

City of Long Beach

California



Comprehensive Annual

Financial Report

Fiscal Year Ended September 30, 2014

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City of Long Beach, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by the Department of Financial Management
John Gross, Director



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
PREPARED BY THE DEPARTMENT OF FINANCIAL MANAGEMENT
CITY OF LONG BEACH, CALIFORNIA

For the Fiscal Year Ended
September 30, 2014

John Gross
Director of Financial Management

Stephen W. Hannah
City Controller

Francine Wiegelman
Assistant City Controller

Marcie Medina
Assistant City Controller

Olivia Valero
Accounting Operations Officer

Michael Carrigg
Senior Accountant

Cathy Pingol
Senior Accountant

Mary Hebert
Senior Accountant

Lucy Hong
Senior Accountant

Kalpna Desai
Senior Accountant

Angie Tran
Accountant

Kim-Hang Nguyen
Accountant

Glenda Pakingan
Accountant

Amanda Johnson
Accountant

Alex Powers
Accountant

Georgia Will
Accountant

Maggie Hong
Accountant

Daniel Thurber
Investment Manager

Joanne Medina
Accounting Clerk

Cover Photography by *Hartono Tai*



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City of Long Beach
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	iii
Directory of City Officials.....	xi
Organizational Chart.....	xiii
Certificate of Achievement for Excellence in Financial Reporting Award.....	xiv
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Unaudited).....	3
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.....	23
Statement of Activities.....	24
<i>Fund Financial Statements:</i>	
Governmental Funds, Balance Sheet.....	26
Reconciliation of the Governmental Funds Balance Sheet to Governmental Activities in the Statement of Net Position ...	27
Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
General Fund, Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis)	30
Proprietary Funds, Statement of Net Position (Deficit).....	32
Proprietary Funds, Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit).....	36
Proprietary Funds, Statement of Cash Flows	38
Fiduciary Funds, Statement of Fiduciary Net Position.....	42
Fiduciary Funds, Statement of Changes in Fiduciary Net Position	42
<i>Notes to the Basic Financial Statements:</i>	
Note 1 – Reporting Entity.....	43
Note 2 – Summary of Significant Accounting Policies	46
Note 3 – Reconciliation of Government-wide and Fund Financial Statements	54
Note 4 – Cash and Investments.....	57
Note 5 – Receivables	62
Note 6 – Interfund Receivables, Payables, and Transfers.....	63
Note 7 – Capital Assets.....	66
Note 8 – Change in Long-Term Liabilities.....	68
Note 9 – Bonds Payable.....	69
Note 10 – Notes, Commercial Paper Notes, and Other Long-Term Obligations	78
Note 11 – Leasing Arrangements	83
Note 12 – Derivative Instruments	86
Note 13 – Retirement Programs.....	89
Note 14 – Postemployment Healthcare Benefits	94
Note 15 – Self-Insurance Programs	98
Note 16 – Governmental Activities Fund Balance	99
Note 17 – Gas Utility Fund.....	100
Note 18 – Solid Waste Management Fund	103
Note 19 – Oil Abandonment Liability	107
Note 20 – Pollution Remediation Obligations	109
Note 21 – Investment in Joint Ventures.....	111
Note 22 – Deferred Compensation	112
Note 23 – Commitments and Contingencies.....	112
Note 24 – Deferred Outflows and Deferred Inflows of Resources	115
Note 25 – Restatement.....	117
<i>Required Supplementary Information:</i>	
CalPERS Analysis of Funding Progress	119
Public Agency Retirement System Analysis of Funding Progress.....	120
Postemployment Healthcare Benefits Analysis of Funding Progress	120

<i>Additional Financial Section:</i>	
Nonmajor Governmental Funds, Combining Balance Sheet	121
Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	122
Nonmajor Special Revenue Funds, Combining Balance Sheet.....	124
Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit).....	126
Nonmajor Special Revenue Funds, Schedules of Sources, Uses, and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis).....	128
Nonmajor Debt Service Funds, Combining Balance Sheet.....	140
Nonmajor Debt Service Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	141
Nonmajor Debt Service Funds, Schedules of Sources, Uses, and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis).....	142
Nonmajor Capital Projects Funds, Combining Balance Sheet.....	146
Nonmajor Capital Projects Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	147
Nonmajor Capital Projects Funds, Schedules of Sources, Uses, and Changes in Funds Available – Budget and Actual (Non-GAAP Budgetary Basis).....	148
Nonmajor Proprietary Funds, Combining Statement of Net Position	152
Nonmajor Proprietary Funds, Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	153
Nonmajor Proprietary Funds, Combining Statement of Cash Flows	154
Internal Service Funds, Combining Statement of Net Position (Deficit)	156
Internal Service Funds, Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit).....	157
Internal Service Funds, Combining Statement of Cash Flows	158
Fiduciary Funds, Private Purpose Trust Funds, Combining Statement of Net Position	160
Fiduciary Funds, Private Purpose Trust Funds, Combining Statement of Changes in Net Position	160
Fiduciary Funds, Agency Funds, Combining Statement of Changes in Assets and Liabilities.....	161
<i>Other Supplementary Information:</i>	
General Fund – Combining Balance Sheet	163
General Fund – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	164
General Fund – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis).....	165
Insurance Fund – Combining Schedule of Net Position (Deficit)	166
Insurance Fund – Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)	167
Fleet Services Fund – Combining Schedule of Net Position (Deficit).....	168
Fleet Services Fund – Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)	169
Segment Information for Tidelands Funds.....	170
STATISTICAL SECTION (Unaudited)	
<i>Schedules of Financial Trends Information</i>	
Net Position by Component – Last Ten Fiscal Years	177
Change in Net Position – Last Ten Fiscal Years	178
Fund Balances of Governmental Funds – Last Ten Fiscal Years	180
Change in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	181
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years.....	182
<i>Schedules of Revenue Capacity Information</i>	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	183
Property Tax Rates – All Overlapping Governments – Last Ten Fiscal Years.....	184
Principal Property Taxpayers – Current Year and Nine Fiscal Years Ago	185
Property Tax Levies and Collections – Last Ten Fiscal Years	186
<i>Schedules of Debt Capacity Information</i>	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	187
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	188
Schedule of Direct and Overlapping Debt.....	189
Legal Debt Margin Information – Last Ten Fiscal Years.....	190
Pledged Revenue Coverage – Last Ten Fiscal Years	191
<i>Schedules of Demographic and Economic Information</i>	
Demographic Statistics – Last Ten Fiscal Years	194
Principal Employers – Current Year and Nine Years Ago	195
<i>Schedules of Operating Information</i>	
Full-time Equivalent City Government Employees by Function – Last Nine Fiscal Years.....	196
Operating Indicators by Function – Last Ten Fiscal Years	198
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	200

INTRODUCTORY SECTION

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CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (562) 570-6711 • FAX (562) 570-6583

PATRICK H. WEST
CITY MANAGER

March 27, 2015

Honorable Mayor and City Council
City of Long Beach

In accordance with Section 302(e) of the City Charter, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach (City) for the fiscal year ended September 30, 2014. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances, and management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, City 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 the preparation of the City's financial statements in conformity with GAAP. As the cost of internal controls should not exceed anticipated benefits, 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. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by KPMG LLP, an international public accounting firm fully licensed and qualified to perform audits of the State of California (State) and local governments within the State. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2014 are free of material misstatement. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended September 30, 2014 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the City's basic financial statements is 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 City's fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on those involving the administration of federal awards. The City's separately issued Single Audit report is available by contacting the City's Department of Financial Management.

The Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The financial reporting entity for the City includes all the funds of the primary government, as legally defined, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

The City has seven independent fiscal entities that are considered blended component units and one discretely presented component unit. These entities vary widely in function and provide essential services. For a more detailed overview of the City's component units, see the MD&A and the Notes to the Basic Financial Statements.

Profile of the Government

The City, incorporated in 1897, is the seventh largest city in the state of California and is located in Southern California within Los Angeles County. The City occupies a land area of approximately 50 square miles, serves a population of over 469 thousand, and is one of the 40 largest cities in the United States. One of the nation's most demographically diverse cities, Long Beach has significant populations of Latino, Caucasian, African-American, and Asian residents. City Council members are elected from nine distinct districts. The strengths inherent in the City's diversity are reflected in its motto, "Many unique neighborhoods, one great city."

The City operates under a City Charter first adopted in 1921. The City Charter establishes the current Mayor-Council-City Manager form of government. The City is divided into nine Council Districts with Council members elected to represent their respective district for up to two four-year terms. The citizens, as a whole, elect a Mayor to serve up to two four-year terms. The citizens, as a whole, also elect a City Auditor, a City Prosecutor and a City Attorney to serve four-year terms; however, there are no term limits for these positions. The City Council and Mayor appoint a City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible for, among other things, enacting ordinances, adopting the budget and appointing committees. The Mayor appoints, subject to confirmation by a majority vote of the City Council, the members of various commissions and boards to include:

- Citizen Police Complaint Commission
- Civil Service Commission
- Harbor Commission
- Parks and Recreation Commission
- Planning Commission
- Water Commission

The City Council either serves as, or confirms appointments of, the voting majority of the governing board for the Southeast Resource Recovery Facility (SERRF) Joint Powers Authority, Housing Authority of the City, Long Beach Community Investment Company, Long Beach Financing Authority, Long Beach Bond Finance Authority, and the Long Beach Public Transportation Company.

The City Manager is responsible for overseeing the administration of all City Manager-directed departments, to ensure that laws, ordinances, orders, resolutions, contracts, leases, and franchises are enforced and executed, and for appointing all City employees except for classified civil service employees, the City Clerk, elected officers, and their appointees.

The City provides a full range of municipal services, including police, fire, disaster preparedness, public health and environmental services, library, parks and recreation, social services, public works, waste management, planning and community development, gas, water, and towing services. The City operates and maintains a world-class international deep-water harbor, a nationally recognized convention center, beaches and marinas, and an award-winning airport. The City also administers oil extraction operations under a trust agreement with the State.

The annual budget serves as the foundation for the City's financial planning and budgetary control. The City Manager must submit a proposed budget to the Mayor on or before July 3rd and the Mayor must present that proposed budget along with recommendations to the City Council on or before August 2nd. The City Council is required to hold one or more public hearings on the proposed budget and to adopt a final budget on or before September 15. The budget is approved for each fund and department. The City Council adopted the fiscal year 2014 budget prior to September 15, 2013. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various 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, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriations between funds or departments require City Council approval. Total expenditures of each fund may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Local Economy

Fiscal year 2014 saw the City continue to experience steady economic growth. The City's commitment to create a healthy business environment through initiatives, such as the Clean and Safe Program, façade improvement, and events designed to connect local communities to their business corridors, both attracted new businesses to the City and also encouraged existing businesses to invest and expand their operations. Numerous development projects are underway for the construction of new retail, industrial buildings, medical buildings, a new automotive trade school and auto dealership facilities, and numerous residential units including a luxury apartment complex. The City's unemployment rate has dropped from 10.3 percent to 8.7 percent.

The Port of Long Beach (Harbor), a primary driver for the local economy, posted a 3 percent increase in trade for 2014, supporting \$180 billion in economic activity. As cargo traffic through the ports of Long Beach and Los Angeles continue to grow, trades and transportation jobs are also to increase. The Harbor supports more than 30 thousand jobs in Long Beach, 316 thousand jobs throughout Southern California and 1.4 million jobs throughout the United States. It generates about \$16 billion in annual trade-related wages statewide.

As an industry leader in the transit of goods from ship-to-store shelf, as well as in environmental sustainability, the Harbor's \$4.5 billion capital improvement program is aimed at modernizing the efficiency of its cargo handling and transit facilities while minimizing the environmental impact of those operations. Forty-percent of the nation's imported containers transit through the Ports of Long Beach and Los Angeles. In 2015, imports through these local twin ports are expected to reach an all-time high. This speaks to the continued expansion taking place in the industry, not only locally but also in the overall economy. The Harbor's capital improvements include redevelopment of existing

terminals, building new wharfs, railroad system improvements and replacement of the Gerald Desmond Bridge that serves both as a major commuter route and conduit for the movement of cargo.

Another source of substantial economic activity and business opportunity is the Long Beach Airport. The Long Beach Airport hosts four airlines offering non-stop service to 13 cities, and serves nearly 3 million commercial airline passengers annually; ranking number 70 out of 560 US commercial service airports in passenger traffic. In addition, the Airport supports a healthy general aviation community with approximately 300 thousand annual flights. The Long Beach Airport provides 11,000 jobs and a regional economic boost of more than \$8 billion.

To foster economic development, the City has been selected as one of 12 US cities to participate in the \$45 million Bloomberg Philanthropies Innovation Teams Program, which theme is: “Economic Development for the 21st Century.” The City will receive \$3 million over three years to fund an innovation team that will focus on economic development and the implementation of innovative solutions for improving services, civic engagement, and neighborhoods and business districts. The program will provide the City with best practices information aimed at stimulating growth, creating jobs, and leveraging City resources through the online delivery of services.

The City’s commitment to public safety is reflected in a downward trend in overall crime. Recent crime statistics for the City reflect the lowest number of reported violent crimes in 42 years. This includes a 19.6 percent reduction in violent crimes and a 4.3 percent reduction in property crimes over the last five years. The reduction in crime is attributed to an increase in community participation in crime prevention efforts and the professionalism and hard work of the men and women of the Long Beach Police and Fire Departments.

Financial Condition

The City ended the current fiscal year in a stronger financial position than the past year. In a special report released recently, Moody’s Investors Service (a bond rating agency) identified the City as one of 34 large cities in the country that maintained their credit rating and have proven resilient in their credit quality despite the “systematic economic downturn and other challenges such as pension underfunding.”

The general reasons that the City has been successful are:

- Tax-based growth, despite challenges;
- Strong financial management that supports revenue growth and improved reserves;
- Maintenance of manageable debts; and,
- Long-term liabilities are a moderate portion of budgets.

State of the City, Beginning Fiscal Year 2015:

The City is projecting a \$3.1 million general fund surplus for fiscal year 2015. This continues the City’s strong financial management. Prudent management of funds and surpluses has helped the City maintain financial stability. In the near future, expenses driven by the California Public Employees’ Retirement System (CalPERS) rate increases, and other benefit costs, such as employee healthcare, are anticipated to outpace revenue growth. The recent drop in the price of oil also presents challenges to the City’s operating and capital improvement budgets. The City’s strong financial management is

expected to be able to meet these challenges. The annual surpluses from fiscal years 2013 and 2014, and the expected surpluses for fiscal year 2015, will aid in reducing the City's projected deficits in fiscal years 2016 and 2017.

Many Accomplishments:

Fiscal year 2014 has been a productive year for the City. With increased resources, a good economy and dedicated employees, significant accomplishments were achieved over the past year.

Sustainability:

- 84 percent of the City's beaches received "A" and "B" grades for water quality from Heal the Bay.
- The City saved 141 thousand kilowatt hours through energy efficiency projects.
- The (SERRF) waste-to-energy facility diverted 459 thousand tons of refuse from landfills, while generating \$25 million in electric sales.
- Almost 27 thousand tons of recyclable material and more than three thousand gallons of motor oil were collected.
- About 20 percent of the City's fleet are alternative fuel vehicles; 65 percent of the vehicles ordered in 2014 were alternative fuel vehicles.
- The City planted one thousand trees in Port adjacent neighborhoods, and 400 drought tolerant replacement trees were planted in parks.

Housing and Community Improvements:

- The City assisted 566 persons through homeless prevention programs and more than one thousand homeless persons with housing placement.
- Provided more than \$62 million in rental assistance to nearly seven thousand low-income families and provided rental assistance to 485 families through the Veterans Affairs Supportive Housing (VASH) Program.
- Provided 476 families with suitable affordable housing; Completed construction of 60 low-income senior apartments units and rehabilitation of 11 low-income senior apartment units.
- 891 tons of debris removed from streets and neighborhoods by three thousand volunteers participating in 104 cleanup events.

Economic and Workforce Development:

- 38 new Long Beach businesses received grant assistance to help defray start-up costs and 470 small businesses received counseling at the Small Business Development Center.
- Issued almost five thousand Enterprise Zone Credit Vouchers and placed 800 young adults in paid work experience opportunities.
- More than two thousand job seekers were served through Workforce Development grants with 52 percent finding permanent employment.

Technology and Financial Matters:

- Installed 225 video surveillance cameras across the City.
- The City launched "Go Long Beach" applications for the Long Beach Airport and Animal Care Services and implemented the Pulse Point mobile application to aid cardiac victims more quickly.
- Implemented the "BulletTrax" system, allowing the Police Department to enter bullets, fragments, and jackets into the National Integrated Ballistics Information System.

- Implemented a new web-based “RecConnect” system for class registration and facility reservations and completed installation of self-check-out kiosks in all City libraries.

Public Safety:

- The City had a 41-year low for violent crimes.
- For the year, response time to police priority calls was 4.7 minutes, one of the fastest for any large city, and 94.3 percent of 560 thousand emergency calls to the Police Communications Center were answered within 10 seconds.
- 152 arrests for gang injunction violations; 91 arrests made by the Human Trafficking Task Force Operations, and 22 minors were rescued; 30 arrests made and 55 firearms seized through the Prohibited Possessor Operation.
- 358 tons of narcotics and drug-related paraphernalia were destroyed at the SERRF plant.
- The Gas & Oil Department responded to nearly six thousand emergency calls for service.

Infrastructure and New Development:

- Reopened the Multi-Service Center (MSC) for homeless services after a \$2 million renovation.
- Installed 94 thousand feet of new gas main pipeline and nearly two thousand new service pipelines.
- The Public Works Department resurfaced nine major and secondary streets, 19 lane miles of residential streets were paved, two miles of residential streets were slurry sealed, five traffic signals were installed, repainted 107 thousand linear feet of curbs, replaced more than seven thousand traffic signs, over one thousand street name signs, and constructed 5.8 miles of new bike lanes/routes.
- Replaced/repainted roofs at six branch libraries and four community centers and replaced HVAC unit at the Main Health Facility.
- Implemented an adaptive traffic signal control system for 18 traffic signals so they can adjust in real time to changing traffic conditions.
- The City completed one new park and 16 significant park improvements or improvement programs and started 17 park improvement projects.

Citywide Awards and Distinctions:

- Top 10 “Digital City” In America for the fourth consecutive year.
- Achieved a perfect score in the Human Rights Campaign’s Municipal Equality Index (MEI) for Lesbian, Gay, and Bisexual and Transgender (LGBT) inclusion in municipal law and policy.
- Transportation Planning Award for the Mobility Element from the American Planning Association, California Chapter.
- Helen Putnam Award for Infrastructure and Transportation for the Long Beach Airport and a Top 10 airport Terminals of 2014 by Fodor’s.
- Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
- Achieved international accreditation for the Police Department’s crime laboratory, the highest level attainable.

Pension and Other Post-Employment Benefits

The City provides to full-time employees retirement and disability benefits through CalPERS, a state run defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by both State statute and City ordinance. On an annual basis, CalPERS recalculates the City's required pension contributions, and, consistent with City policy, the City makes those required contributions.

The City provides seasonal and temporary employees retirement and death and disability benefits through a Public Agency Retirement System (PARS) defined benefit single-employer retirement plan. The PARS plan is administered through a third-party administrator. The City's funding policy is to make the contribution as determined by the PARS plan's actuary.

Currently, the City administers a post-retirement health care benefits program where upon retirement from the City, retirees, their spouses, and eligible dependents are allowed to use the cash value of the employee's accumulated unused sick leave to pay for health, dental, vision, short- and long-term disability, and long-term care insurance.

Additional information on the pension arrangements and post-employment health care benefits can be found in Notes 13 and 14 of the Notes to the Basic Financial Statements in the accompanying Financial Section of this report.

Independent Audit

Section 803 of the City Charter requires the City Auditor, at least once in each fiscal year, to audit the financial activities of the City. Immediately upon completion of such audit, the City Auditor shall make and file with the City Clerk a written report thereof. The City Auditor has contracted with an independent certified public accounting firm to conduct the audit for the fiscal year ended September 30, 2014. The Independent Auditors' report has been included in this report.

Certificate of Achievement

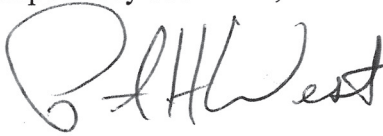
For the seventh year in a row, the Government Finance Officers Association (GFOA) of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. H. West", with a long horizontal line extending to the right.

PATRICK H. WEST
CITY MANAGER

A handwritten signature in black ink, appearing to read "John Gross", with a long horizontal line extending to the right.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

Directory of City Officials
As of September 30, 2014

Dr. Robert Garcia
Mayor

Dr. Suja Lowenthal
Vice-Mayor
2nd District

Lena Gonzalez
Councilmember
1st District

Suzie A. Price
Councilmember
3rd District

Patrick O'Donnell
Councilmember
4th District

Stacey Mungo
Councilmember
5th District

Dee Andrews
Councilmember
6th District

Roberto Uranga
Councilmember
7th District

Al Austin
Councilmember
8th District

Rex Richardson
Councilmember
9th District

Elected Department Heads

City Attorney
City Auditor
City Prosecutor

Charles Parkin
Laura Doud
Douglas P. Haubert

Appointed by Council or Commission

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

Larry Herrera
Kandice Taylor-Sherwood
Jon W. Slangerup
Kevin L. Wattier

City Manager
Patrick H. West

Interim Assistant City Manager
Jyl Marden

Deputy City Manager
Reginald I. Harrison

Director of Financial Management
Director of Health and Human Services
Director of Development Services
Acting Director of the Long Beach Airport
Director of Human Resources
Director of Library Services
Director of Long Beach Gas and Oil
Director of Parks, Recreation, and Marine
Director of Public Works
Interim Director of Technology Services
Director of Disaster Preparedness
Fire Chief
Chief of Police

John Gross
Kelly Colopy
Amy J. Bodek
Reginald I. Harrison
Deborah Mills
Glenda Williams
Christopher J. Garner
George Chapjian
Ara Maloyan
Chris Wilding
Reginald I. Harrison
Michael A. DuRee
Jim McDonnell



Council District 1
Lena Gonzalez



Council District 2
Dr. Suja Lowenthal



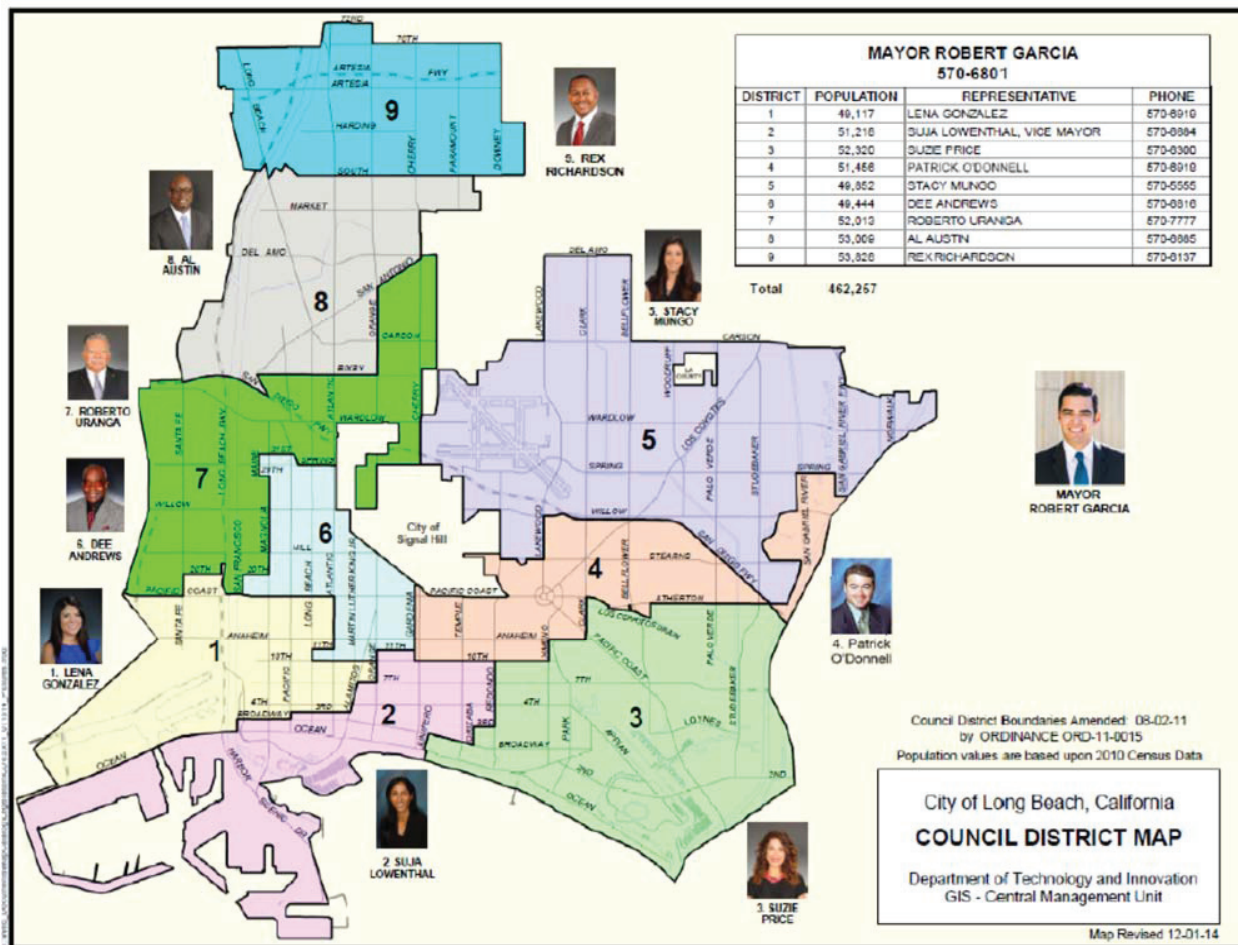
Mayor
Dr. Robert Garcia



Council District 3
Suzie A. Price



Council District 4
Patrick O'Donnell



Council District 5
Stacey Mungo



Council District 6
Dee Andrews



Council District 7
Roberto Uranga



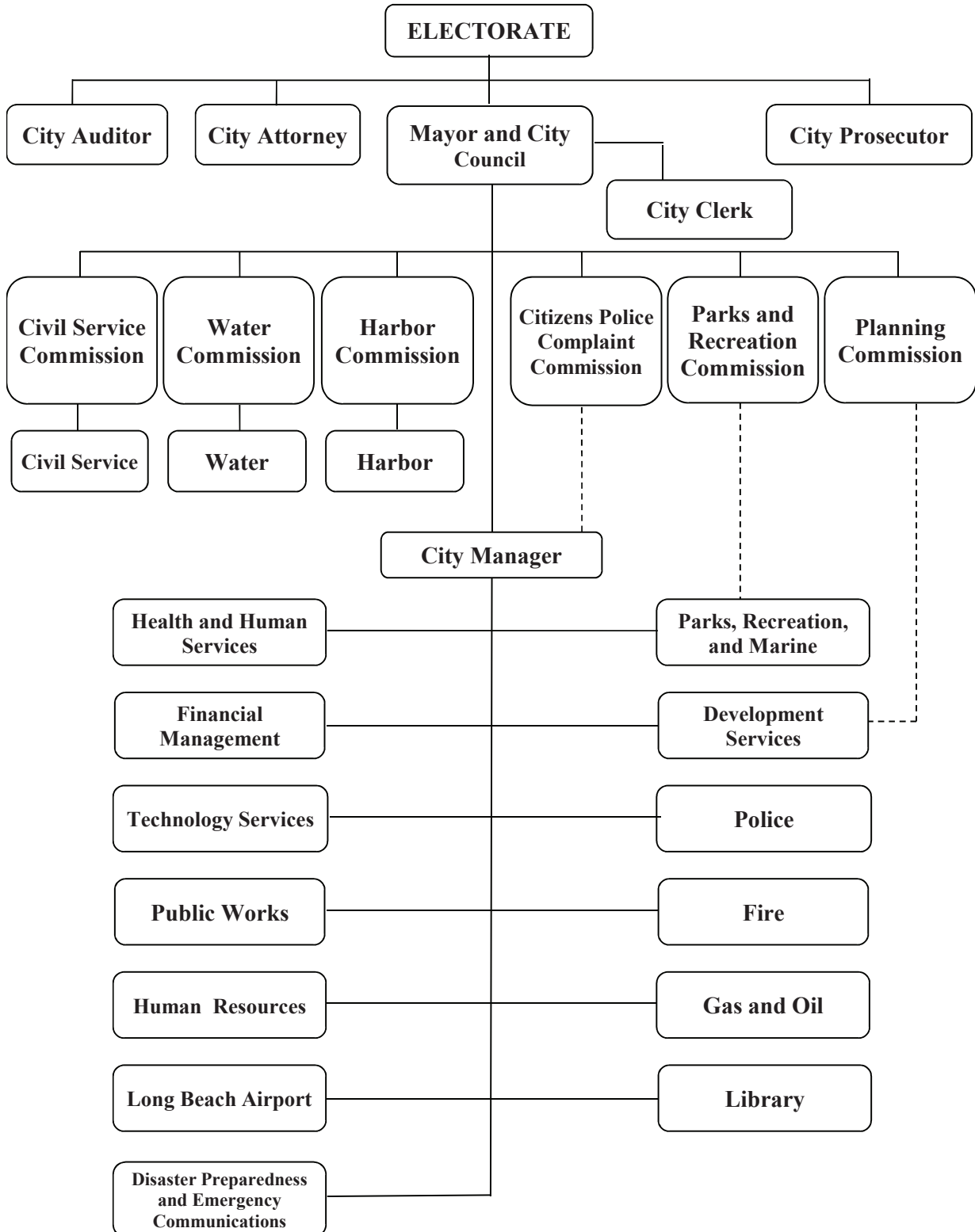
Council District 8
Al Austin



Council District 9
Rex Richardson

LONG BEACH CITY GOVERNMENT ORGANIZATIONAL CHART

As of September 30, 2014





Government Finance Officers Association

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

Presented to

**City of Long Beach
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen".

Executive Director/CEO

FINANCIAL SECTION

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof, and the budgetary



comparison for the General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 22 and the schedules of funding progress on pages 119 and 120 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
March 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014

