low-polluting public transportation system which uses compressed natural gas and electric power. In addition, the City implements innovative changes throughout its organization to maintain and improve its services. Such improvements include natural gas pipeline leaks survey systems, library system remote services, and airport terminal upgrades and expansions.

Long Beach will continue to face challenges and the Coronavirus Disease 2019 (COVID-19) pandemic has been a major one. However, the City has been a state and national leader in addressing it and minimizing the impact on the city of Long Beach residents and businesses.

When the World Health Organization (WHO) declared a global pandemic due to the outbreak of the COVID-19 on March 11, 2020, 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 and holding some of the largest COVID-19 vaccination and testing events throughout various City locations. In the face of 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.

In FY2022, the Department continues to recognize the effects on revenue streams of the Coronavirus Disease 2019 (COVID-19) pandemic and has been monitoring the accounts receivables as a portion of these 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 is 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 Department is continuously searching for new opportunities to reduce the economic hardship endured by its residents and businesses.

Further information on the local economy is provided in the City of Long Beach Annual Comprehensive Financial Report.

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, 2015-2016, and 2020-2022, 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 reduced need for 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 21 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, 2022 (FY2022), the Department served approximately 3.1 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 has also developed and implemented programs whereby customers can apply for an incentive to replace turf with a California-friendly landscape.

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 11,818 samples and performed 62,090 tests while maintaining certification with the California Department of Health Services and Environmental Protection Agency (EPA).

During fiscal year 2022, the Groundwater Treatment Plant processed approximately 7.5 billion gallons of drinking water. Overall, 15.6 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 2000'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 at the time. 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. The Department continued to operate the under-ocean intake and discharge system to collect data and research the performance of the system until mid-year 2022 in preparation of removing the system required by the California Coastal Commission. The Department is currently demolishing the desalination facility with the anticipated removal completed by May 2023.

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, 2022, the water distribution system totaled 917 miles of water mains with approximately 90,000 service connections.

During fiscal year 2022, the Department replaced 11,392 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 646 large control valves 20 inches or more in diameter and 23,505 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 21 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, 2022, the sanitary sewer collection system totaled 714 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 another Sewer Master Plan Update Project to renew 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. The Department is currently in the process of finalizing the new Sewer Master Plan Update and is expected to complete the study mid-year 2023.

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, 2021. 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.

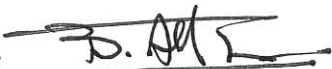
It is recommended that the Board of Water Commissioners receive and file the Annual Comprehensive Financial Report for the fiscal years ended September 30, 2022.

Prepared by:



Brandon Walker, Director of Finance

Submitted and
Recommended by:



B. Anatole Falagan, Assistant General Manager

Approved by:



Christopher J. Garner, General Manager



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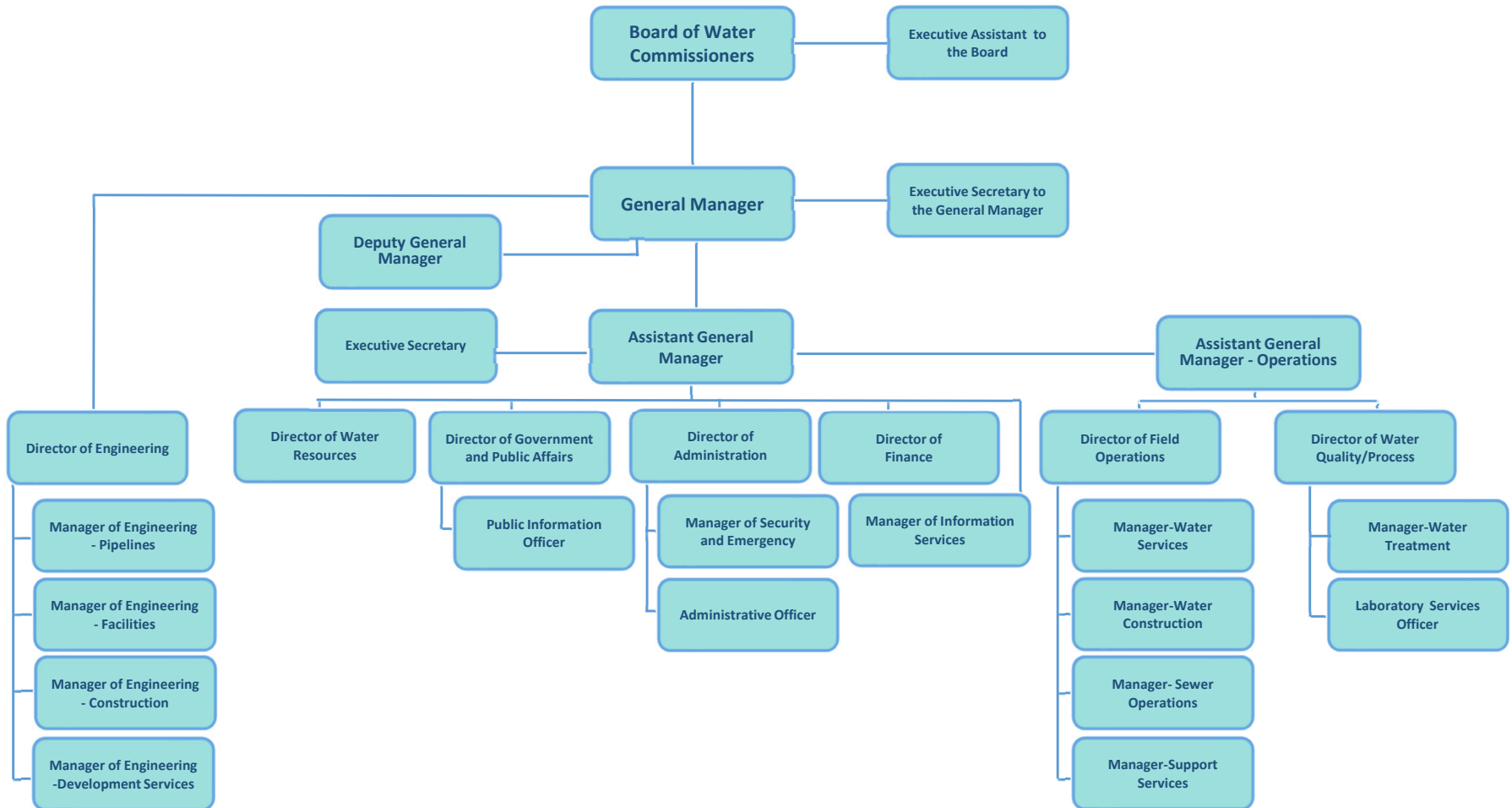
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrell

Executive Director/CEO

Long Beach Water Department Organizational Chart



LONG BEACH WATER DEPARTMENT

BOARD OF WATER COMMISSIONERS

GLORIA CORDERO	PRESIDENT
NAOMI RAINEY	VICE PRESIDENT
GINA RUSHING MAGUIRE	SECRETARY
FRANK MARTINEZ	MEMBER
ROBERT SHANNON	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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund for the Department, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 City, as of September 30, 2022, 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023 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 27, 2023

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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, 2022. 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 2022 (FY2022) by \$424,522 (*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 FY2022 by \$339,574. This amount includes a total of net investment in capital assets of \$332,612, and \$1,027 in resources that are subject to restrictions on how they may be used. The Water Fund reported an unrestricted net position of \$5,935 in FY2022. Total Water Fund net position decreased by \$8,563 (-2.5%) from the prior fiscal year. The decrease is mostly due to net increases on expenditures during the year.

Sewer Fund. Total Sewer Fund net position totaled \$84,948 as of September 30, 2022, an increase of \$5,279 (+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 FY2022, the net investment in capital assets and the unrestricted portion of net position totaled \$79,066 and \$5,578, respectively.

Significant Department Events

A lawsuit filed back in October 2018, against the City of Long Beach (City) alleging that the passage of Utility Revenue Transfer Charter Amendment (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. In February 2020, the Superior Court of Los Angeles County issued a final 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. In FY2022, the court-ordered payment transfers in the amount of \$30,832 from the City were fulfilled. Although not legally required, the Board of Water Commissioners (Board) approved a one-time utility rebate amount not to exceed \$30,832, to all current water customers of the Department. The credit to customers applied against customer accounts' consumption and service charges went in effect in FY2022.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

In FY2022, the Department continues to recognize the effects on revenue streams of the Coronavirus Disease 2019 (COVID-19) pandemic and has been monitoring the accounts receivables as a portion of these 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. As a result of this effort, the Department received funds in the amount of \$1,195 from the California Water and Wastewater Arrearage Payment Program (CWWAPP). This program was initiated by the State of California to offer financial assistance to water and sewer customers to help reduce past-due bill balances that accrued during the pandemic. In FY2022, the CWWAPP funds received were applied to eligible customer bills. Moreover, the Department continues to engage in customer outreach with flexible payment options for customers with past-due bills.

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, 2022.

The Department's financial statements comprise two components: 1) financial statements and 2) notes to financial statements. Included as part of the financial statements are the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Fund Net Position, and Statements of Cash Flows.

The *Statements of Net Position* present the Department's assets, deferred outflows, liabilities, and deferred inflows, 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

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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 28-52 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, 2022, Water Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$339,574, and Sewer Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$84,948, representing an 2.5% decrease 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, 2022, 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 \$332,612 and \$79,066 of Water Fund and Sewer Fund, respectively. The Department uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt on the Statements of Net Position must come from other sources such as operations.

The restricted portion of the Department's net position amounted to \$1,027 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 \$5,935 as of September 30, 2022, representing a 70.4% decrease compared to FY2021. The Sewer Fund's unrestricted portion amounted to \$5,578, representing a 24.2% increase over FY2021. The unrestricted

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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, 2022 and 2021 are as follows:

Long Beach Water Department Condensed Schedules of Net Position September 30, 2022 and 2021 (in thousands)				
	2022	2021	Variance 2022/2021	
			Amount	%
Assets:				
Current and other assets	\$ 81,883	\$ 97,238	\$ (15,355)	-15.8%
Capital assets	468,757	445,147	23,610	5.3%
Total assets	<u>550,640</u>	<u>542,385</u>	<u>8,255</u>	<u>1.5%</u>
Deferred outflows of resources	<u>17,359</u>	<u>6,511</u>	<u>10,848</u>	<u>166.6%</u>
Liabilities:				
Current liabilities	34,054	30,180	3,874	12.8%
Noncurrent liabilities	105,086	69,594	35,492	51.0%
Total liabilities	<u>139,140</u>	<u>99,774</u>	<u>39,366</u>	<u>39.5%</u>
Deferred inflows of resources	<u>4,337</u>	<u>21,316</u>	<u>(16,979)</u>	<u>-79.7%</u>
Net Position:				
Net investment in capital assets	411,678	401,510	10,168	2.5%
Restricted	1,331	1,745	(414)	-23.7%
Unrestricted	11,513	24,551	(13,038)	-53.1%
Total net position	<u>\$ 424,522</u>	<u>\$ 427,806</u>	<u>\$ (3,284)</u>	<u>-0.8%</u>

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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, 2022 and 2021:

Water Fund Condensed Schedules of Net Position September 30, 2022 and 2021 (in thousands)

	2022	2021	Variance 2022/2021	
			Amount	%
Assets:				
Current and other assets	\$ 67,539	\$ 83,340	\$ (15,801)	-19.0%
Capital assets	379,767	360,205	19,562	5.4%
Total assets	447,306	443,545	3,761	0.8%
Deferred outflows of resources	14,585	5,423	9,162	168.9%
Liabilities:				
Current liabilities	31,244	27,403	3,841	14.0%
Noncurrent liabilities	87,638	55,824	31,814	57.0%
Total liabilities	118,882	83,227	35,655	42.8%
Deferred inflows of resources	3,435	17,604	(14,169)	-80.5%
Net Position:				
Net investment in capital assets	332,612	326,635	5,977	1.8%
Restricted	1,027	1,441	(414)	-28.7%
Unrestricted	5,935	20,061	(14,126)	-70.4%
Total net position	\$ 339,574	\$ 348,137	\$ (8,563)	-2.5%

Sewer Fund Condensed Schedules of Net Position September 30, 2022 and 2021 (in thousands)

	2022	2021	Variance 2022/2021	
			Amount	%
Assets:				
Current and other assets	\$ 14,344	\$ 13,898	\$ 446	3.2%
Capital assets	88,990	84,942	4,048	4.8%
Total assets	103,334	98,840	4,494	4.5%
Deferred outflows of resources	2,774	1,088	1,686	155.0%
Liabilities:				
Current liabilities	2,810	2,777	33	1.2%
Noncurrent liabilities	17,448	13,770	3,678	26.7%
Total liabilities	20,258	16,547	3,711	22.4%
Deferred inflows of resources	902	3,712	(2,810)	-75.7%
Net Position:				
Net investment in capital assets	79,066	74,875	4,191	5.6%
Restricted	304	304	-	-
Unrestricted	5,578	4,490	1,088	24.2%
Total net position	\$ 84,948	\$ 79,669	\$ 5,279	6.6%

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

Fiscal Year Ended September 30, 2022 Compared to 2021

Water Fund. Net position decreased by \$8,563 (-2.5%) over FY2021. This net decrease is mostly attributable to a loss from operations of \$11,483 in FY2022. This decrease was offset by capital grants and contributions from various Developers for water distribution system improvements in the amount of \$2,920.

Current and other assets decreased by \$15,801 (-19.0%) from FY2021, which reflects a decrease in receivables from other government funds in the amount of \$31,220 (-99.7%), which is related to the fulfillment of the Measure M payment transfers from the City. However, this decrease was offset by an increase in pooled cash and cash equivalents by \$17,836 (+71.1%), mainly due to a \$14,000 drawing on the Second Lien Water Revenue Short-Term Obligation Revolving Line of Credit (Water LOC) to fund water capital projects in FY2022.

Capital assets increased by \$19,562 (+5.4%) over the prior year, mainly due to the ongoing capital improvement program such the cast iron water main replacement, water service installations, well development and rehabilitation, large valve replacements, machinery and equipment purchases, and facility improvements.

Deferred outflows of resources increased by \$9,162 (+168.9%) over FY2021. The majority of the net increase in FY2022 is a result of increases in the difference between actual and expected investment returns in the amount of \$7,429 (+100.0%) and changes on actuarial assumptions and proportions in the amount of \$1,836 (+243.2%). In addition, pension contributions after the measurement date increased by \$12 (+12.4%) compared to FY2021. However, this net increase was offset by a decrease of \$198 (-38.8%) on debt refunding and a decrease of \$50 (-14.5%) in changes in actuarial assumptions on Other Postemployment Benefits (OPEB) costs compared to FY2021. Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 47.

Current liabilities increased by \$3,841 (+14.0%) compared to FY2021, mainly due to an increase in accounts payable by \$4,371 (+27.9%) relating to continued expenditures in operating activities and capital improvement programs. This increase was offset by a decrease of \$547 (-35.6%) in employee benefits payables due in FY2022.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

Noncurrent liabilities increased by \$31,814 (+57.0%) from FY2021, primarily due to the net pension liability increase in the amount of \$23,554 (+117.7%) resulting from a significant increase in investment returns in the California Public Employees' Retirement System (CalPERS) pension plans. In addition, the Department drew \$14,000 from the Water LOC to fund water capital projects in FY2022. However, this increase was offset by annual principal payments on debt and bonds premium amortization in FY2022 resulted to a decrease in long-term bonds payable by \$3,681 (-36.0%). Furthermore, long-term obligations on the equipment financing agreement executed by the Department to finance the AMI project decreased by \$1,696 (-8.7%) in FY2022. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements on page 42.

Deferred inflows of resources decreased by \$14,169 (-80.5%) over FY2021. This net decrease mainly reflects a total of \$15,081 (-92.1%) decreases in differences between actual and projected experience and OPEB costs. However, this decrease was offset by increases in changes in actuarial assumptions, proportionate share of deferred pension and deferred amount for leases in the amount of \$912 (+73.7%) compared to FY2021. Additional information on deferred lease receivable is found on Note 1 – Description of the Department and Summary of Significant Accounting Policies on page 28 and on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 47.

Sewer Fund. Net position increased \$5,279 (+6.6%) over FY2021. This increase is primarily due to revenues in excess of expenses.

Current assets and other assets increased by \$446 (+3.2%) over FY2021, mainly due to increases in pooled cash and cash equivalents and in customer accounts receivable by \$117 (+1.0%) and \$278 (+21.3%), respectively, which reflect increases on sales revenues in FY2022.

Capital assets increased by \$4,048 (+4.8%) over FY2021, 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.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

Deferred outflows of resources increased by \$1,686 (+155.0%) over FY2021. This net increase reflects increases on difference between actual and expected investment returns in FY2022 in the amount of \$1,445 (+100%). In addition, the actuarial determined deferred pension costs increased by \$268 (+113.56%) compared to FY2021, due to changes in actuarial assumptions, experience, and funds proportion of the City-wide pension liability. However, these increases were offset by decreases in changes in actuarial assumptions on OPEB costs in the amount of \$14 (-31.8%) and in pension contributions after measurement date by \$11 (-1.41%) compared to FY2021. Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 47.

Current liabilities increased by \$33 (+1.2%) over FY2021, which is mainly due to an increase in accounts payable amounts by \$349 (+31.0%). This was offset by decreases in accrued wages, compensated absences payable, and unearned revenue amounting to \$259 (-35.2%).

Noncurrent liabilities increased by \$3,678 (+26.7%) from FY2021, primarily due to an increase in the net pension liabilities of \$4,373 (+106.7%). However, this increase was offset by a decrease in long-term bonds payable in the amount of \$526 (-6.1%) due to annual principal payments on Series 2016A Bonds. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 42 and on Note 5 - Retirement Program on page 47.

Deferred Inflows of resources decreased by \$2,810 (-75.7%) over FY2021. This net decrease reflects changes in actuarial assumptions, differences between actual and projected experience and proportionate share of deferred pension in the amount of \$2,769 (-80.9%) in FY2022. In addition, the Department recorded a net decrease in OPEB costs in the amount of \$41 (-14.3%). Additional information on deferred outflows related to pensions is provided on the Note 5 - Retirement Program of the Notes to Financial Statements on page 47.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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, 2022 and 2021:

Long Beach Water Department
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Years Ended September 30, 2022 and 2021
(in thousands)

	2022	2021	Variance 2022/2021	
			Amount	%
Operating Revenues:				
Metered sales	\$ 80,454	\$ 79,591	\$ 863	1.1%
Reclaimed water sales	4,584	4,888	(304)	-6.2%
Service charges	49,783	46,062	3,721	8.1%
Other services	9,221	6,747	2,474	36.7%
Total operating revenues	144,042	137,288	6,754	4.9%
Operating Expenses:				
Cost of water	32,211	27,672	4,539	16.4%
Personal services	29,856	18,810	11,046	58.7%
Commercial Services	3,302	2,751	551	20.0%
Maintenance and other	37,903	33,825	4,078	12.1%
Street Impact charges	3,531	4,066	(535)	-13.2%
Depreciation and amortization	16,572	16,272	300	1.8%
Total operating expenses	123,375	103,396	19,979	19.3%
Operating income	20,667	33,892	(13,225)	-39.0%
Nonoperating Income (Expenses):				
Interest income	458	382	76	19.9%
Investment loss	(2,513)	(300)	(2,213)	737.7%
Interest expense	(1,478)	(1,618)	140	-8.7%
Rental income	1,148	1,036	112	10.8%
Payments from/(to) the City	-	22,204	(22,204)	-100.0%
Payments from other governments	1,195	-	1,195	100.0%
Credit to customers	(23,652)	-	(23,652)	100.0%
Other	(2,162)	854	(3,016)	-353.2%
Total non-operating income (expense)	(27,004)	22,558	(49,562)	-219.7%
Income (loss) before capital grants and contributions	(6,337)	56,450	(62,787)	-111.2%
Capital grants and contributions	3,053	2,854	199	7.0%
Changes in net position	(3,284)	59,304	(62,588)	-105.5%
Net position - October 1	427,806	368,502	59,304	16.1%
Net position - September 30	\$ 424,522	\$ 427,806	\$ (3,284)	-0.8%

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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, 2022 and 2021:

Water Fund				
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position				
Fiscal Years Ended September 30, 2022 and 2021				
(in thousands)				
	2022	2021	Variance 2022/2021	
			Amount	%
Operating Revenues:				
Metered sales	\$ 74,204	\$ 73,876	\$ 328	0.4%
Reclaimed water sales	4,584	4,888	(304)	-6.2%
Service charges	37,526	34,900	2,626	7.5%
Other services	6,281	5,304	977	18.4%
Total operating revenues	122,595	118,968	3,627	3.0%
Operating Expenses:				
Cost of water	32,211	27,672	4,539	16.4%
Personal services	25,350	15,555	9,795	63.0%
Commercial Services	1,827	1,496	331	22.1%
Maintenance and other	33,963	30,052	3,911	13.0%
Street Impact charges	1,513	1,948	(435)	-22.3%
Depreciation and amortization	13,785	13,429	356	2.7%
Total operating expenses	108,649	90,152	18,497	20.5%
Operating income	13,946	28,816	(14,870)	-51.6%
Nonoperating Income (Expenses):				
Interest income	337	271	66	24.4%
Investment loss	(1,964)	(170)	(1,794)	1055.3%
Interest expense	(1,266)	(1,394)	128	-9.2%
Rental income	1,148	1,036	112	10.8%
Payments from/(to) the City	-	22,204	(22,204)	-100.0%
Payments from other governments	1,061	-	1,061	100.0%
Credit to customers	(23,518)	-	(23,518)	100.0%
Other	(1,227)	968	(2,195)	-226.8%
Total non-operating income (expense)	(25,429)	22,915	(48,344)	-211.0%
Income (loss) before capital grants and contributions	(11,483)	51,731	(63,214)	-122.2%
Capital grants and contributions	2,920	2,665	255	9.6%
Changes in net position	(8,563)	54,396	(62,959)	-115.7%
Net position - October 1	348,137	293,741	54,396	18.5%
Net position - September 30	\$ 339,574	\$ 348,137	\$ (8,563)	-2.5%

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

Sewer Fund Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position Fiscal Years Ended September 30, 2022 and 2021 (in thousands)

	2022	2021	Variance 2022/2021	
			Amount	%
Operating Revenues:				
Metered sales	\$ 6,250	\$ 5,715	\$ 535	9.4%
Service charges	12,257	11,162	1,095	9.8%
Other services	2,940	1,443	1,497	103.7%
Total operating revenues	21,447	18,320	3,127	17.1%
Operating Expenses:				
Personal services	4,506	3,255	1,251	38.4%
Commercial Services	1,475	1,255	220	17.5%
Maintenance and other	3,940	3,773	167	4.4%
Street Impact charges	2,018	2,118	(100)	-4.7%
Depreciation	2,787	2,843	(56)	-2.0%
Total operating expenses	14,726	13,244	1,482	11.2%
Operating income	6,721	5,076	1,645	32.4%
Nonoperating Income (Expenses):				
Interest income	121	111	10	9.0%
Investment loss	(549)	(130)	(419)	322.3%
Interest expense	(212)	(224)	12	-5.4%
Payments from other governments	134	-	134	100.0%
Credit to customers	(134)	-	(134)	100.0%
Other	(935)	(114)	(821)	720.2%
Total non-operating income (expense)	(1,575)	(357)	(1,218)	341.2%
Income before capital grants and contributions	5,146	4,719	427	9.0%
Capital grants and contributions	133	189	(56)	-29.6%
Changes in net position	5,279	4,908	371	7.6%
Net position - October 1	79,669	74,761	4,908	6.6%
Net position - September 30	\$ 84,948	\$ 79,669	\$ 5,279	6.6%

LONG BEACH WATER DEPARTMENT

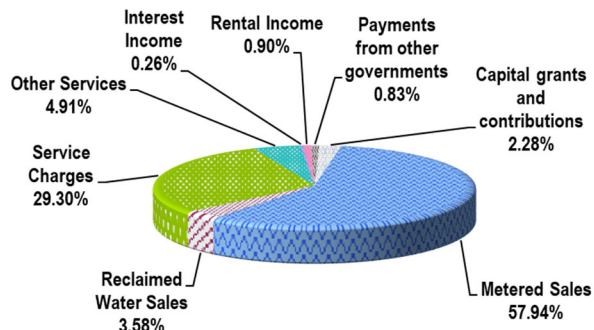
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Sources of Revenues

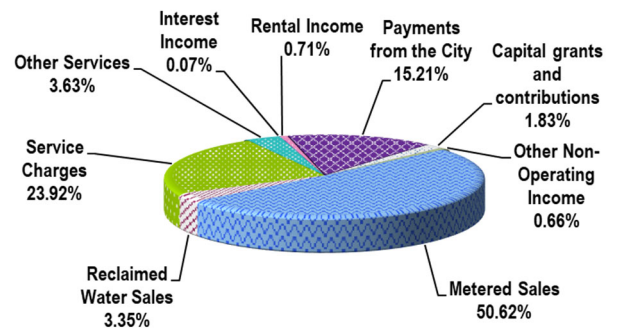
Sources of revenue for fiscal years 2022 and 2021 are shown on the following charts.

Water Fund

2022

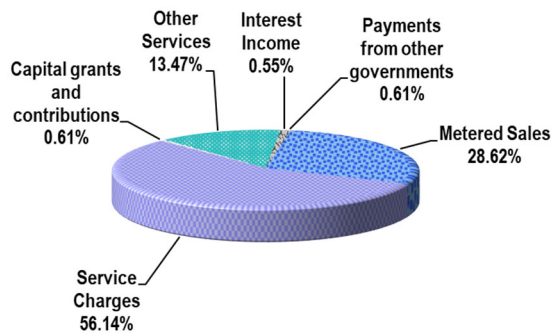


2021

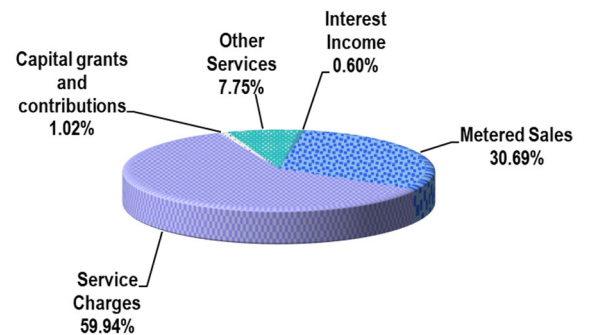


Sewer Fund

2022



2021



LONG BEACH WATER DEPARTMENT

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Management Review of the Department's Revenues

Water Fund

Fiscal Year Ended September 30, 2022 Compared to 2021

Total operating revenues were \$122,595, an increase of \$3,627 (+3.0%) over FY2021. The major elements of this net increase are as follows:

- Metered sales revenue increased by \$328 (+0.4%), primarily due to a net increase of 5.5% on water rates in FY2022. This was offset by a 2,494 AF (-5.0%) decrease in consumption.
- Reclaimed water sales revenue decreased by \$304 (-6.2%) mainly due to a decrease in consumption by 671 AF (-12.0%) compared to FY2021. However, this was offset by a 5.5% net increase in reclaimed water rates in FY2022.
- Service charges increased by \$2,626 (+7.5%) over FY2021 which reflects a net increase of 5.5% on rates during FY2022.
- Revenue from other services totaled \$6,281, a net increase of \$977 (+18.4%) from the prior year. This is primarily due to an increase in reimbursements received by \$830 (+377.5%) compared to FY2021, relating to conservation programs such as Lawn-to-Garden Conservation Incentives, Direct Install Gardens and Leak Detection Services.

Capital grants and contributions increased by \$255 (+9.6%) compared to FY2021, primarily due to an increase in the amount of \$305 (+100.0%) on contributions received in relation to the Port Water System project.

Sewer Fund

Fiscal Year Ended September 30, 2022 Compared to 2021

Total operating revenues increased \$3,127 (+17.1%) over FY2021. The key elements of this increase are as follows:

- Metered sales and service charges revenue increased by \$535 (+9.4%) and \$1,095 (+9.8%) respectively, over FY2021 as a result of a 10% sewer rate increase. This increase was slightly offset by a 607 AF decrease in volumetric demand in FY2022.
- Other services revenue increased by \$1,497 (+103.7%) over FY2021, 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 decreased by \$56 (-29.6%) compared to FY2021, primarily due to a decrease in proceeds received from sewer collection system development agreements with the Department.

