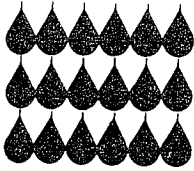


Parking Authority of the City of Long Beach
A Component Financial Reporting Unit of the
City of Long Beach, California
Annual Financial Report
September 30, 2006 and 2005

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Charles Z. Fedak & Company

Certified Public Accountants

An Accountancy Corporation

6081 Orange Avenue
Cypress, California 90630
(714) 527-1818
(562) 598-6565
FAX (714) 527-9154
EMAIL czfco@czfcpa.com

Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Parking Authority of the City of Long Beach (Authority), a component financial reporting unit of the City of Long Beach, California (City), as of and for the year ended September 30, 2006, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The comparative financial information as of September 30, 2005 was audited by other auditors whose report dated February 24, 2006, expressed an unqualified opinion on those basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 of the notes to the financial statements, the financial statements of the Authority are intended to present the financial position and the changes in financial position and cash flows of only that portion of activities of the City that is attributable to the transaction of the Authority. They do not purport to, and do not, present fairly the financial position of the City as of September 30, 2006 and 2005, and changes in the City's financial position and where applicable, thereof, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Also, as discussed in Note 1A of the notes to the financial statements, the Authority ceased operations before September 30, 2006 with all of the remaining Authority's assets and liabilities being transferred to the Long Beach Bond Finance Authority between April 1, 2006 to September 30, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the City of Long Beach as of September 30, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority's management has not presented a management's discussion and analysis of the Authority that U.S. generally accepted accounting principles require to supplement, although not to be part of, the basic financial statements.

April 2, 2007
Cypress, California

Charles Z. Fedak - Partner, CPA
An Accountancy Corporation

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PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Statements of Net Assets
September 30, 2006 and 2005

<i>Assets</i>	2006	2005
Current assets:		
Restricted assets:		
Pooled cash and cash equivalents (note 2)	\$ -	337,318
Capital lease receivable- current portion (note 3)	-	265,000
Total current assets	-	602,318
Noncurrent assets:		
Deferred charges	-	156,313
Restricted assets:		
Non-pooled cash and equivalents	-	480,595
Capital lease receivable (note 3)	-	4,050,000
Total restricted noncurrent assets	-	4,530,595
Total noncurrent assets	-	4,686,908
Total assets	\$ -	5,289,226
<i>Liabilities and Net Assets</i>		
Current liabilities – payable from unrestricted current assets:		
Accrued interest payable	\$ -	99,228
Current portion of long-term debt (note 4)	-	265,000
Total current liabilities	-	364,228
Noncurrent liabilities:		
Long-term debt, net (note 4)	-	4,050,000
Deferred credits (note 4)	-	506,759
Unamortized discounts (note 4)	-	(56,385)
Total noncurrent liabilities	-	4,500,374
Total liabilities	-	4,864,602
Net assets:		
Restricted-reserved for debt service	-	424,624
Total net assets	\$ -	424,624

See the accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Statements of Revenues, Expenses and Change in Net Assets
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Rental income	\$ 164,440	289,189
Non-operating revenue (expense)		
Interest income	23,400	38,600
Interest expense	(149,631)	(263,803)
Other expense, net	<u>(163,371)</u>	<u>(8,424)</u>
Total non-operating expenses, net	<u>(289,602)</u>	<u>(233,627)</u>
Change in net assets before transfers	(125,162)	55,562
Operating transfers out	<u>(299,462)</u>	<u>-</u>
Change in net assets	(424,624)	55,562
Net assets, beginning of year	<u>424,624</u>	<u>369,062</u>
Net assets, end of year	<u>\$ -</u>	<u>424,624</u>

See the accompanying notes to the basic financial statements.

**PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Statements of Cash Flows
September 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Rental income, net of amortized deferred credits	\$ 138,921	245,440
Payments for other nonoperating activities	<u>(163,371)</u>	<u>(10,620)</u>
Net cash provided (used) by operating activities	<u>(24,450)</u>	<u>234,820</u>
Cash flows from capital and related financing activities:		
Principal payment on bonds	-	(250,000)
Proceeds from capital lease receivable	-	250,000
Transfers out to other funds	(299,462)	-
Expenditure of credits and discounts	(268,541)	-
Interest paid	<u>(248,860)</u>	<u>(250,649)</u>
Net cash used in capital and related financing activities	<u>(816,863)</u>	<u>(250,649)</u>
Cash flows from investing activities - interest income received		
	<u>23,400</u>	<u>38,600</u>
Net increase (decrease) in cash and cash equivalents	(817,913)	22,771
Cash and cash equivalents, beginning of year		
	<u>817,913</u>	<u>795,142</u>
Cash and cash equivalents, end of year	\$ <u><u>-</u></u>	<u><u>817,913</u></u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Pooled cash and cash equivalents - current	\$ -	337,318
Nonpooled cash and cash equivalents - noncurrent	<u>-</u>	<u>480,595</u>
Total cash and cash equivalents	<u><u>\$ -</u></u>	<u><u>817,913</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ <u>164,440</u>	<u>289,189</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Other nonoperating expense	(163,371)	(8,424)
Decrease in deferred credits	(25,519)	(43,749)
Decrease in vouchers payable	<u>-</u>	<u>(2,196)</u>
Total adjustments	<u>(188,890)</u>	<u>(54,369)</u>
Net cash provided (used) by operating activities	<u><u>\$ (24,450)</u></u>	<u><u>234,820</u></u>

See the accompanying notes to the basic financial statements.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Parking Authority of the City of Long Beach (Authority) is an independent public agency created by resolution of the Long Beach City Council in August 1974, under provision of the Parking Law of 1949, to provide parking facilities in the City of Long Beach, California (City). The Authority's governing board consists of the Mayor and the nine members of the City Council sitting as an independent body.

The accompanying basic financial statements include only the activities of the Authority. Inasmuch as the Authority meets criteria established by the Governmental Accounting Standards Board (GASB) for inclusion as a component financial reporting unit of the City, such financial activities of the Authority are included in the City's Comprehensive Annual Financial Report (CAFR). The City's CAFR may be obtained by contacting the City's Department of Financial Management at 333 W. Ocean Boulevard, Long Beach, California 90802.

For the years ended September 30, 2006 and 2005, the Authority had one project, Rainbow Harbor. In May 1997, the Parking Authority issued \$5,855,000 in Certificates of Participation (Certificates). These Certificates provided funds for the acquisition, construction and installation of a 1,471 space parking facility and equipment located within the Rainbow Harbor project, funded a reserve fund for repayment of the Certificates, and made lease payments for a limited period of time.

In September 1998, the construction of the parking facility was completed. This facility primarily provides parking for the Aquarium of the Pacific and the Pike at Rainbow Harbor retail center. In May 1998, the City entered into an operating agreement with a parking management company to manage and operate the Rainbow Harbor parking facility.

The site and the parking facility were held by the Authority in trust for the State of California as a "Tidelands Trust" asset. The Authority leased the facility to the City under a capital lease agreement expiring May 1, 2017. Annual rental payments paid by the City were sufficient to meet all debt interest and principal requirements. However, the Authority's rights and obligations in the capital lease were transferred to the Long Beach Bond Finance Authority during fiscal year 2006, as described below.

On March 31, 2006, the Long Beach Bond Finance Authority, a non-profit financing authority under the control of the City, issued \$50,785,000 aggregate principal amount of Long Beach Bond Finance Authority Lease Revenue Refunding 2006 Series A Bonds.

A portion of the bond proceeds were used to advance refund the Authority's outstanding Certificates. That portion of the proceeds were deposited in an escrow fund, in an amount which, together with investment earnings thereon, were sufficient to provide for the payment of the principal and interest with respect to the Certificates through May 1, 2007, and to redeem all outstanding Certificates maturing after May 1, 2007, and to redeem all outstanding Certificates, at the redemption price equal to 102% of the principal amount thereof, plus accrued interest.