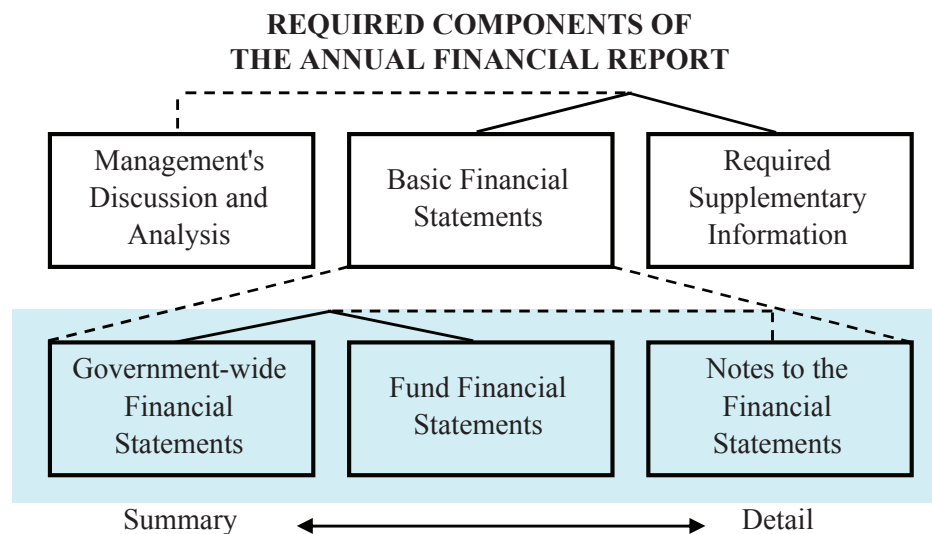
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

Financial Highlights

- The assets of the City exceeded its liabilities by \$5.2 billion (*net position*). Of this amount, \$3.9 billion represents net investment in capital assets, and \$912.3 million represents resources that are subject to restrictions on how they may be used (*restricted net position*). The remaining \$365.0 million may be used to meet the City's ongoing governmental and business-type activity obligations to citizens and creditors.
- The City's financial activities during the fiscal year produced a 6.9 percent increase in total net position. The City's governmental activities net position increased \$27.2 million, or 4.3 percent, and the City's business-type activities net position increased \$311.1 million, or 7.3 percent.
- The aggregate ending fund balance of the City's governmental funds was \$436.0 million, an increase of \$1.0 million, or 0.2 percent, from the prior fiscal year end. Of these balances, \$8.0 million are nonspendable, \$293.8 million are restricted, \$62.4 million are committed, \$86.0 million are assigned, and a deficit balance of \$14.2 million is unassigned.
- The fund balance of the General Fund was \$118.3 million. This represents a \$19.5 million, or 14.1 percent, decrease over the prior fiscal year end. Of this balance, \$4.3 million is restricted, \$61.1 million is committed, \$49.5 million is assigned, and \$3.4 million is unassigned.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: the *government-wide financial statements*, the *fund financial statements*, and the *Notes to the Basic Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements, including non-major fund financial statements and a statistical section.



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents consolidated information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information on how the government's net position changed during the most recent 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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes, or expenses pertaining to earned but unused employee vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, such as grant revenue (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the City include legislative and legal, general government, public safety, public health, community and cultural, public works, and City oil operations. Business-type activities include those related to gas, water and sewer utilities, airport and solid waste management operations, towing, tidelands, marina and Rainbow Harbor area operations, as well as tidelands oil revenue operations and the Port of Long Beach (the Harbor).

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Long Beach Transit (LBT) for which the City is the sole stakeholder and, therefore, has authority to affect the company. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. Also included in the governmental activities of the government-wide financial statements are the Housing Authority of the City of Long Beach, the Long Beach Community Investment Company (Company), the Successor Agency to the Redevelopment Agency of the City of Long Beach (Agency), the Long Beach Financing Authority, and a portion of the Long Beach Bond Finance Authority (LBBFA).

The business-type activities portion of the government-wide financial statements also includes the Southeast Resource Recovery Facility (SERRF), a portion of LBBFA, and the Long Beach Capital Improvement Corporation. Although legally separate from the City, these component units are blended with the primary government because of their close governance by, or financial relationships with, the City.

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. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in Government Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

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.

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 in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the aggregate of all non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements*, located in the Additional Financial Information section of this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison is provided for each of the City's governmental funds to demonstrate budgetary compliance. The budgetary comparison statements for the General Fund and major special revenue funds are 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. Proprietary funds provide the same type of information contained in the business-type activities portion of the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds: enterprise and internal service.

- ***Enterprise funds*** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the gas utility, tidelands operations, tideland oil revenue operations, and the Harbor, all of which are classified as major funds. The City also reports enterprise operations for the sewer and water utilities, airport, solid waste management operations, development services, towing operation, and land subsidence fund as non-major enterprise funds shown in the Additional Financial Information section of this report.
- ***Internal Service funds*** are used to accumulate and allocate certain support costs internally among the City's various functions. The City uses internal service funds to account for: the operation and financing of the Civic Center complex; information technology assets and services, lease-purchase of equipment and services; the operation, maintenance, and replacement of the City's vehicle fleet and related facilities; the City's risk-management and self-insurance programs, including workers' compensation and general liability, and employee benefits including compensated absences, payroll taxes, and health and retirement benefits. Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into governmental activities in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of *combining statements* in the Additional Financial Information section of this report.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds include *Private Purpose Trust Funds* such as the Miller Library Fund and the Mayor's Fund for the Homeless, and *Agency Funds* such as special parking and business assessment districts. Fiduciary funds are *not* reflected in the accompanying government-wide financial statements because the resources of those funds are *not* available to support the City's programs. The fiduciary fund financial statements are presented on the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

The Notes to the Basic Financial Statements: The *Notes to the Basic Financial Statements* provide additional information and narrative disclosures that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and post-employment healthcare benefits to its employees. The combining statements referred to above in connection with non-major governmental funds and internal service funds are presented in the Required Supplementary Information and Other Supplementary Information section, along with information regarding capital assets. The following table provides a summary of the significant features of the financial statements as well as insight into how the information is compiled for statement presentation:

	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; except agency funds do not have a measurement 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 agency 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.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

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, 2014, the City's assets exceeded liabilities by \$5.2 billion, an increase of \$338.3 million, or 6.9 percent, over the prior fiscal year.

Net investment in capital assets accounted for \$3.9 billion, or 75.5 percent, of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased \$155.0 million, or 4.1 percent, from the prior fiscal year. The increase is attributable to activity within business-type activities, notably Harbor's continued investment in the Middle Harbor and Gerald Desmond Bridge projects.

Restricted net position amounted to \$912.3 million, representing 17.5 percent of total net position. This component of net position represents resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. This component of the City's net position increased \$156.7 million, or 20.7 percent, from the prior fiscal year. \$137.6 million of the increase is related to the Harbor's Middle Harbor and Gerald Desmond Bridge projects.

The remaining balance of \$365.0 million, or 7.0 percent, is the net of the \$53.2 million governmental activities unrestricted net position deficit and the \$418.2 million business-type activities unrestricted net position balance that may be used to meet the City's obligations for business-type activities. This component of net position increased \$26.6 million, or 7.9 percent, from the prior fiscal year. The change is largely attributable to activities within the Harbor fund including the issuance of debt and grant reimbursements related to the construction of the Gerald Desmond Bridge.

Net Position
September 30, 2014 and 2013
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and Other Assets	\$ 1,027,291	\$ 981,320	\$ 1,995,590	\$ 1,812,623	\$ 3,022,881	\$ 2,793,943
Capital Assets	669,476	687,620	4,990,320	4,551,387	5,659,796	5,239,007
Deferred Outflows	4,120	4,433	399,440	295,412	403,560	299,845
Total Assets and Deferred Outflows	1,700,887	1,673,373	7,385,350	6,659,422	9,086,237	8,332,795
Liabilities:						
Current Liabilities	169,240	171,965	340,116	374,629	509,356	546,594
Noncurrent Liabilities, Net	780,276	784,220	2,106,620	1,766,925	2,886,896	2,551,145
Deferred Inflows	85,577	78,618	382,853	273,174	468,430	351,792
Total Liabilities and Deferred Inflows	1,035,093	1,034,803	2,829,589	2,414,728	3,864,682	3,449,531
Net Position:						
Net Investment in Capital Assets	245,780	242,105	3,698,447	3,547,110	3,944,227	3,789,215
Restricted	473,181	457,993	439,163	297,694	912,344	755,687
Unrestricted	(53,167)	(61,528)	418,151	399,890	364,984	338,362
Total Net Position	\$ 665,794	\$ 638,570	\$ 4,555,761	\$ 4,244,694	\$ 5,221,555	\$ 4,883,264

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Key Changes in the Statement of Net Position:

The City's current and other assets increased \$228.9 million, or 8.2 percent, from the prior fiscal year. The increase for governmental activities and business-type activities was \$46.0 million and \$182.9 million, respectively. For governmental activities, the increase was primarily due to a \$48.1 million increase in the balance of the City's investment pool. The change in business-type activities is attributed to the the issuance of \$325.0 million note to help finance the Harbor's Gerald Desmond Bridge project.

Citywide, capital assets increased \$420.8 million or 8.0 percent. This change includes a decrease in governmental activities capital assets of \$18.1 million, or 2.6 percent, attributable to routine depreciation charges and an increase in business-type activities of \$438.9 million, or 9.6 percent. The change in business-type activities resulted from ongoing construction and improvements to the Middle Harbor and Gerald Desmond Bridge projects along with the ongoing construction of utility infrastructure.

Deferred outflows increased \$103.7 million or 34.6 percent. Governmental activities deferred outflows decreased \$313 thousand while business-type activities increased \$104.0 million. The net increase is attributable to the affect of the change in the price of natural gas on the City's commodity swap.

The City's current liabilities decreased \$37.2 million, or 6.8 percent. Governmental activities decreased \$2.7 million, or 1.6 percent, and business-type activities decreased \$34.5 million or 9.2 percent. Significant factors contributing the business-type activities decrease include a reduction in the Tidelands Oil Revenue Fund of \$13.7 million in amounts due to the State of California and a \$5.6 million decrease in accounts payable. Finally, the Harbor's had a \$22.9 million decrease in accounts payable balance at year end and is attributed to increased efficiency in processing payments for vendors and contractors.

The \$335.8 million, or 13.2 percent, increase in noncurrent liabilities is predominantly related to the the issuance of \$325.0 million note to help finance the Harbor's Gerald Desmond Bridge project.

Deferred inflows increased \$116.6 million, or 33.2 percent. The increase in business-type activities of \$109.7 million is attributable to changes in the fair value of derivatives.

Analysis of Changes in Net Position

The following table presents condensed information from the statement of activities for the fiscal years 2014 and 2013. 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. Specific factors related the change in net position for governmental and business-type activities can be found on pages 10 through 13.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Changes in Net Position
September 30, 2014 and 2013
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 134,852	\$ 139,917	\$ 1,140,320	\$ 1,148,312	\$ 1,275,172	\$ 1,288,229
Operating Grants and Contributions	183,789	171,937	921	1,105	184,710	173,042
Capital Grants and Contributions	8,530	10,778	182,021	259,188	190,551	269,966
General Revenues:						
Taxes:						
Property	183,719	203,770	-	-	183,719	203,770
Sales	59,097	63,443	-	-	59,097	63,443
Utility Users	38,691	38,026	-	-	38,691	38,026
Other	41,504	39,762	-	-	41,504	39,762
Franchise Fees	26,175	25,243	-	-	26,175	25,243
Grants and Contributions Not Restricted to Specific Programs	-	150	-	-	-	150
Unrestricted Investment Earnings	3,688	3,417	6,365	5,557	10,053	8,974
Total Revenues	680,045	696,443	1,329,627	1,414,162	2,009,672	2,110,605
Expenses:						
Legislative and Legal	12,001	10,957	-	-	12,001	10,957
General Government	21,378	23,342	-	-	21,378	23,342
Public Safety	296,817	303,872	-	-	296,817	303,872
Public Health	41,877	41,966	-	-	41,877	41,966
Community and Cultural	153,206	166,507	-	-	153,206	166,507
Public Works	114,303	102,979	-	-	114,303	102,979
Oil Operations	4,869	7,101	-	-	4,869	7,101
Interest on Long-Term Debt	24,945	26,941	-	-	24,945	26,941
Gas	-	-	80,651	82,693	80,651	82,693
Water	-	-	93,297	89,767	93,297	89,767
Sewer	-	-	15,681	15,542	15,681	15,542
Airport	-	-	44,067	41,616	44,067	41,616
Development Services	-	-	15,753	15,404	15,753	15,404
Solid Waste Management	-	-	76,027	71,708	76,027	71,708
Towing	-	-	4,938	5,915	4,938	5,915
Tidelands	-	-	111,074	96,881	111,074	96,881
Tideland Oil Revenue	-	-	327,087	362,144	327,087	362,144
Subsidence	-	-	-	3	-	3
Harbor	-	-	233,410	195,335	233,410	195,335
Total Expenses	669,396	683,665	1,001,985	977,008	1,671,381	1,660,673
Increase (Decrease) in Net Position before Transfers	10,649	12,778	327,642	437,154	338,291	449,932
Capital Assets Transfers	2,365	4,786	(2,365)	(4,786)	-	-
Transfers	14,210	21,490	(14,210)	(21,490)	-	-
Total Change in Net Position	27,224	39,054	311,067	410,878	338,291	449,932
Net Position, Beginning of Year	638,570	608,162	4,244,694	3,847,251	4,883,264	4,455,413
Adjustments for GASB 65 implementation	-	(8,646)	-	(13,435)	-	(22,081)
Net Position, End of Year	\$ 665,794	\$ 638,570	\$ 4,555,761	\$ 4,244,694	\$ 5,221,555	\$ 4,883,264

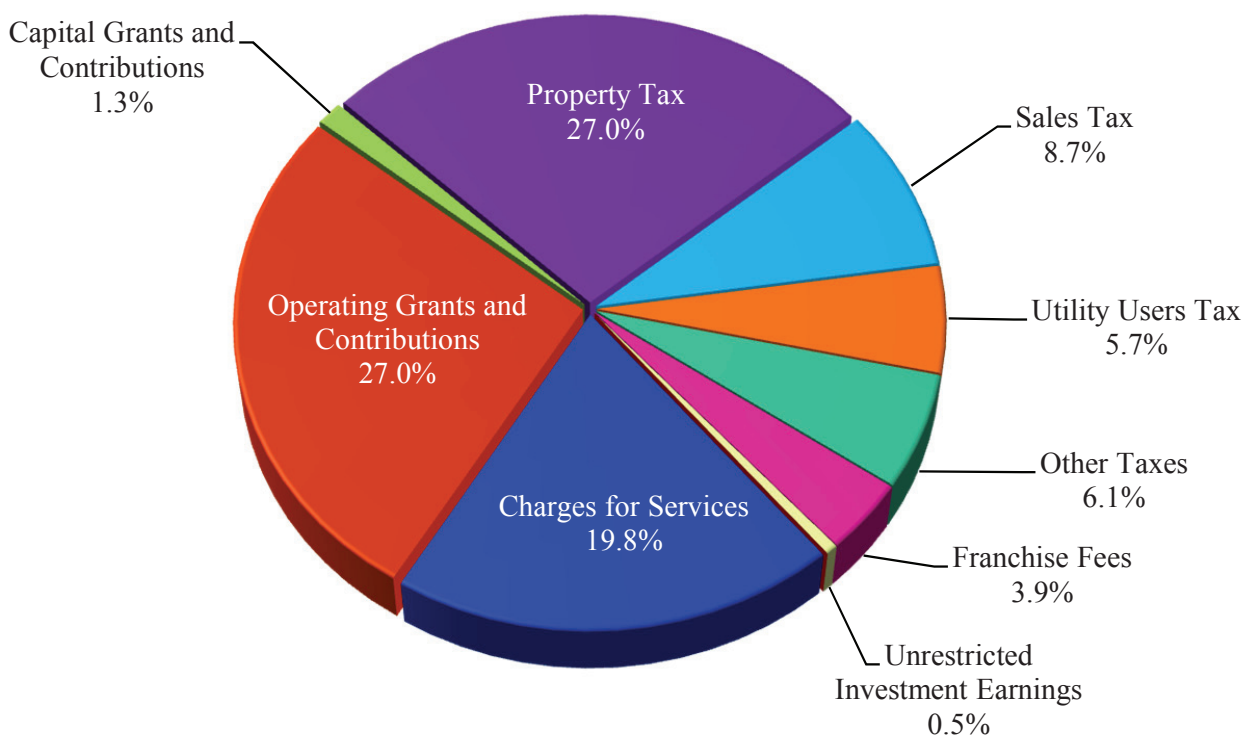
The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Governmental activities

Governmental activities net position increased \$27.2 million. Total revenues (excluding transfers) decreased \$16.4 million, or 2.4 percent, most notably property and sales tax revenues, which decreased 9.8 percent and 6.9 percent, respectively. Expenses decreased \$14.3 million, or 2.1 percent. These changes are further discussed in the paragraphs that follow. Capital asset transfers of \$2.4 million from business-type activities pertain to a new utility customer billing system. The decrease in transfers is primarily attributable to the prior year \$10.7 million transfer to the subsidence fund for repayment of borrowing in 2010 related to the states withholding of property taxes.

The following charts illustrate governmental activities revenues by source and program expenses and revenues by function.

**Governmental Activities - Revenues by Source
For the Year Ended September 30, 2014**



The three largest revenue sources for governmental activities are property taxes, operating grants and contributions, and charges for services. Excluding Transfers, these sources accounted for 73.8 percent of revenues. These primary sources of governmental revenues decreased \$13.3 million, or 2.6 percent, from the previous year. Elements contributing to the change are a \$20.1 million, or 9.8 percent, decrease in property tax revenues that mostly resulted from the prior fiscal year Countywide redistribution of unencumbered redevelopment agency balances, a decreases in charges for services of \$5.1 million, or 3.6 percent, and an increase of \$11.9 million, or 6.9 percent, in operating grants and contributions.

Capital grants and contributions decreased 20.9 percent, or \$2.2 million, as reimbursements from grantor agencies that include the County of Los Angeles, the State, and the Metropolitan Transportation Authority decreased. These revenue sources help fund park development and traffic mitigation projects.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Sales tax revenues decreased 6.9 percent or \$4.3 million. \$1.6 million is attributable to one-time receipt of a "true up" in the prior year. Other taxes, inclusive of business license taxes, increased 4.4 percent or \$1.7 million.

Governmental activities expenses, excluding transfers, decreased 2.1 percent, or \$14.3 million. Community and cultural expenses decreased \$13.3 million or 8.0 percent primarily resulting from the continued wind down of redevelopment activities.

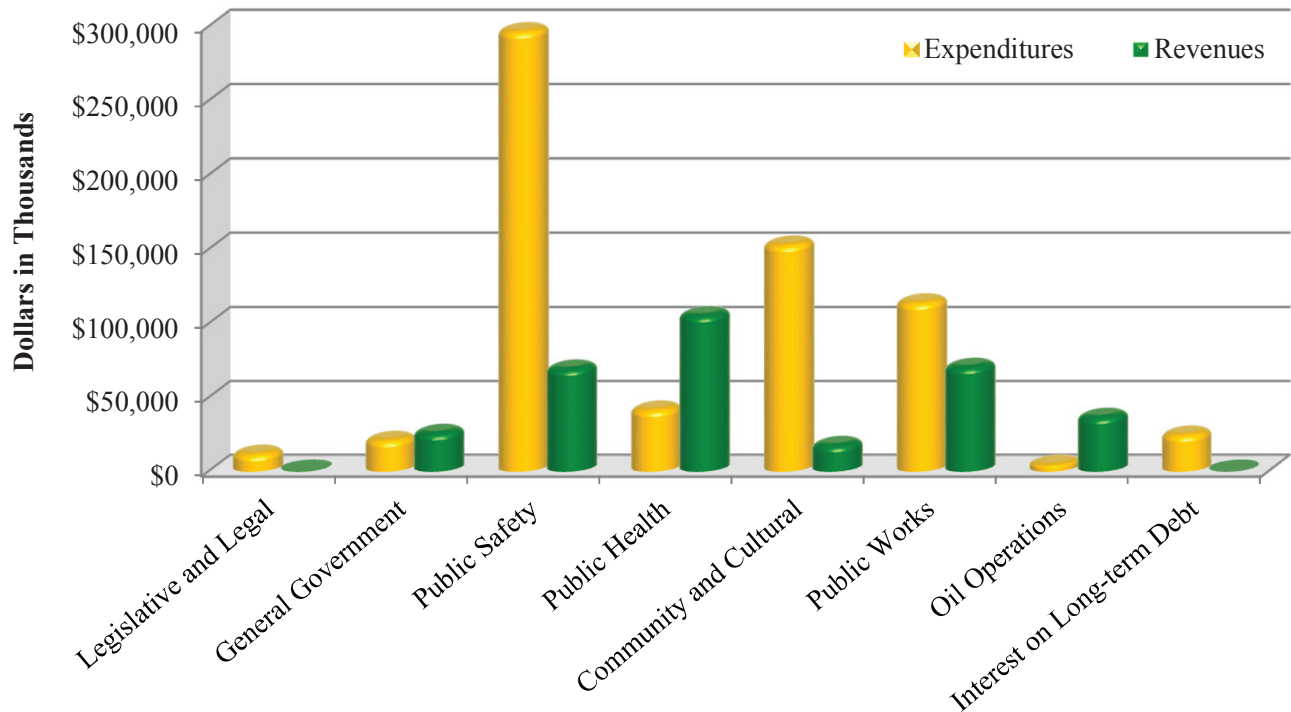
General government expenses decreased \$2.0 million, or 8.4 percent. A contributing factor to the change was a \$943 thousand decrease in sales tax rebates.

Oil operations expenses decreased 31.4 percent, or \$2.2 million, as a result of efficiencies created by changes to operating contracts with oil producers.

Public safety expenses decreased 2.3 percent, or \$7.1 million. The change is attributable a significant decrease in the allocation of internal service fund costs along with a true-up of prior year costs.

Public works expenses increased 11.0 percent, or \$11.3 million. The change is related to a \$6.7 million increase in amounts spent for city streets and a \$4.6 million increase for amounts spent for public park acquisition, development and rehabilitation.