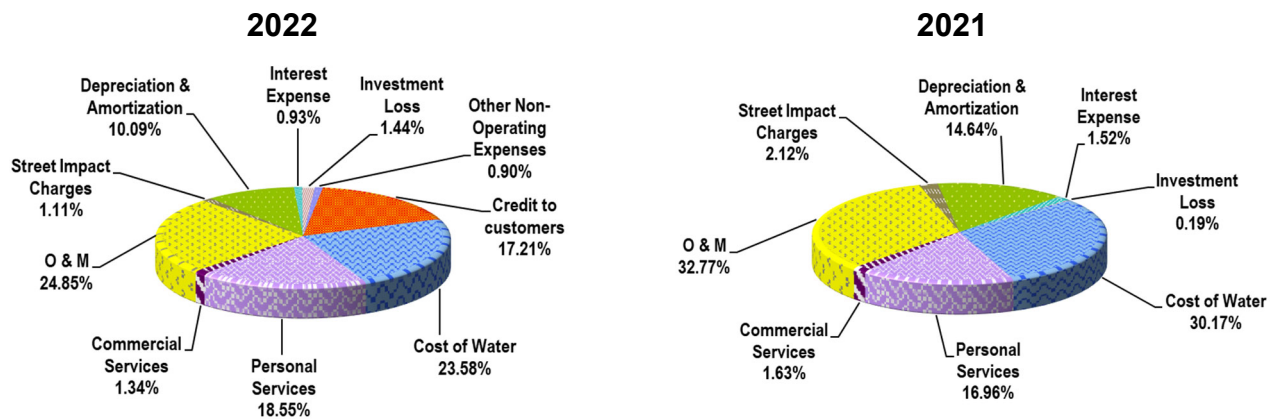
LONG BEACH WATER DEPARTMENT

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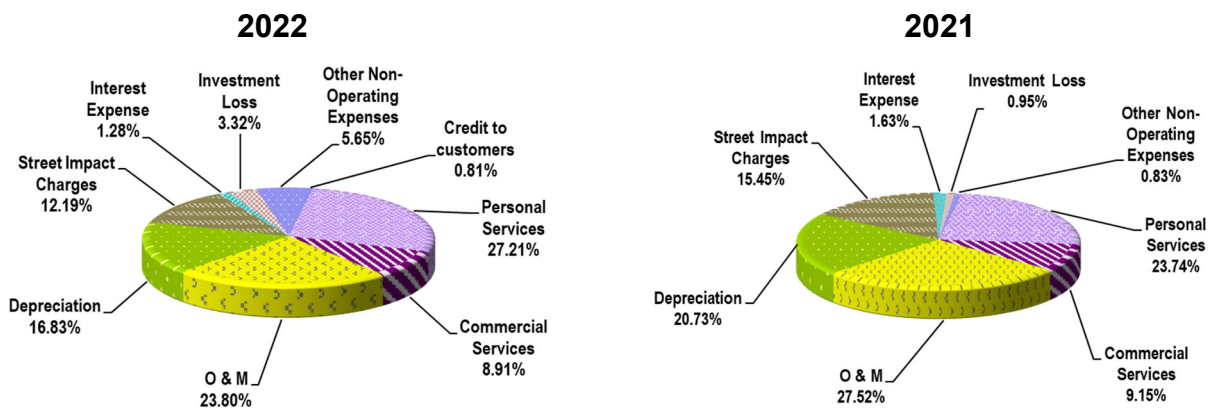
Functional Expenses

Functional expenses for the 2022 and 2021 fiscal years are shown on the following charts.

Water Fund



Sewer Fund



LONG BEACH WATER DEPARTMENT

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Management Review of the Department's Expenses

Water Fund

Fiscal Year Ended September 30, 2022 Compared to 2021

Operating expenses totaled \$108,649, an increase of \$18,497 (+20.5%) over FY2021. The major elements attributable to the net increase are as follows:

- In FY2022, purchased water costs and volume increased by \$4,539 (+16.4%) and 3,167 AF (+16.6%) respectively. Increased reliance on imported water was a result of a scheduled shutdown of the Groundwater Treatment plant for repair and maintenance in FY2022.
- Personal services costs increased by \$9,795 (+63.0%) in FY2022, primarily due to increases in pension costs and fringe benefits in the amount of \$7,470 (+1,665.3%). In addition, employee salaries, compensated absences costs, and overtime costs increased by \$2,004 (14.0%) due to increases on negotiated salary range and Cost of Living Allowance (COLA) in FY2022.
- Maintenance and other costs had a net increase of \$3,911 (+13.0%) from FY2021. The net increase is primarily attributable to the following factors:
 - Materials and other contractual services costs incurred for repair, maintenance and daily operations increased by \$2,045 (+40.8%) compared to FY2021, primarily due to an increase in sales and contract prices and operating activities. This includes laboratory supplies, fuel, electrical supplies, machinery and equipment parts, advertising services, security services, disposal services and other contractual services.
 - Legal fees and services increased by \$812 (+3,429.1%) compared to FY2021, mainly due to legal fees paid in relation to the Measure M litigation.
 - Technology infrastructure services increased by \$270 (+27.4%) due to the allocated costs increases compared to FY2021.
 - Property and liability insurance costs increased by \$693 (+66.1%) compared to FY2021, due to an increase in evaluated share of costs from the City.

FY2022 net nonoperating expense totaled \$25,429, a net decrease of \$48,344 (-211.0%) over FY2021. The net decrease is primarily due to the following factors:

- Payments from the City decreased by \$22,204 (-100.0%) in FY2022. This is primarily due to non-operating income related to Measure M being fully recognized in FY2021.
- Credit to customers costs increased by \$23,518 (+100.0%) in FY2022, mainly due to a one-time utility rebates applied against consumption and daily service charges on all water customers' utility bills.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

- Other expense had a net increase of \$2,195 (-226.8%) in FY2022, primarily due a net decrease of \$1,897 (-91.0%) on other non-operating revenue received relating to damage claims recoveries and the conclusion of four equal annual payments from the City stipulated in the Settlement and Release Agreement (Agreement) which came into effect on November 8, 2017.
- Investment loss increased by \$1,794 (+1,055.3%) mainly due to a decrease in income received relating to pooled cash and mark-to-market pooled cash investments.

Sewer Fund

Fiscal Year Ended September 30, 2022 Compared to 2021

Total operating expenses amounted to \$14,726, an increase of \$1,482 (+11.2%) over FY2021. This net increase is mostly attributable to the following elements:

- Personal services costs increased by \$1,251 (+38.4%) in FY2022, primarily because of increases in pension costs and fringe benefits in the amount of \$1,035 (+154.4%). In addition, overtime costs increased by \$73 (+18.8%) due to increases on negotiated salary range, COLA, and sewer operating activities in FY2022.
- Commercial services costs increased by \$220 (+17.5%) compared to FY2021, due to an increase in allocated costs for utility customer support and billing and collection services charges from the City.

FY2022 net nonoperating expense totaled \$1,575, a net increase of \$1,218 (+341.2%) compared to FY2021. The net increase is primarily due to the following factors:

- Other expense had a net increase of \$821 (+720.2%) in FY2022, primarily due a net decrease of \$1,044 (-80.8%) on other non-operating income received relating to damage claims recoveries and with the conclusion of four equal annual payments from the City stipulated in the Agreement.
- Investment loss increased by \$419 (+322.3%) 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
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Capital Assets and Debt Administration

Capital assets. The Department's capital assets (net of accumulated depreciation and amortization) as of September 30, 2022 amounted to \$379,767 for the Water Fund and \$88,990 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 FY2022, net capital assets increased \$19,562 (+5.4%) and \$4,048 (+4.8%) 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, 2022 and 2021 (in thousands):

Long Beach Water Department
Condensed schedules of Capital Assets
September 30, 2022 and 2021
(in thousands)

	2022	2021	Variance	
			2022/2021	
			Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	165,106	163,547	1,559	1.0%
Distribution/collection systems	616,109	601,956	14,153	2.4%
Machinery and equipment	27,560	27,744	(184)	-0.7%
Construction in progress	91,766	68,166	23,600	34.6%
Total capital assets	912,610	873,482	39,128	4.5%
Less: accumulated depreciation and amortization	(443,853)	(428,335)	(15,518)	3.6%
Total capital assets, net	\$ 468,757	\$ 445,147	\$ 23,610	5.3%

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2022

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, 2022 and 2021:

Water Fund				
Capital Assets				
September 30, 2022 and 2021				
(in thousands)				
	2022	2021	Variance	
			2022/2021	
			Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	152,676	151,117	1,559	1.0%
Distribution/collection systems	394,618	383,489	11,129	2.9%
Machinery and equipment	20,628	20,921	(293)	-1.4%
Construction in progress	80,256	60,015	20,241	33.7%
Total capital assets	660,247	627,611	32,636	5.2%
Less: accumulated depreciation and amortization	(280,480)	(267,406)	(13,074)	4.9%
Total capital assets, net	\$ 379,767	\$ 360,205	\$ 19,562	5.4%

Sewer Fund				
Capital Assets				
September 30, 2022 and 2021				
(in thousands)				
	2022	2021	Variance	
			2022/2021	
			Amount	%
Buildings, structures, and facilities	\$ 12,430	\$ 12,430	\$ -	-
Distribution/collection systems	221,491	218,467	3,024	1.4%
Machinery and equipment	6,932	6,823	109	1.6%
Construction in progress	11,510	8,151	3,359	41.2%
Total capital assets	252,363	245,871	6,492	2.6%
Less: accumulated depreciation	(163,373)	(160,929)	(2,444)	1.5%
Net capital assets	\$ 88,990	\$ 84,942	\$ 4,048	4.8%

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, 2022

Long-term obligations. As of September 30, 2022, the Department had total outstanding long-term obligations in the amount of \$29,595 for the Water Fund and \$8,523 for the Sewer Fund. All debt is supported by Water Fund revenues and Sewer Fund revenues. Total Department outstanding debt as of September 30, 2022 and 2021 is summarized as follows:

Water Fund Long-Term Obligations September 30, 2022 and 2021 (in thousands)				
	2022	2021	Variance 2022/2021	
			Amount	%
Equipment Financing obligation:				
Equipment Financing obligation-AMI	\$ 19,587	\$ 21,226	\$ (1,639)	-7.7%
Total equipment financing obligation outstanding	<u>19,587</u>	<u>21,226</u>	<u>(1,639)</u>	<u>-7.7%</u>
Long-term debt:				
Revenue refunding bonds	9,645	12,945	(3,300)	-25.5%
Water Revenue Revolving Line of Credit	14,000	-	14,000	100.0%
Long-term debt outstanding, net	<u>23,645</u>	<u>12,945</u>	<u>10,700</u>	<u>82.7%</u>
Unamortized bond discount	-	-	-	-
Add: Unamortized bond premium	363	594	(231)	-38.9%
Total long-term debt outstanding	<u>24,008</u>	<u>13,539</u>	<u>10,469</u>	<u>77.3%</u>
Total long-term obligations	<u>\$ 43,595</u>	<u>\$ 34,765</u>	<u>\$ 8,830</u>	<u>25.4%</u>

Sewer Fund Long-Term Obligations September 30, 2022 and 2021 (in thousands)				
	2022	2021	Variance 2022/2021	
			Amount	%
Long-term debt:				
Revenue refunding bonds	\$ 7,570	\$ 7,960	\$ (390)	-4.9%
Long-term debt outstanding, net	<u>7,570</u>	<u>7,960</u>	<u>(390)</u>	<u>-4.9%</u>
Add: Unamortized bond premium	953	1,074	(121)	-11.3%
Total long-term obligations	<u>\$ 8,523</u>	<u>\$ 9,034</u>	<u>\$ (511)</u>	<u>-5.7%</u>

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis
September 30, 2022

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 on page 42.

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, 2023, with budgeted expenditures totaling approximately \$156,842, a decrease of \$3,041 (-1.9%) compared to FY2022. In addition, Sewer Fund's budgeted expenditures amounted to \$23,188, which decreased by \$133 (-0.6%) in FY2023.

In FY2023, there were no rate increases for potable water, reclaimed water and sewer collection services compared to 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, 2022

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Pooled cash and cash equivalents	\$ 42,935	12,378	55,313
Non-pooled cash equivalents	903	-	903
Interest receivable	4	-	4
Due from other government	877	-	877
Due from the City	101	-	101
Customer accounts receivable	9,222	1,582	10,804
Allowance for doubtful accounts	(1,181)	(158)	(1,339)
Material and supplies inventory	7,025	238	7,263
Prepaid expense	2,646	-	2,646
Lease receivable	342	-	342
Restricted assets:			
Pooled cash and cash equivalents:			
Funds held in trust	1,061	-	1,061
Bond service funds	1,632	304	1,936
Sub-total pooled cash and cash equivalents	2,693	304	2,997
Non-pooled investments	1,972	-	1,972
Total restricted assets	4,665	304	4,969
Total current assets	67,539	14,344	81,883
Noncurrent Assets:			
Capital assets:			
Land	11,214	-	11,214
Water rights	40	-	40
Patent	815	-	815
Buildings, structures and facilities	152,676	12,430	165,106
Distribution/collection systems	394,618	221,491	616,109
Machinery and equipment	20,628	6,932	27,560
Construction in progress	80,256	11,510	91,766
Total capital assets	660,247	252,363	912,610
Less: Accumulated depreciation and amortization	(280,480)	(163,373)	(443,853)
Total capital assets, net	379,767	88,990	468,757
Total assets	447,306	103,334	550,640
DEFERRED OUTFLOWS OF RESOURCES			
Economics loss from the refunding of debt	313	-	313
Pension contributions after measurement date	3,962	770	4,732
Difference between actual and expected			
CalPERS investment returns	7,429	1,445	8,874
Pension changes in assumptions	2,591	504	3,095
OPEB contributions after measurement date	109	20	129
OPEB liability change in proportions	56	12	68
OPEB change in assumptions	95	18	113
OPEB change in experience	30	5	35
Total deferred outflows of resources	\$ 14,585	2,774	17,359

(Continued)

LONG BEACH WATER DEPARTMENT

Statements of Net Position Business Type Activity - Enterprise September 30, 2022

	Water Fund	Sewer Fund	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 20,057	1,475	21,532
Accrued wages payable	124	29	153
Unearned revenue	237	7	244
Accrued compensated absences	2,351	440	2,791
Due to other funds	988	104	1,092
Advances from developers	1,066	215	1,281
Accrued interest payable	194	135	329
Equipment financing obligation due with in one year	1,696	-	1,696
Long-term debt due within one year	3,450	405	3,855
Customer deposits	1,081	-	1,081
Total current liabilities	31,244	2,810	34,054
Noncurrent Liabilities:			
Equipment financing obligation, net of current portion	17,891	-	17,891
Long-term debt, net of current portion	20,558	8,118	28,676
Compensated absences	4,501	836	5,337
Total OPEB liability	129	24	153
Net pension liability	43,559	8,470	52,029
Accrued site restoration cost	1,000	-	1,000
Total noncurrent liabilities	87,638	17,448	105,086
Total Liabilities	118,882	20,258	139,140
DEFERRED INFLOWS OF RESOURCES			
Pension changes in experience	960	187	1,147
CalPERS change in proportion	864	469	1,333
OPEB change in assumptions	957	180	1,137
OPEB change in proportion	110	45	155
OPEB change in experience	218	21	239
Deferred amount for leases	326	-	326
Total deferred inflows of resources	3,435	902	4,337
NET POSITION			
Net investment in capital assets	332,612	79,066	411,678
Restricted for:			
Bond Service	1,027	304	1,331
Unrestricted	5,935	5,578	11,513
Total Net Position	\$ 339,574	84,948	424,522

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, 2022

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Metered sales	\$ 74,204	6,250	80,454
Reclaimed water sales	4,584	-	4,584
Service charges	37,526	12,257	49,783
Other services	6,281	2,940	9,221
Total operating revenues	122,595	21,447	144,042
Operating Expenses:			
Cost of water	32,211	-	32,211
Personal services	25,350	4,506	29,856
Commercial services	1,827	1,475	3,302
Maintenance and other	33,963	3,940	37,903
Street Impact charges	1,513	2,018	3,531
Depreciation and amortization	13,785	2,787	16,572
Total operating expenses	108,649	14,726	123,375
Operating income	13,946	6,721	20,667
Non-operating Income (Expense):			
Interest income	337	121	458
Investment loss	(1,964)	(549)	(2,513)
Interest expense	(1,266)	(212)	(1,478)
Rental income	1,148	-	1,148
Payments from other governments	1,061	134	1,195
Credit to customers	(23,518)	(134)	(23,652)
Other	(1,227)	(935)	(2,162)
Total non-operating income (expense)	(25,429)	(1,575)	(27,004)
Income before capital grants and contributions	(11,483)	5,146	(6,337)
Capital grants and contributions	2,920	133	3,053
Changes in net position	(8,563)	5,279	(3,284)
Net position - October 1	348,137	79,669	427,806
Net Position - September 30	\$ 339,574	84,948	424,522

See accompanying notes to financial statements

LONG BEACH WATER DEPARTMENT

**Statements of Cash Flows
Business Type Activity - Enterprise
Year ended September 30, 2022**

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 124,518	21,058	145,576
Cash paid to employees	(26,650)	(4,944)	(31,594)
Cash paid for water	(32,609)	-	(32,609)
Cash paid for goods and services	(29,636)	(5,207)	(34,843)
Cash paid to the City	(1,513)	(2,018)	(3,531)
Other expense	(1,412)	(1,183)	(2,595)
Other income	189	2	191
Net cash provided by operating activities	32,887	7,708	40,595
Cash flows from non-capital financing activities:			
Cash received from rental income	1,148	-	1,148
Payments received from the City	30,832	-	30,832
Payments received from other governments	1,061	134	1,195
Credit to customers	(23,518)	(134)	(23,652)
Net cash (used for)/provided by non-capital financing activities	9,523	-	9,523
Cash flows from capital and related financing activities:			
Proceeds from line of credit	14,000	-	14,000
Proceeds from sale of capital assets	98	246	344
Contributions in aid of construction	2,518	133	2,651
Payments for capital acquisitions	(33,145)	(6,814)	(39,959)
Principal repayments-bonds	(3,300)	(390)	(3,690)
Principal repayments-equipment financing obligation	(1,639)	-	(1,639)
Interest payments	(1,352)	(338)	(1,690)
Net cash used for capital and related financing activities	(22,820)	(7,163)	(29,983)
Cash flows from investing activities:			
Receipt of Interest	(1,212)	(428)	(1,640)
Net cash use in investing activities	(1,212)	(428)	(1,640)
Net increase (decrease) in cash and cash equivalents	18,378	117	18,495
Cash and cash equivalents, October 1	28,153	12,565	40,718
Cash and cash equivalents, September 30	46,531	12,682	59,213
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	13,946	6,721	20,667
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense and amortization	13,785	2,787	16,572
Other income	(2,473)	136	(2,337)
Other expense	1,250	(1,317)	(67)
Decrease in pension, OPEB and compensated absences	(608)	(311)	(919)
Decrease in prepaid expense	2,404	-	2,404
Decrease (increase) in customer accounts receivable	1,814	(276)	1,538
Increase in due from City of Long Beach	(87)	-	(87)
Increase in material and supplies inventory	(468)	(53)	(521)
Increase in accounts and retainage payable	4,367	348	4,715
Decrease in accrued wages payable	(692)	(127)	(819)
Increase (decrease) in unearned revenue	57	(113)	(56)
Decrease in due to City of Long Beach	(547)	(87)	(634)
Increase in customer deposits	139	-	139
Total adjustments	18,941	987	19,928
Net cash provided by operating activities	\$ 32,887	7,708	40,595

See accompanying notes to financial statements

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(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 714 miles of sewer mains, 15,143 manholes, and 26 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, 2022, the Department delivered over 3.1 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, 2022, 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, 2022
(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, 2022.

In June of 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It 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 Statement is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. As a result of the implementation of GASB Statement No. 87, lease receivable and deferred inflows of resources as of October 1, 2021 were each restated by \$652, with no impact to the beginning net position.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021, and all reporting periods thereafter. Early application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2022.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods after June 15, 2021, and all reporting periods thereafter. Application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2022.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. Application of these requirements of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2022.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2022.

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

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, 2023.

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.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. This Statement is effective for the Department's fiscal year ending September 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This Statement is effective for the Department's fiscal year ending September 30, 2024.

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, 2022, the Water Fund and Sewer Fund had equity in the Pool of \$45,628 and \$12,682, respectively, which represents approximately 2.35% and 0.65%, respectively, for a total departmental equity of \$58,310 or 3.00% of the Pool.

The Department's share of the Pool is stated at fair value. For a complete description of the Pool and its underlying investments, refer to the City of Long Beach's separately issued financial statements.

Cash Equivalents

The Department classifies its investment in the Pool as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments as the Department can withdraw amounts from the pool without penalty or notice.

The Department classifies all other investments with maturities of three months or less at the time of purchase as cash equivalents. These cash equivalents are reported at amortized cost in the accompanying financial statements.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

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).

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

Lease Receivable

The Department is a lessor for noncancellable leases of land and buildings and recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the Department measures the lease receivable at the present value of payments expected to be received over the course of the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term. Key estimates and judgments related to leases in which the Department is lessor are as follows:

- The Department recognizes lease receivables with an initial, individual value of \$500 or more.
- The Department uses its estimated implicit rate or incremental borrowing rate as the discount rate for leases, whichever is applicable.
- The lease term includes the noncancellable period of the lease.
- Projected lease revenues included in the measurement of the lease receivable are comprised of fixed payments required per the lease terms.
- Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- Leases with rent payments that depend on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage rent increases or flat rate rent increases that are specified in the lease terms are included in the measurement of the lease receivable.

The Department monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

Land rentals

The Department owns approximately 820 acres of land, approximately 80 acres of which is rented for commercial purposes. All nine land rental agreements are cancellable, with various terms ranging from 1 to 42 years. Within the various terms, the minimum future rentals for these agreements total to \$10,278. As of September 30, 2022, the Department recorded a total rental income of \$1,148.

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

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

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. Payments from/(to) the City are transfers made to the City.

Employee Benefits, Compensated Absences and Termination Benefits

At September 30, 2022, the Department has recorded compensated absences of \$8,128 (\$6,852 for Water and \$1,276 for Sewer) of which short-term amounts totaled to \$2,791 (\$2,351 for Water and \$440 for Sewer) and long-term balances of \$5,337 (\$4,501 for Water and \$836 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 California Public Employees' Retirement System (CalPERS) or to participate in the City's Retired Employee

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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, 2022. The liability is being funded over time through burden rates, applied as a percentage of current productive salaries.

Pension Plan and Postretirement Benefits

All full-time Department employees are members of the City's Miscellaneous Plan. The Department's policy is to fund. The costs to be funded are determined annually as of July 1 and are incorporated into the payroll burden rate to reimburse the Employee Benefits Internal Service Fund for contributions made on behalf of Department employees (see note 5).

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about 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 Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

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

Risk Management

The Department, as an entity of the City, participates in the City's self-insured program for workers' compensation, property, and tort liability. The City and the Department's management believe that sufficient funds are being accumulated in the City's Insurance Internal Service Fund (Insurance Fund) to meet losses as they arise. The Department contributes to the Insurance Fund through payroll burden charges applied as a percent of current productive salaries. In addition, various risk control techniques, including safety training for all employees and the inclusion of appropriate legal provisions in third-party contracts, have been implemented to minimize risk losses.

Estimates

The preparation of the Department's financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

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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). 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.

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. In FY2022, the Department received funds from the CWWAPP program in the amount of \$1,061 and \$134, for Water and Sewer Fund respectively, and applied to eligible customer bills.

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. In FY2022, the City executed a court-ordered transfer of \$30,832 to the Department within 180 days from the final ruling. In May 2022, the Board of Water Commissioners approved a one-time bill credit of the entire amount of \$30,832 back to the Department's customers. As of September 30, 2022, the customer bill credits used amounted to \$22,457 and the remaining balance of \$8,375 has not been used by customers.

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Note 2 - Cash Equivalents and Investments

The Department's unrestricted and restricted cash equivalents and investments are as follows:

Water Fund			
	Unrestricted	Restricted	Total Investments & Cash Equivalent
Equity in the City of Long Beach's investment pool	\$ 42,935	2,693	45,628
Non-pooled cash equivalents	903	-	903
Investments - U.S. Treasury Notes	-	1,972	1,972
Total cash and investments	<u>\$ 43,838</u>	<u>4,665</u>	<u>48,503</u>

Sewer Fund			
Sewer Fund	Unrestricted	Restricted	Total Investments & Cash Equivalent
Equity in the City of Long Beach's investment pool	\$ 12,378	304	12,682
Total cash and investments	<u>\$ 12,378</u>	<u>304</u>	<u>12,682</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, 2022, the City's Investment Pool has weighted average maturity of 1.65 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 1.62 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.

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Notes to Financial Statements September 30, 2022 (in thousands of dollars)

Note 3 – Capital Assets

Capital assets at September 30, 2022 were as follows:

Water Fund	Balance September 30, 2021	Additions	Deletions, Retirements and Transfers	Balance September 30, 2022
Capital assets, not being depreciated:				
Land	11,214	-	-	11,214
Construction in progress	60,015	34,459	(14,218)	80,256
Water Rights	40	-	-	40
Total capital assets, not being depreciated	71,269	34,459	(14,218)	91,510
Capital assets, being depreciated:				
Buildings, structures and facilities	151,117	1,559	-	152,676
Patents	815	-	-	815
Distribution/collection systems	383,489	11,417	(288)	394,618
Machinery and equipment	20,921	231	(524)	20,628
Total capital assets, being depreciated	556,342	13,207	(812)	568,737
Less accumulated depreciation for:				
Buildings, structures and facilities	(77,968)	(4,250)	-	(82,218)
Patents	(613)	(41)	-	(654)
Distribution/collection systems	(170,194)	(8,117)	187	(178,124)
Machinery and equipment	(18,631)	(1,377)	524	(19,484)
Total accumulated depreciation	(267,406)	(13,785)	711	(280,480)
Total capital assets, being depreciated, net	288,936	(578)	(101)	288,257
Total Water Fund capital assets, net	360,205	33,881	(14,319)	379,767
Sewer Fund	Balance September 30, 2021	Additions	Deletions, Retirements and Transfers	Balance September 30, 2022
Capital assets, not being depreciated:				
Construction in progress	8,151	6,403	(3,044)	11,510
Total capital assets, not being depreciated	8,151	6,403	(3,044)	11,510
Capital assets, being depreciated:				
Buildings, structures and facilities	12,430	-	-	12,430
Distribution/collection systems	218,467	3,024	-	221,491
Machinery and equipment	6,823	452	(343)	6,932
Total capital assets, being depreciated	237,720	3,476	(343)	240,853
Less accumulated depreciation for:				
Buildings, structures and facilities	(3,013)	(278)	-	(3,291)
Distribution/collection systems	(153,191)	(2,024)	-	(155,215)
Machinery and equipment	(4,725)	(485)	343	(4,867)
Total accumulated depreciation	(160,929)	(2,787)	343	(163,373)
Total capital assets, being depreciated, net	76,791	689	-	77,480
Total Sewer Fund capital assets, net	84,942	7,092	(3,044)	88,990

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Notes to Financial Statements September 30, 2022 (in thousands of dollars)

Combined Total	Balance September 30, 2021	Additions	Deletions, Retirements and Transfers	Balance September 30, 2022
Capital assets, not being depreciated:				
Land	11,214	-	-	11,214
Construction in progress	68,166	40,862	(17,262)	91,766
Water Rights	40	-	-	40
Total capital assets, not being depreciated	79,420	40,862	(17,262)	103,020
Capital assets, being depreciated:				
Buildings, structures and facilities	163,547	1,559	-	165,106
Patents	815	-	-	815
Distribution/collection systems	601,956	14,441	(288)	616,109
Machinery and equipment	27,744	683	(867)	27,560
Total capital assets, being depreciated	794,062	16,683	(1,155)	809,590
Less accumulated depreciation for:				
Buildings, structures and facilities	(80,981)	(4,528)	-	(85,509)
Patents	(613)	(41)	-	(654)
Distribution/collection systems	(323,385)	(10,141)	187	(333,339)
Machinery and equipment	(23,356)	(1,862)	867	(24,351)
Total accumulated depreciation	(428,335)	(16,572)	1,054	(443,853)
Total capital assets, being depreciated, net	365,727	111	(101)	365,737
Total Department capital assets, net	445,147	40,973	(17,363)	468,757

In FY2022, the Department capitalized enhancements to several facilities and structures, which amounted to \$1,559 for Water Fund. These improvements included water reservoir tank roofing and interior lining installation and well facilities security enhancements. In addition, the Department completed numerous projects as part of ongoing improvements to its current water distribution system and sewer collection system, which totaled \$11,417 for the Water Fund and \$3,024 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, Well rehabilitation, and Sewer Pipe rehabilitation. The Department also purchased machinery and equipment which totaled \$231 for the Water Fund and \$452 for the Sewer Fund. These machinery and equipment purchases included utility vehicles, water distribution and sewer collection pump and a camera van for closed-circuit television (CCTV) monitoring of sewer mains and lateral pipes.