~~As a result of the advance refunding, the Certificates were considered defeased, and the liability for this obligation was removed from the Authority's books and records, at which point the Authority effectively ceased operations.~~

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(1) Reporting Entity and Summary of Significant Accounting Policies

B. Basis of Accounting and Measurement

The Authority reports its activities as a component of a financial reporting unit, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the costs of providing services to its citizens on a continuing basis be financed or recovered primarily through fees charged in providing parking for the general public. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the Authority gives (receives) value without directly receiving (giving) value in exchange.

C. Financial Reporting

The Authority's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – for State and Local Governments* (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories. Under GASB No. 34, enterprise funds, such as the Authority, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The Authority has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

D. Implementation of New Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 46

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34*. GASB Statement No. 34 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. In the process of applying this provision, some governments have had difficulty interpreting the requirement that those restrictions be "legally enforceable." The confusion over this phrase has resulted in a diversity of practice that has diminished comparability. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel the government to honor. This statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this statement requires governments to disclose the portion of net assets that are restricted by enabling legislation. The Authority has noted no new restrictions in enabling legislation applicable in fiscal year 2006.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

E. Assets, Liabilities and Net Assets

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in the Authority's net assets during the reporting period. Actual results could differ from those estimates.

2. Pooled Cash and Investments

In order to maximize investment return, the Authority pools its available general cash with that of the City. The cash management pool is used essentially as a demand deposit account by the participating units; therefore, the Authority has defined cash and cash equivalents as pooled cash and investments, including restricted pooled cash and investments. Investment decisions are made by the City Treasurer and approved by a general investment committee.

Interest income and realized gains and losses arising from such pooled cash and investments are apportioned to each participating unit based on the relationship of an individual unit's respective daily cash balances to aggregate pooled cash and investments. The Authority's share of pooled cash and investments at September 30, 2005 was stated at fair value. All cash balances were transferred to the Long Beach Bond Finance Authority during fiscal year 2006 (see note 1A).

3. Capital Lease Receivable

The amount of the capital lease receivable restricted asset is equal to the balance of the outstanding Certificates payable.

4. Deferred Credits and Unamortized Discount

Deferred credits represent issuance costs for the Certificates. The balance of the Authority's deferred credits and unamortized discount are being amortized over the life of the debt in accordance with provisions of the GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*.

5. Reclassifications

Certain amounts reported in the prior year's financial statements have been reclassified in order to be consistent with the current year's presentation. Such reclassifications had no effect on previously reported results of operations.

6. Insurance

Under the terms of the Authority's indenture, the Authority must maintain certain minimum insurance coverage. Such coverage is provided through the City. As a component unit of the City, the Authority participates in the City's self-insurance, which is discussed in detail in the City's CAFR.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(2) Pooled Cash and Investments

As of September 30, 2006 and 2005, the Authority's pooled cash and investments amounted to \$0 and \$337,318 or 0.02% of the City's pooled cash and investments, respectively. The City's pooled cash and investments as of September 30, 2006 and 2005 totaled \$1,438,524,000 and \$1,330,217,000, respectively.

a) Investments Authorized by the California Government Code and the City's Investment policy

The table below identifies the investment types that are authorized for the City by the City's investment policy. 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 address debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provision of the California Government Code or the City's Investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
Bonds issued by the City	5 years*	30%	None
U.S. Treasury note, bonds or bills	5 years*	None	None
Registered state warrants or 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
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
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%	10%
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$40 million per account
Asset-backed Securities	5 years	20%	None
Mortgage-backed Securities	5 years	20%	None

*Maximum maturity of five years unless a longer maturity is approved by the City Council, either specifically or as a part of an investment program, at least three months prior to purchase.

b) Investments Authorized by Debt Agreement

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(2) Pooled Cash and Investments, continued

c) Interest rate risk

Interest rate risk is the risk that changes in market interest rates that 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 by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturing evenly over time as necessary to provide cash flow and liquidity need for operations.