Governmental Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2014

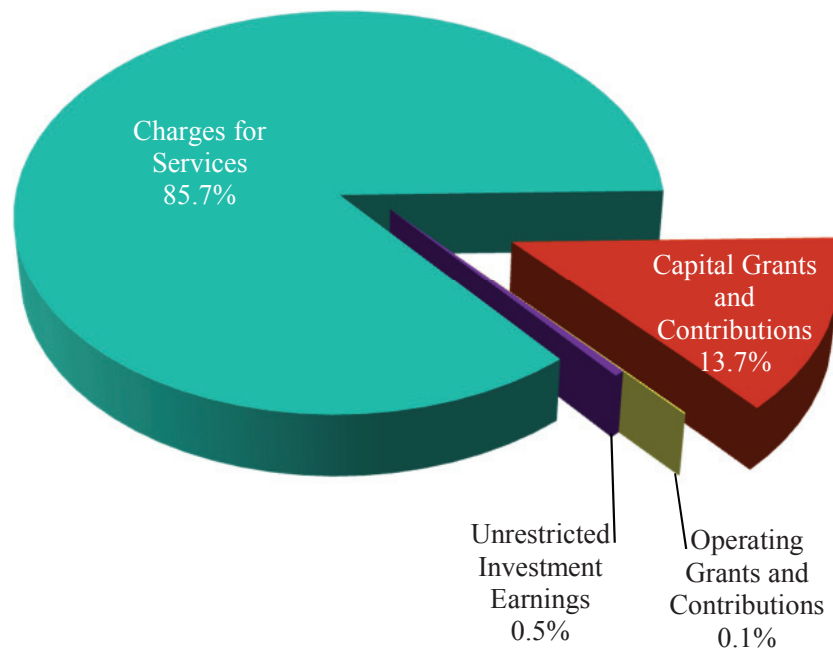


The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

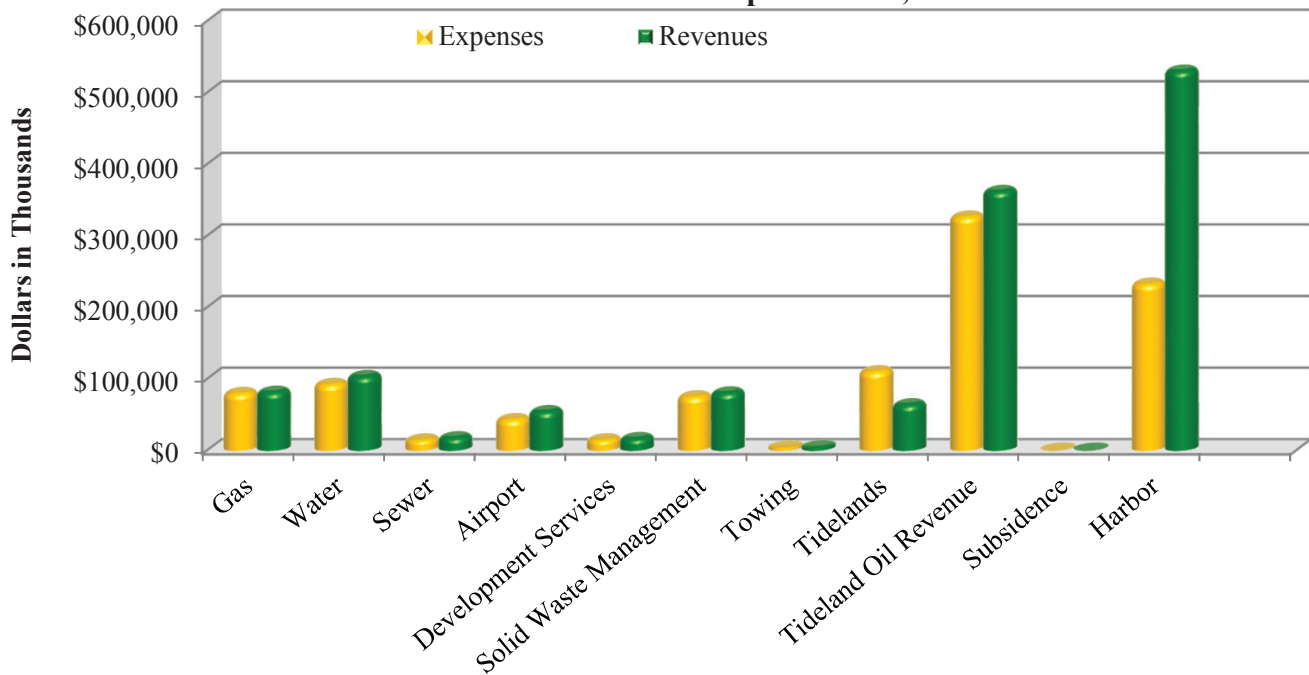
Business-type activities

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

Business-type Activities - Revenues by Source
For the Year Ended September 30, 2014



Business-type Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2014



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Business-type activities increased net position \$311.1 million or 7.3 percent. Key elements in the current year's change in net position for various funds include:

- Gas Utility net position at fiscal year-end was \$14.1 million, a 38.4 percent, or \$8.8 million decrease from the prior fiscal year. The balance of the change is the result of transfers. Income before transfers totaled \$1.5 million, a \$3.2 million, or 68.9 percent, decrease from the prior year.
- Tidelands net position increased \$14.7 million, or 3.9 percent, totaling \$391.4 million at fiscal year-end. Net loss before contributions and transfers amounted to \$45.8 million. Transfers from Tidelands Oil and Harbor amounted to \$60.5 million. Harbor transferred \$17.8 million, consistent with City Charter mandated revenue sharing; Tidelands Oil transferred \$42.7 million, comprising \$22.1 million per the revenue sharing agreement for the optimized water flood program and \$20.6 million from the West Wilmington Oil field.
- The Tidelands Oil Revenue Fund posted a deficit net position of \$24.5 million, a deficit increase of \$6.9 million from the prior year. Operating net income in the amount of \$42.7 million was transferred to the tidelands fund. Non-operating expenditures of \$10.2 million related to oil field abandonment cost contributed to the net deficit position.
- Harbor's net position increased \$283.5 million, or 8.9 percent, reaching \$3.5 billion at fiscal year-end. The increase primarily resulted from operating income of \$130.5 million along with the receipt of \$168.1 million in capital grants, a decrease of \$82.5 million from the prior fiscal year as reimbursable activity related to the Gerald Desmond Bridge declined. Transfers to the City amounted to \$17.8 million, a \$532 thousand increase from fiscal year 2013.
- Total net position for non-major business-type activities increased \$28.6 million, or 4.0 percent.

Governmental Funds Financial Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: 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, 2014, the City's governmental funds reported combined fund balances of \$436.0 million, an increase of \$1.0 million, 0.2 percent, from the prior year. Further information can be found in *Note 16 – Government Activities Fund Balance*.

Governmental funds assets decreased \$15.4 million, or 1.9 percent, from the prior fiscal year. Governmental fund liabilities decreased \$23.0 million, or 21.1 percent. Of this amount, \$11.3 million resulted from a decrease in amounts advanced from other funds, primarily the Agency's repayment of \$8.8 million of Supplemental Educational Revenue Augmentation Fund (SERAF) borrowing. Another \$7.0 million of this decrease was due to a reduction in amount due to City vendors at fiscal year-end.

Of the \$436.0 million total fund balances, \$293.8 million or 67.4 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Restricted for Debt Service

Amounts restricted for debt service totaled \$32.9 million. Of this, \$32.5 is restricted for payment of Agency related debt and the balance for various debt issuances of other governmental funds.

Restricted for Public Safety

Amounts restricted for public safety totaled \$4.8 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$2.8 at the end of the fiscal year.
- The citizens of Long Beach approved Proposition H (Prop H), the Police and Fire Public Safety Oil Production Tax, in 2007. These 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, 2014, Prop H funds for police and fire amounted to \$682 thousand and \$497 thousand, respectively.
- State impact fees restricted for police and fire amounted to \$519 thousand and \$357 thousand, respectively.

Restricted for Public Health

Fund balance restricted for public health amounted to \$6.7 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$195.2 million. Restrictions include the following:

- Fund balance restricted within the Housing Fund for the provision of low-and-moderate-income housing amounted to \$40.6 million. Of this, \$16.8 million offsets advances to other funds and \$2.9 million is for land held for resale.
- Fund balance restricted within the Housing Assistance Fund for programs to assist very low-income families, the elderly, and the disabled amounted to \$9.2 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$127.8 million. Of this, \$16.8 million offsets advances from other funds (specifically, the Housing Fund) and \$88.5 million is land held for resale.
- The Belmont Shore Parking Meter Fund has restricted \$1.0 million as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area of Long Beach.
- Fund balance restricted within the Community Development Grant Fund amounted to \$5.3 million. Of this, \$3.8 million offsets advances to other funds and \$1.2 is related to land held for resale.
- Fund balance restricted within the Other Special Revenue Fund for economic development totaled \$1.5 million at the close of the fiscal year. Additionally, fund balance restricted for special advertising and promotion totaled \$4.8 million.
- Capital Projects Fund balance restricted for parks development amounted to \$743 thousand.

Restricted for Public Works

As of September 30, 2014, fund balance restricted for public works amounted to \$52.5 million. Restrictions include:

- General Capital Projects Fund balance restricted in relation to traffic mitigation impact fees, open space bond proceeds, and special assessment bond proceeds amounted to \$9.0 million at the close of the fiscal year.
- Gas Tax Fund balance restricted for the research, planning, construction, improvement, maintenance, and operation of public street and highways, including the mitigation of their environmental effects, totaled \$20.2 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

- Transportation Fund balance restrictions totaled \$20.8 million and include: \$6.1 million pursuant to the provisions of Proposition A; \$8.6 million pursuant to the provisions of Proposition C; \$2.4 million pursuant to Measure R; and \$3.7 million pursuant to Air Quality Management District AB2766 requirements. 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. Proposition C also benefits public transit, but has a wider range of uses including congestion management programs, bikeways and bike lanes, street improvement supporting public transit, and pavement management projects. Measure R is a one-half cent sales tax approved by Los Angeles County voters in November 2008 and is restricted for transportation purposes, including bus and highway corridor projects, streets and roads, and traffic control management. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts.

General Fund Revenues and Other Financing Sources

The table below illustrates general fund revenues and other financing sources for the current and prior fiscal years:

General Fund Revenues and Other Financing Sources
September 30, 2014 and 2013
(In Thousands)

Revenues and Other Financing Sources	Fiscal Year 2013-14	Percentage of Total	Fiscal Year 2012-13	Percentage of Total
Taxes	\$ 268,813	61.5%	\$ 299,719	63.7%
Franchise Fees	26,175	6.0%	25,243	5.4%
Licenses and Permits	14,899	3.4%	13,889	3.0%
Fines and Forfeitures	16,166	3.7%	16,394	3.5%
Use of Money and Property	52,219	11.9%	54,239	11.5%
From Other Agencies	5,932	1.4%	1,767	0.4%
Charges for services	26,415	6.0%	26,295	5.6%
Other Revenue	6,845	1.6%	8,337	1.8%
Other Financing Sources	19,741	4.5%	24,269	5.2%
	<u>\$ 437,205</u>	<u>100%</u>	<u>\$ 470,152</u>	<u>100%</u>

General Fund revenues and other financing sources decreased \$32.9 million, or 7.0 percent, from the prior fiscal year. The change is attributable to taxes, particularly property tax revenue, which benefited from additional receipts in the prior fiscal year following the dissolution of redevelopment agencies. Property tax revenue decreased \$27.7 million, or 16.3 percent, over the prior fiscal year. The decrease in property taxes resulted from the non repetition of the prior year countywide distribution of excess redevelopment agency funds as result of the dissolution act. Additionally, sales tax decreased \$4.9 million, 7.9 percent as a result of a decrease in sales tax sharing agreement revenues.

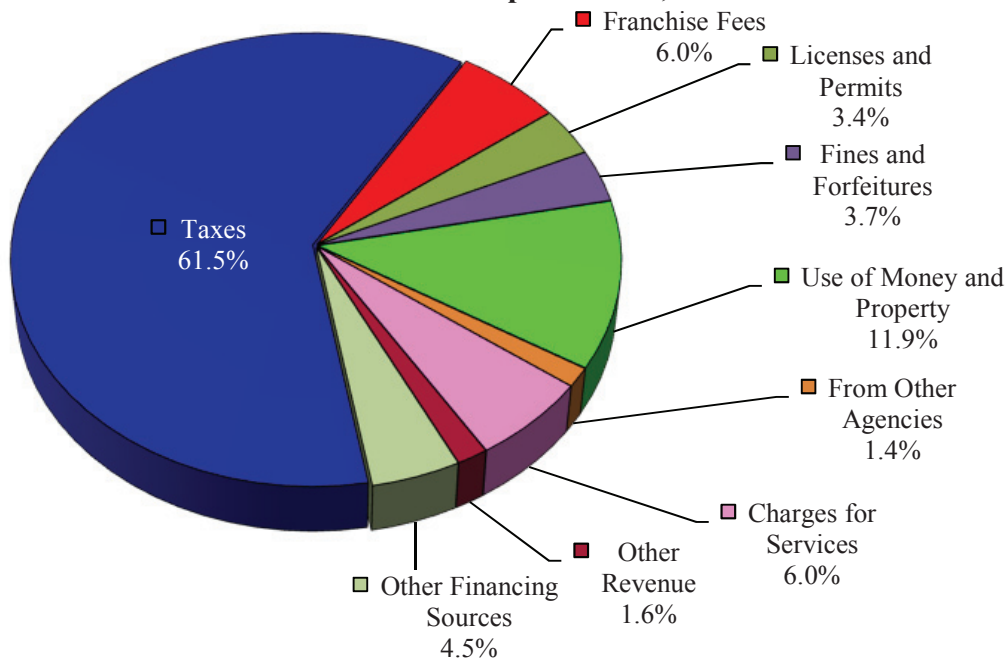
Revenues from Other Agencies increased \$4.2 million, or 235.7 percent, from the prior year. \$4.0 million of this change was due to the implementation of the Ground Emergency Medical Transportation (GEMT) Supplemental Reimbursement Program.

Licenses and permits revenue increased \$1.0 million, 7.3 percent, over the previous year reflecting an increase in construction activity within the City. Other revenue decreased \$1.5 million, or 17.9 percent. Use of money and property revenues decreased \$2.0 million, or 3.7 percent, primarily as result of decreased net revenues from oil production.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Revenues derived from other financing sources decreased \$4.5 million and was primarily attributable to a decrease in amounts transferred from the City's Solid Waste Management fund.

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2014**



General Fund Expenditures

Expenditures and other financing uses for the General Fund, including comparative amounts from the preceding year, are shown in the table on the next page.

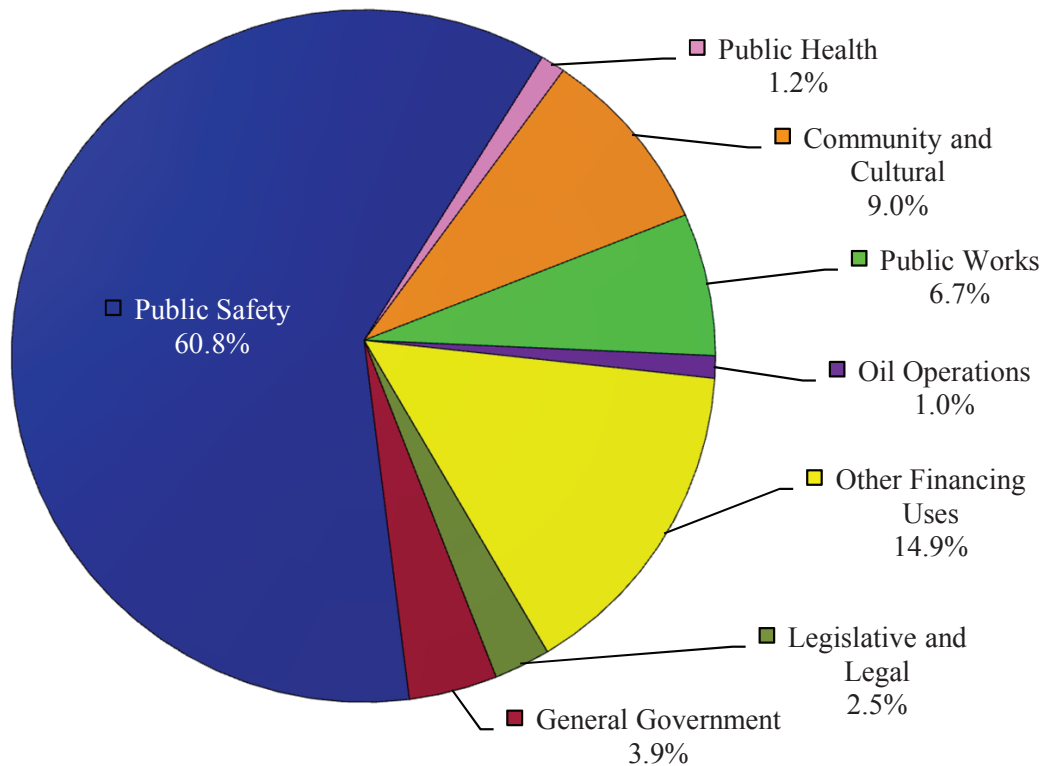
Expenditures, including other financing uses, increased \$47.1 million, or 11.5 percent, from fiscal year 2013. The largest increase was in other financing uses which rose \$33.3 million, or 95.6 percent, as windfall revenues related to uplands oil production was invested in the City's infrastructure. Another notable change included a \$10.3 million, or 3.9 percent, increase in public safety spending. The increase is primarily due to the police department filling vacancies, increased workers' compensation costs, additional funding for gang enforcement, as well as costs associated with operating the police academy.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

General Fund Expenditures and Other Financing Uses
September 30, 2014 and 2013
(In Thousands)

Expenditures and Other Financing Uses	Fiscal Year 2013-14	Percentage of Total	Fiscal Year 2012-13	Percentage of Total
Legislative and Legal	\$ 11,373	2.5%	\$ 9,673	2.4%
General Government	17,769	3.9%	17,050	4.2%
Public Safety	277,741	60.8%	267,430	65.3%
Public Health	5,371	1.2%	5,383	1.3%
Community and Cultural	41,215	9.0%	40,750	10.0%
Public Works	30,706	6.7%	29,679	7.2%
Oil Operations	4,309	1.0%	4,722	1.1%
Other Financing Uses	68,179	14.9%	34,851	8.5%
	<u>\$ 456,663</u>	<u>100%</u>	<u>\$ 409,538</u>	<u>100%</u>

General Fund Expenditures and Other Financing Uses
For the Year Ended September 30, 2014



Proprietary Funds Financial Analysis

Enterprise Funds: The combined net position of enterprise funds totaled \$4.6 billion at the close of the fiscal year. Total unrestricted net position amounted to \$456.3 million before the allocation of internal service fund activities. The total growth in net position was \$311.1 million after the internal service fund activities allocation to enterprise funds. Other factors affecting the finances of these funds are addressed in the discussion of the City's business-type activities.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Tidelands and Harbor funds reported unrestricted net position of \$203.1 million and \$288.8 million, respectively. Tidelands Oil Fund had a deficit net position of \$24.5 million as result of the future oil field abandonment liability exceeding net book value of the West Wilmington oil field. The Gas Utility Fund reported a net position of \$14.1 million, a decrease of \$8.8 million from the prior fiscal year. This change resulted from a \$4.5 million increase in the cost of gas purchased for the utility and a \$1.0 million increase in non-personnel related operating costs. Other Proprietary funds reported unrestricted net position of \$116.1 million, an increase of \$9.6 million, or 9.1 percent, over the prior fiscal year.

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, 2014, internal service funds reported a \$154.3 million deficit net position. This is attributable to the deficit unrestricted net positions of the Insurance Fund and Employee Benefits fund, which reported deficit balances of \$87.6 million and \$178.2 million, respectively. It is the City's practice to bill City departments on a pay-as-you-go basis for functions performed by both funds, therefore, the long-term portion of related liabilities associated with these funds are not fully funded. City management believes that, over the long-term, current and future billing rates are sufficient to remediate any net asset deficit. In addition, City management believes that the cash position of each fund is sufficient to cover the current costs related to health insurance, workers' compensation, and general liability claims. The Civic Center, General Services, and Fleet Services funds reported net positions of \$25.8 million, \$36.5 million, and \$49.2 million, respectively.

Fiduciary Funds

The City maintains fiduciary funds for the assets of private purpose trust and agency funds including the Miller Trust Fund, the Mayor's Fund for the Homeless, and various agency 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 staffing and books, and for homeless services expenditures.

General Fund Budgetary Highlights

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

- The General Fund's fiscal year 2014 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$61.3 million. The change between original and final budgeted amounts was \$10.2 million and consisted of additional appropriation for expenditures and other financing uses of \$12.1 million offset by an increase in revenue and other financing sources of \$1.9 million.

Significant changes in revenue forecasts include:

- A \$1.0 million increase in projected asset seizure revenues.

Significant changes in the appropriations budget include:

- A \$16.1 million increase in transfers to other funds. These increases were primarily funded through the use of one-time revenue sources.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$41.5 million. This consists of favorable variances in both revenues and other financing sources of \$33.0 million and expenditures and other financing uses of \$8.5 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$33.0 million. For the year, the General Fund received 108.2 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include \$7.3 million in property tax revenues; use of money and property revenues of \$14.8 million, due to favorable oil prices; \$1.9 million in franchise fees as a result of \$980 thousand in electric company franchise revenues, \$565 thousand in pipeline franchise revenue; \$284 thousand in refuse hauler franchise fee; \$3.7 million from other agencies revenue primarily as a result of the new GEMT supplement; \$1.1 million in other tax revenues as result of better than expected transient occupancy tax revenues; and \$2.8 million in other revenues. Significant less than favorable variances include a \$2.2 million shortfall in sales taxes resulting from decreased sales tax sharing agreement revenues.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$8.5 million. Of the all General Fund appropriations and other financing uses, approximately 1.8% went unspent. General Government had savings of \$6.8 million primarily related to lower than expected sales tax rebate expenditures. Additionally, \$2.4 million in Oil Operations and \$5.2 million in Public Safety Functions completed the year under budget. These were offset by actual transfers to other funds exceeding planned transfers to other funds by \$9.3 million as additional oil revenue funds were invested in City facilities.

Capital Assets and Debt Administration

Capital assets: As of September 30, 2014, the City's capital assets held by governmental and business-type activities amounted to \$5.7 billion (net of accumulated depreciation). There was an overall increase of \$420.8 million, or 8.0 percent, in the City's capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2014 and 2013
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 166,135	\$ 163,668	\$ 966,760	\$ 965,578	\$ 1,132,895	\$ 1,129,246
Rights-of-way	81,340	81,334	213,243	213,243	294,583	294,577
Water Rights	-	-	40	40	40	40
Construction in Progress	11,138	28,433	1,306,103	1,428,854	1,317,241	1,457,287
Buildings	161,103	165,037	1,692,898	1,216,213	1,854,001	1,381,250
Improvements Other than Buildings	56,973	55,599	255,802	233,708	312,775	289,307
Infrastructure	138,946	151,355	506,829	469,341	645,775	620,696
Machinery and Equipment	14,207	14,232	32,713	15,564	46,920	29,796
Vehicles and Aircrafts	25,381	27,962	10,168	8,316	35,549	36,278
Software and Patents	14,253	-	5,764	530	20,017	530
Total Net Capital Assets	\$ 669,476	\$ 687,620	\$ 4,990,320	\$ 4,551,387	\$ 5,659,796	\$ 5,239,007

Governmental activities' net capital assets decreased \$18.1 million, or 2.6 percent, during the fiscal year. The decrease is attributable to routine depreciation charges, which amounted to \$36.1 million at the close of the fiscal year, offset by significant capital assets activities during the year including the implementation of a new utility billing software program, valued at \$13.5 million, plus the construction of Chittick Field and the Orizaba Park Community Center, valued at \$6.2 million and \$2.0 million respectively.

Business-type activities' net capital assets increased \$438.9 million, or 9.6 percent, over the prior fiscal year. Significant capital asset activities during the year include:

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

- Repair and replacement of aging gas pipelines increased Gas Utility capitals assets \$7.3 million over the prior fiscal.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$9.1 million.
- Sewer capital assets increased \$2.9 million over the prior fiscal year. The increase is attributable to ongoing investment in a sewer pipeline rehabilitation program.
- Routine depreciation charges decreased Solid Waste Management capital assets \$4.3 million.
- In total, Tidelands capital assets decreased \$1.4 million as result of the normal depreciation of fund assets. However, during the year the Tidelands fund added \$22.4 million in new buildings and other facilities. Projects included the \$11.5 million Convention Center Rehabilitation Project, \$5.4 million for Belmont pool, \$3.7 million for the shoreline downtown marina rehabilitation, and \$1.7 million for beach restroom rehabilitation and replacement.
- Harbor capital assets increased \$420.5 million to include \$287.4 million in terminal facilities, \$70.0 million in other Harbor facilities, and \$28.7 million in street improvements.

Additional information on the City's capital assets can be found in Note 7 of the Basic Financial Statements, and information related to commitments for future capital asset acquisitions can be found in Note 23.

Long-Term Indebtedness: As of September 30, 2014, the City's net long-term obligations outstanding totaled \$3.0 billion. Of this amount, \$2.5 billion relates to notes, bonds, and capital leases. The remainder pertains to estimated oil field abandonment costs, environmental remediation, self-insurance, employee benefit obligations, and amounts due to the state of California.

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

Moody's Investors Services: Aa2, stable outlook

Fitch Ratings: AA, stable outlook

Standard & Poor's: AA-1, 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, 2014 and 2013
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Notes Payable	\$ 6,137	\$ 7,102	\$ 515,996	\$ 147,017	\$ 522,133	\$ 154,119
Bonds Payable	449,066	467,008	1,534,901	1,610,898	1,983,967	2,077,906
Capital Leases	38,150	40,789	2,215	2,667	40,365	43,456
Total Outstanding	\$ 493,353	\$ 514,899	\$ 2,053,112	\$ 1,760,582	\$ 2,546,465	\$ 2,275,481

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

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

Business-Type Activities

- Notes payable increased \$369.0 million. The Harbor issued \$325.0 million in notes payable in 2014, to finance the Gerald Desmond Bridge Project. Also, the Harbor drew an additional \$40.0 million on its line of credit. Finally, \$5.5 million pertains to loans from the California Department of Boating and Waterways for the Tidelands' Alamitos Bay Marina rehabilitation project.
- Bonds payable decreased by \$76.0 million. Annual principal payments and premium amortization, to include additional amounts applied as part of the Harbors 2014 debt refunding, decreased bonds payable by \$135.0 million. This was offset by the issuance, as part of the Harbors 2014 debt refunding, of \$59.0 million of new debt.

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

Economic Factors and Next Year's Budget and Rates

As of September 30, 2014, the unemployment rate, not seasonally adjusted, for the City was 8.6 percent and reflects a decrease from a rate of 10.6 percent a year ago. This compares to the State and national unemployment rates of 6.9 percent and 5.7 percent, respectively.

The fiscal year 2015 budget accomplishes key service goals and continues the discipline that steered Long Beach through the great recession. The budget continues investments in City infrastructure and maintains the City's strong commitment to city services. The City and its employee groups have made major strides impacting the long-term financial health of the City with pension reform saving almost \$250 million over the next 10 years. Despite the improved outlook, challenges remain. If the City holds its spending to current programs and services, the City will be in a much better position to confront the challenges of the next few years. The steps taken to address previous shortfalls which are maintained in fiscal year 2015 are:

- Proportionate share which ensures Police and Fire receive most of the General Fund resources, while preserving base level support for other core functions is maintained;
- A structural surplus in fiscal year 2015 is planned to be carried over to fiscal years 2016 and 2017 to help address structural deficits in those years;
- The temporary surplus for fiscal year 2015 will be used to increase funding to the CalPERS Stabilization Fund created in fiscal year 2014;
- Five percent of one-time revenues were again placed in the Reserve for Unfunded Liabilities;
- Pension Reform, which was achieved through agreements with all City bargaining units, will save the City \$13.8 million a year;
- Continued emphasis on preventative health and cost savings measures keeps the rate of growth lower than it would otherwise be;
- Both the emergency and operating reserves are funded within the City Council's approved policy levels; and
- Numerous operational and efficiency improvements have been and continue to be made.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2014 (Continued)

Fiscal year 2015 continues the progress made in previous years, maintains services, and the focuses on public safety. Highlights of the fiscal year 2015 budget are as follows:

- Second year of a structural surplus;
- Strategic Investments for Public Safety;
- Enhanced focus on critical citywide infrastructure;
- Continued focus on efficiencies to improvements to service delivery;
- Funding prior year and future commitments

In compliance with City Council's Financial Policy to achieve and maintain a structurally balanced budget, the fiscal year 2015 General Fund budget reflects a structural surplus. With the addition of the allocation of prior year one-time resources to one-time initiatives and projects, the overall General Fund budget projects a decrease in fund balance of \$18.6 million.