LONG BEACH WATER DEPARTMENT

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Construction in Progress

Construction in progress at September 30, 2022 includes the following projects:

Project	Water Fund	Sewer Fund
Water Main Replacement Program	\$ 9,072	\$ -
Water Reservoir Improvements	1,790	-
Water Well Development and Rehabilitation	12,869	-
Water System Facility Improvements	40,646	-
Reclaimed Water System	2,319	-
Sewer Main Replacement Program	-	5,353
Sewer Lift Stations Rehabilitation	-	4,607
Other Projects	13,560	1,550
Total Combined Construction in Progress	<u>\$ 80,256</u>	<u>\$ 11,510</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, 2022, completed projects were transferred from Construction in progress as follows:

	Total	
	Water Fund	Sewer Fund
Transfers to Capital Assets	\$ 12,977	3,024
Transfers to Expense	1,241	20
Total	<u>\$ 14,218</u>	<u>3,044</u>

LONG BEACH WATER DEPARTMENT

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Note 4 – Long-term Liabilities

Water Fund					
September 30, 2022	Beginning of year	Additions	Reductions	End of year	Due within one year
2010 Water Revenue Refunding Bonds	\$ 8,250	-	(2,590)	5,660	2,715
2012 Water Revenue Refunding Bonds	4,695	-	(710)	3,985	735
	12,945	-	(3,300)	9,645	3,450
Add 2010 unamortized bond premium	292	-	(150)	142	-
Add 2012 unamortized bond premium	302	-	(81)	221	-
Total long-term debt	13,539	-	(3,531)	10,008	3,450
Compensated Absences	7,006	12,464	(12,618)	6,852	2,351
Net Pension Liability	20,005	23,554	-	43,559	-
Total OPEB Liability	282	-	(153)	129	-
Equipment financing obligation	21,226	-	(1,639)	19,587	1,696
Water Revenue Revolving Line of Credit	-	14,000	-	14,000	-
Accrued site restoration cost	1,000	-	-	1,000	-
Total	<u>\$ 63,058</u>	<u>50,018</u>	<u>(17,941)</u>	<u>95,135</u>	<u>7,497</u>

Sewer Fund					
September 30, 2022	Beginning of year	Additions	Reductions	End of year	Due within one year
2016 Sewer Revenue Refunding Bonds	\$ 7,960	-	(390)	7,570	405
	7,960	-	(390)	7,570	405
Add 2016 unamortized bond premium	1,074	-	(121)	953	-
Total long-term debt	9,034	-	(511)	8,523	405
Compensated Absences	1,430	2,351	(2,505)	1,276	440
Net Pension Liability	4,097	4,373	-	8,470	-
Total OPEB Liability	58	-	(34)	24	-
Total	<u>\$ 14,619</u>	<u>6,724</u>	<u>(3,050)</u>	<u>18,293</u>	<u>845</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

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advantage of historically low fixed bond rates and provide the Department with certainty in its future debt service payment requirements. The Commercial Paper program, as authorized by the Board under Resolution WD-1170, expired on October 1, 2012.

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.

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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. The department has requested for an extension of two additional years up to May 19, 2025. 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, 2022, and for the year then ended, there was a \$14 million draw on the Water LOC.

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Equipment Financing Obligation-Automated Metering Infrastructure (AMI)

On November 1, 2018, the Board of Water Commissioners authorized the Long Beach Water Department to proceed with execution of an equipment financing 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.

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 equipment financing agreement with Banc of America Public Capital Corporation to finance the AMI Project. The equipment financing agreement was executed and funded on December 20, 2018. The total purchase price was \$27,400, at an interest rate of 3.35%. In FY2022, the Department paid a total of \$2,326 (\$1,639 principal and \$687 interest) in rental payments.

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.

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Total Annual Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Water Fund							
Fiscal Year Ending Sept 30	Series 2010 Bonds		Series 2012 Bonds		Total		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
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>\$ 5,660</u>	<u>423</u>	<u>3,985</u>	<u>534</u>	<u>9,645</u>	<u>957</u>	<u>10,602</u>

Water Fund - Equipment Financing Obligation

Fiscal Year Ending Sept 30	Total Debt	
	Principal	Interest
2023	\$ 1,696	630
2024	1,753	573
2025	1,813	513
2026	1,875	451
2027	1,938	388
2028-2032	10,512	902
Total	<u>\$ 19,587</u>	<u>3,457</u>

Sewer Fund

Fiscal Year Ending Sept 30	Series 2016A Bonds		Total Debt Service
	Principal	Interest	
2023	\$ 405	323	728
2024	420	307	727
2025	435	290	725
2026	455	273	728
2027	475	255	730
2028-2032	2,740	900	3,640
2033-2036	2,640	270	2,910
Total	<u>\$ 7,570</u>	<u>2,618</u>	<u>10,188</u>

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Note 5 - Retirement Program

Plan Description – Public Employees’ Retirement System (CalPERS)

The Department 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 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.

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.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

The Plans' provisions and benefits in effect at September 30, 2022, 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	30.58%	30.58%	30.58%
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 pensionable compensation to the City's total pensionable compensation amounts for each plan, to provide the Department's net pension liability and related GASB 68 accounting elements. The Department's calculated percentage was 7.4% (6.2% for Water and 1.2% for Sewer) for the Plan.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources 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, 2022 (measurement date), using the actuarial valuation report as of June 30, 2021. At September 30, 2022, the City reported net pension liability of \$701.9 million for the Plan. The Department's net pension liability for the Plan was \$52.0 million (\$43.5 million for Water and \$8.5 million for Sewer) as of September 30, 2022.

For the year ended June 30, 2022 (the measurement date), the Department reported pension expense of \$5.7 million (\$4.8 million for Water and \$0.9 million for Sewer).

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements September 30, 2022 (in thousands of dollars)

As of September 30, 2022, the Department had deferred outflows of resources and deferred inflows of resources 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	\$ 3,962	770	4,732
Net difference between actual and expected investment returns	7,429	1,445	8,874
CalPERS change in assumptions	2,591	504	3,095
Total deferred outflows of resources	<u>\$ 13,982</u>	<u>2,719</u>	<u>16,701</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 960	187	1,147
Change in proportion	864	469	1,333
Total deferred inflows of resources	<u>\$ 1,824</u>	<u>656</u>	<u>2,480</u>

Exclusive of deferred outflows of resources related to contributions after measurement date of \$4.7 million (\$3.9 million for Water and \$0.8 million for Sewer), the net amount of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense is as follows:

Measurement Period Ending	Water	Sewer	Total
<u>June 30</u>			
2023	\$ 1,274	69	1,343
2024	1,708	209	1,917
2025	628	122	750
2026	4,586	893	5,479
	<u>\$ 8,196</u>	<u>1,293</u>	<u>9,489</u>

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(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, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by entry age and service
Mortality	¹

¹ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements September 30, 2022 (in thousands of dollars)

The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ²
Global Equity - Cap-Weighted	30.00 %	4.54 %
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.90%, compared to a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%):

Net Pension Liability/(Asset)	Water	Sewer	Total
1% Decrease (5.90%)	\$ 68,120	13,246	81,366
Current Discount Rate (6.90%)	43,559	8,470	52,029
1% Increase (7.90%)	23,288	4,528	27,816

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2022
(in thousands of dollars)

Note 6 - 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, 2022 amount to \$9,112 and \$528 for the Water Fund and Sewer Fund, respectively.

Note 7 – Subsequent Events

A General Municipal Election was held on November 8, 2022, which contained Ballot Measure BB, amending the City Charter to merge the existing water, sewer, and gas utilities into a singly publicly-owned utility, governed by the existing independent Water/Utility Commission. Voters passed the Measure by simple majority and the City Council certified the election results at its meeting on December 13, 2022. Operations as a merged single utility began in January 2023.

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)

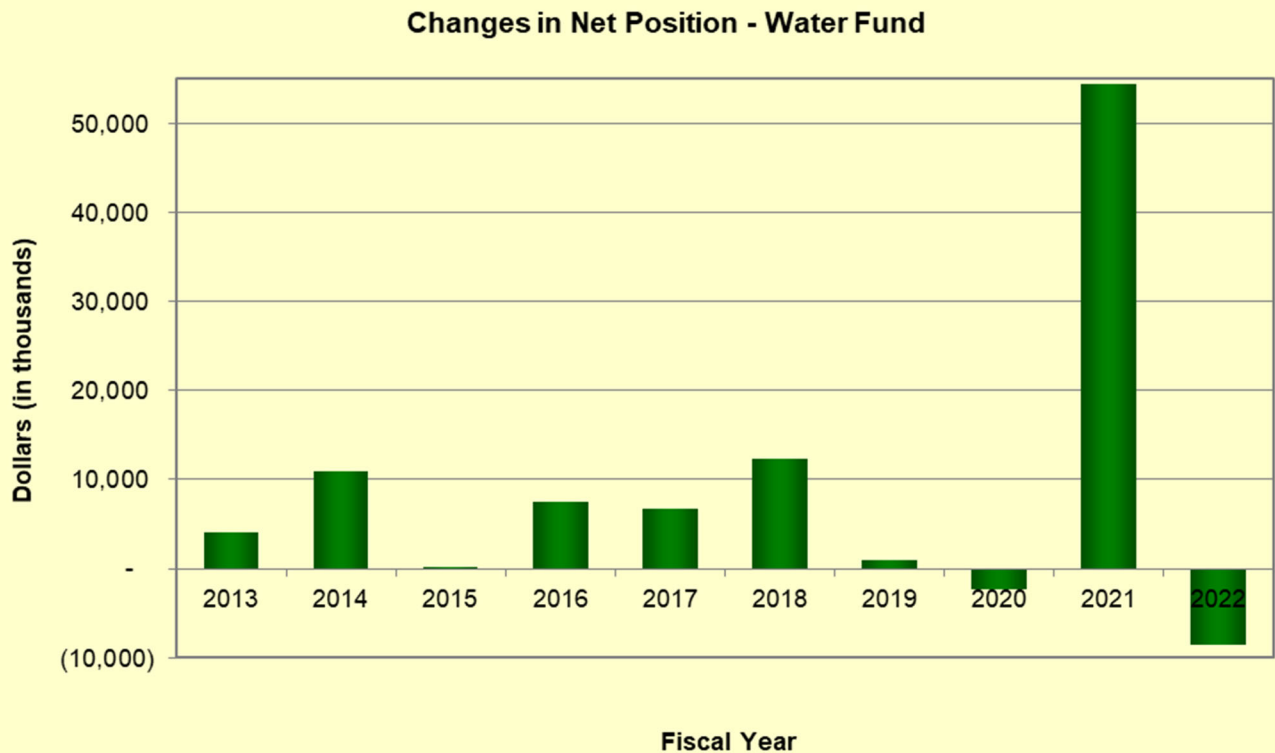
Fiscal Year Ended	Total Operating Revenue ⁽¹⁾	Total Operating Expense	Operating Income (Loss)	Total Non-Operating Income (Expense)	Capital grants and contributions	Changes in Net Position
9/30/2013	91,949	85,783	6,166	(2,152)	131	4,145 ⁽²⁾
9/30/2014	100,187	91,992	8,195	(216)	2,924	10,903
9/30/2015	99,475	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
9/30/2022	122,595	108,649	13,946	(25,429)	2,920	(8,563)

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
9/30/2013	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 ⁽³⁾	18,872	14,474	4,398	391	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
9/30/2022	21,447	14,726	6,721	(1,575)	133	5,279

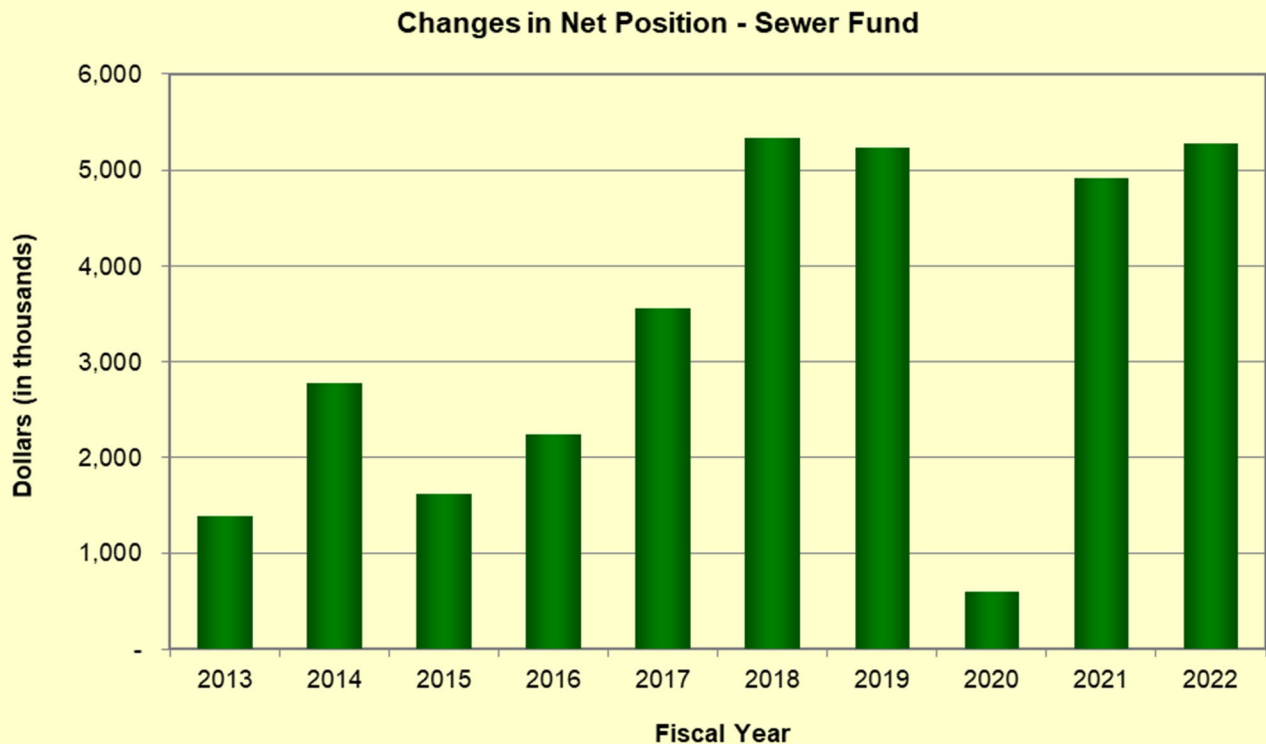
Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.

(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.

(3) Total Operating Expense and Operating Income (Loss) data updated.

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)

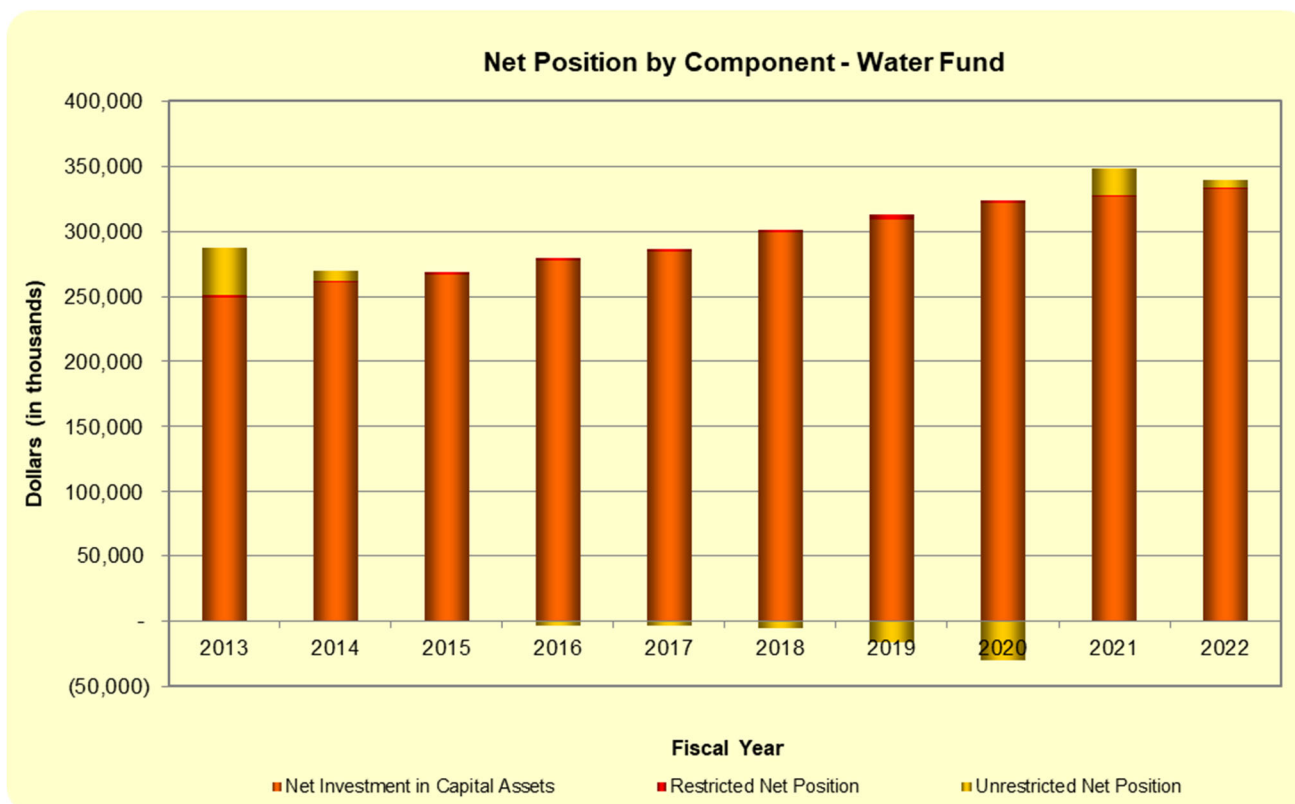
Fiscal Year Ended	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position (deficit)	Total Net Position
9/30/2013	249,256	1,656	36,814	287,726 ⁽¹⁾
9/30/2014	260,538	1,673	7,725	269,936
9/30/2015 ⁽²⁾	267,041	1,697	(143)	268,595
9/30/2016	277,394	1,716	(3,080)	276,030
9/30/2017	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
9/30/2022	332,612	1,027	5,935	339,574

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)

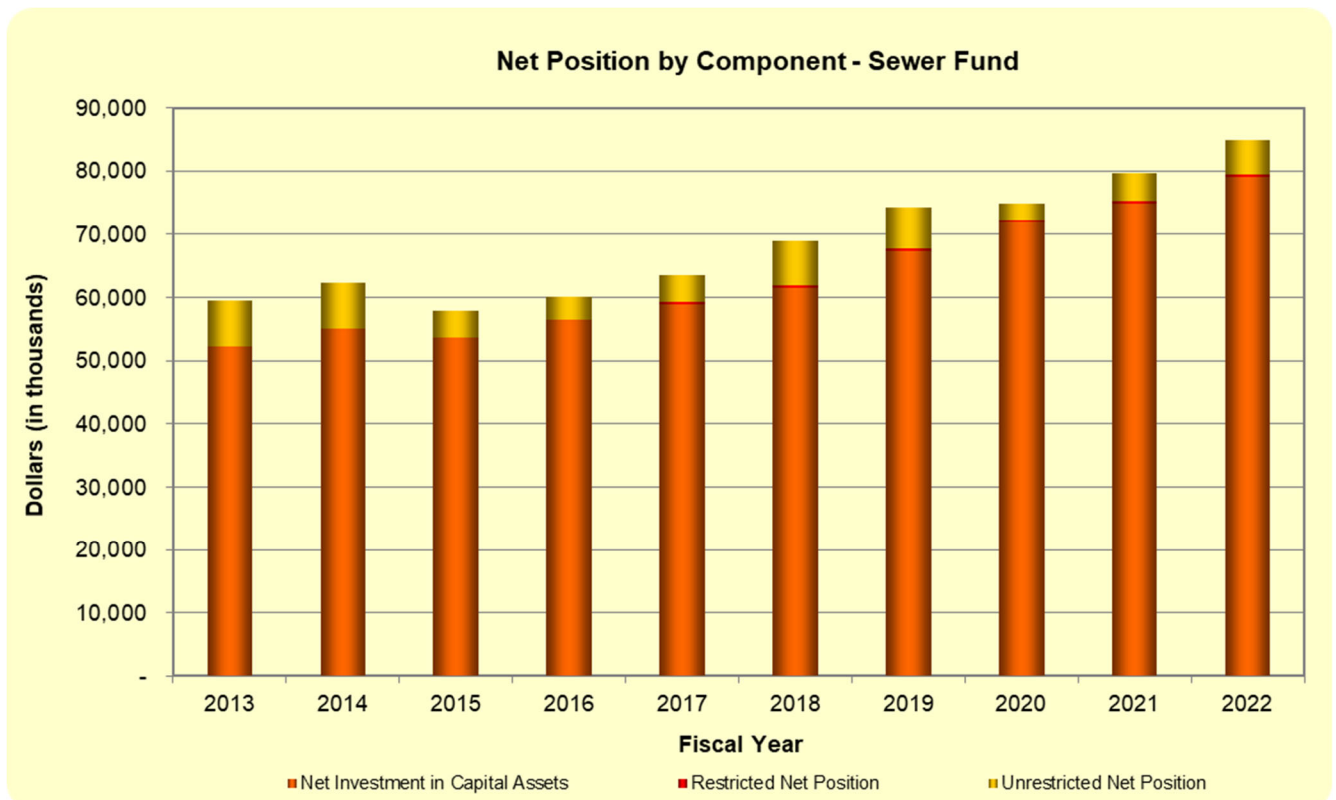
<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
9/30/2013	52,151	-	7,412	59,563 ⁽¹⁾
9/30/2014	55,006	-	7,328	62,334
9/30/2015 ⁽²⁾	53,604	-	4,195	57,799
9/30/2016	56,462	84	3,493	60,039
9/30/2017	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
9/30/2022	79,066	304	5,578	84,948

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)

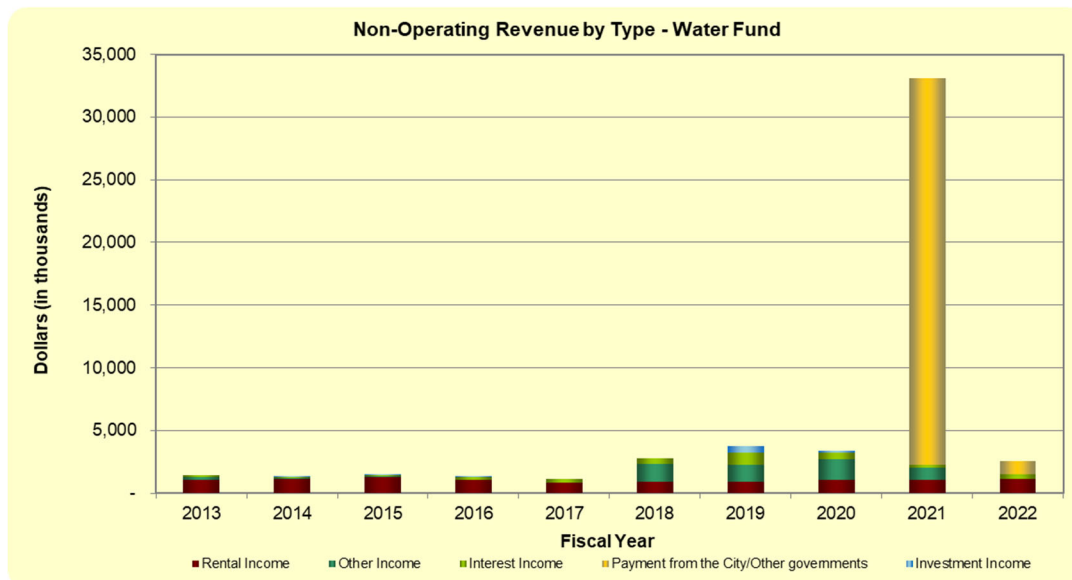
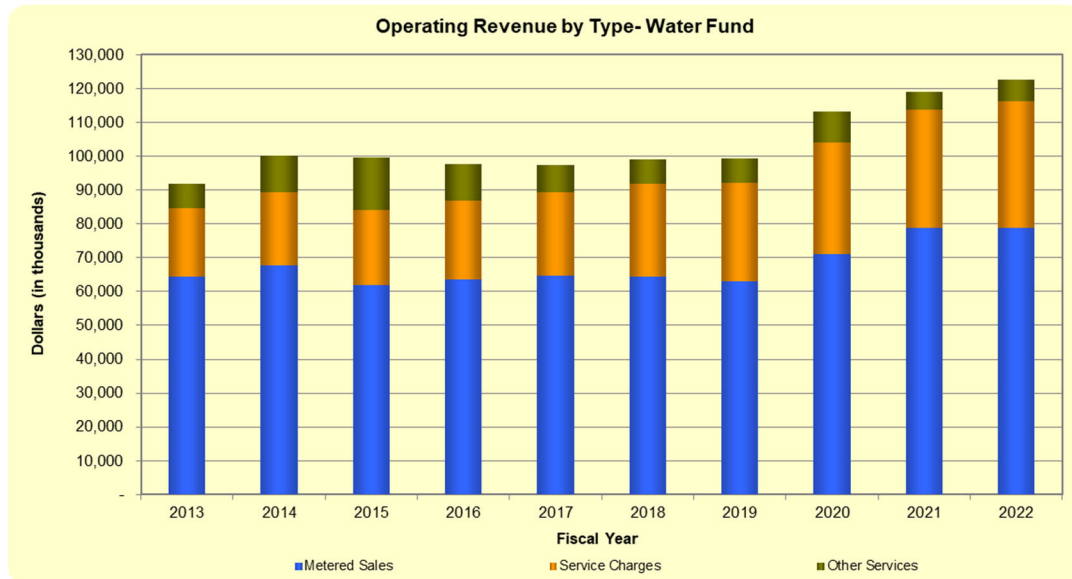
Fiscal Year Ended	OPERATING				NON-OPERATING ⁽²⁾					
	Metered Sales ⁽¹⁾	Service Charges	Other Services	Total Operating Revenue	Interest Income	Investment Income	Rental Income	Other Income	Payments from the city/ other governments	Total Non-Operating Income
9/30/2013	64,347	20,363	7,239	91,949	166	-	1,087	196	-	1,449
9/30/2014	67,818	21,548	10,821	100,187	118	8	1,158	36	-	1,320
9/30/2015	61,995	22,061	15,419	99,475	140	83	1,256	62	-	1,541
9/30/2016	63,658	23,121	10,871	97,650	248	51	1,027	-	-	1,326
9/30/2017	64,721	24,599	8,063	97,383	301	-	811	-	-	1,112
9/30/2018	64,490	27,325	7,358	99,173	461	-	905	1,429	-	2,795
9/30/2019	62,943	29,121	7,225	99,289	1,022	496	942	1,283	-	3,743
9/30/2020	71,141	32,807	9,143	113,091	526	171	1,043	1,636	-	3,376
9/30/2021	78,764	34,900	5,304	118,968	271	-	1,036	968	30,832	33,107
9/30/2022	78,788	37,526	6,281	122,595	337	-	1,148	-	1,061	2,546

Notes: (1) Metered Sales is net of Provision for doubtful accounts expense.

(2) Non-Operating Revenue data updated.

Source: Department's annual reports

See accompanying independent auditors' report



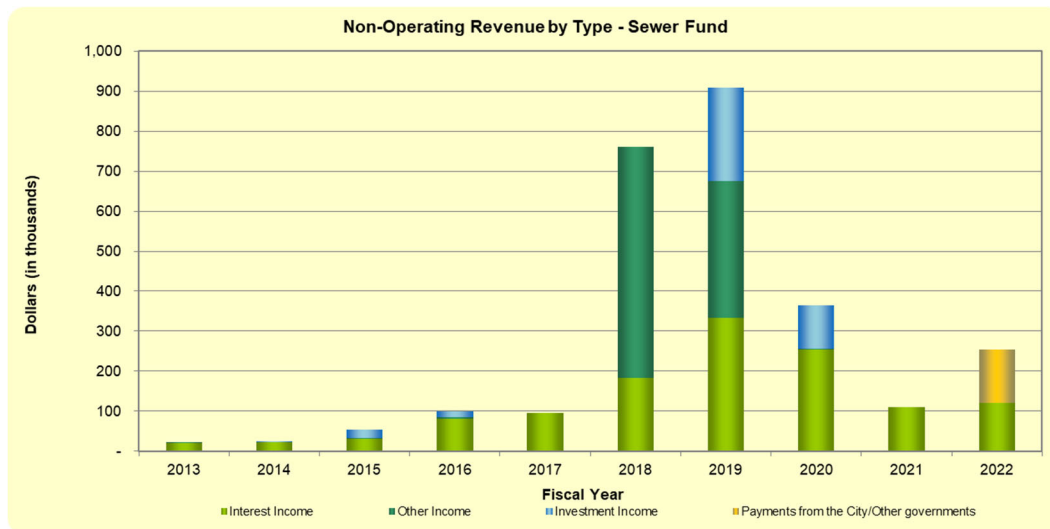
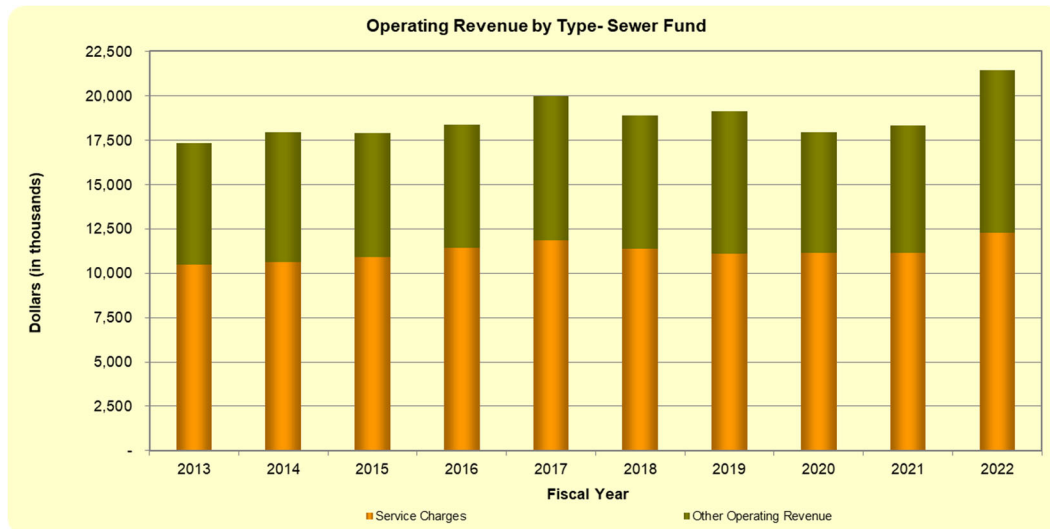
LONG BEACH WATER DEPARTMENT
SEWER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING			NON-OPERATING ⁽¹⁾				
	Service Charges	Other Operating Revenue	Total Operating Revenue	Interest Income	Investment Income	Payments from the city/ other governments	Other Income	Total Non-Operating Income
9/30/2013	10,477	6,834	17,311	21	-	-	2	23
9/30/2014	10,637	7,316	17,953	22	1	-	-	23
9/30/2015	10,916	6,987	17,903	32	20	-	2	54
9/30/2016	11,428	6,927	18,355	80	14	-	5	99
9/30/2017	11,870	8,079	19,949	95	-	-	-	95
9/30/2018	11,372	7,500	18,872	184	-	-	577	761
9/30/2019	11,082	8,048	19,130	334	234	-	341	909
9/30/2020	11,147	6,778	17,925	254	109	-	2	365
9/30/2021	11,162	7,158	18,320	111	-	-	-	111
9/30/2022	12,257	9,190	21,447	121	-	134	-	255

Note: (1) Non-Operating Revenue data updated.