The following schedule indicates the interest rate risk of the City's investment as of September 30, 2006 and 2005 (in thousands):

<u>Investment type</u>	<u>Balance at September 30, 2006</u>	<u>Weighted average maturity in years</u>	<u>Balance at September 30, 2005</u>	<u>Weighted average maturity in years</u>
Inter-Department Loan (Health Savrs)	\$ 3,297	12.6000	\$ 3,502	13.5700
U.S. Treasury Notes	214,467	1.5420	275,731	1.9900
U.S. Treasury Bonds	-	-	10,513	0.0300
Federal agency securities	1,042,876	1.5720	858,461	1.3100
Medium-term notes	33,464	1.6090	95,404	0.8400
Short-term Commercial Paper	132,731	0.0130	-	-
Money Market Funds	-	-	34	-
Local Agency Investment Fund (LAIF)	<u>2,921</u>	0.0030	<u>94,981</u>	0.4900
Subtotal City pool	1,429,756		1,338,626	
Cash on hand	26,811		11,499	
Outstanding checks	<u>(18,043)</u>		<u>(19,908)</u>	
Total City pool	<u>\$ 1,438,524</u>		<u>\$ 1,330,217</u>	

d) Investments with Fair Values Highly Sensitive to Investment Risk

The City had no investments with values that were highly sensitive to investment risk as of September 30, 2006 and 2005.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(2) Pooled Cash and Investments, continued

e) 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. Presented below is the minimum rating required by the California Government Code, the City's investment policy, and the actual rating as of year end for each investment type as of September 30, 2006 and 2005 (in thousands):

Investment type	Balance at September 30, 2006	Minimum Legal Rating	Not required to be rated	AAA	A-1+ A-1 AA-	Unrated
Inter-Department Loan (Health Savrs)	\$ 3,297	N/A	\$ 3,297	-	-	-
U.S. Treasury Notes	214,467	N/A	214,467	-	-	-
Federal agency securities	1,042,876	N/A	-	1,042,876	-	-
Medium-term notes	33,464	A	-	28,445	5,019	-
Short-term Commercial Paper	132,731	N/A	-	-	132,731	-
Local Agency Investment Fund (LAIF)	2,921	N/A	2,921	-	-	-
Subtotal City pool	1,429,756		220,685	1,071,321	137,750	-
Cash on hand	26,811		-	-	-	26,811
Outstanding checks	(18,043)		-	-	-	(18,043)
Total City pool	\$ 1,438,524		\$ 220,685	1,071,321	137,750	8,768

Investment type	Balance at September 30, 2005	Minimum Legal Rating	Not required to be rated	AAA	Aa A	Unrated
Bonds issued by the City	\$ 3,502	N/A	\$ 3,502	-	-	-
U.S. Treasury Notes	275,731	N/A	275,731	-	-	-
U.S. Treasury Bonds	10,513	N/A	10,513	-	-	-
Federal agency securities	858,461	N/A	-	858,461	-	-
Medium-term notes	95,404	A	-	71,783	23,621	-
Money market funds	34	N/A	34	-	-	-
Local Agency Investment Fund (LAIF)	94,981	N/A	-	-	-	94,981
Subtotal City pool	1,338,626		289,780	930,244	23,621	94,981
Cash on hand	11,499		-	-	-	11,499
Outstanding checks	(19,908)		-	-	-	(19,908)
Total City pool	\$ 1,330,217		\$ 289,780	930,244	23,621	86,572

f) 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 represents 5% or more of the City's total pooled investments as of September 30, 2006 and 2005 are as follows (in thousands):

Issuer	Investment type	Reported amount September 30, 2006	Reported amount September 30, 2005
FFCB Total	Federal agency securities	\$ 181,052	194,999
FHLB Total	Federal agency securities	241,246	204,151
FHLMC Total	Federal agency securities	266,937	216,462
FNMA Total	Federal agency securities	353,641	237,814
U.S. Treasuries	U.S. Treasury notes & bonds	2,144,567	-
Commercial Paper	Unsecured corporate debt	132,731	-
Local Agency Investment Fund	Local Agency Investment Fund	-	94,914

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

(2) Pooled Cash and Investments, continued

g) 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 government units by pledging securities in an undivided collateral pool held by a depository regulated under the 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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% 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 except for one City issued bond and investment in the State's Local Agency Investment Fund.