The fiscal year 2015 adopted General Fund revenue budget projected an increase of 2.4 percent, or \$10.0 million, as compared to the preaudit fiscal year 2014 results. Operating transfers from other funds make up \$6.7 million of the \$407.5 million fiscal year 2015 budgeted revenue. Appropriations for 2015 are budgeted at \$426.1 million. The budget projects a decrease in fund balance of \$18.6 million as the City appropriates prior year one-time revenues for needed one-time projects.

The final fiscal year 2014 budget showed a decrease of \$45.9 million in fund balance as compared to a \$19.5 million decrease from actual results for the year.

The largest structural revenue sources for fiscal year 2015 are property tax, sales and use tax, and property tax in-lieu. These revenue sources comprise 48.3 percent of total General Fund budgeted revenues. Below is a closer look at some of these key General Fund resources.

- Approximately 23.4 percent, or \$95.2 million, of the City's General Fund revenue is derived from local property taxes, which includes secured real property tax and unsecured personal property tax, net of refunds. This reflects an increase of \$2.9 million from the final fiscal year 2014 budget. This 3.1 percent increase is based on the belief that property values countywide will rise during the next year.
- Sales and use tax revenue is budgeted to account for \$58.4 million, or 14.3 percent, of General Fund revenues. The fiscal year 2015 budget anticipates a small decrease in this revenue source.
- Property tax in-lieu is budgeted to account for \$43.4 million, or 10.7 percent, of General Fund revenues. This reflects a \$1.5 million or 3.7 percent increase from the final fiscal year 2014 budget.

In addition, the City continues to evaluate its fees for services to ensure, when practical, fees collected fully support the costs of providing the City services.

The fiscal year 2015 adopted General Fund appropriations budget is \$426.1 million. This reflects a decrease of \$39.6 million from the final fiscal year 2014 budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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City of Long Beach
Statement of Net Position
September 30, 2014
(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	\$ 74,169	\$ 165,469	\$ 239,638	\$ -
Non-Pooled Cash and Cash Equivalents	22,088	15,123	37,211	37,796
Pooled Investments	151,782	338,621	490,403	-
Non-Pooled Investments	-	2,810	2,810	-
Interest Receivable	194	306	500	-
Property Tax Receivable, Net	80,493	-	80,493	-
Accounts and Loans Receivables, Net	17,694	123,233	140,927	3,556
Due from Other Governments	50,171	69,307	119,478	-
Internal Balances	35,888	(35,888)	-	-
Inventory	2,250	6,479	8,729	1,085
Other Assets	14,248	27,284	41,532	1,059
Land Held for Resale	92,950	-	92,950	-
Total Current Assets:	541,927	712,744	1,254,671	43,496
Noncurrent Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	2,103	2,103	25,608
Non-Pooled Investments	-	174,524	174,524	-
Total Noncurrent Restricted Assets:	-	176,627	176,627	25,608
Other Noncurrent Assets:				
Pooled Investments	258,791	577,356	836,147	-
Non-Pooled Investments	31,457	-	31,457	-
Other Noncurrent Receivables	195,116	6,217	201,333	-
Land and Other Capital Assets not being Depreciated	258,613	2,486,146	2,744,759	10,514
Capital Assets, net of Accumulated Depreciation	410,863	2,504,174	2,915,037	74,344
Other Assets	-	522,646	522,646	-
Total Other Noncurrent Assets:	1,154,840	6,096,539	7,251,379	84,858
Total Assets	1,696,767	6,985,910	8,682,677	153,962
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows (Note 24)	4,120	399,440	403,560	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	32,578	124,552	157,130	1,986
Accrued Wages and Benefits Payable	50,599	12,540	63,139	4,381
Accrued Interest Payable	8,677	32,657	41,334	-
Due to Other Governments	320	-	320	-
Unearned Revenue, Credits, and Other Payables	16,992	34,157	51,149	18,346
Employee Benefits and Accrued Long-Term Obligations	34,373	6,961	41,334	12,581
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	25,701	129,249	154,950	-
Total Current Liabilities	169,240	340,116	509,356	37,294
Noncurrent Liabilities:				
Unearned Revenue, Credits, and Other Payables	-	30,480	30,480	25,218
Employee Benefits and Accrued Long-Term Obligations	312,624	52,400	365,024	2,988
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	467,652	2,023,740	2,491,392	-
Total Noncurrent Liabilities:	780,276	2,106,620	2,886,896	28,206
Total Liabilities	949,516	2,446,736	3,396,252	65,500
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows (Note 24)	85,577	382,853	468,430	-
NET POSITION				
Net Investment in Capital Assets	245,780	3,698,447	3,944,227	84,858
Restricted for:				
Debt Service	13,132	39,480	52,612	-
Capital Projects	52,646	208,989	261,635	156
Public Safety	4,835	-	4,835	-
Public Health	6,744	-	6,744	-
Community and Cultural	377,399	-	377,399	-
Healthcare Insurance	18,425	-	18,425	-
Tidelands	-	9,437	9,437	-
Airport	-	7,648	7,648	-
Subsidence	-	173,609	173,609	-
Unrestricted	(53,167)	418,151	364,984	3,448
Total Net Position	\$ 665,794	\$ 4,555,761	\$ 5,221,555	\$ 88,462

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, 2014
(In Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Legislative and Legal	\$ 12,001	\$ 163	\$ -	\$ -
General Government	21,378	16,459	8,651	969
Public Safety	296,817	34,659	34,936	-
Public Health	41,877	8,498	97,222	-
Community and Cultural	153,206	12,168	6,076	(339)
Public Works	114,303	25,963	36,904	7,900
Oil Operations	4,869	36,942	-	-
Interest on Long-Term Debt	24,945	-	-	-
Total Governmental Activities	669,396	134,852	183,789	8,530
BUSINESS-TYPE ACTIVITIES				
Gas	80,651	82,293	-	-
Water	93,297	101,345	-	2,924
Sewer	15,681	17,954	-	759
Airport	44,067	44,811	156	10,246
Development Services	15,753	17,573	-	-
Solid Waste Management	76,027	81,051	302	-
Towing	4,938	5,440	-	-
Tidelands	111,074	64,318	463	-
Tideland Oil Revenue	327,087	362,783	-	-
Harbor	233,410	362,752	-	168,092
Total Business-Type Activities	1,001,985	1,140,320	921	182,021
Total Primary Government	\$ 1,671,381	\$ 1,275,172	\$ 184,710	\$ 190,551
COMPONENT UNIT				
Long Beach Public Transportation Company	\$ 100,500	\$ 18,640	\$ 61,009	\$ 7,136

Taxes:
Property
Sales
Utility Users
Other
Franchise Fees
Unrestricted Investment Earnings
Capital Asset Transfers
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position, Beginning of Year
Net Position, End of Year

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transpor- tation Company	
\$ (11,838)	\$ -	\$ (11,838)	\$ -	
4,701	-	4,701	-	
(227,222)	-	(227,222)	-	
63,843	-	63,843	-	
(135,301)	-	(135,301)	-	
(43,536)	-	(43,536)	-	
32,073	-	32,073	-	
(24,945)	-	(24,945)	-	
(342,225)	-	(342,225)	-	
-	1,642	1,642	-	
-	10,972	10,972	-	
-	3,032	3,032	-	
-	11,146	11,146	-	
-	1,820	1,820	-	
-	5,326	5,326	-	
-	502	502	-	
-	(46,293)	(46,293)	-	
-	35,696	35,696	-	
-	297,434	297,434	-	
-	321,277	321,277	-	
(342,225)	321,277	(20,948)	-	
-	-	-	(13,715)	
183,719	-	183,719	-	
59,097	-	59,097	-	
38,691	-	38,691	-	
41,504	-	41,504	-	
26,175	-	26,175	-	
3,688	6,365	10,053	244	
2,365	(2,365)	-	-	
14,210	(14,210)	-	-	
369,449	(10,210)	359,239	244	
27,224	311,067	338,291	(13,471)	
638,570	4,244,694	4,883,264	101,933	
\$ 665,794	\$ 4,555,761	\$ 5,221,555	\$ 88,462	

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2014
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2014
ASSETS			
Pooled Cash and Cash Equivalents	\$ 114,807	\$ 160,510	\$ 275,317
Non-Pooled Cash and Cash Equivalents	373	21,710	22,083
Non-Pooled Investments	-	31,457	31,457
Receivables:			
Property Taxes	83,658	-	83,658
Accounts Receivable	42,776	2,364	45,140
Notes and Loans Receivable	1,789	-	1,789
Due from Other Governments	16,110	34,061	50,171
Due from Other Funds	7,391	1,729	9,120
Allowance for Receivables	(33,162)	(776)	(33,938)
Other Assets	6	8,012	8,018
Advances to Other Funds	-	20,659	20,659
Land Held for Resale	-	92,950	92,950
Other Noncurrent Receivables	-	195,044	195,044
Total Assets	<u>\$ 233,748</u>	<u>\$ 567,720</u>	<u>\$ 801,468</u>
LIABILITIES			
Accounts Payable	\$ 11,649	\$ 17,223	\$ 28,872
Accrued Wages and Benefits Payable	5,726	842	6,568
Due to Other Governments	301	19	320
Due to Other Funds	5,513	7,074	12,587
Unearned Revenues	1,687	5,752	7,439
Deposits and Collections Held in Trust	2,603	3,450	6,053
Advances from Other Funds	3,614	20,659	24,273
Total Liabilities	<u>31,093</u>	<u>55,019</u>	<u>86,112</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows (Note 24)	<u>84,376</u>	<u>195,000</u>	<u>279,376</u>
FUND BALANCES (DEFICIT)			
Nonspendable	6	8,012	8,018
Restricted	4,266	289,497	293,763
Committed	61,079	1,362	62,441
Assigned	49,531	36,476	86,007
Unassigned	3,397	(17,646)	(14,249)
Total Fund Balances	<u>118,279</u>	<u>317,701</u>	<u>435,980</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 233,748</u>	<u>\$ 567,720</u>	<u>\$ 801,468</u>

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, 2014
(In Thousands)

Total governmental fund balances	\$ 435,980
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Amounts reported for governmental activities in the statement of net position are different because:

Capital 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.	577,642
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Certain property taxes receivable are not available to pay current period expenditures and, therefore, are deferred inflows in the funds.	1,444
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Because the focus of governmental funds is short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	194,938
--	---------

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.	(428,132)
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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.	(116,078)
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Net position of governmental activities	\$ 665,794
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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, 2014
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2014
Revenues:			
Taxes:			
Property	\$ 141,898	\$ 41,987	\$ 183,885
Sales	56,620	2,477	59,097
Utility Users	38,691	-	38,691
Other Taxes	31,604	9,900	41,504
Franchise Fees	26,175	-	26,175
Licenses and Permits	14,899	7,442	22,341
Fines and Forfeitures	16,166	-	16,166
Use of Money and Property	52,219	4,468	56,687
From Other Agencies	5,932	185,491	191,423
Charges for Services	26,415	2,627	29,042
Contributions and Donations	-	341	341
Other	6,845	3,848	10,693
Total Revenues	<u>417,464</u>	<u>258,581</u>	<u>676,045</u>
Expenditures:			
Current:			
Legislative and Legal	11,373	-	11,373
General Government	17,769	182	17,951
Public Safety	277,741	22,778	300,519
Public Health	5,371	35,902	41,273
Community and Cultural	41,215	116,907	158,122
Public Works	30,706	35,792	66,498
Oil Operations	4,309	-	4,309
Total Current Expenditures	<u>388,484</u>	<u>211,561</u>	<u>600,045</u>
Capital Improvements	-	36,427	36,427
Debt Service:			
Principal	-	18,836	18,836
Interest	-	21,044	21,044
Debt Administration Fees	-	57	57
Total Expenditures	<u>388,484</u>	<u>287,925</u>	<u>676,409</u>
Excess of Revenues over (under) Expenditures	<u>28,980</u>	<u>(29,344)</u>	<u>(364)</u>
Other Financing Sources (Uses):			
Debt Issuance	1,012	-	1,012
Transfers In	18,729	87,399	106,128
Transfers Out	(68,179)	(37,398)	(105,577)
Total Other Financing Sources (Uses)	<u>(48,438)</u>	<u>50,001</u>	<u>1,563</u>
Net Change in Fund Balances	(19,458)	20,657	1,199
Fund Balances - October 1	137,737	297,044	434,781
Fund Balances - September 30	<u>\$ 118,279</u>	<u>\$ 317,701</u>	<u>\$ 435,980</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, 2014
(In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$ 1,199
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 (\$15,249) is less than depreciation (\$25,399) in the current period.	(10,150)
The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) results in a decrease to net position.	(470)
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.	4,690
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is reflected herein.	20,651
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.	(1,568)
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.	12,872
Change in net position of governmental activities	\$ 27,224

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

City of Long Beach
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Sources:				
Property Taxes	\$ 134,633	\$ 134,633	\$ 141,898	\$ 7,265
Sales Taxes	58,799	58,799	56,620	(2,179)
Utility Users Taxes	38,240	38,240	38,691	451
Other Taxes	30,510	30,510	31,604	1,094
Franchise Fees	24,251	24,251	26,175	1,924
Licenses and Permits	15,057	15,057	14,899	(158)
Fines and Forfeitures	15,788	15,788	16,166	378
Use of Money and Property	37,534	37,591	52,378	14,787
From Other Agencies	2,220	2,220	5,932	3,712
Charges for Services	24,839	25,241	26,415	1,174
Other	2,671	4,043	6,845	2,802
Proceeds from Long-term Debt	-	-	1,012	1,012
Transfers In	17,851	17,978	18,729	751
Total Sources	402,393	404,351	437,364	33,013
Uses:				
Current:				
Legislative and Legal				
Mayor and City Council	4,917	4,986	4,791	195
City Attorney	2,019	2,039	1,696	343
City Clerk	5,075	5,164	4,887	277
General Government				
City Auditor	2,365	2,592	2,521	71
City Manager	2,144	2,282	2,839	(557)
Civil Service	2,738	2,889	2,300	589
Financial Management	23,847	15,748	9,075	6,673
Planning and Building	895	1,211	1,105	106
Public Safety				
Police	193,915	199,798	194,224	5,574
Fire	73,567	73,684	71,679	2,005
Disaster Preparedness	1,020	1,039	1,036	3
City Prosecutor	4,947	5,132	4,769	363
Planning and Building - Code Enforcement	3,215	3,323	3,238	85
Police and Fire Annuity	-	-	2,827	(2,827)
Public Health	5,385	5,484	5,371	113
Community and Cultural				
Community Development	1,081	1,165	1,121	44
Library	16,351	16,444	14,450	1,994
Parks and Recreation	25,379	25,877	25,644	233
Public Works	30,476	31,180	31,035	145
Oil Operations	6,751	6,746	4,309	2,437
Transfers Out	42,199	58,845	68,179	(9,334)
Total Uses	448,286	465,628	457,096	8,532
Net Change in Budgetary Fund Balance:	\$ (45,893)	\$ (61,277)	\$ (19,732)	\$ 41,545

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (19,732)</u>
Add: Encumbrances	433
Less: Change in Mark-to-Market and Other Adjustments	<u>(159)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(19,458)</u>
Fund Balance, October 1, GAAP Basis	<u>137,737</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 118,279</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 118,279</u>
Less: Nonspendable Fund Balance	(6)
Restricted for Public Safety	(2,780)
Restricted for Operations	(1,486)
Committed for Public Safety	(1,000)
Committed for Emergencies	(43,358)
Committed for Operations	(11,500)
Committed for Oil Field Abandonment	(5,221)
Assigned for Future Infrastructure	(1,000)
Assigned for Subsequent Year's Appropriations	(24,692)
Assigned for Unfunded Liabilities	<u>(23,839)</u>
Total Adjustments	<u>(114,882)</u>
Budgetary Funds Available - September 30	<u>\$ 3,397</u>

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



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City of Long Beach
Proprietary Funds
Statement of Net Position (Deficit)
September 30, 2014
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Utility</u>	<u>Tidelands</u>	<u>Tideland Oil Revenue</u>
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 7,700	\$ 209,465	\$ 46,371
Non-Pooled Cash and Cash Equivalents	86	7,714	-
Non-Pooled Investments	-	-	-
Receivables:			
Interest Receivable	24	103	-
Accounts Receivable	5,204	3,333	42,402
Due from Other Governments	-	690	-
Due from Other Funds	1,198	22,412	-
Allowance for Receivables	(456)	(437)	-
Deposits	-	-	-
Inventory	2,486	-	-
Prepaid Gas - Current	22,763	-	-
Other Assets - Current	74	-	-
Total Current Asset	<u>39,079</u>	<u>243,280</u>	<u>88,773</u>
Noncurrent Assets:			
Restricted Noncurrent assets			
Non-Pooled Cash and Cash Equivalents	-	-	-
Non-Pooled Investments	20,024	12,456	-
Noncurrent Receivables:			
Other Noncurrent Receivables (net)	-	-	-
Advances to Other Funds	-	-	-
Capital Assets:			
Land and Other Capital Assets not being Depreciated	7,238	52,488	-
Capital Assets net of Accumulated Depreciation	124,854	290,867	12,532
Prepaid Gas - Long Term	473,231	-	-
Other Assets - Long-Term	-	-	-
Total Noncurrent Assets	<u>625,347</u>	<u>355,811</u>	<u>12,532</u>
Total Assets	<u>664,426</u>	<u>599,091</u>	<u>101,305</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows (Note 24)	<u>379,890</u>	<u>7,878</u>	<u>-</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Harbor	Other Proprietary Funds	Total	
		Proprietary Funds September 30, 2014	
\$ 489,596	\$ 328,314	\$ 1,081,446	\$ 209,425
35	7,288	15,123	5
-	2,810	2,810	-
-	179	306	23
54,550	21,467	126,956	1,667
63,361	5,256	69,307	-
-	726	24,336	5,089
(1,784)	(1,046)	(3,723)	(129)
-	-	-	6,230
631	3,362	6,479	2,250
-	-	22,763	-
1,726	2,721	4,521	-
608,115	371,077	1,350,324	224,560
2,103	-	2,103	-
118,997	23,047	174,524	-
4,857	1,360	6,217	72
1,300	3,614	4,914	-
2,360,971	65,449	2,486,146	3,020
1,536,323	539,598	2,504,174	88,814
-	-	473,231	-
49,234	181	49,415	-
4,073,785	633,249	5,700,724	91,906
4,681,900	1,004,326	7,051,048	316,466
9,593	2,079	399,440	2,358

(Continued)

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

(Continued)

	Business-type Activities - Enterprise Funds		
	Gas Utility	Tidelands	Tideland Oil Revenue
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	3,015	9,088	18,748
Accrued Wages	320	498	70
Accrued Interest Payable	11,112	2,872	-
Due to Other Funds	1,456	251	4,604
Unearned Revenues	1,467	1,888	-
Collections Held in Trust	-	144	2,720
Customers Deposits	2,601	-	-
Advances from Developers	-	-	-
Employee Benefits	-	-	-
Accrued Self-Insurance Claims - Current	-	-	-
Environmental Remediation - Current	-	-	-
Due to State of California	-	-	48,267
Obligations Under Capital Leases - Current	432	30	-
Bonds Payable Due Within One Year	6,840	6,680	-
Other Long-Term Obligations - Current	-	1,405	-
Total Current Liabilities	27,243	22,856	74,409
Noncurrent Liabilities:			
Advances from Other Funds	-	1,300	-
Unearned Revenues	-	4,923	-
Employee Benefits	-	-	-
Accrued Self-Insurance Claims	-	-	-
Accrued Oil Field Abandonment Costs	-	-	51,400
Site Restoration	-	-	-
Due to State of California	-	-	-
Obligations Under Capital Leases	1,350	402	-
Other Long-Term Obligations	1,500	58,341	-
Unamortized Discount	-	-	-
Bonds Payable	606,935	117,850	-
Unamortized Discount (Premium)	13,313	9,909	-
Total Noncurrent Liabilities	623,098	192,725	51,400
Total Liabilities	650,341	215,581	125,809
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows (Note 24)	379,890	-	-
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	128,810	169,072	12,532
Restricted for:			
Debt Service	-	8,329	-
Capital Projects	-	1,421	-
Healthcare Insurance	-	-	-
Tidelands	-	9,437	-
Airport	-	-	-
Subsidence	-	-	-
Unrestricted	(114,725)	203,129	(37,036)
Total Net Position (Deficit)	\$ 14,085	\$ 391,388	\$ (24,504)
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
		Totals	Activities - Internal
	Other	Proprietary Funds	Service Funds
Harbor	Proprietary	September 30,	September 30,
	Funds	2014	2014
75,069	18,632	124,552	3,706
10,651	1,001	12,540	44,031
14,965	3,708	32,657	2,092
18,487	851	25,649	309
11,668	6,762	21,785	-
-	5,858	8,722	5,807
-	942	3,543	-
-	107	107	-
-	-	-	9,050
6,961	-	6,961	24,612
-	-	-	96
-	-	48,267	-
-	-	462	3,007
51,805	13,790	79,115	5,000
-	-	1,405	-
189,606	51,651	365,765	97,710
-	-	1,300	-
20,453	5,104	30,480	-
-	-	-	183,941
-	-	-	103,346
-	-	51,400	-
-	1,000	1,000	-
-	-	-	2,819
-	-	1,752	24,272
445,000	9,750	514,591	-
-	-	-	3,520
483,475	183,340	1,391,600	57,576
87,787	4,788	115,797	(93)
1,036,715	203,982	2,107,920	375,381
1,226,321	255,633	2,473,685	473,091
2,963	-	382,853	-
2,974,555	413,478	3,698,447	41,732
17,938	13,213	39,480	59
180,881	26,687	208,989	-
-	-	-	18,425
-	-	9,437	-
-	7,648	7,648	-
-	173,609	173,609	-
288,835	116,137	456,340	(214,483)
\$ 3,462,209	\$ 750,772	4,593,950	\$ (154,267)
		(38,189)	
		\$ 4,555,761	

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, 2014
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Gas Utility	Tidelands	Tideland Oil Revenue
Operating Revenues:			
Licenses and Permits	\$ -	\$ 249	\$ -
Fines and Forfeitures	-	258	-
Fees, Concessions, and Rentals	87	40,121	358,619
From Other Agencies	-	152	-
Charges for Services	80,680	23,505	4,160
Other	1,225	33	-
Total Operating Revenues	81,992	64,318	362,779
Operating Expenses:			
Personnel Services	15,025	28,872	3,164
Purchases of Gas and Water	15,059	-	-
Maintenance and Other Operations	12,419	55,615	4,213
Insurance Premiums	-	-	-
Self-Insured Losses	-	-	-
Compensated Absences	-	-	-
Employee Benefits	-	-	-
Payments to Other Entities	-	-	309,467
Amortization	-	514	-
Depreciation	5,508	19,410	-
Total Operating Expenses	48,011	104,411	316,844
Operating Income (Loss)	33,981	(40,093)	45,935
Non-Operating Income (Expenses):			
Interest Income	704	727	-
Interest Expense	(31,574)	(6,927)	-
Gain (Loss) on Disposition of Capital Assets	(288)	-	-
Capital Assets to / (from) Other Funds	(901)	-	-
Oil Field Abandonment Costs	-	-	(10,200)
Operating Grants	-	463	-
Other Income	301	-	4
Other Expense	(762)	(4)	-
Total Non-Operating Income (Expenses)	(32,520)	(5,741)	(10,196)
Income (Loss) Before Contributions and Transfers	1,461	(45,834)	35,739
Capital Grants and Contributions	-	-	-
Transfers:			
Transfers In	-	60,520	-
Transfers Out	(10,223)	-	(42,676)
Change in Net Position	(8,762)	14,686	(6,937)
Net Position (Deficit) - October 1	22,847	376,702	(17,567)
Net Position (Deficit) - September 30	\$ 14,085	\$ 391,388	\$ (24,504)
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 - Internal Service Funds	
Harbor	Other Proprietary Funds	Totals Proprietary Funds	September 30, 2014	September 30, 2014
		September 30, 2014		
\$ -	\$ 16,192	\$ 16,441	\$ -	
-	8	266	-	
355,618	35,724	790,169	-	
-	-	152	-	
-	205,643	313,988	323,086	
1,262	90	2,610	5,972	
356,880	257,657	1,123,626	329,058	
58,965	57,614	163,640	41,239	
-	34,378	49,437	-	
49,490	121,645	243,382	48,745	
-	-	-	2,768	
-	-	-	20,138	
-	-	-	49,762	
-	-	-	161,254	
-	-	309,467	-	
(8)	159	665	80	
117,974	25,812	168,704	10,673	
226,421	239,608	935,295	334,659	
130,459	18,049	188,331	(5,601)	
3,136	1,798	6,365	378	
(1,204)	(9,467)	(49,172)	(4,070)	
-	(657)	(945)	121	
-	(1,464)	(2,365)	2,365	
-	-	(10,200)	-	
-	458	921	-	
5,872	10,517	16,694	4,656	
(4,988)	(556)	(6,310)	(31)	
2,816	629	(45,012)	3,419	
133,275	18,678	143,319	(2,182)	
168,092	13,929	182,021	1,332	
-	-	60,520	18,579	
(17,844)	(3,987)	(74,730)	(4,920)	
283,523	28,620	311,130	12,809	
3,178,686	722,152	4,282,820	(167,076)	
\$ 3,462,209	\$ 750,772	4,593,950	\$ (154,267)	
		311,130		
		(63)		
		\$ 311,067		

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, 2014
(In Thousands)