Source: Department's annual reports

See accompanying independent auditors' report



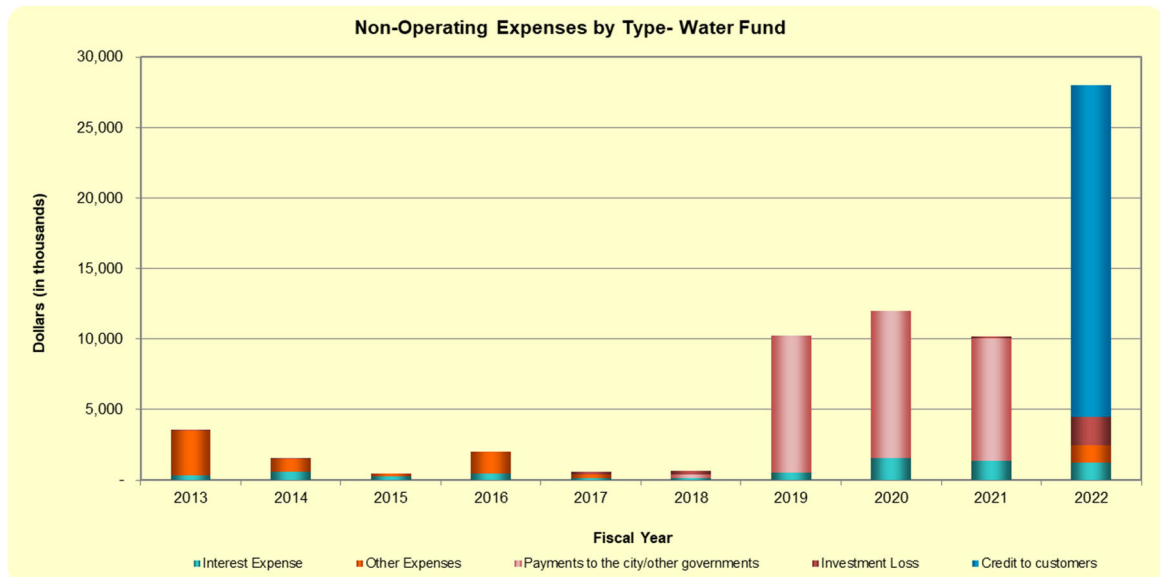
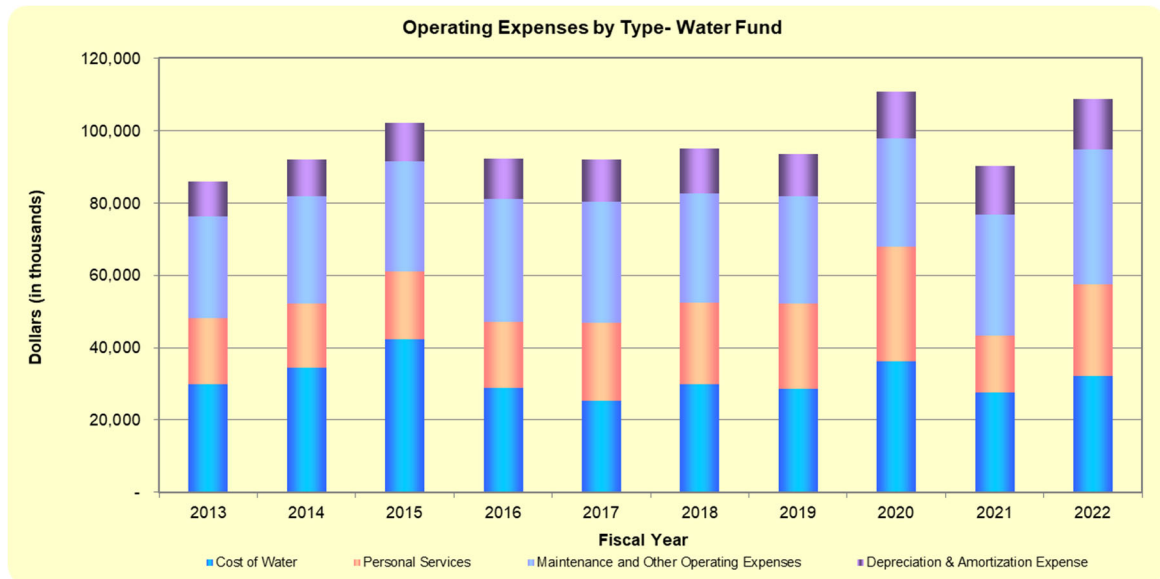
LONG BEACH WATER DEPARTMENT
WATER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(In thousands of dollars)

Fiscal Year Ended	OPERATING					NON-OPERATING ⁽¹⁾					
	Cost of Water	Personal Services	Maintenance and Other Operating Expenses	Depreciation & Amortization Expense	Total Operating Expenses	Interest Expense	Investment Loss	Other Expenses	Credit to Customers	Payments to the city/ other governments	Total Non-Operating Expenses
9/30/2013	29,753	18,309	28,155	9,566	85,783	363	108	3,130	-	-	3,601
9/30/2014	34,378	17,822	29,566	10,226	91,992	587	6	943	-	-	1,536
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	214	227	-	-	602
9/30/2018	29,927	22,500	30,086	12,553	95,066	123	251	-	-	254	628
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	170	-	-	8,628	10,192
9/30/2022	32,211	25,350	37,303	13,785	108,649	1,266	1,964	1,227	23,518	-	27,975

Note: (1) Non-Operating Expenses data updated.

Source: Department's annual reports

See accompanying independent auditors' report



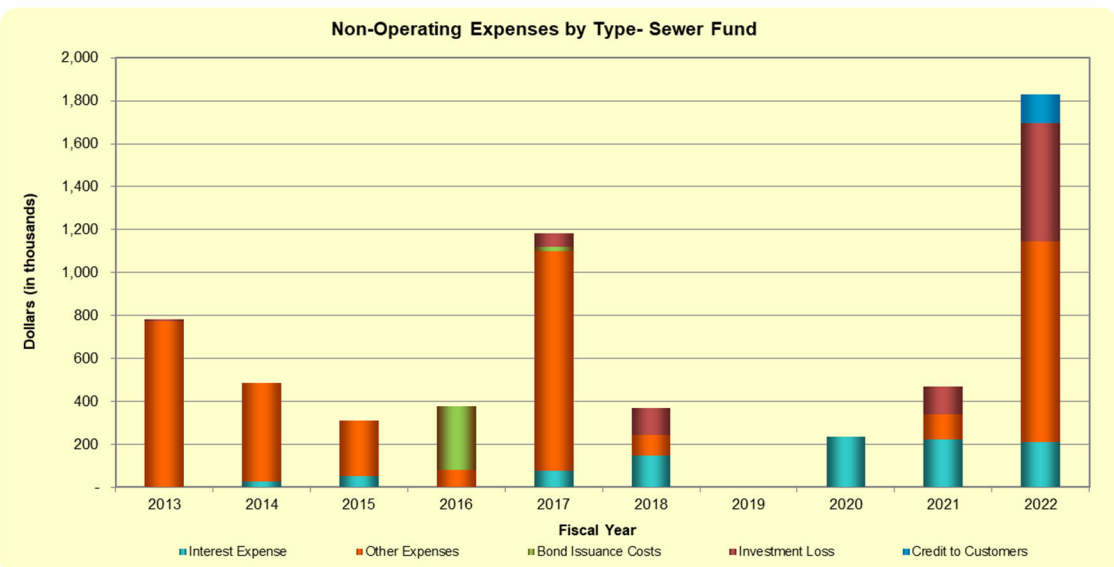
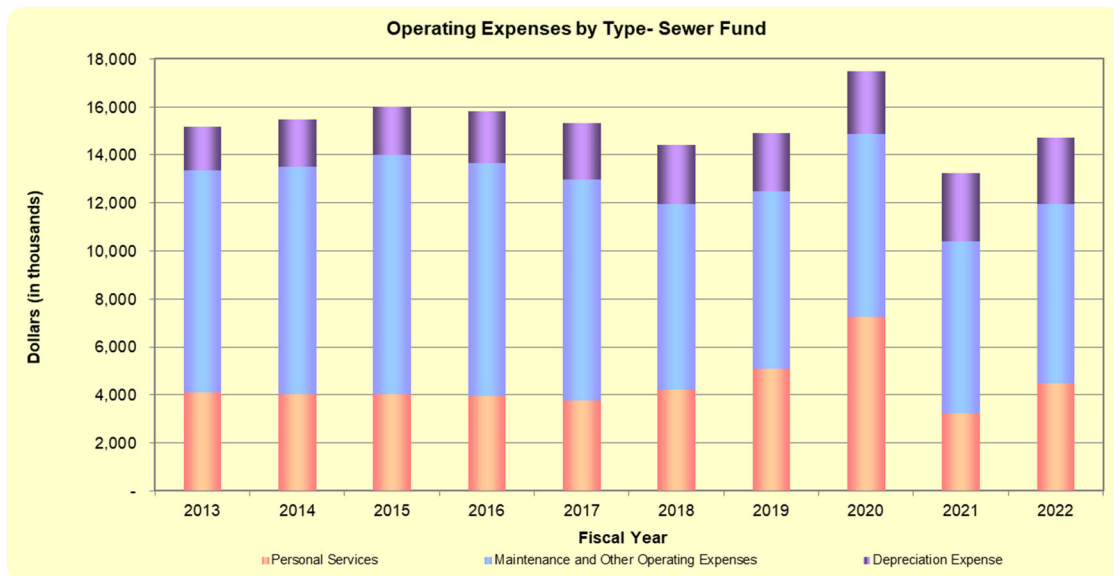
LONG BEACH WATER DEPARTMENT
SEWER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING				NON-OPERATING ⁽¹⁾					
	Personal Services	Maintenance and Other Operating Expenses	Depreciation Expense	Total Operating Expenses	Interest Expense	Investment Loss	Credit to Customers	Other Expenses	Bond Issuance Costs	Total Non-Operating Expenses
9/30/2013	4,122	9,246	1,797	15,165	2	10	-	772	-	784
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	63	-	1,021	21	1,182
9/30/2018	4,206	7,732	2,490	14,428	146	126	-	98	-	370
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	224	130	-	114	-	468
9/30/2022	4,506	7,433	2,787	14,726	212	549	134	935	-	1,830

Note: (1) Non-Operating Expenses data updated.

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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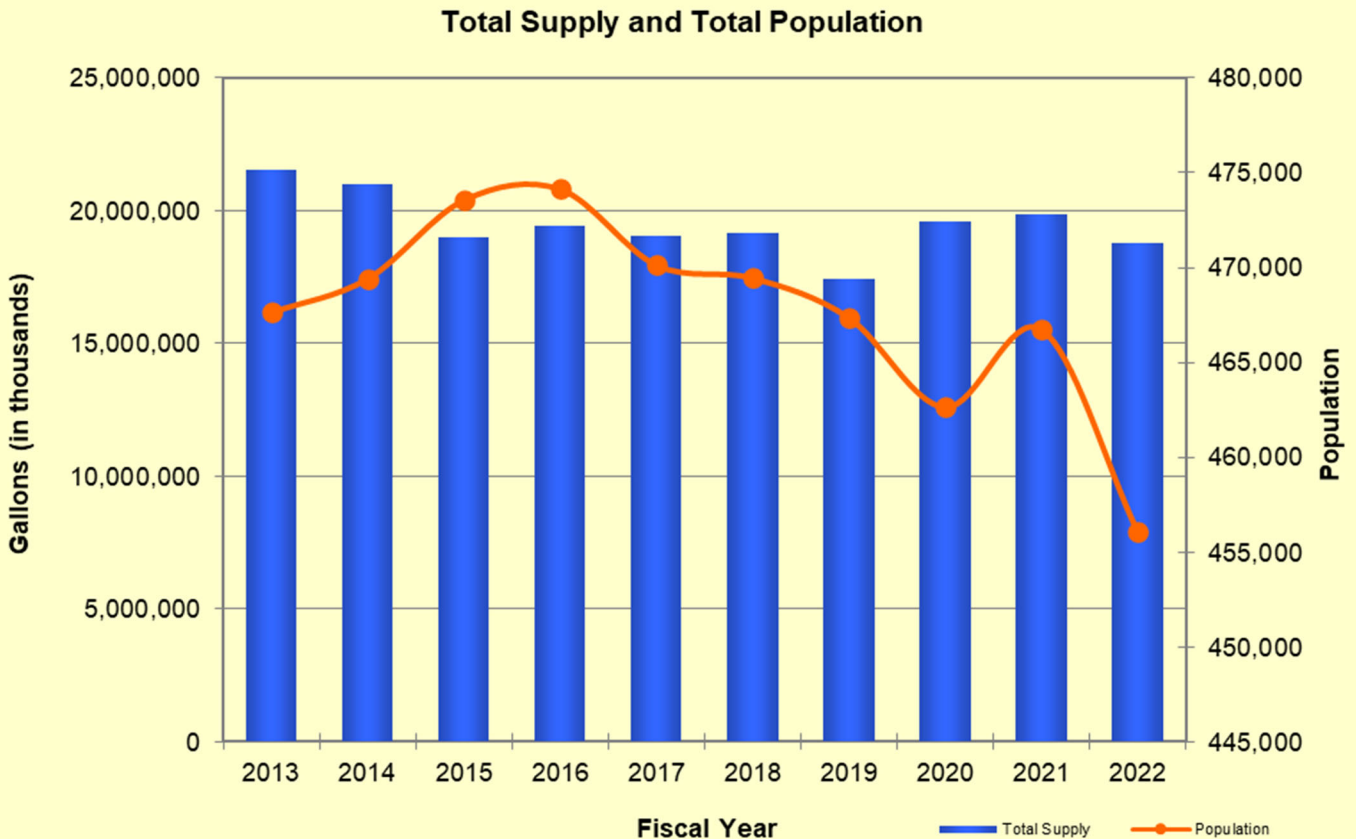
LONG BEACH WATER DEPARTMENT
SOURCE OF WATER (PUMPED, PURCHASED, AND RECLAIMED) AND CONSUMPTION - LAST TEN FISCAL YEARS
(in thousands of gallons, except population)

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						
9/30/2013	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
9/30/2022	7,511,582	8,097,006	3,173,886	18,782,474	42,763	55,900	113	456,062

Note: (1) Does not include reclaimed water which is used for irrigation only.

Source: Department's annual reports

See accompanying independent auditors' report



(Unaudited)

Exhibit 10

**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
10/1/2021	2.631	5.036	7.349	2.544	2.160	2.160
6/1/2022	2.564	4.908	7.162	2.479	2.105	2.105

Note: (1) Volumetric rate charges for Single family residence, not granted an exemption (one billing unit equals 100 cubic feet).

(2) From 10/1/2007 to 10/1/2016, Tier I is billed for first five (5) billing units. Starting 7/1/2017, Tier I is billed for first six (6) billing units.

(3) All non-residential customers are charged at the Tier II rate. From 10/1/2007 to 10/1/2016, Tier II is billed for next ten (10) billing units. Starting 7/1/2017, Tier I is billed for first seven (7) billing units.

(4) From 10/1/2007 to 10/1/2016, Tier III is billed for over fifteen (15) billing units. Starting 7/1/2017, Tier III is billed for over thirteen (13) billing units.

(5) Rate for total average daily demand occurring between the hours of 9:00pm and 6:00am.

(6) Rate for total average daily demand occurring at a continuous, constant level over a 24 hour period.

(7) Rate for reclaimed water service that can be suspended at anytime at the Board of Water Commissioner's discretion, without liability and dependent upon the Department's reclaimed water system needs for such service.

(8) Restructured water rates effective July 1, 2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 11

**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
10/1/2021	0.752	1.115	2.023	3.113	6.561	11.094	24.704	51.013	76.415	96.373	141.732
6/1/2022	0.733	1.087	1.972	3.034	6.394	10.812	24.077	49.717	74.474	93.926	138.133

Note: (1) Normal residential size.

(2) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 12

LONG BEACH WATER DEPARTMENT
WATER RATES: DAILY FIRELINE SERVICE CHARGE BY SIZE
LAST TEN FISCAL YEARS

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
10/1/2021	0.445	0.895	1.674	4.459	9.266	16.498	26.519	56.278
6/1/2022	0.434	0.872	1.631	4.346	9.031	16.079	25.846	54.849

Note: (1) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 13

LONG BEACH WATER DEPARTMENT
TEN LARGEST POTABLE WATER USERS IN CITY OF LONG BEACH
CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2022					Fiscal Year 2013				
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	\$ 6,937	3,070	6.41 %	Government	1	\$ 4,500	4,431	7.67 %
Education	2	1,437	493	1.03	Education	2	968	702	1.21
Utility	3	1,022	590	1.23	Utility	3	765	710	1.23
Education	4	872	445	0.93	Education	4	540	471	0.81
Utility	5	634	360	0.75	Utility	5	496	456	0.79
Healthcare	6	585	287	0.60	Utility	6	487	438	0.76
Healthcare	7	574	319	0.67	Government	7	465	317	0.55
Utility	8	529	282	0.59	Healthcare	8	321	291	0.50
Education	9	273	62	0.13	Healthcare	9	307	266	0.46
Manufacturing	10	238	130	0.27	Cruise Line	10	208	190	0.33
Total Ten Largest Users		13,101	6,038	12.61	Total Ten Largest Users		9,057	8,272	14.31
Total All Other Users		98,629	41,863	87.39	Total All Other Users		72,612	49,528	85.69
Total City		\$ 111,730	47,901	100.00	Total City		\$ 81,669	57,800	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 2022				Fiscal Year 2013			
Industry	Ranking	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Acre Feet (AF)	AF Percent of Total
Water Resource Management	1	4,545	47.99 %	Water Resource Management	1	1,847	27.80 %
Oil Production	2	1,538	16.24	Golf Course	2	1,421	21.39
Golf Course	3	1,378	14.55	Government	3	1,353	20.36
Government	4	1,123	11.86	Oil Production	4	1,073	16.15
Education	5	163	1.72	Education	5	188	2.83
Education	6	153	1.62	Golf Course	6	156	2.35
Memorial Park	7	147	1.55	Memorial Park	7	131	1.97
Memorial Park	8	110	1.16	Education	8	121	1.82
Education	9	92	0.97	Memorial Park	9	93	1.40
Property Management	10	34	0.36	Education	10	89	1.34
Total Ten Largest Users		9,283	98.02	Total Ten Largest Users		6,472	97.41
Total All Other Users		187	1.98	Total All Other Users		172	2.59
Total City		9,470	100.00	Total City		6,644	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⁾
10/1/2012	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
10/1/2021	0.393	121.390
6/1/2022	0.393	121.390

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"
10/1/2012	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
10/1/2021	0.248	0.366	0.961	1.658	3.862	5.587	15.565	16.499	25.540	32.212	47.376
6/1/2022	0.248	0.366	0.961	1.658	3.862	5.587	15.565	16.499	25.540	32.212	47.376

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 2022					Fiscal Year 2013				
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	\$ 466	1,125	3.07 %	Government	1	\$ 301	1,212	2.89 %
Education	2	284	318	0.87	Education	2	175	387	0.92
Education	3	121	438	1.19	Education	3	90	443	1.05
Healthcare	4	89	285	0.78	Healthcare	4	54	258	0.61
Education	5	60	61	0.17	Government	5	47	186	0.44
Hotel	6	36	62	0.17	Residential Community	6	24	108	0.26
Healthcare	7	33	104	0.28	Hotel	7	23	57	0.14
Government	8	31	43	0.12	Residential Community	8	20	87	0.21
Manufacturing	9	29	57	0.16	Manufacturing	9	19	110	0.26
Manufacturing	10	28	130	0.35	Manufacturing	10	18	78	0.19
Total Ten Largest Users		1,177	2,623	7.16	Total Ten Largest Users		771	2,926	6.97
Total All Other Users		17,330	34,041	92.84	Total All Other Users		16,009	39,076	93.03
Total City		\$ 18,507	36,664	100.00	Total City		\$ 16,780	42,002	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
9/30/2013	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	765 ⁽⁵⁾	17,949 ⁽⁵⁾	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	3,637 ⁽⁵⁾	21,166 ⁽⁵⁾	2,930	965	3,895	5.43 ⁽⁵⁾
9/30/2020	113,091	97,712	15,379	3,394 ⁽⁵⁾	18,773 ⁽⁵⁾	3,050	848	3,898	4.82 ⁽⁵⁾
9/30/2021	118,968	76,723	42,245	2,105 ⁽⁵⁾	44,350 ⁽⁵⁾	3,170	725	3,895	11.39 ⁽⁵⁾
9/30/2022	122,595	94,864	27,731	(1,703)	26,028	3,300	592	3,892	6.69

Bond Issues: Water Revenue Refunding Bonds - 1997 Series A, 2010 Series A, & 2012 Series A

Average Coverage, ten years	5.32
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.

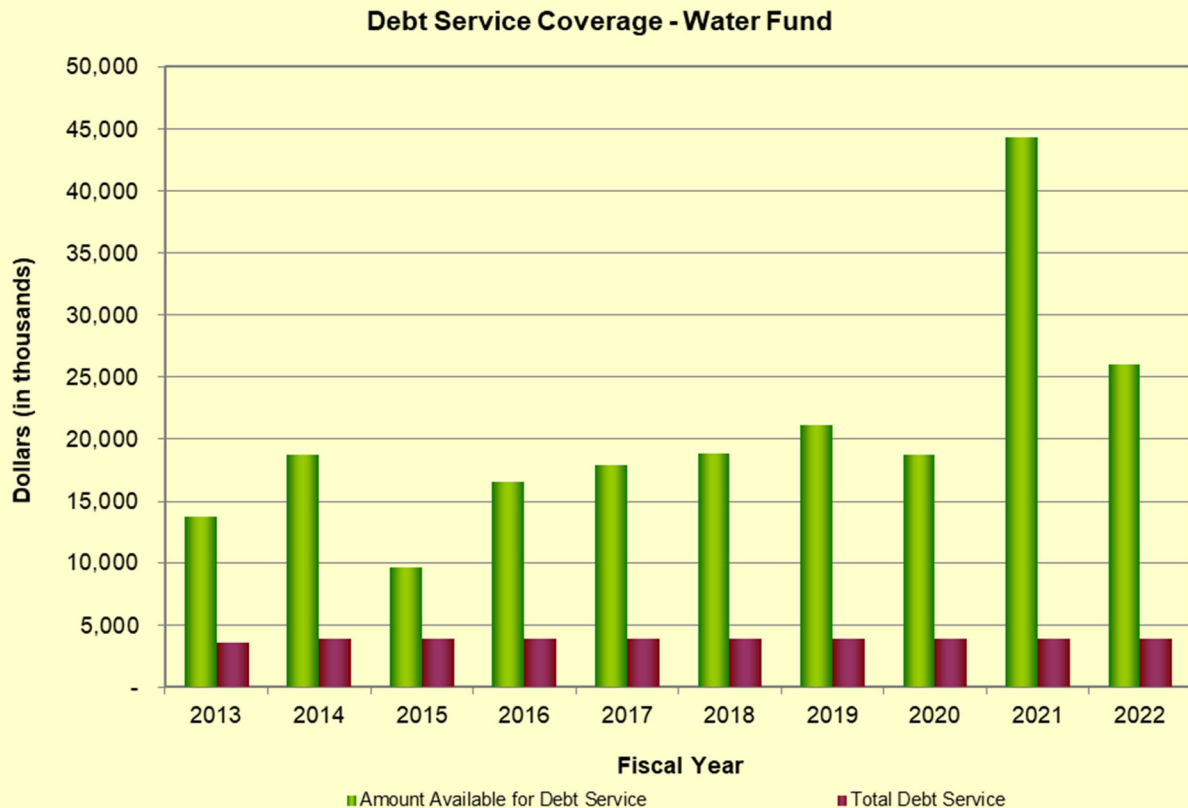
(3) Net Non-Operating Income (Expense) is exclusive of bond interest, amortization of bond issue costs, payments from(to) the city/other governments, credit to customers, capital grants and contributions and loss on disposition of property.

(4) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.

(5) Net Non-operating Income (Expense), Amount Available for Debt Service & Times coverage data updated.

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
9/30/2013	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	(133) ⁽⁵⁾	7,786 ⁽⁵⁾	375	354	729	10.68
9/30/2022	21,447	11,939	9,508	(1,363)	8,145	390	339	729	11.17

Bond Issues: None

Average Coverage, ten years	25.13
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.

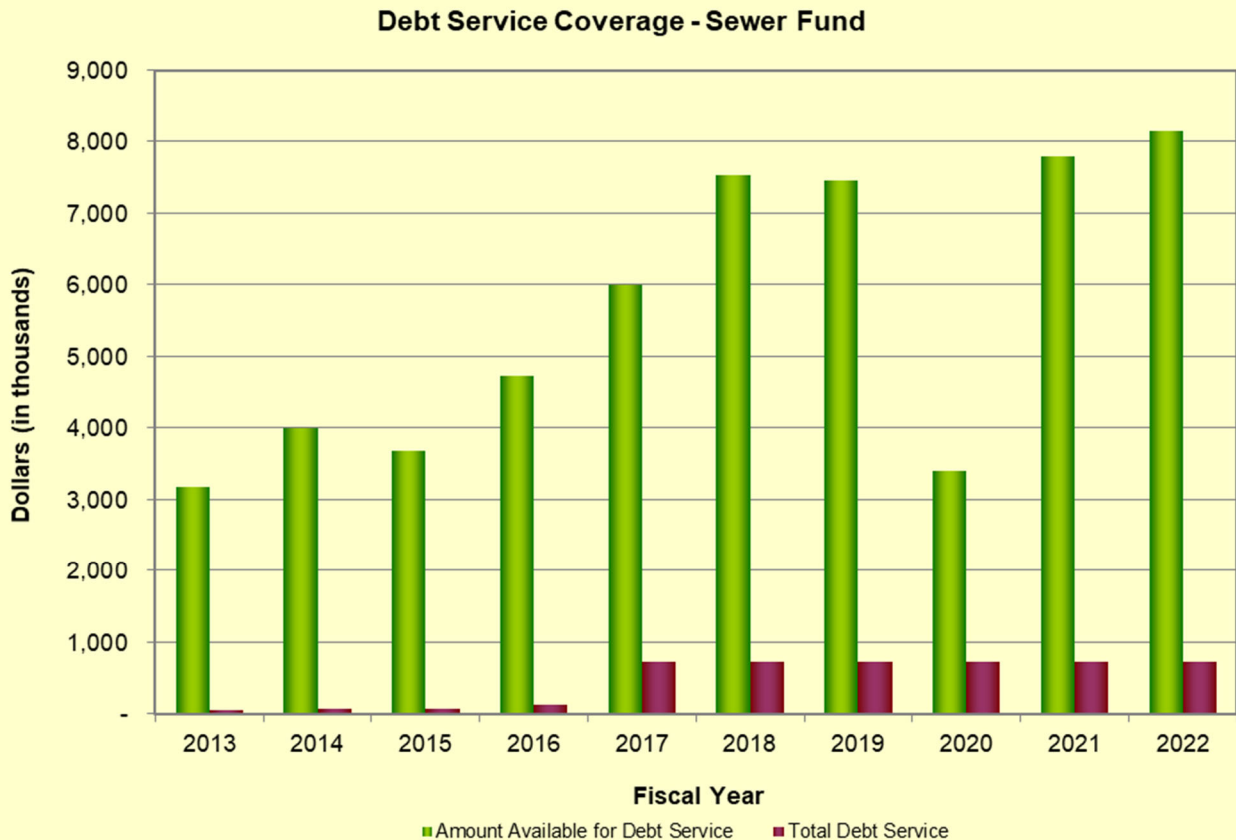
(3) Net Non-Operating Income (Expense) is exclusive of bond interest, amortization of bond issue costs, payments from(to) the city/other governments, credit to customers, capital grants and contributions and loss on disposition of property.