As of September 30, 2006, the City reported deposits of \$26,811,000 less \$18,043,000 for checks outstanding. As of September 30, 2005, the City reported deposits of \$11,499,000 less \$19,908,000 for checks outstanding.

h) Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the City's 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 balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured basis.

i) Reverse Repurchase Agreements

There were no transactions involving reverse repurchase agreements during the fiscal years ended September 30, 2006 and 2005.

j) Securities Lending

The City did not engage in any securities lending programs for the fiscal years ended September 30, 2006 and 2005. Thus, in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, no assets or liabilities have been recorded in the accompanying financial statements. However, from time to time, the City engages in limited securities-lending activities. These activities are governed by formal agreement with the City's contract bank. This agreement limits the nature and amount of the transactions and provides for full collateralization of each transaction.

PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Notes to the Basic Financial Statements
September 30, 2006 and 2005

3. Capital Lease Receivable

The Authority leased to the City the Rainbow Harbor parking structure financed by the Certificates. The lease payments are due and payable on the fifteenth day of April and October in each year during the term of the lease agreement. At the conclusion of the lease, title to the parking structure passes to the City. Revenues are restricted to the amount required to service the outstanding Certificates (see note 3). The capital lease was transferred to the Long Beach Bond Finance Authority during fiscal year 2006 (see note 1A).

4. Long-term Debt

In May 1997, the Parking Authority issued \$5,855,000 in Certificates of Participation (Certificates). These Certificates provided funds for the acquisition, construction and installation of a 1,471 space parking facility and equipment located within the Rainbow Harbor project, funded a reserve fund for repayment of the Certificates, and made capital lease payments for a limited period of time.

The debt is scheduled to mature in 2017. Interest is payable semi-annually on November 1st and May 1st each year at a rate of 4.25% up to 5.75% (depending on the coupon payment date) while principal payments are made on May 1st each year.

On March 31, 2006, the Long Beach Bond Finance Authority, a non-profit financing authority under the control of the City, issued \$50,785,000 aggregate principal amount of Long Beach Bond Finance Authority Lease Revenue Refunding 2006 Series A Bonds to defease the 1997 Parking Authority Certificates (see note 1A).

Changes in long-term debt amounts for 2006 were as follows:

	<u>Balance 2005</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2006</u>
Long-term debt:				
1997 Parking Authority Certificates	\$ 4,315,000	-	(4,315,000)	-
Deferred credits	506,759	-	(506,759)	-
Unamortized discount	<u>(56,385)</u>	<u>-</u>	<u>56,385</u>	<u>-</u>
Total long-term debt	\$ <u>4,765,374</u>	<u>-</u>	<u>(4,765,374)</u>	<u>-</u>
Less: current portion	<u>(265,000)</u>			<u>-</u>
Total long-term debt, net	\$ <u>4,500,374</u>			<u>-</u>

Changes in long-term debt amounts for 2005 were as follows:

	<u>Balance 2004</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2005</u>
Long-term debt:				
1997 Parking Authority Certificates	\$ 4,565,000	-	(250,000)	4,315,000
Deferred credits	550,508		(43,749)	506,759
Unamortized discount	<u>(61,254)</u>	<u>4,869</u>	<u>-</u>	<u>(56,385)</u>
Total long-term debt	\$ <u>5,054,254</u>	<u>4,869</u>	<u>(293,749)</u>	<u>4,765,374</u>
Less: current portion	<u>(250,000)</u>			<u>(265,000)</u>
Total long-term debt, net	\$ <u>4,804,254</u>			<u>4,500,374</u>

**PARKING AUTHORITY OF THE CITY OF LONG BEACH,
A Component Financial Reporting Unit of the City of Long Beach, California
Governing Board Members
September 30, 2006**

Bob Foster, Chair
Bonnie Lowenthal
Suja Lowenthal
Gary DeLong
Patrick O'Donnell
Gerrie Schipske
Laura Richardson
Tonia Reyes Uranga
Rae Gabelich
Val Lerch