	Business-Type Activities - Enterprise Funds		
	Gas Utility	Tidelands	Tideland Oil Revenue
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 82,359	\$ 64,324	\$ -
Receipts from Oil Companies	-	-	372,725
Receipts from Other Governments	-	549	-
Receipts from Other Funds	-	-	-
Payments for Employee Salaries	(14,961)	(28,585)	(3,139)
Payments for Goods and Services	(20,852)	(54,776)	(9,806)
Payments for Compensated Absences	-	-	-
Payments for Employee Benefits	-	-	-
Payments for Liability Claims	-	-	-
Payments to Other Entities	-	1	(323,183)
Payments in Lieu of Taxes	-	-	-
Other Income	24,024	4	4
Other Expense	(685)	-	(10,200)
Net Cash Provided by (Used for) Operating Activities	69,885	(18,483)	26,401
Cash Flows from Non-Capital Financing Activities:			
Other Income	301	-	-
Other Expense	(88)	(4)	-
Operating Grants Received from Other Governments	-	-	-
Receipts for Oil Well Abandonment Reserve	-	-	10,200
Clean Air Action Plan	-	-	-
ACTA shortfall advance	-	-	-
Receipts from Prepayment of Gas Supply	(5,909)	-	-
Payments of Principal on Bonds Payable	(7,305)	-	-
Payments of Interest	(32,079)	-	-
Transfers In	-	61,856	-
Transfers Out	(10,223)	(1,621)	(43,043)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(55,303)	60,231	(32,843)
Cash Flows from Capital and Related Financing Activities:			
Receipt of Capital Grants	-	-	-
Proceeds from the Sale of Capital Assets	-	-	-
Proceeds from Issuance of Long-Term Obligations	-	7,002	-
Proceeds from Issuance of Bonds	-	-	-
Payment of Cost of Issuance	-	-	-
Receipts of Contributed Capital	-	-	-
Receipts from Passenger Facility Charges	-	-	-
Receipts from Customer Facility Charges	-	-	-
Payments to Developers	-	-	-
Principal Received on Other Long term Receivable	-	-	-
Payments for Capital Acquisitions	(13,965)	(17,203)	-
Payments of Principal on Bonds Payable	-	(6,465)	-
Payments of Principal on Other Long-Term Obligations	(1,923)	(1,555)	-
Payments of Interest, Net of Amounts Capitalized	(43)	(8,602)	-
Receipt of Federal Subsidy	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(15,931)	(26,823)	-
Cash Flows from Investing Activities:			
Proceeds from the Sale of Investments	611	-	-
Payments for Investments	-	(105)	-
Payment to Joint Venture	-	-	-
Receipts of Interest	705	748	-
Net Cash Provided by (Used for) Investing Activities	1,316	643	-
Net Increase (Decrease) in Cash and Cash Equivalents	(33)	15,568	(6,442)
Cash and Cash Equivalents - October 1	7,819	201,611	52,813
Cash and Cash Equivalents - September 30	\$ 7,786	\$ 217,179	\$ 46,371

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

Business-Type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2014	Activities - Internal Service Funds September 30, 2014
\$ 362,214	\$ 263,700	\$ 772,597	\$ 5,965
-	-	372,725	-
-	-	549	-
-	-	-	323,168
(46,929)	(47,746)	(141,360)	(37,134)
(68,141)	(161,757)	(315,332)	(52,563)
-	-	-	(62,314)
-	-	-	(137,467)
-	-	-	(6,520)
-	-	(323,182)	-
-	(11,350)	(11,350)	-
-	(5,737)	18,295	4,358
-	3	(10,882)	(112)
247,144	37,113	362,060	37,381
-	-	301	-
(672)	-	(764)	-
-	458	458	-
-	-	10,200	-
(2,474)	-	(2,474)	-
200	-	200	-
-	-	(5,909)	-
-	-	(7,305)	-
-	-	(32,079)	-
-	5	61,861	18,579
(17,062)	(3,970)	(75,919)	(4,920)
(20,008)	(3,507)	(51,430)	13,659
233,901	7,408	241,309	16
16	171	187	129
60,000	-	67,002	-
443,585	-	443,585	-
(1,332)	-	(1,332)	-
-	368	368	1,332
-	5,995	5,995	-
-	1,645	1,645	-
-	2,897	2,897	-
-	77	77	-
(531,335)	(38,133)	(600,636)	67
(125,460)	(13,214)	(145,139)	(594)
(20,000)	-	(23,478)	(7,707)
(32,248)	(11,263)	(52,156)	(4,466)
-	1,116	1,116	-
27,127	(42,933)	(58,560)	(11,223)
-	(516)	95	-
(67,690)	-	(67,795)	-
2,000	-	2,000	-
15,511	1,657	18,621	340
(50,179)	1,141	(47,079)	340
204,084	(8,186)	204,991	40,157
287,650	343,788	893,681	169,273
\$ 491,734	\$ 335,602	\$ 1,098,672	\$ 209,430

(continued)

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

(Continued)

<u>Business-Type Activities - Enterprise Funds</u>			
			Tideland
	Gas Utility	Tidelands	Oil Revenue
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ 33,981	\$ (40,093)	\$ 45,935
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation and Amortization Expense	5,508	19,924	-
Other Income	22,788	467	4
Other Expense	(674)	(4)	(10,200)
(Increase) Decrease in Accounts Receivable, Net	(767)	(1)	11,227
Decrease in Amounts Due to Other Governments	-	-	(13,716)
(Increase) Decrease in Amounts Due from Other Governments	-	(66)	-
(Increase) Decrease in Amounts Due from Other Funds	(11)	-	-
(Increase) Decrease in Inventory	(553)	-	-
(Increase) Decrease in Other Assets	6,070	-	-
(Increase) Decrease in Other Liabilities	-	-	-
Increase (Decrease) in Accounts Payable	787	840	(5,593)
Increase in Accrued Wages Payable	40	106	16
Increase (Decrease) in Amounts Due to Other Funds	606	181	9
Increase in Accrued Claims Payable	-	-	-
Increase (Decrease) in Unearned Revenues	1,342	150	-
Increase (Decrease) in Deferred Inflows	-	-	-
Decrease in Deferred Credits	-	-	-
Increase (Decrease) in Collections Held in Trust	768	13	(1,281)
Total Adjustments	35,904	21,610	(19,534)
Net Cash Provided by (Used for) Operating Activities	\$ 69,885	\$ (18,483)	\$ 26,401
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>			
Contribution of Capital Assets	\$ -	\$ -	\$ -
Accrued Capital Asset Costs	-	-	-
Amortization of Bond Premium, Net	-	-	-
Accrued Cost of Water Purchases	-	-	-
Accrued Oilfield Abandonment Costs	-	-	10,200

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

Business-Type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2014	Activities - Internal Service Funds September 30, 2014
\$ 130,459	\$ 18,049	\$ 188,331	\$ (5,601)
117,966	25,971	169,369	10,753
-	(30)	23,229	4,656
29	-	(10,849)	(33)
(13,481)	(2,769)	(5,791)	28
-	-	(13,716)	-
-	401	335	-
-	(60)	(71)	39
(111)	(781)	(1,445)	(270)
-	(2,006)	4,064	-
(6,181)	-	(6,181)	(86)
101	(2,637)	(6,502)	(787)
-	165	327	30,176
(125)	385	1,056	(255)
-	-	-	(214)
(1,966)	7	(467)	6
20,453	-	20,453	-
-	(80)	(80)	-
-	498	(2)	(1,031)
116,685	19,064	173,729	42,982
\$ 247,144	\$ 37,113	\$ 362,060	\$ 37,381
\$ -	\$ (617)	\$ (617)	\$ 2,365
(22,949)	2,090	(20,859)	-
10,895	87	10,982	-
-	5,740	5,740	-
-	-	10,200	-

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, 2014
(In Thousands)

	Private Purpose Trust Funds	Agency Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 878	\$ 9,991
Non-pooled Investments	-	2,084
Non-Pooled Cash and Cash Equivalents	-	7,148
Property Taxes Receivable	-	51
Interest Receivable	-	7
Accounts Receivable	1	828
Prepaid Expense	-	9
Land	-	11,000
Total Assets	<u>\$ 879</u>	<u>\$ 31,118</u>
LIABILITIES:		
Accounts Payable	-	1,267
Due to Special Assessment Bondholders	-	3,340
Collections Held in Trust	-	26,511
Total Liabilities	<u>-</u>	<u>\$ 31,118</u>
NET POSITION:		
Held in Trust for Private Purpose Trust Funds	<u>\$ 879</u>	

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Private Purpose Trust Funds
ADDITIONS:	
Interest Income	\$ 4
Contributions from Citizens	22
Total Additions	<u>26</u>
DEDUCTIONS:	
Community and Cultural	<u>43</u>
Change in Net Position	(17)
Net Position, October 1	<u>896</u>
Net Position, September 30	<u>\$ 879</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 1 – REPORTING ENTITY

Organization

The City of Long Beach (City) operates under a City Charter originally adopted in 1921 and last amended in 2010. The City Charter establishes the current Mayor-Council-City Manager form of government, sets forth the powers and duties of the Mayor and City Council, and defines the roles, duties, and form of organization of the City's various boards, commissions, and other offices. The City is divided into nine council districts, with Councilpersons elected to serve within their respective districts. The citizens, as a whole, elect a Mayor, City Auditor, City Attorney, and City Prosecutor. The City Council appoints a City Manager who serves at the discretion of the Council.

Financial Reporting Entity

The City provides a full range of municipal services including police and fire, health and environmental, library, recreation, social services, public works, parks, planning, 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 area (consisting of the beaches, Convention Center, Queen Mary, Rainbow Harbor, the Aquarium of the Pacific, marinas, and oil extraction administrative operations), under a trust agreement with the state of California. It is the City's policy to establish fees and charges designed to recover the full cost of providing services, including capital costs such as depreciation and debt service. Accordingly, the financial activities of these operations are accounted for as enterprise funds.

The accompanying basic financial statements present the financial activity of the City and its component units, entities for which the primary government is considered to be financially accountable. Blended component units, although separate legal entities, are in substance part of the government's operations. The City's discretely presented component unit represents a legally separate organization for which the nature and significance of its relationship to the primary government are such that exclusion would cause the City's reporting entity to be misleading or incomplete. Brief descriptions of these related blended and discretely presented component financial reporting units/entities and the method of incorporating their financial information in the accompanying basic financial statements are as follows:

Blended Component Entities

Housing Authority of the City of Long Beach (the Authority) is a public agency created by action of the City Council in 1969 to administer housing assistance programs for qualified residents. The Authority is governed by an 11-member Board of Commissioners, comprised of the nine City Council members and two representatives elected by housing assistance benefit recipients. The Authority's administrative functions are directed and performed by City employees. The financial activity of the Authority is included in the Housing Assistance Fund, a non-major governmental fund.

Successor Agency to the Redevelopment Agency of the City of Long Beach (Agency): The Redevelopment Agency ceased operation in accordance with Assembly Bill (AB) 1X26 effective February 1, 2012. Consistent with the legislation, 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. Under the requirements of the legislation, as the Agency for the former Redevelopment Agency, 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 of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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.

Long Beach Community Investment Company (the Company) is a non-profit corporation formed by action of the City Council in 1987 to plan, direct, perform, and assist the City in meeting its responsibility to provide adequate housing to low-and-moderate-income residents, senior citizens, and disabled persons. The Company provides services that indirectly benefit the City even though it does not provide services directly to the City. The City Council appoints the Company's Board of Directors, approves the Company's bylaws and changes thereto, approves the Company's budget, and has ultimate authority over the Company's activities. In addition, the City provides all staffing, facilities, and funding for the Company's operations and the City's management has operational responsibility for the Company. The financial activities are blended with those of the City in the accompanying basic financial statements and are accounted for in the Housing Development Fund. By electing to form a non-profit corporation to carry out functions that would ordinarily revert to the City, it is the City Council's intention that a greater potential for public/private partnerships be created.

Southeast Resource Recovery Facility Authority (SERRF) is a joint powers authority between the City and the Los Angeles County Sanitation District Number 2. SERRF was created to finance the construction of a waste-to-energy facility through the issuance of lease revenue bonds. Payments under the lease are intended to service bonded debt issued to finance construction of the project. For financial reporting purposes, the capital lease between SERRF and the City has been eliminated, and the financial activities of SERRF are included in the Solid Waste Management Enterprise Fund (see Note 19).

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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

The non-profit financing corporations established by the City are:

<u>Entity</u>	<u>Affected Fund Type</u>	<u>Affected Funds</u>
Long Beach Financing Authority	Governmental	Agency Funds
Long Beach Bond Finance Authority	Governmental and Business-Type	Internal Service Funds Enterprise funds Government Funds to include Agency Funds and Housing Funds
Long Beach Capital Improvement Corporation	Business-Type	Enterprise Funds

There is no requirement to separately issue financial statements for these component units.

Discretely Presented Component Unit

The Long Beach Public Transportation Company (LBT) is a non-profit corporation formed in 1963 to purchase the local public transit system from a private carrier. The City is LBT's sole stakeholder.

LBT is governed by a seven-member Board of Directors (Board), which provides broad policy and financial decisions, setting direction for management. The Mayor, with the approval of the City Council, appoints residents of the community to the Board to serve overlapping four-year terms. In addition, two designees of the City Manager's Office serve as ex-officio Board members but do not have voting authority. LBT's mission is "to provide public transit services that enhance and improve the quality of life for the people in our community."

LBT's governing body does not share common membership with that of the City and its service area overlaps other communities. The financial operations of the LBT are reported as a separate column in the basic financial statements to emphasize that it is legally and operationally separate from the City. Separate financial statements can be obtained from the Senior Vice President and CFO, Long Beach Transit, P.O. Box 731, Long Beach, California 90801.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., 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 demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants 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. Taxes and other items are not included among program revenues, as they are appropriately reported 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

The City's government-wide, proprietary, and private trust fiduciary fund financial statements are reported using the economic resources measurement focus and 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. 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.

Agency funds have no measurement focus since only assets and liabilities are reported. Receivables and payables are recognized under the accrual basis of accounting.

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, and except for reimbursement-basis government revenues that are recognized when earned, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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

With this measurement focus, operating statements present increases and decreases in net current assets and unrestricted fund balance that is committed, assigned, and unassigned fund balances, as a measure of available spendable resources. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal and covenant compliance, demonstrate the sources and uses of liquid resources, and demonstrate 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.

Major Enterprise Funds

The *Gas Utility Fund* is used to account for the activities associated with the transmission and distribution of natural gas to the City's customers. The Long Beach Financing Authority Gas Prepay Function is combined with the City's Gas Operating Function for the purpose of financial statement presentation.

The *Tidelands Fund* is used to account for operations, maintenance, and development of the beaches, Convention Center, the Queen Mary, the Aquarium of the Pacific, as well as the City's marinas.

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

The *Harbor Fund* is used to account for the operations and development of the Tidelands area harbor district, commonly referred to as the Port of Long Beach (Harbor).

Other Fund Types

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

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Fiduciary Funds include private trust and agency funds. Private trust funds account for assets and activities restricted to a specific purpose in accordance with a trust agreement. These include the Miller Library and Mayor's Fund for the Homeless, from which both principal and interest may be spent for the purposes outlined in the trusts. Agency funds account for assets held by the City as an agent for individuals, private organizations, and other governmental units. The City's Agency 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.

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. The effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Pooled Cash and Cash Equivalents

The City pools the cash resources of its various funds to facilitate the management of cash and for the purpose of increasing income through investment activities. The pooled cash balances are readily identifiable by fund and are available to meet current operating requirements. The pool is used as a demand deposit account by the various funds.

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

The pool investments are based on three investment strategies designed to meet any demand for funding by using a combination of short-term on demand accounts and highly liquid investments. In addition, several individual funds maintain specific investments over and above any pooled cash balances. Interest income arising from pooled cash and 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. Investments are stated at fair value as of September 30, 2014.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Receivables and Payables

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year 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 outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Inventories

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

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the accompanying government-wide financial statements.

The City defines capital assets as items with an initial, individual cost of more than ten thousand dollars (five thousand dollars for grant-funded assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

Land parcels held for resale are recorded at the lower of cost or estimated net realizable value, and are adjusted for estimated declines in fair value, upon negotiation of a development disposition agreement.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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 governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts as a policy, are amortized using the effective-interest-rate method. Bonds payable are reported net of the unamortized portion of applicable premium, discount, and the 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 accompanying fund financial statements, the City's governmental fund types recognize bond premiums, discounts, and issuance costs during the period 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.

Net Position and Fund Balance

In the government-wide financial statements and proprietary fund financial statements, net position are reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Restricted net position represent net position restricted by parties outside of the City (such as investors, grantors, contributors, and laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. Nonexpendable portions of the private-purpose trust funds are reported as held in trust. The City's other restricted net position are restricted but ultimately expendable. All other net position are considered unrestricted.

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

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

Consistent with the City's adopted Fund Balance Policy, assignments may be designated for a purpose by the City Council or, if delegated, the Council's designee who, for the purpose of this disclosure, is the City Manager.

It is a policy goal of the City to maintain an overall unrestricted fund balance of no less than two months or 16.7 percent of General Fund expenditures. This percentage includes committed, assigned, and unassigned balances.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted fund balance first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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

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

Property Tax Calendar

Under the State Constitution, the property tax rate is limited to one percent of assessed value, but may be adjusted for specific voter-approved indebtedness. Property taxes are levied by the Los Angeles County (County) Tax Assessor and shared among all other local taxing authorities within the City. Accordingly, the County collects property taxes and distributes such taxes on the basis of the taxing authorities' tax rate percentages, allowing for such adjustments as may be authorized for voter-approved debt. 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 delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. The City recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures.

Employee Benefits and Compensated Absences

Excluding the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945, benefits for City employees are paid from the City's Employee Benefits Internal Service Fund. The Employee Benefits Internal Service Fund is reimbursed through payroll charges to other funds based on estimates of benefits earned. 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 his/her outstanding vacation leave converted to sick leave.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Accumulated sick leave becomes vested only when an employee meets the City's minimum requirements for retirement. At the time of retirement, employees have the option of using the cash value equivalent of accumulated sick leave to continue in the City's health insurance plan or to purchase additional pension benefits from the State of California Public Employees' Retirement System (CalPERS). Accumulated sick leave is forfeited upon termination for reasons other than retirement. Through fiscal year 2005, the City also contributed up to 32 hours of accumulated sick leave each year to deferred compensation plans for active safety employees who had accumulated in excess of 40 days of sick leave as of January 1st of each calendar year. These deferred compensation contributions were funded and remitted to the City's deferred compensation third-party administrators.

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.

Through fiscal year 2005, the City had established an Integral Part Trust (Post employment Medical Benefits) for police officers. This third-party administered trust provides reimbursements for postretirement medical expenses. For eligible employees, the value of 32 hours of accumulated sick leave and excess, unused vacation, using the employee's current wage rate, was deposited, pretax into a trust account maintained in the employee's name. The sick leave provision of the benefit was effective through fiscal year 2003. The excess vacation benefit was effective through fiscal year 2005.

Vacation and holiday benefits are recognized when earned. Sick leave benefits are recognized on a pro rata basis using an actuarially determined method.

Budgetary Principles

The City Council adopted the fiscal year 2014 budget prior to September 30, 2013 for all funds except for agency funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental 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, without City Council approval, 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. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Budget information is presented in the accompanying basic financial statements for the General Fund on a non-GAAP budgetary basis, since appropriations represent budgeted amounts to be expended or encumbered during the year.

Budgeted revenue and expenditure amounts represent the originally budgeted amounts as well as budgeted amounts as modified by adjustments authorized during the year. 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.

Implementation of New Accounting Pronouncements

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

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this statement is to improve financial

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

reporting by state and local governmental pension plans. As such, the statement applies to CalPERS and not the City. Application of this Statement was effective for the City's fiscal year ended September 30, 2014 and did not materially impact the City's financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined-benefit pensions, it identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this Statement will improve the decision-usefulness of information in employer financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The City believes that the implementation of this statement will have a material impact on the City's financial statements. The provisions of this statement are effective for fiscal years beginning December 15, 2014.

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. Application of this Statement was effective for the City's fiscal year ended September 30, 2014 and did not materially impact the City's financial statements..

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement enhances comparability of financial statements among governments by requiring consistent reporting for governments who extend or receive nonexchange financial guarantees and expands the information disclosed about obligations and risk exposure from extending nonexchange financial guarantees. Application of this Statement was effective for the City's fiscal year ended September 30, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension liability. This Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense I the first year of implementation of Statement 68. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 that are effective for fiscal years beginning after December 15, 2014.

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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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

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

	Total Governmental Funds (Page 26)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 23)
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 275,317	\$ -	\$ 209,425	\$ (410,573)	\$ 74,169
Non-Pooled Cash and Cash Equivalents	22,083	-	5	-	22,088
Pooled Investments	-	-	-	151,782	151,782
Interest Receivable	-	171	23	-	194
Property Taxes Receivable, Net	83,658	-	-	(3,165)	80,493
Accounts Receivable	45,140	-	1,667	(46,807)	-
Notes and Loans Receivable	1,789	-	-	(1,789)	-
Due from Other Governments	50,171	-	-	-	50,171
Due from Other Funds	9,120	-	5,089	(14,209)	-
Allowance for Receivables	(33,938)	-	(129)	34,067	-
Accounts and Loans Receivables, Net	-	-	-	17,694	17,694
Internal Balances	-	-	-	35,888	35,888
Deposits	-	-	6,230	(6,230)	-
Inventory	-	-	2,250	-	2,250
Other Assets	8,018	-	-	6,230	14,248
Advances to Other Funds	20,659	-	-	(20,659)	-
Land Held for Resale	92,950	-	-	-	92,950
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	258,791	258,791
Noncurrent Non-Pooled Investments	31,457	-	-	-	31,457
Other Noncurrent Receivables	195,044	-	72	-	195,116
Capital Assets:					
Nondepreciable	-	255,593	3,020	-	258,613
Depreciable, Net	-	322,049	88,814	-	410,863
Total Assets	801,468	577,813	316,466	1,020	1,696,767
Deferred Outflows of Resources	-	1,762	2,358	-	4,120
Total Assets and Deferred Outflows of Resources	\$ 801,468	\$ 579,575	\$ 318,824	\$ 1,020	\$ 1,700,887

(continued)

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

	Total Governmental Funds (Page 26)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 23)
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 28,872	\$ -	\$ 3,706	\$ -	\$ 32,578
Accrued Wages and Benefits Payable	6,568	-	44,031	-	50,599
Accrued Interest Payable	-	6,585	2,092	-	8,677
Due to Other Governments	320	-	-	-	320
Due to Other Funds	12,587	-	309	(12,896)	-
Unearned Revenue	7,439	-	-	9,553	16,992
Deposits and Collections Held in Trust	6,053	-	5,807	(11,860)	-
Advances from Other Funds	24,273	-	-	(24,273)	-
Long-term Liabilities Due Within One Year:					
Bonds Payable	-	15,793	5,000	(20,793)	-
Capital Leases Payable	-	1,901	3,007	(4,908)	-
Environmental Remediation	-	615	96	(711)	-
Accrued Self Insurance Claims Payable	-	-	24,612	(24,612)	-
Employee Benefits Payable	-	-	9,050	(9,050)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	34,373	34,373
Total LT Debt and Other LT Obligations	-	-	-	25,701	25,701
Long-term Liabilities Due Beyond One Year:					
Bonds Payable	-	367,270	61,003	(428,273)	-
Notes Payable	-	6,137	-	(6,137)	-
Capital Leases Payable	-	8,970	24,272	(33,242)	-
Police and Fire Annuities Payable	-	12,514	-	(12,514)	-
Estimated Oil Field Abandonment Costs Payable	-	9,600	-	(9,600)	-
Environmental Remediation	-	404	2,819	(3,223)	-
Accrued Self Insurance Claims Payable	-	-	103,346	(103,346)	-
Employee Benefits Payable	-	-	183,941	(183,941)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	312,624	312,624
Total LT Debt and Other LT Obligations	-	-	-	467,652	467,652
Total Liabilities	86,112	429,789	473,091	(39,476)	949,516
Deferred Inflows of Resources	279,376	-	-	(193,799)	85,577
Fund Balance / Net Position					
Total Fund Balance / Net Position	435,980	149,786	(154,267)	234,295	665,794
Total Liabilities, Deferred Inflows and Fund Balance / Net Position	<u>\$ 801,468</u>	<u>\$ 579,575</u>	<u>\$ 318,824</u>	<u>\$ 1,020</u>	<u>\$ 1,700,887</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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

	Total Governmental Funds (Page 28)	Debt and Capital Related Transactions	Internal Service Funds	Reclass and Adjust- ments	Statement of Activities (Pages 24 - 25)
Revenues:					
Taxes	\$ 323,177	\$ -	\$ -	\$ (166)	\$ 323,011
Franchise Fees	26,175	-	-	-	26,175
Licenses and Permits	22,341	-	-	(22,341)	-
Fines and Forfeitures	16,166	-	-	(16,166)	-
Use of Money and Property /					
Unrestricted Investment Earnings	56,687	-	378	(53,377)	3,688
From Other Agencies	191,423	-	-	(191,423)	-
Charges for Services	29,042	-	-	(29,042)	-
Other Contributions	341	-	-	(341)	-
Other	10,693	-	-	(10,693)	-
Program Revenue:					
Charges for Services	-	-	5,972	128,880	134,852
Operating Grants and Contributions	-	-	-	183,789	183,789
Capital Grants and Contributions	-	-	-	8,530	8,530
Other Financing Sources :					
Issuance of Long-term Debt	1,012	-	-	(1,012)	-
Capital Asset Transfers, Net	-	-	2,365	-	2,365
Other Revenue					
Transfers, Net	551	-	13,659	-	14,210
Total Revenues	<u>677,608</u>	<u>-</u>	<u>22,374</u>	<u>(3,362)</u>	<u>696,620</u>
Expenditures / Expenses:					
Current:					
Legislative and Legal	11,373	6	622	-	12,001
General Government	17,951	326	3,101	-	21,378
Public Safety	300,519	(4,497)	795	-	296,817
Public Health	41,273	110	494	-	41,877
Community and Cultural	158,122	1,216	901	(7,033)	153,206
Public Works	66,498	48,283	(478)	-	114,303
Oil Operations	4,309	560	-	-	4,869
Capital Improvements					
Capital Improvements	36,427	(36,427)	-	-	-
Debt Service:					
Principal	18,836	(18,836)	-	-	-
Interest on Long-Term Debt	21,044	(169)	4,070	-	24,945
Debt Administration Fees	57	(57)	-	-	-
Total Expenditures / Expenses	<u>676,409</u>	<u>(9,485)</u>	<u>9,505</u>	<u>(7,033)</u>	<u>669,396</u>
Net Change in Fund Balances	<u>\$ 1,199</u>	<u>\$ 9,485</u>	<u>\$ 12,869</u>	<u>\$ 3,671</u>	<u>\$ 27,224</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2014 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Cash and investments in City pool	\$ 1,577,057
Non-pooled cash and investments	<u>257,337</u>
Total cash and investments	<u>\$ 1,834,394</u>

Cash and investments as of September 30, 2014 consist of the following:

Cash and deposits	\$ 139,091
Outstanding checks	(18,105)
Investments	<u>1,713,408</u>
Total cash and investments	<u>\$ 1,834,394</u>

A reconciliation of the cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2014 is as follows (in thousands):

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Pooled Cash and Cash Equivalents	\$ 74,169	\$ 165,469	\$ 10,869	\$ 250,507
Non-Pooled Cash and Cash Equivalents	22,088	15,123	7,148	44,359
Pooled Investments	151,782	338,621	-	490,403
Non-Pooled Investments	-	2,810	2,084	4,894
Noncurrent Pooled Investments	258,791	577,356	-	836,147
Noncurrent Non-Pooled Investments	31,457	-	-	31,457
Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	2,103	-	2,103
Non-Pooled Investments	<u>-</u>	<u>174,524</u>	<u>-</u>	<u>174,524</u>
Total Deposits and Investments	<u>\$ 538,287</u>	<u>\$ 1,276,006</u>	<u>\$ 20,101</u>	<u>\$ 1,834,394</u>

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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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 Notes, 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
Bankers 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 (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.