(4) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.

(5) Net Non-operating Income (Expense), Amount Available for Debt Service & Times coverage data updated.

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			Water Revenue Revolving Line of Credit	Equipment Financing Obligation	Discounts, premiums, & adjustments	Total	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Series 1997	Series 2010	Series 2012						
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
9/30/2022	-	5,660	3,985	14,000	19,587	363	43,595	0.21%	0.096

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					
9/30/2013	-	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
9/30/2022	7,570	-	953	8,523	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⁾
9/30/2013	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	20,460	43,836	8.9%
9/30/2022	456,062 ⁽⁵⁾	20,827	45,667	4.6%

Source: (1) California Department of Finance Demographic Reports

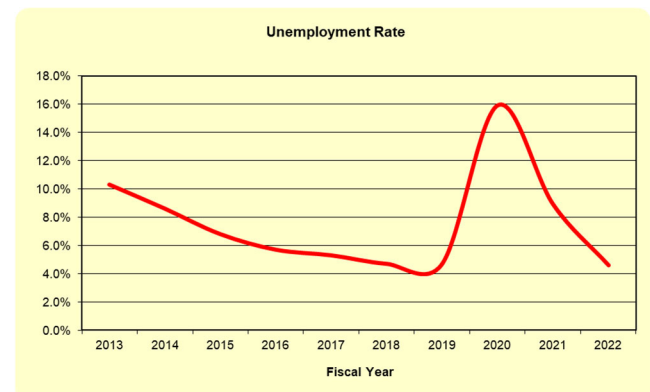
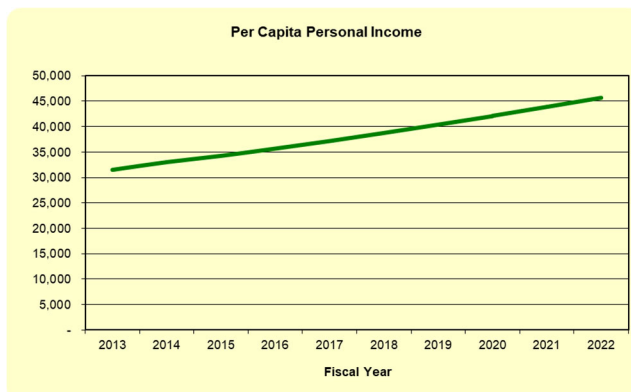
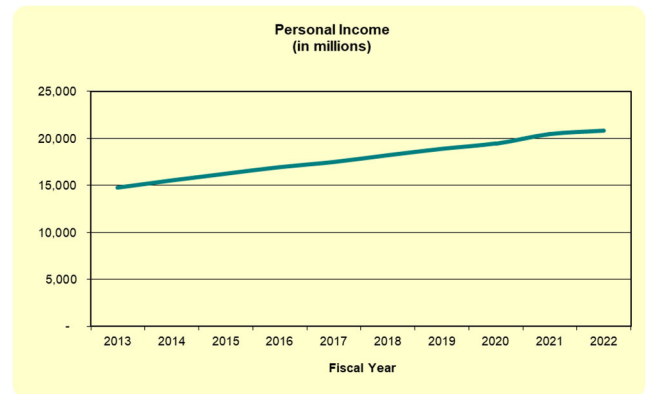
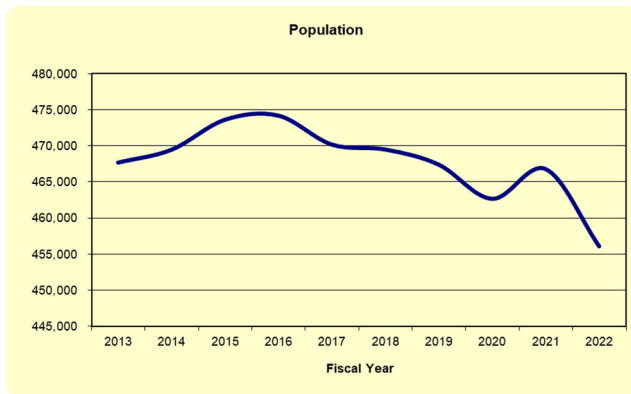
(2) U.S. Department of Commerce, Bureau of Economic Analysis: Personal Income and per capita personal income are based on percent change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area). The BEA's Report does not have personal income available for 2015, 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 2022			Fiscal Year 2013		
	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	12,049	5.10%	1	10,389	4.31%
City of Long Beach	2	5,395	2.28%	4	5,028	2.09%
Long Beach Memorial Medical Center	3	4,950	2.09%	2	5,693	2.36%
Veteran Affairs Medical Center	4	3,524	1.49%	6	2,413	1.00%
California State University Long Beach	5	3,336	1.41%	5	2,679	1.11%
Long Beach City College	6	3,321	1.41%	7	2,137	0.89%
The Boeing Company	7	2,019	0.85%	3	5,042	2.09%
St. Mary Medical Center	8	1,547	0.65%	9	1,200	0.50%
California State Univ Long Beach Research Foundation	9	1,261	0.53%	8	1,464	0.61%
Molina Healthcare Inc	10	1,119	0.47%	10	841	0.35%

Sources: (1) Department of Financial Management Accounting and Business License
(2) State of California Employment Development Department Labor Market Info for 2013 and 2022.

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

See accompanying independent auditors' report

**LONG BEACH WATER DEPARTMENT
NUMBER OF EMPLOYEES BY FUND
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Water Fund	Sewer Fund	Total
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
9/30/2022	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

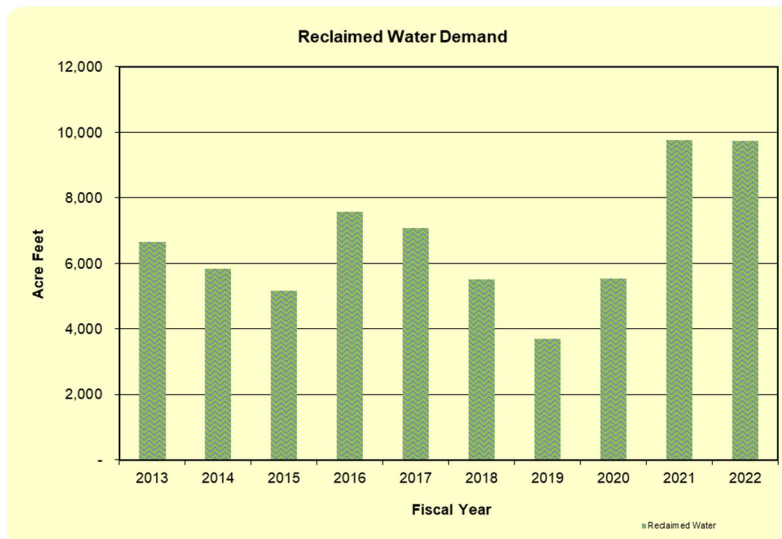
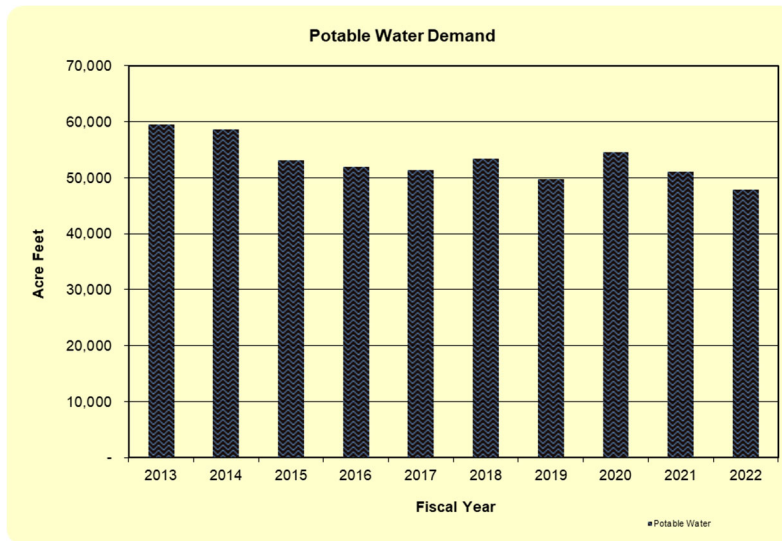
(in acre feet)

Fiscal Year Ended	Potable Water		Total Potable Demand	Reclaimed Water	Total Demand
	Pumped	Purchased			
9/30/2013	31,074	28,383	59,457	6,644	66,101
9/30/2014	28,024	30,660	58,684	5,824	64,508
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	60,859
9/30/2022	23,052	24,849	47,901	9,740	57,641

Note: One acre foot equals 43,560 cubic feet or 325,851 gallons.

Source: Department's annual reports

See accompanying independent auditors' report



(Unaudited)

Exhibit 26

LONG BEACH WATER DEPARTMENT
METROPOLITAN WATER DISTRICT'S RATE CHANGES
 LAST TEN FISCAL YEARS
 (in dollars per acre foot)

Effective Date	Non-Interruptible Treated Water	Percent Change Non-Interruptible Treated Water
1/1/2013	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
1/1/2022	1,143	3.5

Source: Metropolitan Water District of Southern California

See accompanying independent auditors' report

(Unaudited)

Exhibit 27

LONG BEACH WATER DEPARTMENT
WATER REPLENISHMENT DISTRICT ASSESSMENT (PUMP TAX)
 LAST TEN FISCAL YEARS

Effective Date	Rate per Acre-Foot	Percent Change
7/1/2013	\$ 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
7/1/2022	411.00	4.3

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
9/30/2013	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
9/30/2022	21	917	89,705	7,070	11,818	62,090	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
9/30/2013	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
9/30/2022	26	714	15,143

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
9/30/2013	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
9/30/2022	11,392	76	3,478	191	343	7,630

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 2022 Annual Comprehensive Financial Report

**A component unit of the City of Long Beach, California
for the years ending June 30, 2022 and 2021.**





Long Beach Transit FY 2022 Comprehensive Annual Financial Report

**A component unit of the City of Long Beach, California
for the years ending June 30, 2022 and 2021.**

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, 2022 AND 2021**

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Introduction



Long Beach Transit

December 20, 2022

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, 2021 to June 30, 2022.

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 14 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)

Long Beach Transit

Fixed-Route Bus Service

LBT provides fixed-route bus service to a 110-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 35 routes.

Of the 35 fixed routes operated by LBT, 22 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). In addition to 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 temporarily suspended due to the COVID-19 pandemic.

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, dispatched and operated by the contractor. In fiscal year (FY) 2022, there were 20,578 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.

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. Additionally, each year, LBT supports the Grand Prix of Long Beach and other large-scale, special events by providing supplemental service where needed.

Commuter Express (UCLA)

Since 2019, LBT has offered 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 2021 through June 2022, organized by Strategic Priority.

Improve Safety and Service Quality

Expanded Service to the City of Carson (Sept. 2021)

As a result of the COVID-19 pandemic, the City of Carson made the decision to suspend its transportation service, the Carson Circuit, to ensure the safety of its customers during the pandemic. The City took that opportunity to consider alternate transportation service options to support a broader section of its community. On September 23, 2021, LBT's Board of Directors authorized the President and CEO to enter into a service agreement with the City of Carson to provide fixed-route bus services. The new service expanded transportation access to Carson residents, connecting major hubs such as California State University, Dominguez Hills (CSUDH), the Harbor UCLA Medical Center and the SouthBay Pavilion as well as provided connections to key activity centers and destinations in the City of Carson.

Implementation of Route 141/Artesia Blvd. (Jun. 2022)

In June 2022, LBT assumed LA Metro's Route 130 on Artesia Blvd between Artesia Station and Los Cerritos Center in order to provide customers with a direct transit route between major connection points within the City of Long Beach as well as connecting the City of Cerritos to LA Metro's A Line.

LBT Corporate Office Modernization (Ongoing)

LBT has taken several major steps to modernize and improve the corporate office, located at 4801 Airport Plaza Drive, Long Beach CA, 90815. The following is a list of initiatives that were approved by LBT's Board of Director's in FY 2022:

- Building Automation (Aug. 2021)
- Construction Administrative Services (Sept. 2021)
- Network Infrastructure (Sept. 2021)

Long Beach Transit

- Roofing Services (Nov. 2021)
- Elevator Modernization (Feb. 2022)
- Access Control System (Apr. 2022)

Exercise Financial Accountability

Returned to Fare Collection (Sept. 2021)

Due to COVID-19, LBT implemented several service changes and suspended fare collection. Beginning on September 19, 2021, LBT resumed fare service for all fixed routes. In efforts to promote safety, customers were encouraged to pay fare with a Transit Access Pass (TAP) card or use the TAP app instead of cash. To aid with the return of fare collection, LBT offered promotional discounts on regular 30-day, five-day and one-day passes through March 2022.

Launched Phase 1 of GoPass (Nov. 2021)

On November 2, 2021, LBT's Board of Directors approved the adoption of the Fareless System Initiative (FSI), also known as the GoPass Program. This program, under Phase 1, allows eligible students attending participating school districts to have unlimited access to LBT's fixed-route services as well as all other participating transit agencies. Students are able to ride with the use of a free TAP card that is distributed only through the schools and are required to register online.

Purchased Five Zero-Emission Electric Commuter Buses (ZEB) (Mar. 2022)

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 2022 Board of Directors meeting, LBT was approved to purchase five, 45 foot electric commuter buses and charging infrastructure. The purchase of the additional commuter buses will provide LBT's customers with transportation services to jobs and educational opportunities through the utilization of public transit. The first of the five ZEBs will be expected to be delivered in fiscal year 2024.

Foster Employee Engagement

Reached Two-Year Agreements with ATU and AFSCME (Jul. 2021)

On July 26, 2021, ATU Local 1277 and AFSCME District Council 36 Supervisory Unit, respectively, ratified new two-year Labor Agreements with LBT. The contracts are effective from July 1, 2021 to June 30, 2023. 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.

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 Procurement Training
- Cybersecurity Online Training
- De-Escalation Training for Operators
- Leadership/Management Training for Supervisors
- Microsoft 365 Teams Training

Enhance Customer Experience

Installation of 30 Solar-Powered LED Electronic Signage (eSigns) (Dec. 2021)

On December 9, 2021, LBT's Board of Directors approved the manufacturing, delivery and installation of 30 solar-powered LED electronic signage (eSigns) passenger information systems for bus stops along Santa Fe Avenue. These eSigns relay important information about LBT's services by providing accurate and reliable information to its customers. This information includes real-time route schedules, route detours and emergency safety messages.

Installation of Eight Bus Shelters in Downtown Long Beach (Mar. 2022)

On March 24, 2022, LBT's Board of Directors approved the procurement, delivery and installation of eight bus stop shelters with benches, including both shelter-mounted and pole-mounted LED electronic signage (eSigns) for locations in downtown Long Beach. These bus shelters were added to aid the City of Long Beach's efforts to improve accessibility and to enhance customer experiences in the downtown area for all transit patrons.

Promote Community and Industry Focus

Extension of Discounted Pass Program (Jun. 2022)

In conjunction with Los Angeles County Metropolitan Transportation Authority (Metro), LBT established the discounted pass program for six months after LBT returned to fare collection. In January 2021, a surge of the COVID-19 Omicron variant negatively impacted LBT's customers and also reversed the course in reclaiming LBT's ridership back to pre-pandemic levels. LBT extended the discounted pass program, continuing to provide economic relief to customers who rely on LBT's services while also promoting transit usage to pre-pandemic levels.

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 selected results for FY 2022 can be found in Exhibit 10.

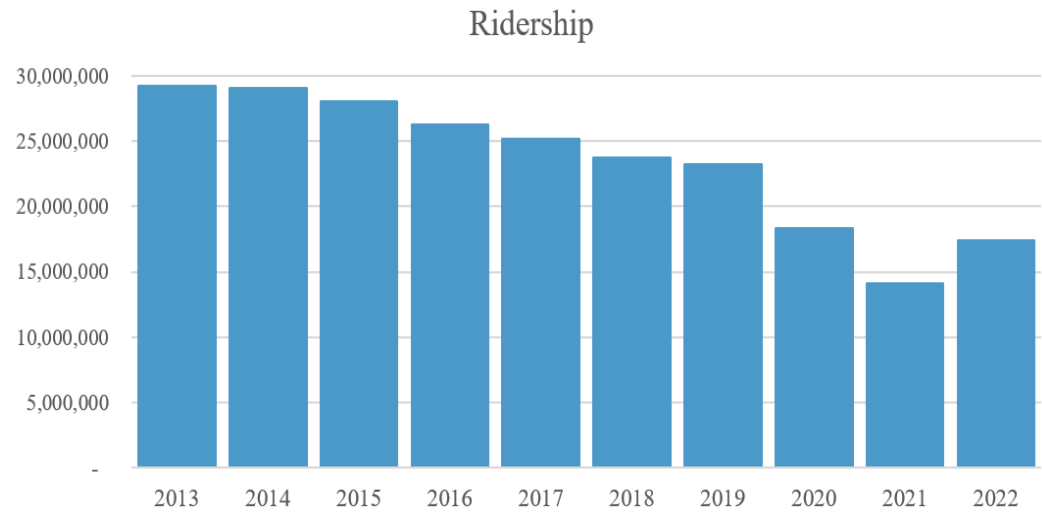
Successes

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 increased in FY 2022 from 3,988 to 4,794 miles. This marks the highest MDBF in the last ten fiscal years. LBT achieved this by completing at least 95% of all scheduled preventative maintenance inspections on time.

Ridership

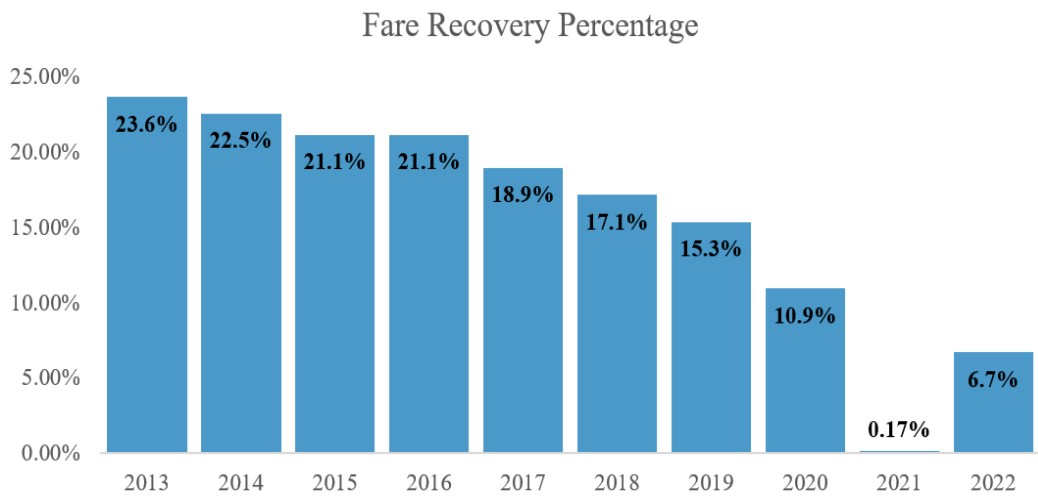
While ridership has not reached pre-pandemic levels, LBT continues to connect communities and move (more) people, making everyday life better. In FY 2022 service level reached 81.4% of pre-pandemic levels. Ridership increased from 14.1 million FY 2021 to 17.4 million in FY 2022.



Re-Expanding 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.

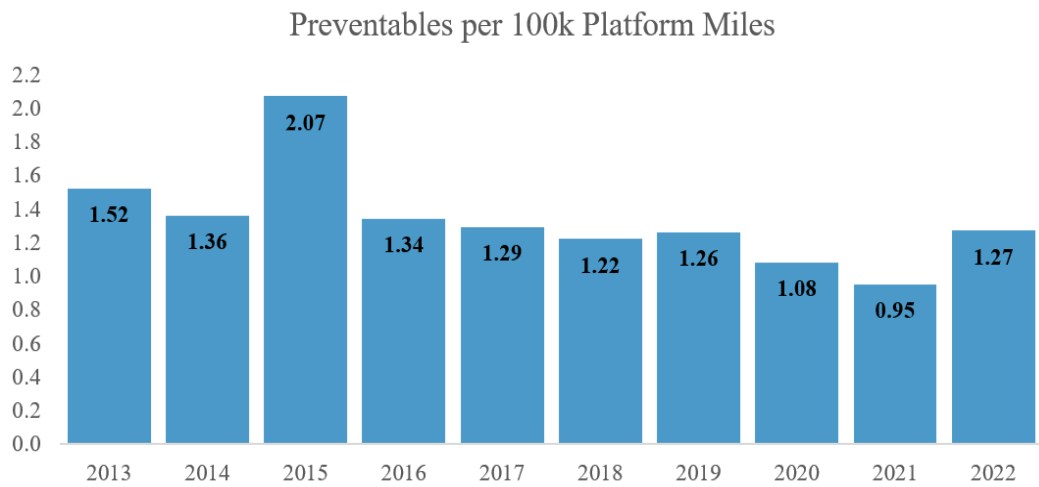
As part of LBT’s COVID-19 response initiative, LBT offered discounted fares for the 1-day, 5-day, and 30-day regular passes. These discounts were available to the public starting September 19, 2021, when LBT first started enforcing farces, and continued until the end of the fiscal year. In April 2022, LBT partnered with LA Metro and Long Beach Unified School District to offer free rides to all K-12 students through a pilot program called GoPass. The fare recovery ratio reached 6.69% in FY 2022, even though fares were not enforced until late September. This is a tremendous increase from FY 2021, which was 0.17%.



Challenges

Increase in 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. While adhering to social distancing guidelines lines, LBT continued to perform Safety Blitzes where the Transit Service Delivery Supervisors met with their Operators to promote the safety topic of the month. However, due to an increase in vehicles on the road as businesses began to reopen, students returning to campus, and employees returning to offices, LBT's accidents per 100K platform miles increased from 0.95 in FY 2021 to 1.27 in FY 2022.



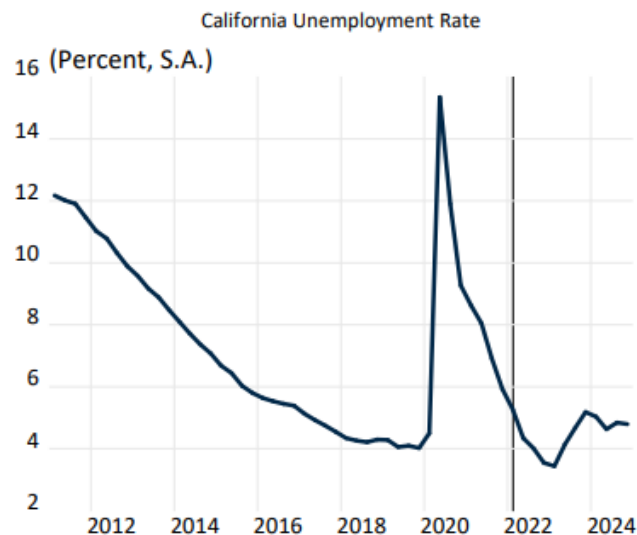
Unplanned Absences

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 2022, unplanned absences remained high, though they decreased slightly from 17.42% to 16.07%. COVID-19 contributed to absences as employees needed to take unplanned time off to care for themselves or for family members.

Factors Affecting Financial Condition

General Economic Conditions

The U.S. and California economies have recovered significantly from the impacts of the COVID-19 pandemic. However, there is growing potential for a recession in the face of high and persistent inflation and a tightening labor market. In terms of employment, California's unemployment rate as of August 2022 was 4.1%, down from a high of 16% in April 2020. The University of California, Los Angeles (UCLA) Anderson Forecast projects that unemployment will continue to decrease gradually but then begin to increase as a consequence of slower economic growth and a weakening economy.



Source: UCLA Anderson Forecast - September 2022 Economic Forecast

Unemployment in Los Angeles County was slightly higher than that of the state, at 4.9% as of August 2022. Sectors where employment remains significantly below pre-pandemic levels in the County include government, leisure and hospitality, and education services. Similar to the County, unemployment in Long Beach was 5.2% as of August 2022. The tightening labor market hinders LBT's ability to expand its workforce. Personnel constraints are likely to continue being a challenge for the Agency in the near-term.

Long Beach Transit

Along with the tight labor market, there has also been significantly high inflation. The persistence of inflation has been a driving narrative in the economy, due in large part to international supply chain disruptions. In August 2022, prices in Los Angeles County are up 7.6% from a year prior. While inflation is beginning to slow, it still remains a significant factor affecting the economy and the Agency. As a consequence of inflation, LBT has seen an increase in its operating expenses.

LBT aims to balance these expenses with revenue sources, including subsidies. LBT receives subsidies from the County based on a formula allocation of sales tax revenues collected. High inflation contributes, at least in the short term, to an increase in taxable sales because prices are higher. Taxable sales in the state have increased beyond pre-pandemic levels and are forecasted to remain consistent over the next year, according to the UCLA Anderson Forecast. This is a positive forecast for the Agency's subsidy revenue. However, mounting fears of a recession could have a negative impact on consumer behavior and impact sales taxes and Agency subsidies going forward.

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 \$10,000 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; and
- 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

Long Beach Transit

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. Interest payments toward the note are recorded 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.

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 33 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

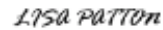
For the 32nd consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to LBT for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. A Certificate of Achievement 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

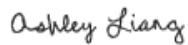
LBT acknowledges the participation and professional contribution of the accountancy firm of Windes, Inc., in providing technical assistance. In addition, LBT recognizes the Finance and Budget department staff members who contribute their time and efforts to ensure the Agency has accurate and timely daily financials.



President and
Chief Executive Officer



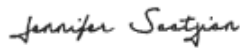
Executive Director/VP,
Finance and Budget



Treasurer



Comptroller



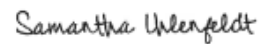
Manager, Finance



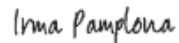
Manager, Accounting



Manager, Capital Programs



Budget Analyst



Financial Analyst



Administrative Assistant, Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

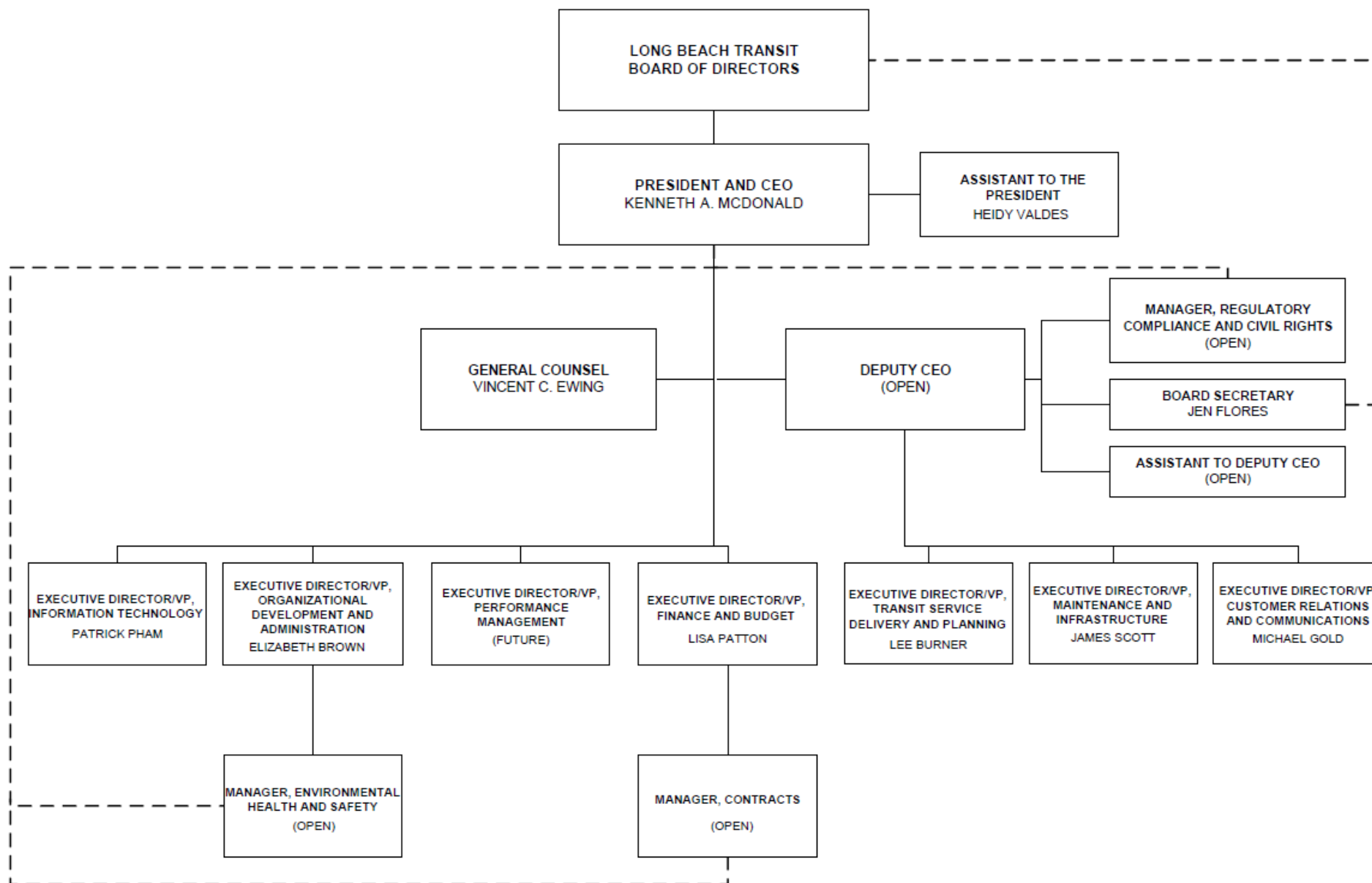
**Long Beach Transit
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Board of Directors

Michael Clemson	Chair of the Board
David Sutton	Vice Chair
Abigail Mejia	Secretary/Treasurer
Colleen Bentley	Director
Raul Anorve	Director
Vacant	Director
Vacant	Director
Lea Eriksen	City Representative - Non-Voting, City of Long Beach
Joshua Hickman	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



Financial



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Public Transportation Company

Opinion

We have audited the accompanying financial statements of the business-type activities and fiduciary net position of Long Beach Public Transportation Company (the Company), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

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 fiduciary net position of the Company as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplemental informational schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the Company'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 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 Company'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 Company's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Windes, Inc." in a cursive script.

Long Beach, California
December 20, 2022

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Management's Discussion and Analysis



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 2022, 2021 and 2020. 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-xviii of this report.

FINANCIAL HIGHLIGHTS

- Passenger fares earned in FY 2022 were \$7.08 million, an increase from \$154 thousand in FY 2021. This increase was due to resuming fare collection after it was temporarily suspended in response to the COVID-19 pandemic.
- Subsidies for FY 2022 were \$94.48 million, an increase from \$91.99 million in FY 2021. This increase was largely due to an increase in county sales tax revenues as the economy recovered from the COVID-19 pandemic.
- Operating expenses in FY 2022 were \$115.62 million, an increase from \$110.76 million in FY 2021. The increase in expenses was driven by the increase in cost for fuel, materials and supplies, and services.
- Fuel expenses in FY 2022 were \$5.45 million, an increase from \$3.20 million in FY 2021, due to an increase in usage as well as in fuel prices.
- Capital acquisitions in FY 2022 were \$25.31 million, compared to \$27.49 million in FY 2021.
- Net position at the end of FY 2022 is \$85.75 million compared to \$73.25 million at the end of FY 2021. Total assets increased by \$19.40 million and deferred outflows of resources increased by \$8.70 million, while total liabilities increased by \$27.20 million and deferred inflows of resources decreased by \$11.59 million.
- Total net pension liability increased to \$32.19 million in FY 2022, compared to \$13.87 million in FY 2021. This increase of \$18.32 million consists of increases of \$5.14 million and \$13.18 million for the Salaried and Contract Plans, respectively. The increase was due to the pension investments performing below the rate of return assumption of the Plans for FY 2022.

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 14-20 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 21-60 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 \$85.75 million at the close of FY 2022, an increase from \$73.25 million at the close of FY 2021.

Long Beach Transit's Condensed Summary of Net Position

	Year Ended		
	2022	2021	2020
Assets			
Current assets	\$ 67,291,608	\$ 64,590,635	\$ 64,349,013
Other noncurrent assets	30,596,605	22,890,271	28,184,651
Capital assets, net	105,347,906	96,356,715	83,144,218
Total assets	203,236,119	183,837,621	175,677,882
Deferred outflows of resources	16,026,996	7,325,749	14,957,584
Liabilities			
Current liabilities	75,167,366	71,809,117	66,478,825
Noncurrent liabilities	54,525,021	30,685,138	57,150,511
Total liabilities	129,692,387	102,494,255	123,629,336
Deferred inflows of resources	3,824,529	15,418,522	-
Net position			
Net investment in capital assets	102,135,121	91,604,336	83,144,218
Restricted	300,492	303,855	526,717
Unrestricted	(16,689,414)	(18,657,598)	(16,664,805)
Total net position	\$ 85,746,199	\$ 73,250,593	\$ 67,006,130

Management's Discussion and Analysis (continued)

Assets. Current assets increased to \$67.29 million in FY 2022 from \$64.59 million in FY 2021, an increase of \$2.70 million. This increase is largely due to the increase in accounts receivable of \$1.56 million. Subsidies and capital grants receivable make up the majority of the increase in accounts receivable. Current assets in FY 2021 increased to \$64.59 million in FY 2021 from \$64.35 million in FY 2020, an increase of \$241 thousand. This increase is largely due to the increases in accounts receivable of \$1.47 million. Similarity to FY 2022, subsidies and capital grants receivable make up the majority of the increase in accounts receivable.

Other noncurrent assets, which are Agency investments and leased assets, decreased to \$30.60 million from \$22.89 million in FY 2021. Agency investments decreased in FY 2022, from \$22.89 million in FY 2021.

Net capital assets totaled \$105.35 million in FY 2022, compared to \$96.36 million in FY 2021, an increase of \$8.99 million. This increase is due to capital acquisitions in FY 2022, the largest being the purchase of new battery-electric buses. In FY 2021, net capital assets increased by \$13.22 million compared to FY 2020. This increase was a result of capital acquisitions, the largest being the purchase of the corporate office building.

Deferred Outflows of Resources. Deferred outflows of resources increased in FY 2022 to \$16.03 million from \$7.33 million in FY 2021, an increase of \$8.70 million. In FY 2021 there was a decrease of \$7.33 million from \$14.96 million in FY 2020. 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 \$75.17 million in FY 2022 from \$71.81 million in FY 2021, an increase of \$3.36 million. The increase was due in part to increases in accounts payable (\$1.77 million) and subsidy deferral (\$680 thousand). Accounts payable increased due to higher invoice accruals, including accruals for Dial-A-Lift services and corporate office tenant improvements. The subsidy deferral represents Prop A, Measure M, and STA funding which are planned for use in the next fiscal year. In FY 2021, current liabilities increased by \$5.33 million due to increases in accounts payable and subsidy deferral.

Noncurrent liabilities increased to \$54.53 million in FY 2022 from \$30.69 million in FY 2021, an increase of \$23.84 million. The increase is due to the increase in net pension liability (\$18.33 million), offset by decreases in unearned revenue (\$2.42 million) and note payable (\$1.54 million). Unearned revenue represents grants allocated for capital projects that have not yet been expended. In FY 2021, noncurrent liabilities decreased by \$26.46 million from \$57.15 million in FY 2020 due to decreases in net pension liability and unearned revenue.

In FY 2021, LBT executed a promissory note in the purchase of a commercial office building to be used as the Agency's corporate office. The outstanding balance of the note is reflected in current liabilities and noncurrent liabilities in the financial statement. More information on the note payable can be found in note (14) of the notes accompanying the financial statements.

Deferred Inflows of Resources. Deferred inflows of resources decreased in FY 2022 to \$3.82 million from \$15.42 million in FY 2021, a decrease of \$11.60 million. In FY 2021 there was an increase of \$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.

Management's Discussion and Analysis (continued)

Net Position. Total net position at the end of FY 2022 is \$85.75 million, an increase from \$73.25 million in FY 2021. Net position is calculated as assets and deferred outflows of resources less liabilities and deferred inflows of resources. LBT's net position includes \$102.04 million invested in capital assets and \$16.69 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.

Long Beach Transit's Condensed Summary of Revenues, Expenses, and Changes in Net Position			
	Year-Ended		
	2022	2021	2020
Operating revenues:			
Passenger fares and special events	\$ 7,138,072	\$ 155,130	\$ 10,692,706
Advertising	843,340	649,678	978,484
Other revenue	1,133,274	1,183,017	2,381,571
Total operating revenues	9,114,686	1,987,825	14,052,761
Nonoperating revenues:			
Subsidies	94,483,188	91,986,813	82,029,003
Investment return, net	(673,484)	287,251	1,848,019
Total nonoperating revenues	93,809,704	92,274,064	83,877,022
Total revenues	102,924,390	94,261,889	97,929,783
Operating expenses:			
Transportation	50,067,770	50,691,529	54,678,389
Maintenance	29,986,862	25,714,741	24,288,404
Administration	20,783,244	20,071,273	21,160,394
Depreciation	14,782,360	14,278,928	15,739,478
Total operating expenses	115,620,236	110,756,471	115,866,665
Change before capital grants	(12,695,846)	(16,494,582)	(17,936,882)
Capital grants	25,309,346	22,739,045	7,814,792
Change in net position	12,613,500	6,244,463	(10,122,090)
Total net position, July 1	73,250,593	67,006,130	77,128,220
GASB 87	(117,894)	-	-
Total net position, June 30	\$ 85,746,199	\$ 73,250,593	\$ 67,006,130

Operating revenues. In FY 2022, overall total operating revenue increased to \$9.11 million compared to \$1.99 million in FY 2021. This was an increase of 358%. This increase was due to LBT reinstating fare collection, which started on September 19, 2021. In FY 2022, businesses began to reopen, more students were returning to campus, and employees resumed commuting to work.

In an effort to make purchasing passes easier for students, LBT made it possible for six high schools in the Long Beach Unified School District (LBUSD) to sell LBT 30-day student passes directly on campus. A new 150-day (or semester long) student pass for California State University Long Beach (CSULB) was also introduced. CSULB students were able to purchase and load the pass directly onto their mobile cell phones.

Management's Discussion and Analysis (continued)

In January 2022, LBT began a fareless initiative pilot program (commonly known as GoPass) with the Los Angeles Metropolitan Transportation Agency (MTA), LBUSD, and Long Beach City College (LBCC) to allow students to ride LBT for free. LBCC students were able to use their GoPass starting February 6, 2022, while LBUSD students started using their GoPass on April 1, 2022. The GoPass program saw great usage during the remaining portion of the fiscal year as any student enrolled in a school district or community college participating in the GoPass program was able to ride LBT for free.

To help the community rebound from the effects of the COVID-19 pandemic, LBT discounted the 1-day regular pass, the 5-day regular pass, and the 30-day regular pass from the resumption of fare collection in September 2021 and throughout the remainder of the fiscal year.

From September 17, 2021, to May 22, 2022, customers were able to enjoy weekend service (Friday, Saturday, and Sunday) aboard the AquaLink. Starting May 25, 2022, through the end of the fiscal year and into the subsequent fiscal year, the AquaLink was available to customers 7 days a week. New fareboxes were installed on the AquaLinks to help make collecting fares easier. LBT also introduced a new mobile ticketing option which allowed customers to purchase their tickets through their mobile cell phone. The new fareboxes, along with handheld validation and credit card processing devices were used to validate customers using the app.

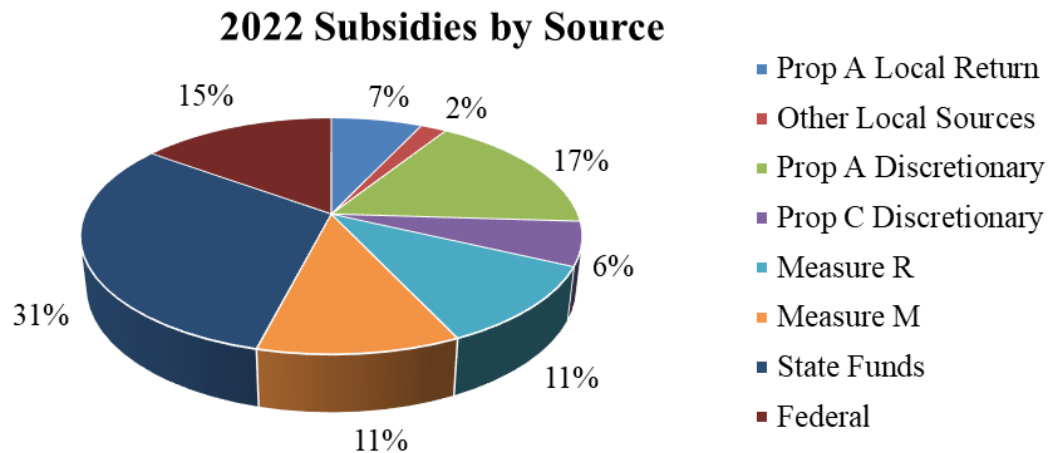
In FY 2021, revenues were heavily affected by the COVID-19 pandemic. While LBUSD welcomed back their students to campus, LBCC and CSULB limited the number of students returning to face-to-face classes. Rear-door boarding was enforced on all buses for the safety of the bus operators and the customers. Moreover, fare collection was not enforced and there were no special event services. Overall total operating revenues decreased in FY 2021 to \$1.99 million compared to \$14.05 million in FY 2020, which was an 85.9% decrease.

Management's Discussion and Analysis (continued)

Advertising revenue improves as we emerge from the pandemic. In FY 2022 advertising revenue was \$843 thousand, an increase compared to \$650 thousand in FY 2021. During the pandemic and throughout FY 2022, 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 \$1.13 million in FY 2022, a decrease from \$1.18 million in FY 2021, mainly due to a decrease in fuel tax credits. In fiscal years 2022, 2021, and 2020, LBT received fuel tax credits totaling \$1.09 million, \$1.15 million, and \$2.35 million respectively. A significant amount of the fuel credits were due to federal alternative fuel tax credits. The Inflation Reduction Act of 2022 extended the Alternative Fuels Tax Credit for three years beginning retroactively January 2022 through December 31, 2024. The alternative fuel tax credit rate is \$0.50 per gallon or diesel gallon equivalent.

Nonoperating revenues. Subsidies in FY 2022 totaled \$94.48 million or 91.8% of total revenues. This represents an increase from \$91.99 million in FY 2021, a difference of \$2.49 million. This increase was largely due to increases in county sales tax revenues as the economy recovered from the COVID-19 pandemic. In FY 2021, there was an increase in subsidies of \$9.96 million largely due to federal Coronavirus relief funds.



There was a loss in interest returns of \$673 thousand in FY 2022, a decrease compared to \$287 thousand in interest income in FY 2021, due to a decrease in market value of individually held bonds. In FY 2021 there was a decrease in interest income earnings, down from \$1.85 million in FY 2020, due to lower interest income from investments.

Total Revenues. Overall, in FY 2022 revenues totaled \$102.92 million, an increase from \$94.26 million in FY 2021. This is a result of the increases in operating revenue and non-operating revenue discussed above. In FY 2021, there was a decrease in total revenue from \$97.93 million in FY 2020.

Management's Discussion and Analysis (continued)

Operating expenses. Operating expenses before depreciation increased in FY 2022 to \$100.84 million from \$96.48 million in FY 2021, an increase of \$4.36 million. The increase is primarily due to an increased cost of fuel and materials and supplies.

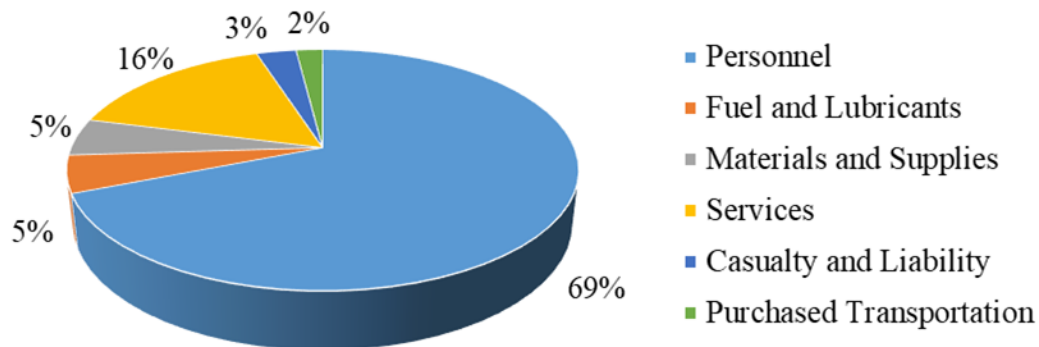
Total labor costs excluding benefits increased by 8.2%, to \$47.81 million in FY 2022 from \$44.19 million in FY 2021 due to wage and service level increases. Health benefit costs decreased by \$223 thousand due to lower premiums.

The gradual restoration of transit service combined with the rise in market fuel cost reflected an increase of \$2.25 million in fuel costs for FY 2022 compared to FY 2021. The average fuel prices were also higher throughout FY 2022 compared to FY 2021.

The Agency has managed to control operating costs and did not lay-off any of its employees during FY 2022.

In FY 2021, operating expenses before depreciation decreased to \$96.48 million from \$100.13 million in FY 2020. This decrease of \$3.65 million was primarily due to cost reductions in daily transportation operations stemming from reduced services in response to the COVID-19 pandemic.

2022 Operating Expenses (before depreciation)



Capital Grants. In FY 2022 capital grants amounted to \$25.31 million, an increase from \$22.74 million in FY 2021. Depreciation expense totaled \$14.78 million in FY 2022, compared with \$14.28 million in FY 2021. Depreciation expense increased by \$503 thousand.

Management's Discussion and Analysis (continued)

Long Beach Transit's Capital Assets (net of depreciation)

	Year-Ended		
	2022	2021	2020
Land	\$ 14,275,000	\$ 14,275,000	\$ 14,275,000
Buildings and improvements	27,111,968	28,348,615	7,166,706
Fleet	52,769,307	46,277,445	54,148,498
Communications systems	992	992	992
Fare collection system	394,532	474,395	629,852
Office, shop and garage equipment	2,597,037	3,222,842	1,802,847
Customer amenities	1,265,261	1,846,494	2,344,204
Construction in progress	6,933,810	1,910,932	2,776,119
Total capital assets, net of depreciation	<u>\$ 105,347,907</u>	<u>\$ 96,356,715</u>	<u>\$ 83,144,218</u>

Capital Assets. LBT had \$23.77 million in new capital acquisitions during FY 2022, a decrease of \$3.72 million when compared to FY 2021. In FY 2022, assets have been purchased with federal, state and local grants awarded to the Agency.

LBT's investment in capital assets as of June 30, 2022 amounted to \$105.35 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 9.3% in FY 2022, from \$96.36 million in FY 2021. Major capital acquisitions in FY 2022 included the purchase of battery electric buses, mid-life rehabilitation of buses, corporate office building improvements, and information systems upgrades. In FY 2021, capital acquisitions amounted to \$27.49 million, with major acquisitions including the purchase of a corporate office building, mid-life rehabilitation of buses and information systems upgrades.

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 2022 included the following:

- New BYD Buses, \$13.14 million
- Mid-life rehabilitation of buses, \$3.66 million
- LBTCO Network, \$954 thousand
- LBTCO Tenant Improvements, \$921 thousand
- New BEB New Flyer Pilot Bus, \$803 thousand
- ION Emitters, \$542 thousand
- Routine replacement of engines, transmissions, and bus components, \$535 thousand
- TVIC Renovation Project, \$391 thousand
- LBTCO Building Automation System, \$365 thousand
- MS365 Deployment Intranet, \$226 thousand
- LED Solar Signs for bus stops, \$223 thousand

Management's Discussion and Analysis (continued)

LBT's investment in capital assets as of June 30, 2021, amounted to \$96.36 million (net of accumulated depreciation). The Agency had \$27.49 million in new capital acquisitions during the year, an increase of \$19.68 million, when compared to FY 2020.

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

Additional information on LBT's capital assets can be found in note (8) in the notes to the Agency's financial statements on page 35 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. Some aspects of the economy have started to recover but consumer spending and travel patterns are changed since before the pandemic. These changes and 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 2023 in the face of these uncertainties.

A history of strong financial planning and stewardship has allowed LBT to weather the 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 2023. 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 to make sustainable decisions.

Amid modified services and rebuilding from 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 2023.

The FY 2023 financial plan focuses on navigating towards the next normal and incrementally expanding service that have been reduced during the pandemic. Additionally, the FY 2023 plan emphasizes employee recruitment and retention which will play a vital role in the Agency's ability to expand 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 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 2023 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. The agreements were ratified in FY 2022 and are effective through 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 2023 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 2022 for FY 2023 totals \$119.08 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.



Financial Statements



Statements of Net Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents (note 2)	\$ 53,052,250	\$ 52,615,290
Accounts receivable (note 4)	9,668,676	8,110,218
Materials and supplies inventory	3,209,890	2,716,573
Prepaid expenses	1,360,792	1,148,554
Total current assets	<u>67,291,608</u>	<u>64,590,635</u>
Noncurrent Assets:		
Investments (note 2)	21,779,394	22,890,271
Leased assets	8,817,211	-
Capital assets (note 8)		
Land	14,275,000	14,275,000
Construction-in-progress	6,933,810	1,910,932
Total capital assets (note 8)	<u>21,208,810</u>	<u>16,185,932</u>
Capital assets, net of accumulated depreciation:		
Buildings and improvements	27,111,968	28,348,615
Fleet	52,769,306	46,277,445
Communications systems	992	992
Fare collection system	394,532	474,395
Office, shop and garage equipment	2,597,037	3,222,842
Customer amenities	1,265,261	1,846,494
Total capital assets, net of accumulated depreciation	<u>84,139,096</u>	<u>80,170,783</u>
Total noncurrent assets	<u>135,944,511</u>	<u>119,246,986</u>
Total assets	<u>203,236,119</u>	<u>183,837,621</u>
DEFERRED OUTFLOWS OF RESOURCES		
Net difference of changes related to pension liability	16,026,996	7,325,749
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 219,263,115</u></u>	<u><u>\$ 191,163,370</u></u>

The notes to the financial statements are an integral part of these statements.

Statements of Net Position, Continued
June 30, 2022 and 2021

	2022	2021
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 5,964,523	\$ 4,194,835
Accrued payroll expenses	1,242,191	981,869
Compensated absences payable (note 11)	3,391,167	3,265,004
Note payable, current portion (note 14)	1,203,109	1,124,341
Sick leave benefits (note 11)	238,470	179,221
Subsidy deferral (note 9)	42,859,428	42,179,845
Estimated liability for insurance claims (note 6)	20,268,478	19,884,002
Total current liabilities	<u>75,167,366</u>	<u>71,809,117</u>
Noncurrent Liabilities:		
Unearned revenue (note 5)	6,050,418	8,470,897
Note payable, net of current portion (note 14)	2,009,677	3,628,038
Lease liability	9,053,484	-
Sick leave benefits (note 11)	5,219,105	4,720,485
Net pension liability (note 13)	32,192,337	13,865,718
Total noncurrent liabilities	<u>54,525,021</u>	<u>30,685,138</u>
Total liabilities	<u>129,692,387</u>	<u>102,494,255</u>
DEFERRED INFLOWS OF RESOURCES		
Net difference of changes related to pension liability	<u>3,824,529</u>	<u>15,418,522</u>
NET POSITION		
Net investment in capital assets	102,135,121	91,604,336
Restricted for:		
Capital procurement	300,492	303,855
Unrestricted	<u>(16,689,414)</u>	<u>(18,657,598)</u>
Total net position	<u>85,746,199</u>	<u>73,250,593</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 219,263,115</u></u>	<u><u>\$ 191,163,370</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, 2022 and 2021

	2022	2021
Operating revenues:		
Passenger fares	\$ 7,077,072	\$ 154,380
Special events	61,000	750
Advertising	843,340	649,678
Other revenue	1,133,274	1,183,017
Total operating revenues	<u>9,114,686</u>	<u>1,987,825</u>
Operating expenses:		
Transportation	50,067,770	50,691,529
Maintenance	29,986,862	25,714,741
Administration	20,783,244	20,071,273
Depreciation (note 8)	14,782,360	14,278,928
Total operating expenses	<u>115,620,236</u>	<u>110,756,471</u>
Operating loss	<u>(106,505,550)</u>	<u>(108,768,646)</u>
Nonoperating revenues (expenses):		
Subsidies (note 3)	94,483,188	91,986,813
Investment return, net	(673,484)	287,251
Total nonoperating revenues	<u>93,809,704</u>	<u>92,274,064</u>
Change in net position before capital grants	(12,695,846)	(16,494,582)
Capital grants	<u>25,309,346</u>	<u>22,739,045</u>
Change in net position	<u>12,613,500</u>	<u>6,244,463</u>
Total net position, July 1	73,250,593	67,006,130
Restatement - GASB 87	<u>(117,894)</u>	<u>-</u>
Total net position, June 30	<u><u>\$ 85,746,199</u></u>	<u><u>\$ 73,250,953</u></u>

The notes to the financial statements are an integral part of these statements.

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 9,584,937	\$ 2,909,226
Cash paid to employees for services	(47,808,454)	(44,185,548)
Cash paid to other suppliers of goods or services	(52,719,445)	(47,209,585)
Net cash used for operating activities	<u>(90,942,962)</u>	<u>(88,485,907)</u>
Cash flows provided by noncapital financing activities:		
Operating subsidies received	<u>94,498,976</u>	<u>92,406,268</u>
Cash flows from capital and related financing activities:		
Proceeds (use of proceeds) from sale of capital assets	32,284	(77,682)
Purchase of capital assets	(25,309,345)	(22,739,045)
Capital grant contributions received	<u>21,770,180</u>	<u>12,576,386</u>
Net cash used for capital and related financing activities	<u>(3,506,881)</u>	<u>(10,240,341)</u>
Cash flows provided by investing activities:		
Net proceeds and gains from investments	11,470,537	10,858,657
Purchase of investments	(10,359,660)	(5,564,353)
Interest received on cash and investments	<u>(723,050)</u>	<u>426,752</u>
Net cash provided by investing activities	<u>387,827</u>	<u>5,721,056</u>
Net change in cash and cash equivalents	436,960	(598,924)
Cash and cash equivalents, July 1	<u>52,615,290</u>	<u>53,214,214</u>
Cash and cash equivalents, June 30 (note 2)	<u><u>\$ 53,052,250</u></u>	<u><u>\$ 52,615,290</u></u>

The notes to the financial statements are an integral part of these statements.

Statements of Cash Flows, Continued
Years Ended June 30, 2022 and 2021

Reconciliation of Operating Loss to Net Cash Used for Operating Activities	2022	2021
Operating loss	\$ (106,505,550)	\$ (108,768,646)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	14,782,360	14,278,928
(Increase) decrease in accounts receivable		
from operations	470,391	1,278,620
(Increase) decrease in materials and supplies inventory	(493,317)	(192,061)
(Increase) decrease in prepaid expenses	(212,238)	816,698
(Increase) decrease in deferred outflows of resources	(8,701,247)	7,631,835
Increase (decrease) in accounts payable	1,773,077	1,428,801
Increase (decrease) in accrued payroll expenses, compensated absences payable, and sick leave benefits	944,354	2,490
Increase (decrease) in net pension liability	18,326,619	(20,834,703)
Increase (decrease) in estimated liability for insurance claims	384,476	453,609
Increase (decrease) in lease liability	(117,894)	
Increase (decrease) in deferred inflows of resources	(11,593,993)	15,418,522
Total adjustments	15,562,588	20,282,739
Net cash used in operating activities	\$ (90,942,962)	\$ (88,485,907)

Noncash investing, and capital financing activities:

During the years ended June 30, 2022 and 2021, the Agency had noncash capital asset additions of \$2,693,569 and \$5,711,640 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.

Statements of Fiduciary Net Position
Years Ended June 30, 2022 and 2021

	Pension Trust Funds	
	<u>2022</u>	<u>2011</u>
Assets		
Cash	\$ 876,060	\$ 2,684,006
Accounts Receivable:		
Contribution receivable	-	312,500
Investments, at fair value		
Equity mutual funds	31,450,588	81,708,720
Bond mutual funds	15,722,872	27,783,307
Private equity	53,889,334	-
Corporate bonds	-	6,570,540
Government bonds	-	538,814
Total investments	101,062,794	116,601,381
Total assets	<u>\$ 101,938,854</u>	<u>\$ 119,597,887</u>
Net position restricted for pensions	<u>\$ 101,938,854</u>	<u>\$ 119,597,887</u>

The notes to the financial statements are an integral part of these statements.

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2022 and 2021

	Pension Trust Funds	
	2022	2021
Additions:		
Contributions:		
Employer contributions	\$ 4,693,906	\$ 6,167,491
Employee contributions	2,493,206	3,024,413
Total contributions	<u>7,187,112</u>	<u>9,191,904</u>
Investment gain (loss):		
Interest	122,907	782,776
Dividends and capital gains	1,732,634	3,399,062
Net unrealized gain (loss) on investments	(29,159,184)	15,532,976
Net realized gain on investments	<u>14,533,703</u>	<u>3,772,483</u>
Total investment gain (loss), net	<u>(12,769,940)</u>	<u>23,487,297</u>
Deductions:		
Expenditures:		
Pension benefits	11,556,717	7,665,131
Direct administrative costs	48,904	271,724
Other administrative costs	<u>470,584</u>	<u>359,966</u>
Total expenditures	<u>12,076,205</u>	<u>8,296,821</u>
Net increase (decrease) in plan net position	(17,659,033)	24,382,380
Net position restricted for pension, beginning of year	<u>119,597,887</u>	<u>95,215,507</u>
Net position restricted for pension, end of year	<u><u>\$ 101,938,854</u></u>	<u><u>\$ 119,597,887</u></u>

The notes to the financial statements are an integral part of these statements.