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and timing cash flows from maturities so that a near-level portion of the portfolio is maturing or coming closer to maturity over time to provide the cash flow and liquidity needed for operations.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

The following schedule indicates the interest rate risk of the City's investments as of September 30, 2014 (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (in years)
Cash and investments in City pool		
Money market account	\$ 228	0.003
U.S. Treasury bills	10,000	0.121
U.S. Treasury notes	305,610	0.809
Federal agency securities	1,010,177	1.395
Time certificates of deposit	9,967	0.981
Local Agency Investment Fund (LAIF)	120,677	0.003
Subtotal City pool	1,456,659	
Cash and deposits	138,503	
Outstanding checks	(18,105)	
Total City pool	<u>\$ 1,577,057</u>	
Non-pooled cash and investments		
Cash and deposits	\$ 588	-
Money market funds	46,078	-
U.S. Treasury notes	72,744	1.81
Federal agency securities	102,701	2.65
Guaranteed investment contracts	33,132	23.27
City bonds	2,094	4.68
Total non-pooled cash and investments	<u>\$ 257,337</u>	

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, 2014. 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.

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 City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

The following are the actual ratings as of September 30, 2014 for each investment type (in thousands):

Rating as of Year End							
Investment Type	Legal Rating	Total	Not Required To Be Rated	AAA	AA+	A+	Unrated
Cash and investments in City pool							
Money market account	N/A	\$ 228	\$ -	\$ -	\$ 228	\$ -	\$ -
U.S. Treasury bills	N/A	10,000	10,000	-	-	-	-
U.S. Treasury notes	N/A	305,610	305,610	-	-	-	-
Federal agency securities	N/A	1,010,177	-	-	1,010,177	-	-
Time Certificate of Deposit	N/A	9,967	-	-	-	9,967	-
Local Agency Investment Fund (LAIF)	N/A	120,677	-	-	-	-	120,677
Subtotal City pool		1,456,659	315,610	-	1,010,405	9,967	120,677
Cash and deposits		138,503	-	-	-	-	138,503
Outstanding checks		(18,105)	-	-	-	-	(18,105)
Total City pool		<u>\$ 1,577,057</u>	<u>\$ 315,610</u>	<u>\$ -</u>	<u>\$ 1,010,405</u>	<u>\$ 9,967</u>	<u>\$ 241,075</u>
Non-pooled cash and investments							
Cash and deposits	N/A	\$ 588	\$ -	\$ -	\$ -	\$ -	\$ 588
Money market funds	N/A	46,078	46,078	-	-	-	-
U.S. Treasury notes	N/A	72,744	-	72,744	-	-	-
Federal agency securities	N/A	102,701	-	-	102,701	-	-
Guaranteed Investment Contracts	N/A	33,132	33,132	-	-	-	-
City bonds	N/A	2,094	-	-	-	-	2,094
Total non-pooled cash and investments		<u>\$ 257,337</u>	<u>\$ 79,210</u>	<u>\$ 72,744</u>	<u>\$ 102,701</u>	<u>\$ -</u>	<u>\$ 2,682</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 City's total pooled investments are as follows (in thousands):

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$ 67,029
Federal Home Loan Bank	Federal agency securities	410,517
Federal Home Loan Mortgage Corporation	Federal agency securities	244,428
Federal National Mortgage Association	Federal agency securities	288,203
Local Agency Investment Fund (LAIF)	Local Agency Investment Fund (LAIF)	120,677
U.S. Treasuries	U.S. Treasury bills and notes	315,610

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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 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, 2014, the City reported deposits of \$139.0 million, collateralized in compliance with California Government Code, less \$18.0 million for checks outstanding.

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 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 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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 5 – RECEIVABLES

Receivables at September 30, 2014 for the City’s individual major funds, and nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands). All receivables are expected to be collected within one year, except for delinquent property taxes.

	General	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Activities: Receivables:				
Interest ¹	\$ -	\$ -	\$ 23	\$ 23
Taxes	83,658	-	-	83,658
Accounts, Unrestricted	42,776	2,364	1,667	46,807
Notes and Loans	1,789	-	-	1,789
Due from Other Governments	16,110	34,061	-	50,171
Total Receivables	144,333	36,425	1,690	182,448
Less Allowance for Receivables	(33,162)	(776)	(129)	(34,067)
Net Receivables	<u>\$111,171</u>	<u>\$ 35,649</u>	<u>\$ 1,561</u>	<u>\$148,381</u>

	Gas Utility	Tidelands	Tideland Oil Revenue	Harbor	Nonmajor Proprietary Funds	Total
Business-Type Activities: Receivables:						
Interest, Unrestricted	\$ 24	\$ 103	\$ -	\$ -	\$ 179	\$ 306
Accounts, Unrestricted	5,204	3,333	42,402	54,550	21,467	126,956
Due from Other Governments	-	690	-	63,361	5,256	69,307
Total Receivables	5,228	4,126	42,402	117,911	26,902	196,569
Less Allowance for Receivables	(456)	(437)	-	(1,784)	(1,046)	(3,723)
Net Receivables	<u>\$4,772</u>	<u>\$ 3,689</u>	<u>\$ 42,402</u>	<u>\$116,127</u>	<u>\$ 25,856</u>	<u>\$192,846</u>

1) Governmental activities interest receivable in the Statement of Net Position differs from total interest receivable listed above by \$175 thousand due to the federal subsidy receivable for the Agency’s Build America and Recovery Zone Economic Development Bonds.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2014 is as follows (in thousands):

		Receivable - Due to:					
	General	Nonmajor Govern- mental	Gas Utility	Tidelands	Nonmajor Proprietary Funds	Internal Service Funds	Total Due from
Payable- Due from:							
General	\$ -	\$ 1,026	\$1,188	\$ -	\$ 500	\$ 2,799	\$ 5,513
Nonmajor Governmental	6,058	538	-	-	54	424	7,074
Gas Utility	1,126	-	-	-	169	161	1,456
Tidelands	-	-	-	-	-	251	251
Tidelands Oil Revenue	-	-	-	4,568	-	36	4,604
Harbor	-	77	10	17,844	3	553	18,487
Nonmajor Proprietary	207	88	-	-	-	556	851
Internal Service	-	-	-	-	-	309	309
Total Due to	<u>\$ 7,391</u>	<u>\$ 1,729</u>	<u>\$1,198</u>	<u>\$22,412</u>	<u>\$ 726</u>	<u>\$ 5,089</u>	<u>\$38,545</u>
Receivable - Advances from:							
	General	Nonmajor Govern- mental	Harbor	Nonmajor Proprietary Funds	Total Advances to		
Payable - Advances to:							
General	\$ -	\$ -	\$ -	\$ 3,614	\$ 3,614		
Nonmajor Governmental	-	20,659	-	-	20,659		
Tidelands	-	-	1,300	-	1,300		
Total Advances from	<u>\$ -</u>	<u>\$ 20,659</u>	<u>\$ 1,300</u>	<u>\$ 3,614</u>	<u>\$ 25,573</u>		

Due to / Due from Other Funds

The General Fund has provided \$6.0 million to non-major governmental funds. \$1.4 million was provided to the Community Development Grants Fund to cover operating expenses prior to receipt of grant funds from the Home Investment Partnership Act, Community Development Block Grant, and Workforce Investment Act. In addition, the General Fund provided the General Grants Fund \$4.6 million for temporary cash flow in order to cover expenses for the Urban Area Security Initiative Grant.

The General Fund has \$1 million payable to Capital Projects Fund, a non-major governmental fund, to finance the following capital projects - Solar Panel Implementation, HVAC system for Emergency Communication & Operation Center, and Long Beach Municipal Urban Stormwater Treatment facility feasibility study.

As of September 30, 2014, \$4.6 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund. At fiscal year-end, \$2.9 million of the net oil profits and \$1.7 million, through the 1992 Optimized Waterflood Program Agreement whereby Tidelands Fund receives 8.5 percent of the incremental oil revenue generated by the injection of water into the Tidelands area oil fields, was due to the Tidelands Fund.

The City, under authority of the City Charter Chapter XII, Section 1209(c)(4), and with the approval of the Board of Harbor Commissioners, adopted a resolution to transfer 5 percent of the Harbor operating revenues to the Tidelands Fund. The amount accrued for the Harbor's 2014 operating revenues is \$17.8 million and will be paid in fiscal year 2015.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Advances from Other Funds

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

The Subsidence Fund advanced interest earning on reserves to the General fund in the amount of \$4.1 million in both fiscal years 2005 and 2006. This was allowed under State law passed in fiscal year 2004 to retain interest earned on that reserve for subsidence contingencies for the previous calendar year. In fiscal year 2007, the General Fund started repayment of \$500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2014 is \$4.1 million, of which \$3.6 million is long-term and \$500 thousand is current.

During the period from 1986 through 2010, the Housing Development Fund made a series of advances to the former Redevelopment Agency through the deferral of housing set-aside funds. With the dissolution of the former Redevelopment Agency, the Successor Agency, a non-major governmental fund, became responsible for the repayment of the advances. At September 30, 2014, inclusive of fiscal year 2014 payments of \$8.8 million, the remaining balance was \$16.8 million.

In fiscal year 2001, The Long Beach Housing Development Company (the Company), a subset of the Housing Development Fund, entered into a \$4.0 million zero interest loan agreement with the City for the acquisition of 26 parcels of land, each containing a four-plex apartment building for affordable rental housing for low and very low-income residents. The Company is required to make the principal payments to the City 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 Company's outstanding loan balance with Community Development Grants Fund is \$3.8 million at September 30, 2014.

Interfund Transfers

The City regularly transfers current financial resources from one fund to another. At September 30, 2014, interfund transfers are as follows (in thousands):

Transfers To:					
	General	Nonmajor Governmental Funds	Tidelands	Internal Service Funds	Total Transfers Out
Transfers Out of:					
General	\$ -	\$ 49,600	\$ -	\$ 18,579	\$ 68,179
Nonmajor Governmental	100	37,298	-	-	37,398
Gas	10,173	50	-	-	10,223
Nonmajor Proprietary	3,536	451	-	-	3,987
Tideland Oil Revenue	-	-	42,676	-	42,676
Harbor	-	-	17,844	-	17,844
Internal Service Funds	4,920	-	-	-	4,920
Total Transfers In	<u>\$ 18,729</u>	<u>\$ 87,399</u>	<u>\$ 60,520</u>	<u>\$ 18,579</u>	<u>\$ 185,227</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Significant transfers include the following:

The General Fund transferred a total of \$49.6 million to non-major governmental funds in fiscal year 2014. Of this \$6.8 million was transferred to the General Debt Service Fund for the payment of principal, interest, and fiscal agent fees; \$38.8 million was transferred to the General Capital Projects Fund for ongoing projects such as street and sidewalk construction and City building improvements, maintenance and repair; \$2.0 million to Health Special Revenue Fund for the write off of the loan, and \$1.6 million was transferred to General Grants Fund for the acquisition of furniture and equipment for the new North Library.

In addition, the General Fund transferred \$18.5 million to Internal Service Fund. Significant transfers include \$11 million transferred to General Service Fund for the acquisition of the City's Financial/Human Resources systems replacement; \$2.8 million was transferred to Civic Center Fund for expenditure related to the Request for Proposals (RFP) of the new Civic Center; and \$2.8 million was transferred to Employee Benefit Fund for pension fund's unfunded liabilities.

Non-major governmental funds transferred \$37.2 million to other non-major governmental funds. Significant transfers include the Agency Capital Projects Fund transferring \$28.4 million and \$2.4 million to the Agency Debt Service Fund and the Housing Development Fund, respectively, for debt service payments.

The Gas Utility Fund transferred \$10.1 million to the General Fund as allowed by City Charter.

The Solid Waste Management Fund, a non-major proprietary fund, transferred \$2.7 million and \$200 thousand to the General Fund based on a Joint Powers Agreement between the City and the Los Angeles County Sanitation District Number 2 (District) and for the reimbursement of the over-collection of Refuse Disposal Fees paid by the City, respectively. Under the Joint Powers Agreement, net remaining retained earnings over the required amount as stipulated in the agreement can be distributed equally between the District and the City.

The Tidelands Oil Revenue Fund shares revenue from tidelands oil operations under an optimized water flood program. In fiscal year 2014, \$22.1 million was transferred to the Tidelands Fund under this program. As a result of Measure D, Tidelands Oil Revenue Fund was able to transfer an additional amount of \$20.5 million from the West Wilmington Oilfield net profits, bringing total fiscal year 2014 transfers to \$42.6 million.

The Harbor accrued an operating transfer of \$17.8 million and due to the Tidelands Fund as allowed by the City Charter.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activity for the year ended September 30, 2014 is as follows (in thousands):

Governmental Activities:	Balance at October 1, 2013	Increase	Decrease	Transfers	Balance at September 30, 2014
Capital Assets not being Depreciated:					
Land	\$ 163,668	\$ 2,667	\$ (200)	\$ -	\$ 166,135
Rights-of-way	81,334	6	-	-	81,340
Construction In Progress	28,433	14,027	(22,510)	(8,812)	11,138
Total Capital Assets not being Depreciated	<u>273,435</u>	<u>16,700</u>	<u>(22,710)</u>	<u>(8,812)</u>	<u>258,613</u>
Capital Assets being Depreciated:					
Buildings	291,716	1,836	(356)	2,333	295,529
Improvements Other than Buildings	104,377	106	-	6,158	110,641
Infrastructure	425,382	-	-	321	425,703
Machinery and Equipment	69,771	5,487	(1,168)	(10,713)	63,377
Vehicles and Aircraft	94,370	3,293	(1,001)	-	96,662
Software and Patents	48	13,513	(611)	10,713	23,663
Total Capital Assets being Depreciated	<u>985,664</u>	<u>24,235</u>	<u>(3,136)</u>	<u>8,812</u>	<u>1,015,575</u>
Less Accumulated Depreciation for:					
Buildings	(126,679)	(7,845)	98	-	(134,426)
Improvements Other than Buildings	(48,778)	(4,890)	-	-	(53,668)
Infrastructure	(274,027)	(12,730)	-	-	(286,757)
Machinery and Equipment	(55,539)	(4,181)	1,153	9,397	(49,170)
Vehicles and Aircraft	(66,408)	(5,850)	977	-	(71,281)
Software and Patents	(48)	(576)	611	(9,397)	(9,410)
Total Accumulated Depreciation	<u>(571,479)</u>	<u>(36,072)</u>	<u>2,839</u>	<u>-</u>	<u>(604,712)</u>
Total Capital Assets being Depreciated, Net	<u>414,185</u>	<u>(11,837)</u>	<u>(297)</u>	<u>8,812</u>	<u>410,863</u>
Governmental Activities Capital Assets, Net	<u>\$ 687,620</u>	<u>\$ 4,863</u>	<u>\$ (23,007)</u>	<u>\$ -</u>	<u>\$ 669,476</u>

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

Legislative and Legal	\$ 6
General Government	318
Public Safety	4,560
Public Health	424
Community and Cultural	5,702
Public Works	14,389
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	<u>10,673</u>
Total governmental activities depreciation	<u>\$ 36,072</u>

During the year, \$2.4 million in capitalizable costs associated with a new utility billing program were transferred from gas, water, sewer and refuse enterprise funds to the general services internal service fund. This transfer is reflected within the statement of activities as a capital asset transfer.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Capital asset activity for business-type activities for the year ended September 30, 2014 is as follows (in thousands):

Business-type Activities:	Balance at October 1, 2013	Increase	Decrease	Transfers	Balance at September 30, 2014
Capital Assets not being Depreciated:					
Land	\$ 965,578	\$ -	\$ -	\$ 1,182	\$ 966,760
Rights-of-way	213,243	-	-	-	213,243
Water Rights	40	-	-	-	40
Construction In Progress	1,428,854	620,202	(45,926)	(697,027)	1,306,103
Total Capital Assets not being Depreciated	2,607,715	620,202	(45,926)	(695,845)	2,486,146
Capital Assets being Depreciated:					
Buildings	2,612,011	-	(7,702)	591,137	3,195,446
Improvements Other than Buildings	485,350	-	(1,621)	38,835	522,564
Infrastructure	1,166,948	-	(2,164)	65,873	1,230,657
Machinery and Equipment	60,004	29,129	(1,136)	(4,050)	83,947
Vehicles and Aircraft	28,958	3,884	(1,157)	-	31,685
Software and Patents	815	7,617	-	4,050	12,482
Total Capital Assets being Depreciated	4,354,086	40,630	(13,780)	695,845	5,076,781
Less Accumulated Depreciation for:					
Buildings	(1,395,798)	(108,829)	2,079	-	(1,502,548)
Improvements Other than Buildings	(251,642)	(16,429)	1,309	-	(266,762)
Infrastructure	(697,607)	(27,974)	1,753	-	(723,828)
Machinery and Equipment	(44,440)	(9,384)	640	1,950	(51,234)
Vehicles and Aircraft	(20,642)	(1,605)	730	-	(21,517)
Software and Patents	(285)	(4,483)	-	(1,950)	(6,718)
Total Accumulated Depreciation	(2,410,414)	(168,704)	6,511	-	(2,572,607)
Total Capital Assets being Depreciated, Net	1,943,672	(128,074)	(7,269)	695,845	2,504,174
Business-type Activities Capital Assets, Net	\$4,551,387	\$492,128	\$ (53,195)	\$ -	\$4,990,320

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

Gas	\$ 5,508
Tidelands	19,410
Harbor	117,974
Non-major Business-type Funds:	
Water	10,226
Sewer	1,961
Solid Waste Management	4,319
Airport	9,293
Development Services	13
Total Business-type Activities Depreciation	<u>\$ 168,704</u>

Capitalized Interest

The Harbor, Airport, Tidelands, Gas Fund, Water Fund and Sewer Fund capitalized interest of \$30.8 million, \$242 thousand, \$191 thousand, \$75 thousand, \$1.1 million, and \$53 thousand, respectively, in capital assets.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 8 – CHANGE IN LONG -TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2014 is as follows (in thousands):

	Balance at October 1, 2013	Additions	Reductions	Balance at September 30, 2014	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 139,085	\$ -	\$ (7,915)	\$ 131,170	\$ 8,210
Tax Allocation Bonds	315,399	-	(12,000)	303,399	12,583
Plus (Less) Unamortized Amounts:					
Premium	16,245	-	(1,118)	15,127	-
Discount	(673)	-	43	(630)	-
Total Bonds Payable	470,056	-	(20,990)	449,066	20,793
Notes Payable	7,102	589	(1,554)	6,137	-
Capital Leases	41,869	1,950	(5,669)	38,150	4,908
Police and Fire Annuities	14,183	1,157	(2,826)	12,514	-
Estimated Oil Field Abandonment Costs	9,058	542	-	9,600	-
Environmental Remediation	4,002	86	(154)	3,934	711
Accrued Self-Insured Claims	128,172	19,825	(20,039)	127,958	24,612
Employee Benefits	168,565	31,904	(7,478)	192,991	9,050
Governmental Activities Long-Term Liabilities	<u>\$ 843,007</u>	<u>\$ 56,053</u>	<u>\$ (58,710)</u>	<u>\$ 840,350</u>	<u>\$ 60,074</u>
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$1,564,045	\$ 59,035	\$ (152,365)	\$ 1,470,715	\$ 79,115
Plus (Less) Unamortized Amounts:					
Premium	69,249	6,194	(11,131)	64,312	-
Discount	(158)	-	32	(126)	-
Total Bonds Payable	1,633,136	65,229	(163,464)	1,534,901	79,115
Notes, Commercial Paper and Lines of Credit Payable	147,020	392,002	(23,026)	515,996	1,405
Discount	(3)	-	2	(1)	-
Total Notes, Commercial Paper and Lines of Credit Payable	147,017	392,002	(23,024)	515,995	1,405
Capital Leases	2,667	-	(452)	2,215	462
Due to State of California	61,983	309,467	(323,183)	48,267	48,267
Estimated Oil Field Abandonment Costs	41,200	10,200	-	51,400	-
Accrued Claims Liability	14,000	2,961	(10,000)	6,961	6,961
Site Restoration	1,000	-	-	1,000	-
Business-Type Activities Long-Term Liabilities	<u>\$1,901,003</u>	<u>\$779,859</u>	<u>\$ (520,123)</u>	<u>\$ 2,160,739</u>	<u>\$136,210</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 9 – BONDS PAYABLE

At September 30, 2014, bonded indebtedness consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding September 30, 2014
<u>GOVERNMENTAL ACTIVITIES</u>					
GENERAL CITY BONDS:					
LB Bond Finance Auth LBBFA 2012A	11/28/12	08/01/31	4.0% - 5.0%	\$ 32,969	\$ 32,969
LB Bond Finance Auth LBBFA 2012B	11/28/12	08/01/18	0.95% - 2.45%	15,120	11,305
Parks and Open Spaces	11/07/06	05/01/31	4.0% - 5.0%	24,320	24,320
Total General City Bonds				<u>72,409</u>	<u>68,594</u>
TAX ALLOCATION BONDS:					
Tax Allocation Bonds:					
1992 Multiple Series -					
Downtown Project Refunding	12/01/92	11/01/17	0.0% - 6.0%	81,020	15,075
West Long Beach Industrial	12/01/92	11/01/17	0.0% - 6.0%	36,470	6,790
2002A West Beach	06/25/02	08/01/18	5.15%	8,895	2,942
2002A Downtown Project	06/25/02	08/01/24	5.25% - 7.1%	26,820	11,706
2002A North Long Beach	06/25/02	08/01/31	6.10%	40,290	6,374
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.0% - 5.5%	21,860	18,560
2002B Downtown	12/05/02	11/01/22	2.25% - 5.5%	25,920	22,615
2005A & B Central	03/20/05	08/01/40	3.52% - 5.34%	56,930	49,895
2005A Los Altos	03/20/05	08/01/20	2.2% - 4.0%	4,685	2,135
2005A & B North Long Beach	03/20/05	08/01/35	3.52% - 5.16%	64,080	53,180
2005A Poly High	03/20/05	08/01/24	3.79% - 4.9%	2,558	2,003
2005A West Beach	03/20/05	08/01/20	4.59% - 4.66%	840	840
2005B Housing	03/20/05	08/01/40	3.52% - 5.44%	55,665	48,830
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	6,980
2005C North Long Beach Project	02/01/06	08/01/31	3.70% - 5.50%	27,145	24,914
2010A North Long Beach Recover Zone	05/12/10	08/01/40	7.90% - 8.36%	22,235	22,235
2010B North Long Beach Build America	05/12/10	08/01/25	2.39% - 7.90%	10,745	8,325
Total Tax Allocation Bonds				<u>494,058</u>	<u>303,399</u>
INTERNAL SERVICE BONDS:					
Fleet Services:					
2012A LB Bond Finance Authority	11/28/12	08/01/31	4.0% - 5.0%	21,661	21,661
Employee Benefits Fund:					
2002 Pension Obligation Refunding Bonds	08/15/02	09/01/21	4.84% - 5.18%	76,550	40,915
Total Internal Service Funds				<u>98,211</u>	<u>62,576</u>
Total Governmental Activities Bonds Payable				<u>\$ 664,678</u>	<u>\$ 434,569</u>

(continued)

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Description	Date Issued	Final Maturity	Range of Interest Rates*	Authorized and Issued	Outstanding September 30, 2014
<u>BUSINESS-TYPE ACTIVITIES:</u>					
ENTERPRISE BONDS:					
Gas Utility Fund:					
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.5%	\$ 635,665	\$ 544,770
2007B Natural Gas Purchase	10/18/07	11/15/33	4.9% - 5.07%	251,695	69,005
Total Gas Utility Fund				<u>887,360</u>	<u>613,775</u>
Water Fund:					
1997A Water	10/15/97	05/01/24	4.9% - 5.75%	46,945	1,825
2010A Water	09/15/10	05/01/24	2.0% - 5.75%	22,740	21,995
2012 Water	08/30/12	05/01/27	2.0% - 5.0%	9,850	8,960
Total Water Fund				<u>79,535</u>	<u>32,780</u>
Solid Waste Management Fund:					
2003 SERRF	11/12/03	12/01/18	2.0% - 5.375%	120,235	49,200
Tidelands Fund:					
2006 Rainbow Harbor Refinancing	04/18/06	05/01/24	3.375% - 5.0%	50,785	31,180
2012 Aquarium Bonds	03/14/12	11/01/30	1.0% - 5.0%	102,580	93,350
Total Tidelands Fund				<u>153,365</u>	<u>124,530</u>
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	6.0%	206,330	74,110
2005 Harbor	03/23/05	05/15/25	0.0% - 5.0%	257,975	105,595
2010A Harbor	04/22/10	05/15/25	0.4% - 5.0%	200,835	160,175
2010B Harbor	05/12/10	05/15/27	3.0% - 5.0%	158,085	136,365
2014A Harbor	05/07/14	05/15/17	2.0% - 5.0%	38,465	38,465
2014B Harbor	05/07/14	05/15/27	3.0% - 5.0%	20,570	20,570
Total Harbor Fund				<u>882,260</u>	<u>535,280</u>
Airport Fund:					
2009A Airport	12/08/09	06/01/22	4.0% - 5.0%	9,795	9,290
2009B Airport	12/08/09	06/01/16	3.0% - 5.0%	6,755	2,115
2009C Airport	12/08/09	06/01/39	7.0% - 7.8%	44,890	44,890
2010A Airport	11/23/10	06/01/40	3.0% - 5.0%	48,435	46,635
2010B Airport	11/23/10	06/01/40	2.5% - 5.0%	12,965	12,220
Total Airport Fund				<u>122,840</u>	<u>115,150</u>
Total Business-Type Activities Bonds Payable				<u>2,245,595</u>	<u>1,470,715</u>
Total Primary Government Bonded Indebtedness				<u>\$2,910,273</u>	<u>\$1,905,284</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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

Year Ending	Principal Payments Governmental Activities						Total Annual Debt Service Requirements		
	Parks Open Space	LBFFA 2012A	LBBFA 2012B	Tax Allocation	Fleet	Employee Benefits	Principal	Interest	Total
2015	\$ -	\$ -	\$ 3,210	\$ 12,583	\$ -	\$ 5,000	\$ 20,793	\$ 22,429	\$ 43,222
2016	-	-	3,265	13,197	-	5,255	21,717	21,501	43,218
2017	-	-	3,345	13,866	-	5,530	22,741	20,501	43,242
2018	1,300	1,177	1,485	14,567	773	5,815	25,117	19,430	44,547
2019	1,350	2,145	-	14,888	1,410	6,115	25,908	18,661	44,569
2020 - 2024	7,635	12,318	-	82,694	8,092	13,200	123,939	72,802	196,741
2025 - 2029	9,565	13,639	-	50,067	8,961	-	82,232	44,761	126,993
2030 - 2034	4,470	3,690	-	51,663	2,425	-	62,248	24,018	86,266
2035 - 2039	-	-	-	41,240	-	-	41,240	9,612	50,852
2040 - 2044	-	-	-	8,634	-	-	8,634	512	9,146
Totals	\$24,320	\$32,969	\$11,305	\$303,399	\$21,661	\$40,915	\$ 434,569	\$254,227	\$688,796

In November 2006, the City issued \$24.3 million in Long Beach Bond Finance Authority (LBBFA) Leases Revenue Bonds. The bonds were issued (a) to finance the acquisition and development costs of new parks and open spaces focusing on densely populated and underserved areas in Long Beach. The bonds bear interest rates ranging from 4.0 percent to 5.0 percent with maturing dates of May 1, 2018 through May 1, 2031. Annual debt service payments range from \$1.1 million to \$2.5 million.