Notes to Financial Statements

June 30, 2022 and 2021

(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 assets) 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 assets) 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, 2022 and 2021 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 \$10,000 and having an estimated useful life of more than one year. Prior to July 1, 2021, the threshold was an initial value of more than \$5,000. The definition was changed as of FY 2022. 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 2022.

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, interest payments are recorded 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 June 2017, GASB issued Statement No. 87, Leases for reporting periods beginning after June 15, 2021. This statement aims to increase the transparency of the agency's lease liabilities by establishing a single model for lease accounting and requiring all leases to be reported on the statement of net position as capital or financing leases.

Future Pronouncements

In May 2020, GASB issued Statement 96 defining Subscription-Based Information Technology Arrangements (SBITAs). This statement requires the agency to record a right-to-use subscription intangible assets and corresponding subscription liability. This pronouncement is effective for fiscal years beginning after June 15, 2022. 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, 2022, the date on which the accompanying financial statements were available to be issued for the year ended June 30, 2022.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 19,866	\$ 10,218
Deposits with financial institutions	6,804,138	1,178,781
Cash equivalents	46,228,246	51,426,291
Total cash and cash equivalents	<u>53,052,250</u>	<u>52,615,290</u>
Investments	21,779,394	22,890,271
Total cash, cash equivalents and investments	<u>\$ 74,831,644</u>	<u>\$ 75,505,561</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 2022 and FY 2021, the Agency elected to have its investments with LAIF and a similarly structured investment vehicle managed by an independent manager.

	Maximum <u>Maturity</u>	Maximum Percentage <u>of Portfolio</u>	Maximum Percentage <u>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, 2022 and 2021, respectively.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments (continued)

Type	2022	Weighted Average Maturity (Yrs)
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 45,606,553	0.85
Fidelity Municipal Money Market	621,693	N/A
Total Cash Equivalents	\$ 46,228,246	
<u>Corporate Bonds</u>		
Intel Corp ST NT 2.700% Due 12/15/2022	699,748	0.5
Nike Inc Bond 2.250% Due 05/01/2023	696,535	0.8
Apple Inc. 2.400% Due 05/03/2023	696,710	0.8
Microsoft Corp. 2.875% Due 02/06/2024	698,243	1.5
Home Depot Inc. 3.750% Due 02/15/2024	707,427	1.6
UnitedHealth Group Inc. 2.375% Due 08/15/2024	685,538	2.0
Toyota Motor Cr Corp. 1.800% Due 02/13/2025	667,919	2.5
Visa Inc. 3.150% Due 12/14/2025	692,118	3.2
Bershire Hathaway Inc. 3.125% Due 03/15/2026	686,721	3.4
Corporate Bonds Total	\$ 6,230,959	
<u>Government Bonds</u>		
Fannie Mae 2.000% Due 10/05/2022	1,499,295	0.3
United States Treas Note 2.000% Due 10/31/2022	1,499,340	0.3
United States Treas Note 2.000% Due 11/30/2022	1,997,040	0.4
United States Treas Note 2.625% Due 02/28/2023	1,998,820	0.7
Federal Home Loan Banks 2.750% Due 12/13/2024	1,987,660	2.4
Freddie Mac 1.500% Due on 02/12/2025	1,443,090	2.4
United States Treas Note 1.125% Due 02/28/2025	1,905,460	2.6
Federal Farm CR BKS Bond 0.600% Due 12/09/2025	459,800	0.02
Federal Farm CR BKS Bond 0.900% Due 06/15/2026	922,110	0.02
Federal Farm CR BKS Bond 0.870% Due 09/01/2026	1,835,820	0.1
Government Bonds Total	\$ 15,548,435	
Total Investment Value	\$ 21,779,394	

As of June 30, 2022 and 2021, there were \$101,285 and \$89,152, respectively, of accrued bond interest which are included in accounts receivable.

Weighted average maturity represents earlier of date of bond maturation or date of call option.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents 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 Depo Inc. 3.750% Due 02/15/2024	754,152	2.5
Intel Corp. 2.70% Due 12/15/2022	724,472	1.4
Microsoft Crop. 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	2.5
United Health 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	

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents 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, 2022.

<u>Investment Type</u>	<u>Rating</u>
<u>Corporate Bonds</u>	
Intel Corp ST NT 2.700% Due 12/15/2022	A+
Nike Inc Bond 2.250% Due 05/01/2023	AA-
Apple Inc. 2.400% Due 05/03/2023	AA+
Microsoft Corp. 2.875% Due 02/06/2024	AAA
Home Depot Inc. 3.750% Due 02/15/2024	A
UnitedHealth Group Inc. 2.375% Due 08/15/2024	A+
Toyota Motor Cr Corp. 1.800% Due 02/13/2025	A+
Visa Inc. 3.150% Due 12/14/2025	AA-
Bershire Hathaway Inc. 3.125% Due 03/15/2026	AA
<u>Investment Type</u>	<u>Rating</u>
<u>Government Bonds</u>	
Fannie Mae 2.000% Due 10/05/2022	AA+
United States Treas Note 2.000% Due 10/31/2022	AA+
United States Treas Note 2.000% Due 11/30/2022	AA+
United States Treas Note 2.625% Due 02/28/2023	AA+
Federal Home Loan Banks 2.750% Due 12/13/2024	AA+
Freddie Mac 1.500% Due on 02/12/2025	AA+
United States Treas Note 1.125% Due 02/28/2025	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 CR BKS Bond 0.870% Due 09/01/2026	AA+

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents 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, Cash Equivalents and Investments (continued)

The Agency has the following recurring fair value measurements as of June 30, 2022 and 2021:

- 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, 2022

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Money Market		\$ 621,693		\$ 621,693
Corporate Bonds		6,230,959		6,230,959
Government Bonds		15,548,435		15,548,435
State of California Local Agency Investment Fund		45,606,553		45,606,553
Total assets at fair value	None	\$ 68,007,640	None	\$ 68,007,640

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

Notes to Financial Statements (continued)

(3) Operating Subsidies

Subsidies from the following sources were earned during the years ended June 30:

	2022	2021
Proposition A Local Return, City of Long Beach	\$ 6,610,018	\$ 6,190,887
Proposition A, County of Los Angeles	15,623,473	10,148,508
Proposition C, County of Los Angeles	6,091,528	5,408,081
Measure R, County of Los Angeles	10,301,721	7,903,883
Measure M, County of Los Angeles	10,201,986	6,243,110
TDA, STA, STA-SB1 and LCTOP, State of California	29,367,503	25,747,982
Preventive Maintenance, Federal	-	500,000
CARES Act, Federal	-	29,203,837
CRRSA Act, Federal	14,159,497	-
City of Carson	1,350,820	-
Local Municipalities	684,298	635,943
Other sources	92,344	4,582
Total	<u>\$ 94,483,188</u>	<u>\$ 91,986,813</u>

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 \$6,610,018 in FY 2022.

Measure R, approved by county voters in November 2008, provides a half-cent sales tax for transportation improvements. In November 2016, county votes 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.

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.

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

Notes to Financial Statements (continued)

(3) Operating Subsidies (continued)

financial statements. The FTA funds 100% of the costs and FTA local match requirement is met by utilizing Transportation Development Credits.

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.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law, which includes \$900 billion in supplemental appropriations for COVID-19 relief, \$14 billion of which was allocated to support the transit industry during the COVID-19 public health emergency. LBT was allocated \$26.67 million of CRRSAA funds and used \$14,159,497 to fund operating expenses in FY 2022.

Other local monies are reimbursement for service hours supplied to eight surrounding cities. In FY 2022, the City of Carson's reimbursement totaled \$1.35M following a 2021 contract for services. Additionally, 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>2022</u>	<u>2021</u>
Trade receivables	\$ 918,734	\$ 1,142,599
Interest	198,971	149,405
Capital grants receivable	4,372,328	3,250,866
Proposition A funds due from City	2,529,568	1,943,770
STA	545,982	853,595
STA-SB1	407,669	642,345
Other receivables	695,424	127,638
	<u>9,668,676</u>	<u>8,110,218</u>
Total	<u>\$ 9,668,676</u>	<u>\$ 8,110,218</u>

Notes to Financial Statements (continued)

(5) Unearned Revenue

At June 30, 2022 and 2021, the balances of unearned revenue were as follows:

	<u>2022</u>	<u>2021</u>
Capital grant funds	\$ 5,967,156	\$ 8,423,308
Other	83,262	47,589
Total unearned revenue	<u>\$ 6,050,418</u>	<u>\$ 8,470,897</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 2022 and FY 2021.

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 2022 and FY 2021.

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, 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	6,209,823	13,674,179	19,884,002
Reserves:			
New claims	339,578	630,586	970,164
Adjustments to existing claims	994,236	4,499,760	5,493,996
Payouts	<u>(2,411,586)</u>	<u>(3,668,098)</u>	<u>(6,079,684)</u>
Estimated liabilities at June 30, 2022	<u>\$ 5,132,051</u>	<u>\$ 15,136,427</u>	<u>\$ 20,268,478</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, 2022 and 2021 was as follows:

	Balance at June 30, 2021	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	\$ 14,275,000	\$ -	\$ -	\$ -	\$ 14,275,000
Construction in progress	1,910,932	(1,338,934)	6,361,812	-	6,933,810
Total capital assets not being depreciated	16,185,932	(1,338,934)	6,361,812	-	21,208,810
Capital assets being depreciated:					
Buildings and improvements	77,407,478	146,978	703,095	-	78,257,551
Fleet	169,411,434	848,635	15,867,379	(6,381,319)	179,746,129
Communications systems	7,462,121	-	-	-	7,462,121
Fare collection system	9,340,489	-	-	-	9,340,489
Office, shop and garage equipment	30,891,268	343,321	617,480	(7,553,911)	24,298,158
Customer amenities	17,485,294	-	223,786	-	17,709,080
Total capital assets being depreciated	311,998,084	1,338,934	17,411,740	(13,935,230)	316,813,528
Less accumulated depreciation:					
Buildings and improvements	(49,058,863)	-	(2,086,720)	-	(51,145,583)
Fleet	(123,133,989)	-	(10,224,152)	6,381,319	(126,976,822)
Communications systems	(7,461,129)	-	-	-	(7,461,129)
Fare collection system	(8,866,094)	-	(79,863)	-	(8,945,957)
Office, shop and garage equipment	(27,668,426)	-	(1,586,606)	7,553,911	(21,701,121)
Customer amenities	(15,638,800)	-	(805,019)	-	(16,443,819)
Total accumulated depreciation	(231,827,301)	-	(14,782,360)	13,935,230	(232,674,431)
Total capital assets being depreciated, net	80,170,783	1,338,934	2,629,380	-	84,139,097
Total capital assets, net	\$ 96,356,715	\$ -	\$ 8,991,192	\$ -	\$ 105,347,907

Notes to Financial Statements (continued)

(8) Capital Assets (continued)

	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

(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, 2022 and 2021, the Agency had remaining Prop A subsidy funding of \$32,301,688 and \$31,686,744, respectively, to be utilized in future fiscal years.

As of June 30, 2022, the Agency maintained STA funds of \$1,085,407, which was the same amount as of June 30, 2021. STA-SB1 funds remaining amounted to \$1,614,890 as of June 30, 2022, which was the same amount as of June 30, 2021. The Agency had Measure M funds of \$7,857,443 and \$7,792,804 as of June 30, 2022 and 2021, 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, 2022. 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>
Smart Auto & Coach Detailing	Bus Detailing services and Window	\$ 654,644	July 2022
Complete Coach Works	2013 GILLIG REHAB year 1 and 2 of 3	\$ 2,552,607	August 2022
United Healthcare	Medical Employee Benefits	\$ 10,500,000	August 2022
United Healthcare	Dental Employee Benefits	\$ 538,000	August 2022
United Healthcare	Vision Employee Benefits	\$ 119,000	August 2022
United Healthcare of California	Life Insurance - Employee Benefits	\$ 292,156	August 2022
8x8, INC.	Hosted Service for Telephone support	\$ 297,769	September 2022
La Canada Design Group	LBTCO Phase 1B - Design Development	\$ 365,302	September 2022
Nth Generation Computing Inc	Cybersecurity monitoring and mediation	\$ 234,360	September 2022
CDW-G LLC	MS EA License	\$ 152,711	September 2022
City of Long Beach Police	Police Services - 10/1/21-9/30/22	\$ 2,410,592	September 2022
Mission Linen Supply	Uniform and Materials	\$ 163,310	September 2022
Complete Coach Works	2013 GILLIG REHAB year 3 of 3	\$ 1,404,519	October 2022
Zaretsky Engineering Solutions	LBTCO Building Automation System Upgrade	\$ 365,552	October 2022
Cummins Pacific LLC	L9-280 Cummins Engines	\$ 171,008	November 2022
Sirius Computer Solutions, Inc	Network Switch at LBTCO	\$ 168,210	November 2022
Global Diversified Voltage	ATS - Costs of Labor, Material and equipment	\$ 214,538	December 2022
Dorado Design and Contruction	LBT1 BEB Charging StationS	\$ 295,204	December 2022
BYD Motors, Inc.	14 BYD BEB Buses	\$ 1,493,976	December 2022
Mccray's Enterprises	Bus repair #1835	\$ 109,041	December 2022
Spectrum Charter Communications	3 years of internet connection through 12/2022	\$ 218,345	December 2022
Transit Information Products	Option year two of contract 16-014	\$ 200,000	December 2022
Swiftly Inc.	On time performance Module	\$ 214,247	January 2023
Urban Elevator Service CA, LLC	LBTCO Elevator Modernization Project	\$ 846,564	January 2023

Long Beach Transit

ADP Commercial LLC	Install access control system at LBTCO	\$ 315,787	January 2023
Letner Roofing Company	LBTCO Roof Replacement Project	\$ 426,000	February 2023
New Flyer of America	20 BEB buses 35'	\$ 20,592,300	February 2023
ND Construction Co, Inc	Bus Shelter at Downtown LBT	\$ 656,225	April 2023
IBI Group	IT consulting service for LBTACO move	\$ 155,000	June 2023
The Center for Transportation	Charge Technology and Management	\$ 130,000	June 2023
Carl Warren & Co.	Liability and Subrogation Third Party	\$ 509,059	June 2023
Catalina Express	Water Taxi Services Aug 2022 to July 2023	\$ 872,011	July 2023
Intueor Consulting, Inc.	ERP_EAM Technical Consultant	\$ 1,030,420	August 2023
Empyrean Benefit Solutions, Inc.	Employee Benefits	\$ 100,000	September 2023
Fidelity Security Life Insurance	Fidelity Security Life Insurance Co.	\$ 119,000	September 2023
BYD Motors, Inc.	5 BEB Commuter Buses	\$ 6,590,338	October 2023
New Flyer of America	Heliox 50kw Mobile Chargers	\$ 102,941	October 2023
Clean Energy	CNG station maintenance services	\$ 1,180,724	October 2023
New Flyer of America	Heliox Charging Stations for NF Buses:	\$ 1,631,894	December 2023
Delta Motor Co. Inc.	Hybrid Reconditioning Project Base	\$ 448,067	December 2023
Commune Communication	Communications, Creative Services	\$ 612,000	December 2023
Downtown Long Beach Alliance	Year 1- 3 CY2021 TVIC Restroom Host	\$ 687,935	January 2024
Innovative Pest Solutions	Pest Control	\$ 154,680	May 2024
City Terrace Service Inc.	Towing Services Contract	\$ 179,970	June 2024
Merrimac Energy Group	Gasoline Fuel FY22 thru FY24	\$ 7,945,955	June 2024
SC Fuels	Diesel Fuel FY22 thru FY24	\$ 207,657	June 2024
Transpro Consulting, LLC	TransDash Annual Subscription	\$ 111,334	June 2024
Trapeze Software Group, Inc	TransitMaster Annual Software	\$ 559,294	September 2024
Universal Protection Service LP	Security Guard Services - Three years	\$ 3,992,153	October 2024
CTI Environmental, Inc.	Owners Rep Services	\$ 560,592	December 2024
The Goodyear Tire & Rubber Co.	Tire Servies	\$ 2,141,201	January 2025
Giro, Inc.	Hastus Software Maintenance and Support	\$ 535,924	January 2026
Global Paratransit Inc.	DAL Services	\$ 6,884,581	February 2026
Athens Administrators	Workers Comp Third-Party Adminstrator	\$ 1,333,921	January 2027

Notes to Financial Statements (continued)

(10) Commitments and Contingencies (continued)

Lease Obligations

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 costs were \$275,394 and \$229,493 for years ended June 30, 2022 and 2021, respectively.

In estimating the present value of the lease liabilities, LBT estimated the discount rate based on the Consumer Price Index pursuant to the terms of the lease agreement. The interest rate used for the calculation was 2.26% for year ended June 30, 2022.

The following is a schedule of future minimum lease payments required under the lease:

Year Ending June 30,	Principal	Interest
2023	\$ 79,047	\$ 204,609
2024	80,833	202,822
2025	82,660	200,995
2026	84,528	199,127
2027	86,439	197,217
2028-2032	506,909	953,917
2033-2037	612,689	891,962
2037-2042	732,350	817,440
2043-2047	867,575	728,709
2048-2052	1,020,246	623,927
Thereafter	4,900,208	1,074,437
	<u>\$ 9,053,484</u>	<u>\$ 6,095,162</u>

Service 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 \$621,383 and \$549,085 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021, accrued unpaid vacation for all Agency employees amounted to \$3,391,167 and \$3,265,004 respectively.

<u>Balance 6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/22</u>	<u>Due Within One Year</u>
\$ 3,265,004	\$ 3,391,167	\$(3,265,004)	\$ 3,391,167	\$ 3,391,167

<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

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 \$219,603 and \$539,308 under this program during 2022 and 2021, 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 153 and 135 retirees with unused sick leave converted cash accounts at June 30, 2022 and 2021, respectively. The cash value equivalent of the remaining unused sick leave for the current retirees totaled \$1,995,191 and \$1,628,044 respectively. Total reimbursements paid by the Agency during the fiscal years ended June 30, 2022 and 2021, were \$312,348 and \$233,044, respectively.

The Agency has established a liability related to unused sick leave for both current and future payments. The estimated liability at June 30, 2022 and 2021, was \$5,457,576 and \$4,899,706, respectively.

<u>Balance 6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/22</u>	<u>Due Within One Year</u>
\$ 4,899,706	\$ 870,217	\$(312,348)	\$ 5,457,575	\$ 238,470

<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

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.

On August 16, 2022, AFSCME District Council 36 became the representative for LBT's Customer Service Unit employees comprised of Customer Care Clerks. At that same time, 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, 2022 and 2021 was \$32,022,263 and \$30,014,658 for the Contract Plan, respectively, and \$3,923,681 and \$4,869,172 for the Salaried Plan, respectively. Total Agency payroll for 2022 and 2021 was \$47,578,439 and \$44,440,364, 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 2022 were 16.18% and 8.78% for the Contract and Salaried Plans, respectively. For 2022, the Agency's annual contributions were \$3,667,102 and \$1,026,804 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.

Net Pension Liability – Salaried Plan

The Salaried Plan's net pension liability was measured as of June 30, 2022, 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, 2022 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	\$174,009 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 6/30/2021	\$ 36,225,266	\$ 37,790,805	\$ (1,565,539)
Changes for the year:			
Service cost	732,452	-	732,452
Interest	1,951,207	-	1,951,207
Expected investment income	-	2,211,896	(2,211,896)
Difference between expected and actual experience	(269,231)	(6,082,397)	5,813,166
Contributions - employer	-	1,026,804	(1,026,804)
Contributions - employee	-	288,286	(288,286)
Benefit payments, including refunds	(3,020,182)	(3,020,182)	-
Administrative expense	-	(174,009)	174,009
Other changes (assumptions)	-	-	-
Net changes	(605,754)	(5,749,602)	5,143,848
Balances at 6/30/2022	\$ 35,619,512	\$ 32,041,203	\$ 3,578,309

	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)

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, 2022, 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, 2022 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 MP-2019; PRI-2012 Disabled Mortality Table with Scale MP-2019 for disabled participants
Scale	
Projected	
Employee Contribution	
Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	\$345,479 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.

	Increase (Decrease)		
Contract Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2021	\$ 97,238,339	\$ 81,807,082	\$ 15,431,257
Changes for the year:			
Service cost	3,811,387	-	3,811,387
Interest	6,014,362	-	6,014,362
Expected investment income	-	5,221,176	(5,221,176)
Difference between expected and actual experience	(15,874)	(14,120,615)	14,104,741
Contributions - employer	-	3,667,102	(3,667,102)
Contributions - employee	-	2,204,920	(2,204,920)
Benefit payments, including refunds	(8,536,535)	(8,536,535)	-
Administrative expense	-	(345,479)	345,479
Other changes (assumptions)	-	-	-
Net changes	1,273,340	(11,909,431)	13,182,771
Balances at 6/30/2022	\$ 98,511,679	\$ 69,897,651	\$ 28,614,028

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

	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

Net Pension Liability - Combined Plans

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Combined Plans			
Balances at 6/30/2021	\$ 133,463,605	\$ 119,597,887	\$ 13,865,718
Changes for the year:			
Service cost	4,543,839	-	4,543,839
Interest	7,965,569	-	7,965,569
Expected investment income	-	7,433,072	(7,433,072)
Difference between expected and actual experience	(285,105)	(20,203,012)	19,917,907
Contributions - employer	-	4,693,906	(4,693,906)
Contributions - employee	-	2,493,206	(2,493,206)
Benefit payments, including refunds	(11,556,717)	(11,556,717)	-
Administrative expense	-	(519,488)	519,488
Other changes (assumption)	-	-	-
Net changes	667,586	(17,659,033)	18,326,619
Balances at 6/30/2022	\$ 134,131,191	\$ 101,938,854	\$ 32,192,337

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Combined Plans			
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 (assumptions)	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

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, 2022, 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%	\$ 35,771,817
6.5% Current Discount Rate	\$ 28,614,028
1% Increase or 7.5%	\$ 19,097,551
	<u>Salaried Plan</u>
1% Decrease or 5.0%	\$ 5,891,281
6.0% Current Discount Rate	\$ 3,578,308
1% Increase or 7.0%	\$ 1,562,547

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, 2022, the Salaried Plan recognized pension expense of \$696,806. At June 30, 2022, 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	\$ 1,097,765	-
Changes of assumptions	255,565	-
Net difference between projected and actual earning on plan investments	3,184,317	-
Total	<u>\$ 4,537,647</u>	<u>\$ -</u>

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	<u>\$ 2,676,566</u>	<u>\$ 3,650,490</u>

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
2023	\$ (1,400,564)
2024	\$ (1,374,917)
2025	\$ (424,317)
2026	\$ (121,369)
2027	\$ (1,216,480)
Thereafter	\$ --

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

For the year ended June 30, 2022, the Contract Plan recognized pension expense of \$2,285,228. At June 30, 2022, 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	\$ -	\$ 3,824,529
Changes of assumptions	3,687,482	-
Net difference between projected and actual earning on plan investments	7,801,867	-
Total	<u>\$ 11,489,349</u>	<u>\$ 3,824,529</u>

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	<u>\$ 4,649,183</u>	<u>\$ 11,768,032</u>

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
2023	\$ (2,386,619)
2024	\$ (2,294,002)
2025	\$ (1,571,136)
2026	\$ (310,637)
2027	\$ (2,206,792)
Thereafter	\$ 1,104,366

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

For the year ended June 30, 2022, both plans recognized pension expense of \$2,982,034. At June 30, 2022, 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	\$ 1,097,765	\$ 3,824,529
Changes of assumptions	3,943,047	-
Net difference between projected and actual earning on plan investments	10,986,184	-
Total	<u>\$ 16,026,996</u>	<u>\$ 3,824,529</u>

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	<u>\$ 7,325,749</u>	<u>\$ 15,418,522</u>

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
2023	\$ (3,787,183)
2024	\$ (3,668,919)
2025	\$ (1,995,453)
2026	\$ (432,006)
2027	\$ (3,423,272)
Thereafter	\$ 1,104,366

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, and during the year ended June 30, 2022, the Agency made additional principal payments of \$400 thousand, resulting in an outstanding balance of \$3,212,786 as of June 30, 2022.

<u>Balance 6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/22</u>
\$ 4,752,379	\$ -	\$ 1,539,593	\$ 3,212,786

Future maturities of the note payable are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 1,203,109
2024	1,264,662
2025	<u>745,015</u>
Note payable at June 30, 2022	<u><u>\$ 3,212,786</u></u>

Interest payments toward the note are recorded as operating expenses.

(15) Subsequent Events

On July 1, 2022, LBT submitted a payment to the Port of Long Beach for \$3.21 million, the remaining principal balance of the promissory note. This was the Agency's only outstanding long-term debt.

LBT entered into an office lease agreement as the lessor for the tenant use of a floor of LBT's corporate office building. The lease, which is effective from September 1, 2022 through November 30, 2027, includes three months of rent abatement and an annual 3% increase to the base rent.

The financial statements as of and for the year ended June 30, 2022 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 2022 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	\$ 732,452	\$ 702,231	\$ 753,733	\$ 800,422	\$ 831,665	\$ 858,666	\$ 769,704	\$ 845,302	\$ 773,964	\$ 641,489
Interest	1,951,207	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	(269,231)	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	(3,020,182)	(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	(605,754)	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	36,225,266	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>\$ 35,619,512</u>	<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	\$ 1,026,804	\$ 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	288,286	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)	(3,870,501)	7,332,880	84,624	777,683	1,376,782	2,277,537	(194,989)	(11,557)	1,750,047	960,977
Pension benefits	(3,020,182)	(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	(174,009)	(213,196)	(197,584)	(187,683)	(199,961)	(203,559)	(167,603)	(167,173)	(142,202)	(117,013)
Net change	(5,749,602)	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	37,790,805	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>\$ 32,041,203</u>	<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>\$ 3,578,309</u>	<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	89.95%	104.32%	92.62%	92.81%	89.27%	85.45%	76.01%	77.54%	65.54%	56.58%
Covered payroll	\$ 3,923,681	\$ 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	91.20%	-32.16%	54.55%	50.11%	68.92%	82.80%	119.36%	89.98%	126.45%	136.38%

Long Beach Transit

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	\$ 3,811,387	\$ 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	6,014,362	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	(15,874)	(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	(8,536,535)	(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	1,273,340	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	97,238,339	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>\$ 98,511,679</u>	<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	\$ 3,667,102	\$ 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	2,204,920	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)	(8,899,439)	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	(8,536,535)	(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	(345,479)	(418,494)	(364,995)	(364,631)	(380,134)	(376,137)	(325,026)	(349,496)	(323,518)	(291,858)
Net change	(11,909,431)	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	81,807,082	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>\$ 69,897,651</u>	<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>\$ 28,614,028</u>	<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	70.95%	84.13%	66.45%	66.46%	64.38%	67.49%	66.83%	72.41%	74.68%	70.34%
Covered payroll	\$ 32,022,263	\$ 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	89.36%	51.41%	100.78%	99.97%	99.68%	83.46%	78.39%	68.89%	57.58%	70.58%

Required Supplementary Information (continued)

The following table summarizes contributions required (based on the actuarial valuations) and contributions made for the ten years ended for Salaried Employees (Salaried Plan):

	Schedule of Contributions Salaried Plan 2013 - 2022									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 508,837	\$ 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	1,026,804	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	288,286	308,205	319,542	322,305	320,450	340,086	365,367	402,617	436,748	449,958
Total contributions	1,315,090	2,134,526	1,915,586	3,433,825	2,922,605	3,130,220	4,635,552	5,160,860	3,284,256	2,694,143
Contribution deficiency (excess)	\$ (806,253)	\$ (387,300)	\$ -	\$ (1,500,000)	\$ (1,000,000)	\$ (1,100,000)	\$ (2,634,844)	\$ (2,555,638)	\$ (800,000)	\$ (807,800)
Covered payroll	\$ 3,923,681	\$ 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	33.52%	43.84%	41.74%	71.79%	60.15%	60.35%	76.96%	80.88%	47.43%	34.54%

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	4 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6% compounded annually
Administrative expenses	\$174,009
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 ten years ended for Contract Employees (Contract Plan):

	Schedule of Contributions Contract Plan 2013 - 2022									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 5,872,022	\$ 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	3,667,102	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	2,204,920	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	5,872,022	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 32,022,263	\$ 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	18.34%	23.51%	22.44%	23.40%	20.96%	19.77%	17.44%	18.61%	17.47%	15.04%

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	15 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6.5% compounded annually
Administrative expenses	\$345,479
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



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>	62
Revenue Capacity <i>These schedules contain information on the Agency's revenue sources and their fluctuations over time.</i>	65
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>	67
Operating Information <i>These schedules contain information about services the Agency provides and the activities it performs.</i>	69
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>	77
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>	79

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
2013 - 2022**

Exhibit 1

	Invested in Capital Assets	Restricted	Unrestricted	Total	(1)
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	(18,775,492)	73,132,699	
2022	102,135,121	300,492	(16,689,414)	85,746,199	

(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
2013 – 2022**

Exhibit 2

	Personnel Wages & Benefits	Fuel & Lubricants	Supplies & Materials	Services	Casualty & Liability	Purchased Transportation	Depreciation	Total
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
2022	69,644,142	5,449,432	5,039,366	15,825,051	3,236,628	1,643,257	14,782,360	115,620,236

Financial Trends
Changes in Net Position
2013 – 2022

Exhibit 3

Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transportation	\$ 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	\$ 50,067,770
Maintenance	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	29,986,862
Risk Management	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	4,472,587
Marketing & Customer Service	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	2,676,176
General Administration	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	13,634,481
Depreciation	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	14,782,360
Total Expenses	\$ 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	\$ 115,620,236
Revenues										
Passenger Fares	\$ 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	\$ 7,077,072
Special Events	43,693	25,496	18,754	63,143	54,598	505,138	292,292	240,512	750	61,000
Advertising	542,382	630,413	603,029	743,132	618,750	801,753	1,069,805	978,484	649,678	843,340
Subtotal Operating	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	7,981,412
Subsidies	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	94,483,188
Interest & Other	172,869	262,133	293,115	1,189,184	1,429,378	1,546,133	2,643,016	4,229,590	1,470,268	459,790
Subtotal Nonoperating	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	94,942,978
Total Revenues	\$ 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	\$ 102,924,390
Net Expense	\$ (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)	\$ (12,695,846)
Capital Grants	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	25,309,346
Change in Net Position	\$ 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	\$ 12,613,500

Financial Trends
Capital Expenditures by Type
2013 - 2022

Exhibit 4

Fiscal Year	Facilities	Fleet	Customer Amenities	AVL, Farebox & Radio Equipment	Furniture & IT Equipment	Shop & Garage Equipment	Total
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	17,633,745	3,119,591	466,358	14,739	1,483,243	21,369	22,739,045
2022	4,599,349	18,913,838	223,786	-	1,571,573	800	25,309,346

**Revenue Capacity
Operating Subsidy Sources
2013 - 2022**

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
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
2022	6,610,018	15,623,473	26,595,235	29,367,503	-	14,159,497	2,127,462	94,483,188

**Revenue Capacity
Fare Recovery Percentage
2013 - 2022**

Exhibit 6

<u>Year</u>	<u>Percentage</u>
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	0.2
2022	6.9

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 until September 19, 2021. This resulted in a lower fare recovery percentage.