In March 2005, the City issued \$192.4 million in LBBFA Bonds 2005 Series A Revenue Bonds and Series B Taxable Revenue Bonds. \$184.8 million of the bonds were issued (a) to provide funds to finance certain projects of the Agency, (b) to finance certain housing projects of the Authority, refinance certain indebtedness of the Agency, (c) to fund reserve accounts, and (d) to pay costs of issuance of the Series 2005 Bonds. The interest rates range from 2.2 percent to 5.4 percent. Refunding and defeasement of the 1993 Gas Utility Bonds was included in this issue.

In May 2010, the City issued \$33.0 million in LBBFA Bonds 2010 Series A Taxable Recovery Zone Economic Development Bonds and Series B Taxable Build America Bonds. The bonds were issued (a) to finance Agency activities within or of benefit to the North Long Beach Redevelopment area, (b) to fund reserve requirements, and (c) to pay for issuance costs of the bonds. Interest rates on Series A range from 7.9 percent to 8.4 percent and Series B ranges from 2.4 percent to 7.9 percent. The Agency expects to receive a cash subsidy from the United States Treasury pursuant to the American Recovery and Reinvestment Act on or about each interest payment date of 45 percent and 35 percent, respectively, of the interest paid on the bonds.

In November 2012, the City issued \$69.7 million in LBBFA bonds consisting of \$54.6 million in 2012 Series A Lease Revenue Refunding 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 City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

The Series B Bonds were issued to (a) refinance the costs of the acquisition, construction, installation and equipping of certain public capital improvements, (a) refund the outstanding 2003 Skylinks Golf Course Project Lease Revenue Bonds, (b) refund the outstanding 2004 Long Beach Towne Center Site Refinancing Project Taxable Variable Rate Demand Revenue Bonds, and (c) pay a portion of the costs of issuance of the bonds.

The Series A Bonds have fixed interest rates ranging from 4.0 percent to 5.0 percent with an average of 4.8 percent. The bonds are secured by a pledge of and lien on the Revenues consisting primarily of Lease Payments. The Series B Bonds have fixed interest rates ranging from 0.9 percent to 2.5 percent with an average of 1.9 percent. The bonds are secured by a pledge of and lien on the Revenues consisting primarily of Lease Payments. Aggregate debt service decreased by \$16.5 million resulting in an economic gain of \$14.7 million.

Annual principal payment requirements to maturity for business-type activities revenue bonds and the funds from which payments will be made are as follows (in thousands):

Principal Payments by Fund - Business-Type Activities							Total Annual Debt Service Requirements		
Year Ending	Gas Utility	Water	Solid Waste Management	Tidelands	Harbor	Airport	Principal	Interest	Total
2015	\$ 6,840	\$ 2,510	\$ 8,860	\$ 6,680	\$ 51,805	\$ 2,420	\$ 79,115	\$ 74,556	\$ 153,671
2016	7,150	2,630	9,320	6,930	54,320	2,515	82,865	70,932	153,797
2017	8,120	2,730	9,805	7,200	56,920	2,625	87,400	66,998	154,398
2018	8,925	2,815	10,330	7,020	48,440	2,740	80,270	62,678	142,948
2019	10,290	2,930	10,885	7,300	52,175	2,875	86,455	58,570	145,025
2020 - 2024	82,235	16,690	-	41,840	204,215	16,575	361,555	237,906	599,461
2025 - 2029	120,195	2,475	-	32,275	67,405	20,885	243,235	149,524	392,759
2030 - 2034	86,545	-	-	15,285	-	26,620	128,450	98,402	226,852
2035 - 2039	283,475	-	-	-	-	34,020	317,495	39,195	356,690
2040 - 2044	-	-	-	-	-	3,875	3,875	194	4,069
Totals	\$613,775	\$ 32,780	\$ 49,200	\$124,530	\$535,280	\$115,150	\$1,470,715	\$858,955	\$2,329,670

In October 2007, the LBBFA issued fixed and variable rate Natural Gas Purchase Revenue Bonds of \$635.7 million and \$251.7 million, respectively (the Bonds). The proceeds were used to prepay the costs of the acquisition of a specified supply of natural gas to be delivered over approximately 30 years under a Prepaid Natural Gas Purchase and Sale Agreement, between Merrill Lynch Commodities, Inc. (the Seller) and the Issuer. The daily quantity of gas to be purchased by the City during this period varies month to month, but not year to year. The City projected that the daily contract quantity to be delivered in any month represents between 80 and 90 percent of the City's projected natural gas requirements. For each British Thermal Unit (MMBtu) of contract gas delivered to the City, the City shall pay an applicable Index Price for the month the delivery occurs, less \$0.83 per MMBtu (the Contract Price).

In August 2009, the LBBFA redeemed \$48.3 million and \$182.7 million of Series A and B, respectively. The redemption resulted in a decrease in the gas supply of 60.3 million MMBtu's or 25 percent of the original volume purchased over the term of the agreement. The bonds are special obligations of the Issuer payable solely from, and secured as to the payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Bonds, solely by the trust estate. The payment of the principal or redemption price of, or interest on, the Bonds does not constitute a debt, liability, or obligation of the Issuer, the City, the State, or any other public agency (other than the special obligation of the Issuer as provided in the Bonds).

The 2007 Series A bonds have fixed interest rates ranging from 4.3 percent to 5.5 percent with an average of 4.7 percent. Series B are indexed at 67 percent of the three-month London Interbank Offered Rate (LIBOR), plus a spread between 1.4 percent to 1.6 percent.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

In April 2010, \$200.8 million Harbor 2010A Bonds were issued (a) to finance certain capital improvements at the Harbor, (b) to fund a reserve fund, and (c) to pay the costs of issuing the Bonds. The Serial bonds will mature on May 15 of each year from 2011 to 2025 in amounts ranging from \$1.5 million to \$18.3 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 0.4 percent to 5.0 percent. The City of Long Beach Harbor Revenue Bonds Series 2010A are secured by the Harbor's gross revenues.

In December 2009, the City issued \$61.4 million of Senior Airport Revenue Bonds. The proceeds of the Series 2009A and 2009B were used (a) to refund \$4.0 million of the Airport's outstanding commercial paper and prepaid all of 1993 Certificates of Participation (COPs). The call of the 1993 COPS resulted in a \$512 thousand accounting loss and an economic gain of \$213 thousand. Series 2009C are federally taxable Build America Bonds. Series 2009C proceeds and a portion of 2009A proceeds were used (b) to fund the design and construction of phase one of a new parking structure at the Airport. Interest rates on Series A range from 4.0 percent to 5.0 percent, Series B ranges from 3.0 percent to 5.0 percent, and Series C ranges from 7.0 percent to 7.8 percent. The Airport expects to receive a cash subsidy of 35 percent on the Series C bonds from the United States Treasury pursuant to the American Recovery and Reinvestment Act on or about each interest payment date. Debt service on the Series 2009 bonds will be paid through revenues generated by the Airport.

In November 2010, the City issued \$61.4 million of Senior Airport Revenue Bonds. The proceeds of the Series 2010A were used (a) to partially fund the construction of a new passenger concourse at the Airport and (b) to refund \$3.8 million of the Airport's outstanding commercial paper. The 2010A project includes the construction of permanent facilities for passengers hold rooms, restrooms, concessions, and the consolidation of passenger security screening in one central location. The series 2010B proceeds refunded \$13.3 million of the Airport's outstanding commercial paper. Debt service on the Series 2010 bonds will be paid through revenues generated by the Airport.

In August 2012, the City issued \$9.9 million Water Revenue Bonds Series 2012A. The proceeds of the 2012A bonds, along with certain other available moneys, were issued (a) to pay at maturity all of the outstanding Series A Subordinate Water Commercial Paper Notes and (b) to pay the costs of issuance of the Series 2012A Bonds.

Advance Refundings

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

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

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Southeast Resource Recovery Facility Authority Bond Issue

In November 2003, The Southeast Resource Recovery Facility Authority (SERRF) issued \$120.2 million in lease revenue bonds Series A and Series B (Series 2003) (a) to refund the SERRF's Lease Revenue Refunding Bonds, Series 1995A and Series 1995B (Series 1995), (b) to finance certain public improvement projects in the City, (c) to fund a reserve fund for the Series 2003 Bonds, and (d) to pay certain costs of issuance. The Series 2003 bonds are payable through December 1, 2018 with a total debt service in the amount of \$170.0 million. The 2003 Bonds have interest rates ranging from 2.00 percent through 5.38 percent. The refunding issue resulted in an accounting loss of approximately \$2.1 million, which will be recognized over the life of the bonds. Aggregate debt service increased by approximately \$4.9 million over the next 15 years to level overall debt service requirements, thereby resulting in an economic loss of approximately \$6.4 million.

Tidelands Rainbow Harbor Refunding Bonds

In April 2006, the Long Beach Bond Finance Authority issued \$50.8 million in Lease Revenue Bonds 2006 Series A (Rainbow Harbor Refinancing Project) (a) to refund Long Beach Bond Finance Authority Lease Revenue Bonds (Rainbow Harbor Refinancing Project) 1999 Series A, (b) to refund to the 1997 Certificates of Participation (Queensway Bay Parking Facility), (c) to fund a reserve fund and (d) to pay costs of issuance for the bonds. The 2006 Series A bonds are payable through May 1, 2024 with total debt service in the amount of \$73.2 million. The interest rates range from 3.38 percent to 5.00 percent. The refunding resulted in an accounting loss of \$3.5 million, which will be recognized over the life of the bonds. Aggregate debt service decreased by \$2.2 million, thereby resulting in an economic gain of \$1.5 million.

Tidelands Aquarium of the Pacific Refunding Bonds

In March 2012, the Long Beach Financing Authority issued \$102.6 million of Aquarium of the Pacific Project Refunding Revenue Bonds. Proceeds from the sale of the Series 2012 Bonds, along with certain other available moneys, were used to (a) refund all the Long Beach Bond Finance Authority Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001, which were outstanding in the aggregate principal amount of \$111.2 million, (b) fund a reserve fund for the Series 2012 Bonds, and (c) pay the costs of issuance of the Series 2012 Bonds. Aggregate debt service decreased by \$19.6 million, thereby resulting in an economic gain of \$13.6 million.

Harbor Revenue Refunding Bonds

In March 2005, the City issued \$258.0 million of Harbor Revenue Refunding Bonds Series 2005A and B (the 2006 Bonds), (a) to current refund and to defease all of the City's Harbor Revenue Bonds Series 1995, (b) to pay the premium for the Bond Insurance Policies, (c) to fund a reserve for the Series 2005 Bonds, and (d) to finance the costs of issuance of the Series 2005 Bonds. The refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of \$4.2 million, which will be recognized over the life of the bonds. The aggregate debt service decreased by \$84.7 million thereby resulting in an economic gain of approximately \$24.2 million.

In April 2009, the City issued \$158.1 million of Harbor Revenue Refunding Bonds Series 2010B (the 2010B Bonds). The bonds are secured by the Harbor Department's gross revenues. The 2010B Bonds, together with a Harbor contribution of \$5.3 million, were used (a) to purchase \$63.1 million aggregate principal amount of the City's Harbor Revenue Bonds, Series 2002B, (b) \$12.1 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2004A, and (c) \$78.4 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2005A, (d) to fund a reserve fund for the Series 2010B Bonds; and (e) to pay the costs of issuing the Bonds. The refunding resulting in an accounting loss of \$2.1 million, \$722 thousand, and \$4.0 million

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

for the 2002, 2004, and 2005 bonds, respectively, and are being amortized over the shorter of the life of the original bonds and the 2010B bonds. The 2010B refundings resulted in an aggregate economic gain of \$4.0 million.

The Series 2010B Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Series 2010B Bonds maturing on or after May 15, 2021 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, 2020, at a redemption price equal to 100 percent of the principal amount of the Series 2010B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

In May 2014, the City issued \$59.0 million of Harbor Revenue Refunding Bonds Series 2014A and B (the 2014 Bonds), (a) to current refund and to defease all of the City's Harbor Revenue Bonds Series 2002B, Series 2004A and Series 2004B Senior Bonds and (b) to finance the costs of issuance of the Series 2014 Bonds. The refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of \$42.9 million, which will be recognized over the life of the bonds. The aggregate debt service decreased by \$10.6 million thereby resulting in an economic gain of approximately \$9.5 million.

Water Revenue Refunding Bonds

In September 2010, the Water Fund issued \$22.7 million in Water Revenue Refunding Bonds, Series 2010A (the Series 2010A Bonds) at a premium of 3.0 million, (a) to advance refund 82.4 percent or \$24.3 million of the outstanding 1997A Water Revenue Refunding Bonds at a redemption premium of 2.0 percent over par value, (b) to fund a reserve fund for the 2010 Bonds, and (c) to pay the cost of issuing the 2010 Bonds. The Series 2010A Bonds bear interest ranging from 2.0 percent to 5.75 percent per annum payable on May 1 and November 1 of each year, commencing on November 1, 2010.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 1997A Bonds of \$2.7 million. This difference is considered to be a deferred loss on the refunding and is being amortized using the straight-line method over the life of the Series 2010A Bonds. The Refunded Series 1997A Bonds allowed the Department to reduce its aggregate debt service payments by \$3.3 million. The economic gain from the refunding (difference between the present value of the old and new debt service payments) was \$3.3 million. The Series 2010A Bonds are secured by a pledge of all revenues of the Water Fund.

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, 2014, aggregate special assessment debt issued through the City consisted of eight issues and is summarized as follows:

• Dates Issued:	7/11/02 – 6/15/10
• Final Maturities:	9/02/15 – 10/1/40
• Range of Interest Rates:	2.0% – 6.30%
• Amounts Authorized and Issued:	\$1,060,000 – \$43,000,000
• Range of Amounts Outstanding:	\$875,000 – \$35,465,000
• Aggregate Outstanding at September 30, 2014:	\$63,059,324

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

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

Pike Public Improvements

In June 2002, the City of Long Beach Community Facilities District No. 6 issued \$43.0 million of 2002 Special Tax Bonds (Pike Public Improvement Bonds) under the provisions of the Mello-Roos Community Facilities Act of 1982. The Pike Public Improvement Bonds were issued (a) to finance a portion of the costs of the acquisition, construction, installation, and equipping of various public capital improvements in the Pike Development Project adjacent to downtown Long Beach. A substantial portion of the proceeds were applied to finance the cost of a parking structure. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The debt is payable from special tax revenues levied on the property within the district, except as described in Note 23.

Earthquake Assessment

In 1990, the City, acting on behalf of certain property owners, formed the Earthquake Repair Assessment District 90-3 (District). In June 1991, the District issued \$17.4 million of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds (LOI Bonds) for the construction and installation of seismic resistance improvements to eligible commercial and residential properties within the City. The principal and interest were to be paid from the annual collection of special assessments on property within the District. In September 1996, the LOI Bonds' Fiscal Agent determined that there were insufficient funds to make full payment of principal and interest due to significant delinquencies in payment of assessments. Under the provisions of the LOI Bond covenants, the City is required to commence judicial foreclosure proceedings upon delinquent assessments and to diligently pursue such foreclosure proceedings to completion. To date, the City has fulfilled its responsibility and will continue such action to ultimate resolution.

To structure a remedy for the default, the City formed the LBBFA. The LBBFA divided District properties into performing and delinquent pools. The assessment revenue from each pool was then used as collateral for new LBBFA bonds sold in July 1997. Series A bonds (Series A) and Series B bonds (Series B) represent the performing pool and the delinquent pool, respectively. A breakdown of these pools is as follows:

<u>Bond</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par Amount</u>
Series A	September 2, 2015	8.874% - 9.375%	\$ 5,900,000
Series B	September 2, 2015	11.300%	\$ 6,717,000

Series A was sold on the open market to private investors. The City purchased Series B. The proceeds from both series were used by LBBFA to purchase the original bonds as an investment. Assessment revenues from these investments were used to repay the new debt. As foreclosure proceedings were completed and the properties become performing, the Series B Bonds will be converted to Series A Bonds and sold to private investors.

In July 2005, the District sold \$2.1 million in Series 2005A Bonds and \$1.2 million Series B Bonds. Series A was sold on the open market to private investors, the City purchased Series B bonds. The proceeds from the sale were used to fund an escrow to defease the 1997 Bonds.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

CFD No. 2007-2 (Belmont Shore) 2009 Special Tax Bonds

In December 2009, Community Facilities District No. 2007-2 (Belmont Shore) issued \$3.7 million of Special Tax Bonds. The Bonds are payable solely from proceeds of a special assessment tax to be levied annually on land within the district and certain pledged Belmont Shore area parking meter revenues. Proceeds will be used to finance a new City parking lot in the Belmont Shore area and to finance other improvements to enhance parking. The Bonds will mature in October 2040 and carry interest rates ranging from 2.0 percent to 6.0 percent.

Toledo Utility Underground

In June 2010, Assessment District No. 08-01 (the Toledo Utility Undergrounding) issued \$1.1 million of Limited Obligation Improvement Bonds. The Bonds were issued under the provisions of the City Code, and where applicable, the Improvement Bond Act of 1915, which is a Division 10 of the California Streets and Highways Code. The Bonds are secured by the tax assessments levied against parcels within the District. Proceeds will be used to finance the costs of certain undergrounding of overhead electrical, telephone, and cable facilities between Second Street and the Geneva Walkway in the City. The Bonds will mature in September 2030 and bear interest rates from 2.0 percent to 5.5 percent.

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

Conduit Debt

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

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

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

At September 30, 2014, the City's Conduit Debt outstanding consisted of the following (in thousands):

Description	Final Maturity	Amount Authorized	Outstanding at September 30, 2014
Carnival Bonds	2030	\$ 30,000	\$ 27,255
Grisham Housing Bonds Series A	2035	10,245	1,235
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 28,490</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 10 – NOTES, COMMERCIAL PAPER NOTES, AND OTHER LONG-TERM OBLIGATIONS

At September 30, 2014, the City had notes and installments payable, certificates of participation, commercial paper, and other long-term obligations, which consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding at September 30, 2014
<u>GOVERNMENTAL ACTIVITIES</u>					
<u>NOTES PAYABLE:</u>					
Housing Development Fund:					
State of California	01/23/92	01/23/22	3.0%	\$ 1,032	\$ 1,016
Successor Agency Fund:					
Los Angeles County	01/21/92	12/10/31	3.75%	4,975	4,975
Cal-Can Holding, LLC	12/02/09	09/30/13	0.0%	146	146
Total Successor Agency Fund				5,121	5,121
<u>ANNUITY OBLIGATION:</u>					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	12,514
Governmental Activities Notes and Annuity Obligation				\$ 43,753	\$ 18,651
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>NOTES PAYABLE:</u>					
Gas Utility Fund:					
Commercial Paper Notes	07/01/05	N/A	0.2-4.6%	\$ 17,259	\$ 1,500
Tidelands Fund:					
State of Calif DBAW/Seawalls	09/12/94	08/01/24	4.5%	1,151	631
State of Calif DBAW/Shoreline Marina	04/17/02	08/01/37	4.5%	31,718	26,288
State of Calif DBAW/Basin 8	02/20/98	08/01/28	4.5%	2,650	1,810
State of Calif DBAW/Basin 4	12/17/07	08/01/37	4.5%	18,220	17,581
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.5%	700	478
State of Calif DBAW - Basin 1	11/19/10	08/01/43	4.5%	12,105	11,821
State of Calif DBAW - Basin 2 & 3	11/29/10	08/01/43	4.5%	1,100	1,067
Southern Calif Edison Project 2417	04/06/12	10/20/21	0.0%	13	10
Southern Calif Edison Project 2457	04/06/12	07/15/15	0.0%	95	27
Southern Calif Edison Project 2419	08/15/13	06/15/16	0.0%	56	33
Total Tidelands Fund				67,808	59,746
Harbor Fund:					
Line of Credit	07/16/13	07/29/16	Variable	200,000	120,000
Harbor Short Term Note 2014c	06/12/14	11/15/18	Variable	325,000	325,000
Total Harbor Fund				525,000	445,000
Sewer Fund:					
Revolving Line of Credit	05/05/11	05/26/17	0.88-0.92%	20,000	9,750
Business-type Activities Notes and Certificates of Participation				\$ 630,067	\$ 515,996

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Housing Development Fund Loan

In fiscal year 1992, the Housing Development Fund entered into a loan agreement totaling \$1.0 million with the State of California Department of Housing and Community Development for the Lois Apartments construction and rehabilitation project. The project was completed in fiscal year 1993. Interest on the loan accrues from the date the funds were disbursed at an annual simple interest rate of 3.0 percent. As of September 30, 2014, the outstanding balance of the loan was \$1.0 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 revenue 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 interest accrued thereon are due prior to the termination of the project area, which is 2031. The balance of the deferral at September 30, 2014 totaled \$5.0 million.

The Agency executed a promissory note for \$146 thousand with Cal-Can Holdings, LLC as partial consideration in the purchase of real property. This note was due and payable in full at the earlier of the resale of the real property or second anniversary of the date of the promissory note. Pursuant to California Assembly Bill 1484 (AB1484), the Agency is prohibited from disposing of properties until such time as it has received an approved Long Range Property Management Plan (LRPMP) from the California Department of Finance.

Debt service requirements for governmental activities notes payable and the funds from which payments will be made are as follows (in thousands):

Year ending	Governmental Activities				
	Principal Payments by Fund		Annual Debt Service Requirements		
	Housing Development Fund	Successor Agency Fund	Principal	Interest	Total
2015	\$ -	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020 - 2024	1,016	-	1,016	880	1,896
2025 - 2029	-	-	-	-	-
2030 - 2034	-	5,121	5,121	-	5,121
Totals	\$ 1,016	\$ 5,121	\$ 6,137	\$ 880	\$ 7,017

Police and Fire Annuity Obligation Program

The City administers a Police and Fire Annuity Program (Program) under the City Charter Section 187. Enrollment in the program was terminated in 1945. The terminated Program covers a diminishing number of public safety retirees or their surviving spouses. Total expenditures amounted to \$2.8 million for the fiscal year ended September 30, 2014. Program benefits are funded when required to be paid and there are no assets of the Program. At September 30, 2014, The City's accrued program liability was \$12.5 million and there were 38 participants remaining in the program.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

The current year change in the accrued liability is comprises the following (in thousands):

Accrued Program Liability at October 1, 2013	\$ 14,183
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(2,826)
Estimated Change in Annualized Value of Benefits	<u>1,157</u>
Accrued Program Liability at September 30, 2014	<u>\$ 12,514</u>

The number of program participants diminishes each year. Since 2005, the number of program participants has been reduced by 71 individuals. The following table presents additional information for the Program (dollars in thousands):

<u>Year ending</u>	<u>Number of Participants</u>	<u>Annuity Benefits Paid</u>	<u>Accrued Program Liability</u>
2005	109	\$4,966	\$32,962
2006	106	4,589	29,896
2007	81	4,277	27,432
2008	75	3,930	24,775
2009	67	3,721	21,494
2010	62	3,425	19,038
2011	53	3,044	16,234
2012	49	3,260	14,224
2013	43	3,067	14,183
2014	38	2,826	12,514

Business-Type Activities

Future debt service payments under various notes payable for the City's business-type activities are as follows (in thousands):

<u>Year ending</u>	<u>Business-Type Activities</u>						
	<u>Principal Payments by Fund</u>				<u>Annual Debt Service Requirements</u>		
	<u>Gas Utility</u>	<u>Tidelands</u>	<u>Harbor</u>	<u>Sewer</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 1,405	\$ -	\$ -	\$ 1,405	\$ 17,214	\$ 18,619
2016	-	1,429	-	-	1,429	18,332	19,761
2017	-	1,487	120,000	9,750	131,237	18,260	149,497
2018	-	1,555	-	-	1,555	18,192	19,747
2019	-	1,626	325,000	-	326,626	10,299	336,925
2020 - 2024	-	9,299	-	-	9,299	11,210	20,509
2025 - 2029	-	11,032	-	-	11,032	8,900	19,932
2030 - 2034	-	12,838	-	-	12,838	6,215	19,053
2035 - 2039	-	12,187	-	-	12,187	3,069	15,256
2040 - 2044	-	6,888	-	-	6,888	811	7,699
Indeterminant	1,500	-	-	-	1,500	-	1,500
Totals	<u>\$ 1,500</u>	<u>\$ 59,746</u>	<u>\$ 445,000</u>	<u>\$ 9,750</u>	<u>\$ 515,996</u>	<u>\$ 112,502</u>	<u>\$ 628,498</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Gas Commercial Paper

In July 2005, the City authorized the Gas Department's issuance and sales, from time to time, of City's subordinate Gas Utility Revenue Commercial Paper Notes, Series A and Series B (taxable), in an aggregate principal amount not to exceed \$35.0 million. Commercial paper is used for pipeline integrity projects. The program termination date is July 1, 2020 unless earlier terminated or extended in accordance with program terms. During fiscal years 2006, 2007, and 2008, the City executed \$17.3 million in commercial paper issuances. During fiscal years 2010, 2011, 2012, and 2014, the City made repayments of \$11.8 million, \$2.0 million, \$500 thousand, and \$1.5 million, respectively, for a balance outstanding of \$1.5 million as of September 30, 2014. Interest rates have ranged from 0.09 percent to 4.6 percent over the period of issuance. The Commercial Paper Notes shall not have maturities exceeding 270 days and shall not bear interest rate in excess of the lesser of (a) 12.0 percent per annum and (b) the maximum rate of interest permitted by law. The Gas Department has the ability and intent to refinance on a long-term basis by renewal of Commercial Paper Notes and the future issuance of revenue bonds; accordingly, the \$1.5 million has been classified as a long-term obligation.

Tidelands Loans

The Tidelands Fund entered into various loan agreements with Department of Boating and Waterways for construction and improvements to the Shoreline Marina, Downtown Marina, seawalls, and a lighthouse with a harbormaster's office, with an aggregate authorized and issued amount of \$67.6 million as of September 30, 2014. Additional loans of \$7.0 million were drawn and principal payments of \$1.5 million were paid in fiscal year 2014 at an interest rate of 4.5 percent. The amount outstanding at September 30, 2014 is \$59.7 million.