**Revenue Capacity
Fare History
2013 - 2022**

Exhibit 7

Fixed Route Service:

Cash Fares:

UCLA Commuter Express	\$ 4.00
UCLA Commuter Express Senior & Disabled	2.00
Regular	1.25
Student	1.25
Senior and Disabled	0.60
Interagency transfer	0.50

Day Pass:

UCLA Commuter Express	\$ 7.00
UCLA Commuter Express Senior & Disabled	3.50
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
-----------	---------

Water Taxi:

AquaBus	\$ 1.00
AquaLink	5.00

Demographic and Economic Information
City of Long Beach
Demographic Statistics
2013 - 2022

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)
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
2022	460,682	16,852	35,464	67,573	4.7

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

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 2012 and 2021 via City of Long Beach.

**Operating Information
Key Performance Indicators
2013 – 2022**

Exhibit 10

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Fixed Route</u>										
Operating Cost Per Vehicle Service Hour	\$ 110.11	\$ 115.04	\$ 115.40	\$ 112.67	\$ 114.57	\$ 120.98	\$ 127.44	\$ 153.72	\$ 186.40	\$ 171.20
Operating Cost Per Passenger	\$ 2.56	\$ 2.69	\$ 2.85	\$ 2.94	\$ 3.22	\$ 3.65	\$ 3.98	\$ 5.23	\$ 6.60	\$ 5.81
Roadcalls	1,778	2,243	2,163	1,912	1,897	2,367	2,021	1,552	1,423	1,398
Mean Distance Between Failures	4,438	3,413	3,572	4,040	4,222	3,409	4,071	4,577	3,988	4,794
Total Accidents	881	1,026	912	999	938	871	784	589	456	574
Preventable Accidents	120	101	126	103	99	94	101	73	51	82
Preventable Accidents Per 100,000 Miles	1.52	1.36	2.07	1.34	1.29	1.22	1.26	1.08	0.95	1.27
Passengers per Vehicle Service Hour	43	42	40	37	35	33	32	29	28	29
On-Time Performance ¹	99.9%	77.4%	78.5%	85.2%	86.7%	85.7%	84.7%	84.6%	88.8%	86.4%
Number of Vehicles	262	248	249	249	249	249	249	249	249	249
Number of Employees	728	729	723	728	727	746	745	743	743	727
<u>Special Services</u>										
Dial-A-Lift Cost Per Passenger	\$ 20.42	\$ 20.60	\$ 19.36	\$ 18.34	\$ 18.90	\$ 20.19	\$ 27.12	\$ 35.77	\$ 65.10	\$ 54.62
Dial-A-Lift Passengers Per Service Hour	4.8	5.1	5.7	4.8	2.1	1.8	1.6	1.6	1.4	1.5
Number of Dial-A-Lift Vehicles	13	13	15	12	10	10	10	10	10	10
Water Taxi Cost Per Passenger ²	\$ 9.23	\$ 12.69	\$ 11.27	\$ 10.94	\$ 9.03	\$ 9.32	\$ 10.17	\$ 11.48	\$ 53.60	\$ 18.88
Water Taxi Passengers Per Vehicle Service Hour	13.94	16.32	16.11	19.02	18.99	19.15	19.49	19.01	39.73	18.05
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
2012 - 2022**

Exhibit 11

Service Element	% of Customers Rating Favorably									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2022
LBT Overall	97	97	97	90	96	93	98	98	97	95
LBT Compared to Others	93	95	91	**	**	**	**	**	**	**
Operator Appearance	99	99	98	92	98	98	99	98	94	94
Fares	87	91	92	90	94	93	90	95	88	91
Operator Courtesy	92	94	91	91	95	95	99	96	93	95
Operator Safety	98	99	92	90	98	97	99	99	95	95
On Board Safety	96	97	95	86	90	**	**	**	**	**
Route Convenience	96	98	95	90	95	94	94	96	91	89
Information Available	95	95	92	86	92	91	89	90	87	90
Telephone Information	91	89	86	83	91	88	93	91	82	88
Bus Stop Safety	92	95	92	84	78	**	**	**	**	**
Bus Stop Convenience	96	97	97	89	95	94	95	94	88	91
Schedule Reliability	85	89	84	83	89	88	93	90	83	86
Bus Cleanliness	94	95	95	85	88	91	90	91	88	89
Bus Stop Cleanliness	91	91	92	87	86	88	88	82	81	84

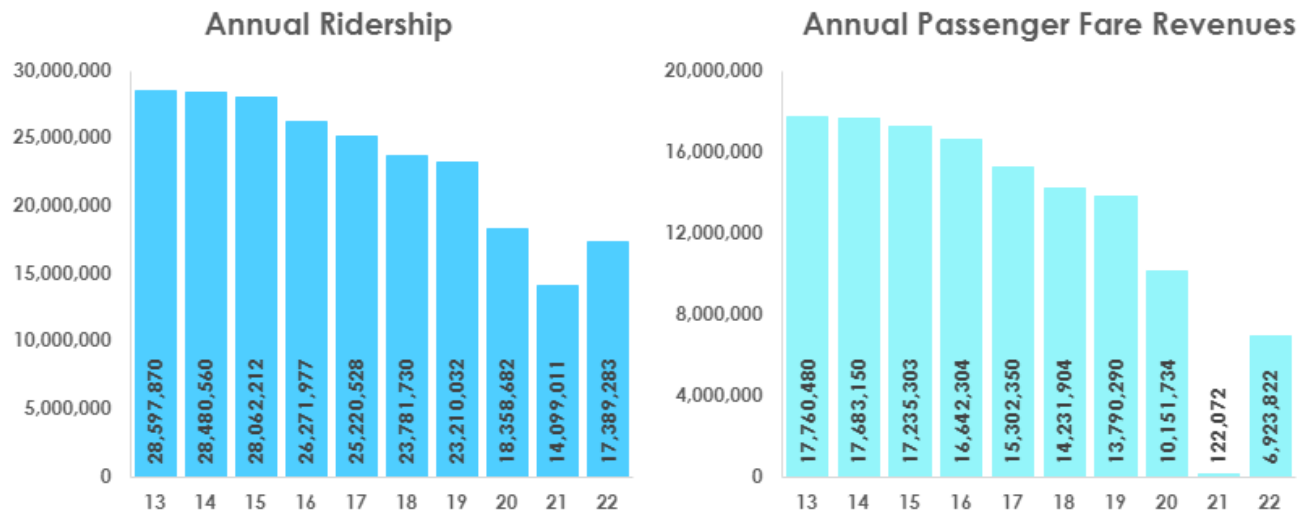
Note: Due to the COVID-19 Pandemic, LBT did not conduct a Customer Satisfaction Survey in FY 2021.

Source: Annual customer survey.

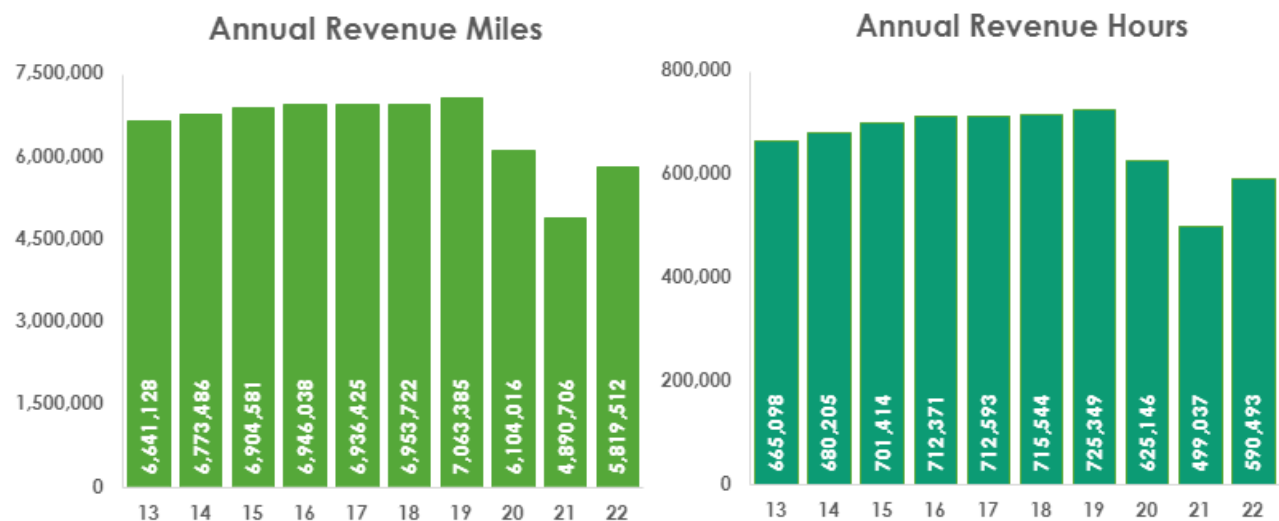
** Not surveyed

Operating Information Fixed Route Statistics 2013 - 2022

Exhibit 12



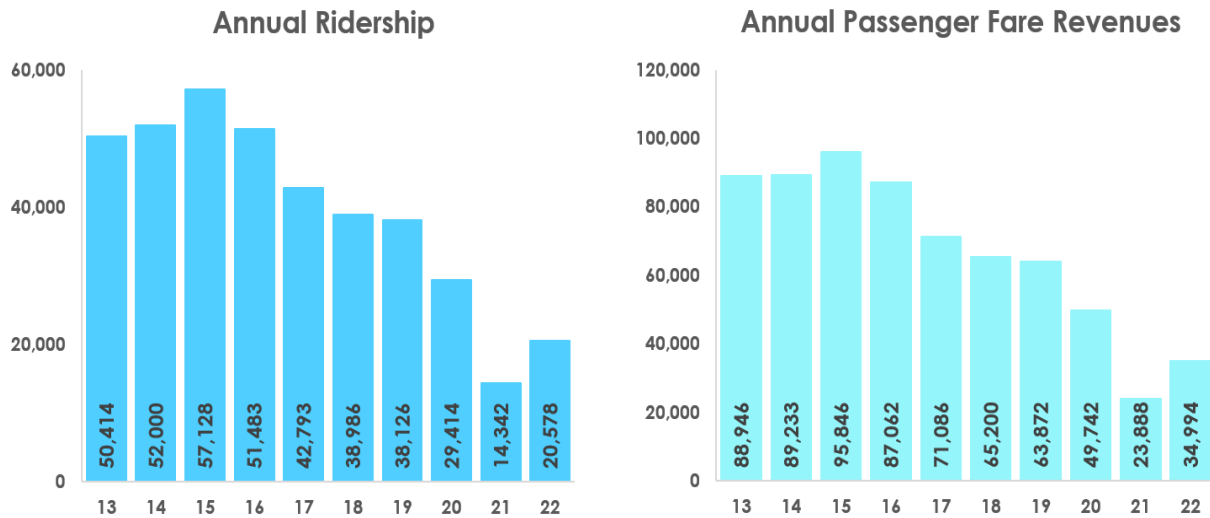
LBT had an increase of ridership from FY 2021 to FY 2022, with 14.1 million boardings on LBT buses in FY 2021 to 17.4 million boardings on LBT buses in FY 2022. The 17.4 million boardings represented a 23.3% increase from the previous year. This ridership increase is largely due to the businesses reopening, schools welcoming back their students to campus, and employees returning to offices. Despite the COVID-19 pandemic, social distancing restrictions remained in place.



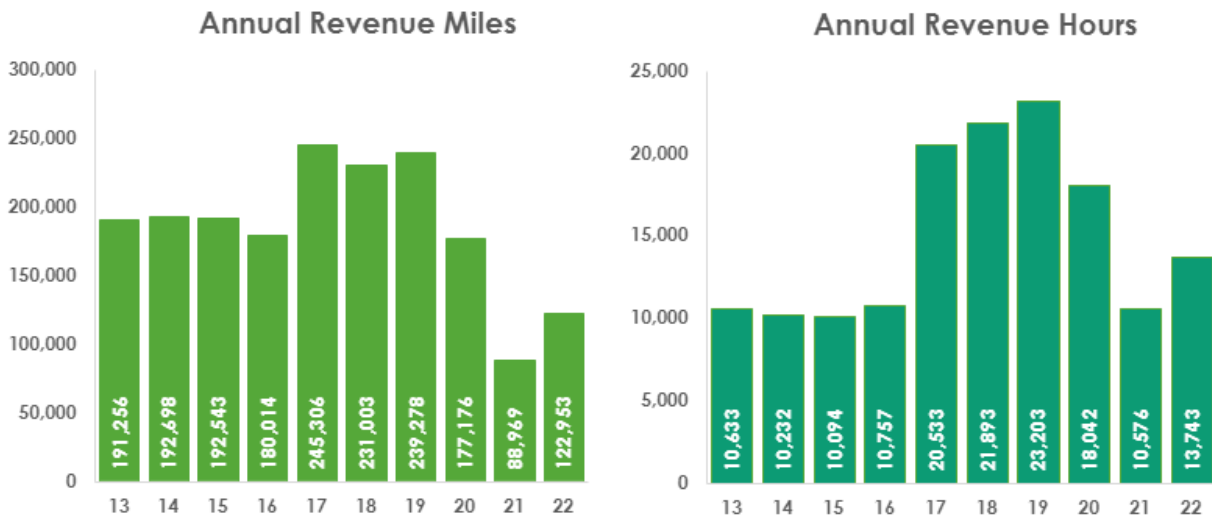
Source: Long Beach Transit's Annual National Transit Database Report

**Operating Information
Dial-A-Lift Statistics
2013 - 2022**

Exhibit 13



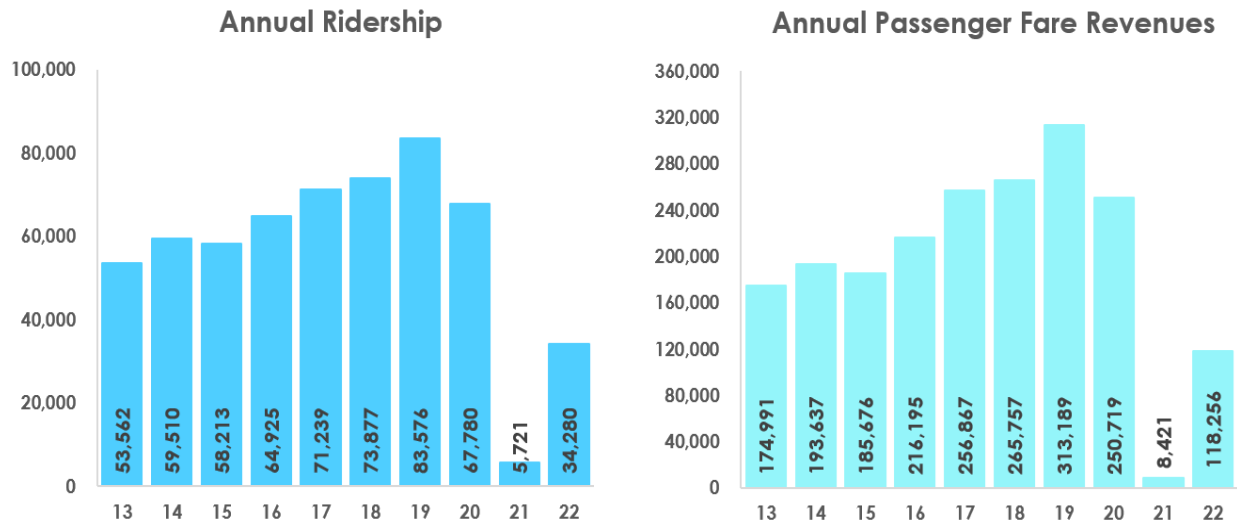
Dial-A-Lift had a 43.5% increase in ridership in FY 2022. The ridership increase is attributed in large part to the recovery from the pandemic and new riders using the service. The Dial-A-Lift service is supplied by a private contractor who provides Dial-A-Life vehicle trips.



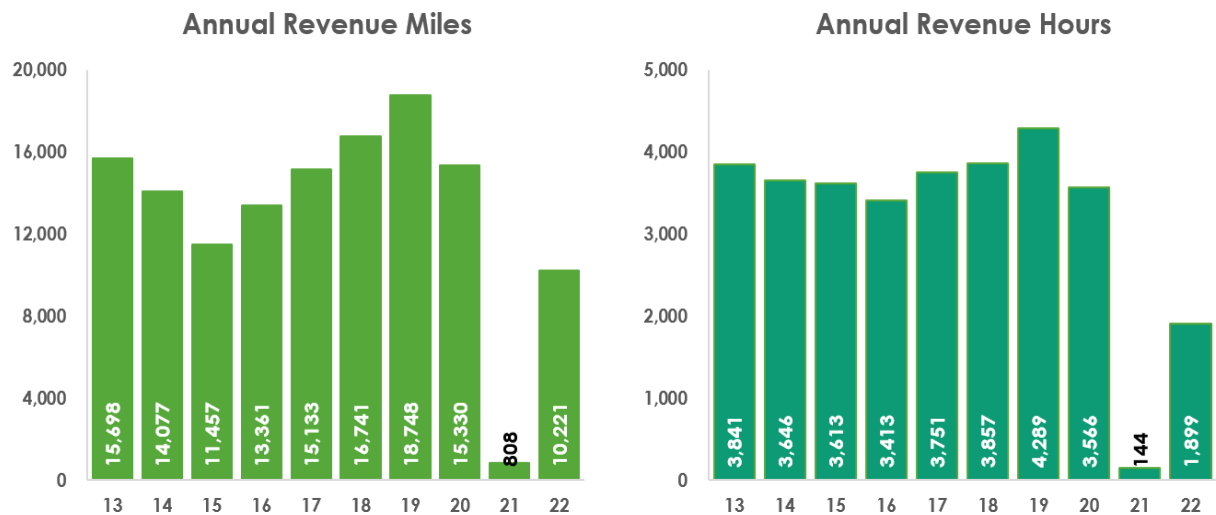
Source: Long Beach Transit's Annual National Transit Database Report

Operating Information Water Taxi Statistics 2013 - 2022

Exhibit 14



Water Taxi ridership increased 499.2% and revenues increased 1,300.0% in FY 2022. The water taxis ran weekend service (Friday, Saturday, and Sunday) from September 10, 2021 to May 20, 2022. Starting Memorial Day Weekend and running through June 30, 2022, service on the Aqualinks were increased to seven days. LBT introduced a mobile app in April 2022 which gave customers another option to pay for their ticket.



Source: State Controller's Report

Operating Information
Schedule of Insurance in Force
June 30, 2022

Exhibit 15

Program	Expiration	Term	Agency	Amount/Limit
<u>LIABILITY</u>				
A. Public Entity Liability				
	07/1/23	1 yr	Princeton Excess & Surplus Lines Insurance Co.	\$5,000,000 Excess of \$3,000,000 SIR
B. Public Entity Management Liability				
	02/21/23	1 yr	ACE American Insurance Company	\$3,000,000 - Each Incident and in the Aggregate \$50,000 - Retention for Each Claim \$150,000 - Management Liability/Public Liability for Each Claim
C. UST Insurance - Storage Tank Liability				
	02/21/23	1 yr	ACE American Insurance Company	\$3,000,000 - Each Incident and in the Aggregate \$50,000 - Retention for Each Claim \$150,000 - Management Liability/Public Liability for Each Claim
D. Excess Liability				
	07/1/23	1 yr	Allied World National Assurance Co.	\$5,000,000 - Excess of \$3,000,000 SIR
<u>COMMERCIAL PROPERTY</u>				
	04/1/23	1 yr	Travelers Property Casualty Co.	\$80,956,773 - 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

Long Beach Transit

WORKERS' COMPENSATION

07/1/23 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

11/1/22 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

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

FIDUCIARY LIABILITY

11/1/22 1 yr Federal Insurance Co.

\$ 3,000,000 - Each Loss
\$ 3,000,000 - Each Policy Period
\$ 10,000 - Deductible

CYBER LIABILITY

07/1/23 1 yr Palomar Excess and Surplus Ins Co

\$5,000,000 - Aggregate Limit of Liability
\$100,000 - Deductible Per Claim

ENVIRONMENTAL LEGAL LIABILITY

06/21/24 1 yr Aspen Specialty Insurance Co.

\$5,000,000 - Pollution Incident Limit
\$5,000,000 - Aggregate Limit of Liability
\$25,000 - Per Incident Deductible

Source: Long Beach Transit's Risk Management Department

Exhibit 16

Source: Long Beach Transit's Service Planning Department

Pension Information
Employer and Employee Pension Contributions
2013 – 2022

Fiscal Year Ended June 30	Employer Contribution*	Employee Contribution	Covered Payroll	Contribution as a Percentage of Payroll
<u>Contract Plan</u>				
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
2022	3,667,102	2,204,920	32,022,263	18.34
<u>Salaried Plan</u>				
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
2022	1,026,804	288,286	3,923,681	33.52

* 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, 2022.

These financial statements are prepared under separate cover and contain additional trend information.

Pension Information
Pension Revenues by Source and Expenses by Type
2013 – 2022

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>								
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
2022	5,872,022	-	(8,899,439)	(3,027,417)	345,479	8,536,535	-	8,882,014
<u>Salaried Plan</u>								
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
2022	1,315,090	-	(3,870,501)	(2,555,411)	174,009	3,020,182	-	3,194,191

Source: Contract and Salaried pension plan financial statements for the year ended June 30, 2022.

These financial statements are prepared under separate cover and contain additional trend information.

**Grant Information
Capital Grant History
Federal Grants 2013 - 2022**

Exhibit 19

FTA Grants	Authorized Amount	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CA-90-Y391	\$ 13,354,477	\$ 2,527,386									
CA-90-Y440	6,358,401										
CA-90-Y502	14,756,941	26,545									
CA-90-Y652	13,051,167	8,331,767	\$ 428,257	\$ 175,263	\$ 41,956						
CA-90-Y731	14,960,635	3,761,979	71,168	5,361							
CA-90-X007	16,497,214										
CA-04-0065	2,604,050	778,978									
CA-04-0134	1,783,466	1,096,541	71,421	41,184							
CA-90-Y798	13,994,380	646,277	312,347	829,421	11,026	\$ 2,344			\$ 37,584	\$ 15,744	\$ 2,551,689
CA-90-Y880	15,774,862	7,199,267	2,525,909	86,464	40,244	33,223	\$ 1,935,227	\$ 21,716	6,425		3,179,570
CA-04-0184	2,863,280	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	480,576
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	673,711
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	171,349
CA-2016-049	20,731,551					1,314,496	9,911,532	498,404	723,164	1,009,748	398,298
CA-2017-150	17,837,931						2,069,639	3,258,119	824,468	141,674	849,925
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	15,861
CA-2019-088	17,095,459								1,925,532	278,827	
CA-2020-053	30,004,904										17,009
CA-2020-171	1,206,518										6,950
CA-2020-179	29,203,837									29,203,837	
CA-2021-142	11,500,835										
CA-2021-240	26,671,160										14,702,076
TOTAL	\$ 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	\$ 23,047,014	

**Grant Information
Capital Grant History
State Grants 2013 - 2022**

Exhibit 20

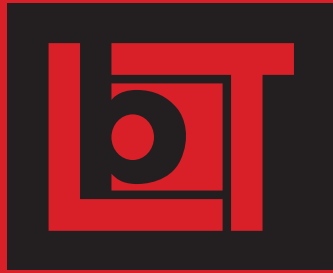
State Grants	Authorized Amount	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
STA 08	3,528,162	\$ 19,986									
STA 11	580,795	331,826	\$ 248,972								
1B PTMISEA	22,170,051	5,851,780	20,924	\$ 1,990,351	\$ 299,786	\$ 1,780,966	\$ 1,883,455	\$ 508,411	\$ 93,396	\$ 9,734,680	
1B SEC	3,952,019	197,999	374,050	274,793	644,369	84,411	22,254	204,910	401,085	314,689	\$ 130,893
LCTOP 16	533,759							483,236	26,081	24,442	
LCTOP 21	436,239										
SB1-SGR 18	925,973										\$ 925,020
SB1-SGR 19	1,031,783										\$ 995,359
SB1-SGR 20	1,074,836										\$ 552,713
SB1-SGR 21	1,024,004										
SB1-SGR 22	898,084										
TIRCP 18	3,951,167										\$ 3,224,087
TIRCP 20	6,451,000										
TOTAL		\$ 6,401,591	\$ 643,946	\$ 2,265,144	\$ 944,155	\$ 1,865,377	\$ 1,905,709	\$ 1,196,557	\$ 520,562	\$ 10,073,811	\$ 5,828,072

Grant Information
Capital Grant History
Local Grants 2013 - 2022

Exhibit 21

Local Grants	Authorized Amount	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Prop C-CA-90-Y391	\$ 2,934,372	\$ 517,992									
Prop C-CA-90-Y440	1,329,020										
Prop C FY 08	1,661,127										
Prop C-CA-90-Y502	3,512,702	6,698									
Prop C-CA-90-Y652	2,030,062	1,037,686	\$ 107,052	\$ 43,821	\$ 9,366						
Prop C-CA90-Y731	3,604,442	736,865	17,792	2,837							
Prop C FY 10	351,120						\$ 229,189	\$ 11,757	\$ 173		
Prop C FY 11	3,825,903	1,257,341	702,307	341,032	339,043	\$ 105,434			9,567	\$ 9,567	
Prop C-CA-90-798	2,762,272	161,627	78,086	107,922	2,693	586			9,396	3,936	
Prop C-CA-04-065	576,983	120,715									
Prop C-CA-04-134	312,540	140,809	17,855	10,297							
Prop C-CA-04-184	860,720	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	78,212
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	97,592
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	130,897
Prop C-CA-90-Z053	942,340			3,305	5,799	706	71,351	7,638		(1,639)	20,245
Prop C-CA-90-Z120	1,204,244			890,691	150,106	86,122	2,098	934	(934)	23,058	40,518
Prop C FY 16	4,173,683				92,683	610,084	121,131	283,782	386,182	2,622,919	11,509
Prop C-CA-90-Z232	90,824					36,827	46,848	5,203			
Prop C-CA-2016-049	2,031,274						608,052			52	
Prop C-CA-37-X100	109,433						106,583	2,850			
Prop C-CA-2017-150	9,421									1,260	425
Prop C-CA-2018-127	6,600										
Prop C-CA-2019-085	35,574									19,421	3,965
Prop C-CA-2020-053	223,825										4,027
Prop C FY 17	4,340,125						14,715	82,412	216,264	718,289	1,109,905
Prop C FY 18	4,492,599						551,683	427,283	665,083	243,289	721,694
Prop C FY 19	4,384,464							112,288	2,921,888	452,668	372,276
Prop C FY 20	4,700,414									971,452	1,224,749
Prop C FY 21	2,143,750									930,227	854,966
Prop C FY 22	4,560,701										2,869,514
Prop C-TIRCP-18-3	26,250										26,250
Prop C-CA-2021-142	285,500										
TOTAL	\$ 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	\$ 7,566,744	

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LONG BEACH

TRANSIT

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