During fiscal years 2012 and 2013, the City entered into a loan agreements with Southern California Edison (SCE) totaling \$164 thousand to fund municipal energy efficiency projects. The amount outstanding at September 30, 2014 is \$70 thousand. Principal payments of \$50 thousand were paid in fiscal year 2014.

Subordinate Sewer Revolving Line of Credit

During fiscal year 2011, the Water Department entered into an agreement with Wells Fargo Bank to provide a Revolving Line of Credit (LOC) in an amount not to exceed \$20.0 million. Obligations under the LOC are secured by and payable from a subordinate lien upon the City's Sewer Enterprise net revenues. The Line of Credit was originally for a term of three years but was extended by an additional three years to May 26, 2017. The LOC was secured to pay the outstanding principal on Senior Sewer Revenue Commercial Paper Notes and to continue to provide interim financing of sewer system improvements and sewer pipe rehabilitation and replacement programs.

In May 2011, the Department drew \$6.0 million on the Revolving LOC to retire \$4.0 million of outstanding Sewer Revenue Commercial Paper notes and fund \$2.0 million in sewer system improvements. In September 2013, the Department drew \$3.8 million on the Revolving LOC to fund sewer system improvements.

Interest rates are based on 70 percent of the LIBOR plus an applicable margin, and can be designated as fixed or variable for one-month, three-month, or six-month interest periods. Interest rates have ranged from 0.8 percent to 1.1 percent. At September 30, 2014, the total outstanding balance for the line of credit was \$9.8 million.

Harbor Revolving Lines of Credit

In July 2013, the Harbor authorized the issuance and/or incurrence of \$200.0 million Subordinate Harbor Revenue Revolving Obligations.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Bank of America will provide a tax-exempt revolving line of credit that will allow the Harbor to borrow up to \$78.0 million at any one time. The interest rate for the Subordinate Harbor Revenue Revolving Obligations Series A (Tax Exempt) will be based on the Harbor choice of a percentage of the daily, one-month, two-month, three-month, or six-month LIBOR. At September 30, 2014, the outstanding balance on this LOC was \$50.0 million.

Union Bank will provide two revolving lines of credit (a tax-exempt revolving LOC and a taxable revolving LOC) that will allow the Harbor to borrow up to \$122.0 million at any one time. Interest rates for both the Subordinate Harbor Revenue Revolving Obligation Series B (Tax Exempt) and the Subordinate Harbor Revenue Revolving Obligation Series C (Taxable) will be based on a percentage of the one-month LIBOR rate. At September 30, 2014, the outstanding balance on this LOC was \$70.0 million.

The revolving LOCs will be available for three years (unless the revolving line of credit is terminated earlier or extended pursuant to its terms). Any amounts borrowed are secured with a subordinate lien on the Harbor revenues.

Harbor Revenue Short-Term Notes

In June 2014, the City issued \$325.0 million of Harbor Revenue Short/Term Notes Series 2014C, (a) to finance and refinance a portion of the costs of the Gerald Desmond Bridge Replacement Project, (b) to fund capital interest on the Series 2014C Senior Notes through November 15, 2018, (c) to repay \$20.0 million aggregate principal amount of outstanding Subordinate Revolving Obligations that were originally issued to finance cost of the Gerald Desmond Bridge Replacement Project, and (d) to pay the costs of issuance of the Series 2014C Senior Notes.

The Series 2014C Senior Notes are secured by a pledge of revenues and funds of the Harbor Department. The Notes bear interest payable semiannually and will mature on November 2018.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 11 – LEASING ARRANGEMENTS

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

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding at September 30, 2014
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Fund:					
City Light and Power (a)	05/29/96	10/31/19	8.73%	\$ 20,968	\$ 9,755
Ambulances (b)	03/24/10	03/24/16	3.08%	988	264
Modular Trailers (c)	11/15/11	11/15/16	1.94%	302	135
Digital X-Ray (d)	03/30/12	03/15/19	2.06%	311	205
Tasers and Accessories (e)	08/26/14	08/26/19	3.53%	1,012	512
Total General Fund				<u>23,581</u>	<u>10,871</u>
Internal Service Funds:					
Civic Center Fund:					
Civic Center Projects (f)	08/13/10	04/01/27	4.30%	<u>31,450</u>	<u>24,930</u>
Total Civic Center Fund				<u>31,450</u>	<u>24,930</u>
Fleet Services Fund:					
Fire Equipment Lease (g)	10/30/05	09/30/15	3.50%	<u>5,279</u>	<u>615</u>
Total Fleet Services Fund				<u>5,279</u>	<u>615</u>
General Services Fund:					
Disaster Recovery Hardware (h)	08/20/10	08/20/15	2.64%	470	91
Personal Computers and Server (i)	03/11/11	03/11/15	2.44%	1,250	59
Telecommunication Equipment (j)	07/15/11	07/15/15	1.96%	811	174
Virtual Storage Platform (k)	06/06/12	06/15/17	1.89%	261	147
Personal Computers (l)	07/20/12	07/15/16	1.85%	1,100	514
Personal Computers & Equipment (m)	11/14/13	11/15/17	1.80%	939	749
Total General Services Fund				<u>4,831</u>	<u>1,734</u>
Total Governmental Activities Leases				<u>\$ 65,141</u>	<u>\$ 38,150</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Gas Utility Fund:					
Utility Customer Information Software (n)	09/15/11	09/15/18	2.06%	<u>\$ 3,025</u>	<u>\$ 1,782</u>
Tidelands Fund:					
Convention Center (o)	10/01/05	10/01/25	4.99%	<u>649</u>	<u>433</u>
Total Business-type Activities Leases				<u>\$ 3,674</u>	<u>\$ 2,215</u>

- (a) The City entered into a capital lease agreement in May 1996 to improve and replace the street lighting infrastructure in the City. The lease amount varies by year ranging from \$57 thousand per month at inception to \$169 thousand per month from year six through year 25.
- (b) In March 2010, the City financed the purchase of ambulances through a capital lease with monthly installments of \$15 thousand through March 2016.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

- (c) In November 2011, the City entered into a capital lease agreement to finance the acquisition of five modular trailers to provide office and meeting space in several City parks. The lease is payable in monthly installments of \$5 thousand through November 2016.
- (d) The City entered into capital lease agreement in March 2012 to finance the acquisition of a digital x-ray system for use by the Health and Human Services Department. Monthly installments of \$4 thousand are due through March 2019.
- (e) The City entered into a capital lease agreement for the purchase of tasers and accessories. The lease is payable in annual installments of \$ 1.0 million through August 2019.
- (f) The City entered into a private placement capital lease to redeem the 1997 Series A Lease Revenue and Refunding Bonds. The original bonds were used for Civic Center complex capital projects. The advanced refunding resulted in an accounting loss of \$1.3 million and an economic gain of \$1.2 million. The City pays annual debt service payment of approximately \$2.6 million per annum through 2027.
- (g) In October 2005, the City entered into a capital lease agreement to finance the acquisition of for Fire Department equipment including two ladder trucks, ten pumper trucks, and a rescue boat. The lease is payable in monthly installments of \$52 thousand through September 2015.
- (h) In August 2010, the City entered into a capital lease agreement to finance computer hardware for the Emergency Communication and Operation Center. Monthly installments of \$8 thousand are due through August 2015.
- (i) The City entered into a capital lease agreement for the purchase of personal computer and server equipment in March 2011. The lease is payable in monthly installments of \$27 thousand through March 2015.
- (j) The City entered into a capital lease agreement to upgrade the City's telephone and voice mail system in July 2011. Lease payments are \$18 thousand a month through July 2015.
- (k) In June 2012, the City entered into a capital lease agreement to replace computer servers. Lease payments are \$5 thousand a month through June 2017.
- (l) The City entered into a capital lease agreement for the purchase of personal computers in July 2012. The lease is payable in monthly installments of \$24 thousand through July 2016.
- (m) The City entered into a capital lease agreement for the purchase of personal computers, computer-related equipment, and servers in November 2013. The lease is payable in monthly installments of \$20 thousand through November 2017.

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

Year ending	Principal Payments by Fund - Governmental Activities				Annual Debt Service Requirements		
	General	Civic Center	Fleet Services	General Services	Principal	Interest	Total
2015	\$ 1,902	\$ 1,505	\$ 615	\$ 886	\$ 4,908	\$ 1,887	\$ 6,795
2016	1,912	1,570	-	527	4,009	1,655	5,664
2017	1,969	1,645	-	281	3,895	1,424	5,319
2018	2,092	1,730	-	40	3,862	1,183	5,045
2019	2,996	1,810	-	-	4,806	937	5,743
2020 - 2024	-	10,460	-	-	10,460	2,617	13,077
2025 - 2029	-	6,210	-	-	6,210	407	6,617
Totals	<u>\$ 10,871</u>	<u>\$ 24,930</u>	<u>\$ 615</u>	<u>\$ 1,734</u>	<u>\$ 38,150</u>	<u>\$ 10,110</u>	<u>\$ 48,260</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

- (n) The City entered into a capital lease agreement for the purchase and implementation of a utility customer information system in September 2011. The lease is payable in monthly installments of \$39 thousand through September 2018.
- (o) The City entered into a capital lease agreement to finance the installation of a surface membrane to the Convention Center roof. The lease is payable in annual installments of \$52 thousand through October 2025.

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

Year ending	Principal Payments by Fund		Annual Debt Service Requirements		
	Business-type Activities		Principal	Interest	Total
	Gas Utility	Tidelands			
2015	\$ 432	\$ 30	\$ 462	\$ 54	\$ 516
2016	441	32	473	44	517
2017	450	34	484	33	517
2018	459	35	494	22	516
2019	-	37	37	15	52
2020 - 2024	-	215	215	46	261
2025 - 2029	-	50	50	2	52
Totals	\$ 1,782	\$ 433	\$ 2,215	\$ 216	\$ 2,431

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

<u>Year ending</u>	<u>Total</u>
2015	\$ 314,560
2016	320,152
2017	327,698
2018	326,961
2019	325,627
2020 - 2024	1,451,437
2025 - 2029	922,380
2030 - 2034	338,023
2035 - 2039	981,740
2040 - 2044	61,058
2045 - 2049	61,822
2050 - 2054	45,230
2055 - 2059	25,608
2060 - 2064	25,258
2065 - 2069	19,974
2070 - 2074	6,105
2075 - 2079	5,812
2080 - 2084	5,223
Total	<u>\$ 5,564,668</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 12 – DERIVATIVE INSTRUMENTS

At September 30, 2014, the City had the following hedging derivative instruments outstanding within business-type activities:

Type	Objective	Notional Amount	Effective Date	Various Maturity Dates to:	Terms
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.	133.2 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 LBBFA entered into a series of interest rate swaps in connection with the 2007 Gas Prepay Bonds, Series B (Prepay Bonds) in the amount of \$251.7 million. In July 2009, a tender offer was submitted to bondholders reducing the Prepay Bond's outstanding notional amounts to \$69.0 million as follows:

Maturity Date	Notional Amounts (in thousands)	Synthetic Fixed Rate	Variable Rate	Spread
11/15/2025	\$ 19,195	4.903%	1.567%	1.410%
11/15/2026	25,175	4.930%	1.587%	1.430%
11/15/2027	24,630	4.955%	1.607%	1.450%
11/15/2033	5	5.067%	1.707%	1.550%
	<u>\$ 69,005</u>	4.931% ²	1.588% ³	1.432% ²

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, 2014, 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

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

a per annum rate, not to exceed the maximum interest rate payable on the Prepay Bonds, expressed as a decimal, equal to 67 percent of the three-month LIBOR, as quoted by the British Bankers Association (BBA), plus a spread as defined above, not to exceed a rate of 15 percent per annum for any calculation period.

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

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

Fair Value: The interest rate swap, with the market price quoted by Bank of America-Merrill Lynch, had a negative fair value of approximately \$11.5 million at October 1, 2013. During the current period, ending September 30, 2014, the fair value decreased \$0.8 million to a negative fair value of \$12.3 million.

The commodity swap, with the market price quoted by the RBC, had a fair value of \$261.6 million at October 1, 2013. During the current period, fair value increased \$105.9 million to a fair value of \$367.5 million as of September 30, 2014.

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):

Maturity Date	Fair Value, October 1, 2013	Change in Fair Value	Fair Value, September 30, 2014
<i>Interest Rate Swap</i>			
11/15/2025	\$ (3,123)	\$ (145)	\$ (3,268)
11/15/2026	(4,186)	(306)	(4,492)
11/15/2027	(4,180)	(406)	(4,586)
11/15/2033	(1)	-	(1)
	(11,490)	(857)	(12,347)
<i>Commodity Swap</i>			
11/1/2037	261,684	105,859	367,543
Total	<u>\$ 250,194</u>	<u>\$ 105,002</u>	<u>\$ 355,196</u>

Information on the affects of these transactions on the financial statement presentation can be found in Note 24 – Deferred Outflows and Deferred Inflows of Resources.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Credit Risks: As of September 30, 2014, the interest rate swap counterparty was rated A- by Standard & Poor's and Baa2 by Moody's Investor Services. As of September 30, 2014, the commodity swap counterparty was rated AA- by Standard & Poor's and Aa3 by Moody's.

Merrill Lynch Commodities, Inc., a wholly owned subsidiary of Merrill Lynch and Co. Inc. (Guarantor), entered into a Prepaid Natural Gas Purchase and Sale Agreement with the LBBFA to sell and deliver gas to the LBBFA. In the event the Guarantor credit rating falls below a credit rating of BBB+ as rated by Standard & Poor's or Fitch Ratings, or a Baa1 as rated by Moody's Investor Services, Inc., the Guarantor will post acceptable market value of collateral equal to or greater than the current present value of the remaining savings as specified in the Agreement on the date of the credit downgrade. If the rating by any one of the rating agencies should be restored to a level greater than BBB+ or Baa1, LBBFA will return the collateral posted by the following month.

On June 21, 2012, Moody's Investor Service downgraded Bank of America Corporation, the parent of Merrill Lynch Commodities, Inc., to Baa2 from Baa1. On July 12, 2012, the City of Long Beach, Merrill Lynch Commodities and the Bank of New York Mellon Trust Company, N.A. (Custodian) entered into a Pledge Collateral and Custodial Agreement, pursuant to Section 21.2 of the Prepaid Gas Agreement, for purposes of securing the obligations of the Seller and Guarantor to pay the Purchaser the Unearned Amount in the event an Early Termination Date occurs and the Unearned Amount is owed by the Seller or Guarantor to the Purchaser. The Custodian for benefit of the City holds a perfected interest in the collateral pledged.

Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2014, 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):

Fiscal Year Ending September 30	Variable-Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2015	\$ -	\$ 3,403	\$ 394	\$ 3,797
2016	-	3,403	336	3,739
2017	-	3,403	305	3,708
2018	-	3,403	290	3,693
2019	-	3,403	266	3,669
2020 - 2024	-	17,015	1,021	18,036
2025 - 2029	69,000	4,534	520	5,054
2030 - 2033	5	-	-	-
Total	<u>\$ 69,005</u>	<u>\$ 38,564</u>	<u>\$ 3,132</u>	<u>\$ 41,696</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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 13 – RETIREMENT PROGRAMS

Plan Description – Public Employees’ Retirement System (CalPERS)

The City contributes to CalPERS, an agent multiple-employer public employee defined-benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by state statute and city ordinance. A copy of CalPERS’ annual financial report may be obtained from its executive office at 400 P. Street, Sacramento, California 95814. Since CalPERS is on a fiscal year ending June 30, all actuarial calculations for the City’s retirement plan are made on a fiscal year consistent with CalPERS, which differs from the City’s September 30 fiscal year-end.

Under the terms of the contract between CalPERS and the City, all full-time employees, which include both safety (fire and police) and miscellaneous (general and management) employees, are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple-tier retirement plan with benefits varying by plan.

“Classic” Safety: Vested first and second tier safety employees who retire at age 50 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 3.0 percent of the employee’s highest paid year of employment for each year of credited service. Third-tier police and fire employees are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 percent of the employee’s highest paid year of employment for each year of credited service. Retirees under the first tier are eligible to receive a maximum annual 5.0 percent cost-of-living increase while those under the second tier are eligible to receive a maximum annual 2.0 percent cost-of-living increase.

“New” Safety: Effective January 1, 2013, safety employees who are either new to CalPERS or who have had a break in CalPERS service of at least 6 months, and who retire at age 57, are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7 percent of their highest average annual pensionable compensation earned during a period of at least 36 consecutive months for each year of credited service. For fiscal year 2014, salaries are capped at \$117.0 thousand. The salary cap is permitted to be adjusted based on changes in the CPI for all urban areas.

“Classic” Miscellaneous: Vested first and second tier non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7 percent of their highest paid year of employment for each year of credited service. The City created tier three for non-safety employees hired after October 1, 2006. Vested tier three non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of their highest paid year of employment for each year of credited service. Retirees under the first tier are eligible to receive a maximum annual 5.0 percent cost-of-living increase while those under the second and third tier are eligible to receive a maximum annual 2.0 percent cost-of-living increase.

“New” Miscellaneous: Effective January 1, 2013, miscellaneous non-safety employees who are either new to CalPERS or who have had a break in CalPERS service of at least 6 months, and who retire at age 62, are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 percent of their highest average annual pensionable compensation earned during a period of at least 36 consecutive months for each year of credited service. For fiscal year 2014, salaries are capped at \$117.0 thousand. The salary cap is permitted to be adjusted based on changes in the CPI for all urban areas.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Audited annual financial statements and ten-year trend information are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy

CalPERS is a contributory plan deriving funds from employee and employer contributions as well as earnings from investments. The actuarial funding method used for the retirement program is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry aged) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial valued of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. If a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

For fiscal year 2015, CalPERS will no longer use an actuarial value of assets as part of the City's annual contribution rate calculation. The new amortization and smoothing policy will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. The rate increases reported below for fiscal year 2015 reflect the effect of this revised approach.

For the fiscal year ended September 30, 2014, all Safety and Miscellaneous plan participants contribute 9.0 percent and 8.0 percent of their annual covered salary, respectively. In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll. The rates applicable to fiscal year 2014 were 15.324 percent for miscellaneous employees and 22.623 percent for safety employees. For fiscal year 2015, the contribution rates will be 16.288 percent for miscellaneous employees and 24.059 percent for safety employees. The contribution requirements of plan members and the City are established by and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2014, the City's annual pension cost (APC) of \$62.8 million for CalPERS was equal to the City's annual required contribution (ARC) of \$91.4 million less employee contributions of \$28.6 million. The ARC was determined as a part of the June 30, 2011 actuarial valuations.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

The City's APC, the percentage of APC contributed to the plans, and the net pension obligation for the miscellaneous and safety plans for the fiscal years ended September 30, 2012, 2013, and 2014 are as follows (dollars in thousands):

Fiscal Year	Miscellaneous Annual Pension Cost	Safety Annual Pension Cost	Annual Pension Cost (APC)	Percentage Contribution
2012	\$ 47,436	\$ 29,441	\$ 76,877	100%
2013	38,483	29,014	67,497	100%
2014	33,856	28,952	62,808	100%

Actuarial Methods and Assumptions

A summary of principal assumptions and methods used to determine the annual required contribution rate for fiscal year 2014 for miscellaneous and safety employees is shown below:

	Assumptions
Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Amortization Period	Closed
Average Remaining Period	27 Years for Miscellaneous and 28 Years for Safety as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% and an annual production growth of 0.25%.

The schedule of funding progress, provided as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for pension benefits.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the funding status for the miscellaneous and safety plans were as follows (dollars in thousands):

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)	Funded Ratio Actuarial Value Basis (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Miscellaneous	\$ 1,652,793	\$ 2,143,507	\$ 490,714	77.1%	\$219,853	223.2%
Safety	1,659,337	2,002,964	343,627	82.8%	121,770	282.2%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress provided as required supplementary information following the notes to the basic financial statements, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The initial unfunded actuarial accrued liability (or excess assets) associated with these retirement plans is being amortized as a level percentage of projected payroll on a closed basis.

Plan Description – Public Agency Retirement System – Defined Benefit Plan

In November 1994, the City established Public Agency Retirement System (PARS) Defined Benefit Plans for Special Status Contractors and Seasonal and Temporary Employees (Plans). During fiscal year 2003, the Plans were reported under a combined plan (Plan). The Plan is a defined benefit, single-employer retirement plan. The Plan, which took effect on January 1, 1995, is administered for the City through a third-party administrator. The Plan provides for retirement as well as death and disability benefits to eligible individuals and their beneficiaries.

The Plan benefit is a lifetime monthly annuity equal to 1.5 percent times the final average of the participant's highest 36 consecutive month's salary times the years of service. The Plan requires employee contributions of 6.2 percent of earnings (Contractors Special Status) and 3.0 percent of earnings (Seasonal and Temporary Employees). All employees enter the Plan upon hire and all benefits are vested after five years of service (Contractors Special Status) or immediately (Seasonal and Temporary Employees) and employees are always vested in their employee contributions. It is assumed that upon termination, employees will choose to receive an actuarially equivalent lump-sum (based on the actuarial assumptions described below). Audited annual financial statements are available from PARS Public Agency Retirement Services, 4350 Von Karman Avenue, Ste. 100, Newport Beach, CA 92660.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Funding Policy and Annual Pension Cost

The City's funding policy is to make the contribution as determined by the Plan's actuary valuation date. The following information describes the calculation methodology:

- The Plan's APC for the fiscal year ended September 30, 2014 is based on the period from October 1, 2012 to September 30, 2013. The APC for fiscal year ended September 30, 2014, is \$334 thousand, the same amount contributed for this period.
- The actuarial liabilities and assets are valued as of September 30, 2013.
- The actuarial cost method used is the projected-unit-credit method. Under this method, the contribution rate is the sum of the normal cost rate plus the unfunded actuarial liability rate. The normal cost is defined as the actuarial present value of benefits allocated to the valuation year and the actuarial accrued liability is the present value of benefits allocated to all periods prior to the valuation year. The normal cost rate is determined by dividing the normal cost by expected covered payroll.

In determining the Plan's actuarial accrued liability, the projected benefit of each participant must be allocated between past years and future years. This allocation is made by multiplying the projected benefit by a fraction, the numerator of which is the participant's total credited years of service on the valuation date, and the denominator is the participant's total credited years of service at anticipated benefit commencement.

The unfunded actuarial liability is the difference between the actuarial accrued liability and Plan assets. This difference is amortized as a level dollar amount to determine the unfunded actuarial liability rate. The actuarial value of Plan assets is based on a five-year smoothing of gains and losses. The net pension obligation information below is based on periods from October 1 through September 30 (in dollars):

Fiscal Year	Annual Pension Costs	Actual Contribution	Percentage Contribution	Net Pension Obligation
2012	\$ 113,320	\$ 113,320	100%	-
2013	161,072	161,072	100%	-
2014	333,525	333,525	100%	-

Funded Status and Funding Progress

As of the most recent actuarial valuation date, September 30, 2012, the Plan's funding status was (dollars in thousands):

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)	Funded Ratio Actuarial Value Basis (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PARS	\$ 1,113	\$ 1,633	\$ 520	68.2%	\$ 8,329	6.2%

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Actuarial Methods and Assumptions

The following is a summary of September 30, 2013 actuarial assumptions:

Interest Rate:	4.75%
Actuarial Cost Method:	Entry Age Normal Cost Method
Mortality:	1983 Group Annuity Mortality (GAM83) table.
Turnover:	Sample rates are:

<u>Age</u>	<u>Turnover</u>
30	15%
40	15%
50	10%
60	5%

Seasonal and Temporary Employees' first five years of service assume the following turnover rates:

<u>Years of Service</u>	<u>Turnover</u>
0	50%
1	35%
2	30%
3	25%
4	20%

Salary Scale:	5.0%
Inflation	3.0%
Amortization Period	Closed
Average Remaining Period	10 years
Retirement Age:	Age 65 or attained age, if older.
Form of Benefit:	Participants are assumed to receive a lump sum upon termination.

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS

General Plan Description

The City's Retired Employees Health Insurance Program is a single-employer defined-benefit healthcare plan.

Under the provisions of the City's Personnel Ordinance, upon retirement, 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. Full-time City employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested.

The City has provided 2 one-time early retirement incentive programs. The first had a maximum value of \$25 thousand for employees, based on age, who retired during calendar year 1996, and the second incentive offered a 16-hour increase in sick leave per year of service to management employees who retired by June 30, 2004. In all cases, once the cash value of the retired employee's unused sick leave is exhausted, the retiree can terminate coverage or elect to continue paying the premiums at the retiree's expense.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

At September 30, 2014, there were 588 participants in the City's Retired Employees Health Insurance Program and their non-interest-bearing cash value equivalent of the remaining unused sick leave totaled \$19.3 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for the fiscal year ended September 30, 2014 were \$7.5 million and are included as an expense of the Employee Benefits Internal Service Fund.

Termination Benefits

As of September 30, 2014, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$133.7 million based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16). The liability takes into account an estimate of future usage, additional leave accumulation, and wage increases for both current retirees and active employees, an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996 and 2009 negotiated public safety health benefit supplements as described below:

Fire Retirement Supplement Benefit

The Long Beach Fire Fighter's Association agreed to defer an October 1, 2009 general salary adjustment to October 1, 2010 and to extend all other adjustments by one year. The supplement eligibility is limited to Fire employees retiring on or before December 31, 2009. The benefit formula is equal to the difference between CalPERS retirement had the October 1, 2009 general salary adjustment been made for a full year and actual retirement benefits received by CalPERS. The supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA). Each account will be adjusted as long as retirees or beneficiaries are receiving CalPERS.

Police Retirement Supplement Benefit

The Long Beach Police Officers Association agreed to extend a September 30, 2009 midpoint adjustment of 3.2% for sergeants, 14.8% for lieutenants, and 9.3% for corporals and officers, to a 2.0% minimum increase per year. The midpoint adjustment is based on the Strategic Plan Cities Survey of salaries in similar cities. The supplement eligibility is limited to employees retiring on or after September 30, 2009 and before benefits level reaches what it would have been had the September 30, 2009 adjustment been made. The benefit formula is equal to the difference between CalPERS retirement had the September 30, 2009 midpoint adjustment been made and actual retirement benefits received by CalPERS. The supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA). Each account will be adjusted as long as retiree or beneficiaries are receiving CalPERS.

The actuarial study assumes an investment return of 4.3 percent; wage increases of 3.3 percent per year for safety employees. The estimated current portion of such obligation of \$9.1 million has been fully funded and the long-term portion of the liability of \$124.7 million is being funded, over time, through burden rates charged to the various City funds, applied as a percentage of current productive salaries.

Other Postemployment Benefits

As of September 30, 2014, the City has also recorded a liability in the Employee Benefits Internal Service Fund of \$59.2 million based on an actuarial study of the "implicit subsidy" as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). While the City does not directly contribute any funding toward the cost of premiums for retirees, the ability to obtain coverage at an active employees rate constitutes an economic benefit to the retirees. The inclusion of the retirees in the City's healthcare

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

benefit plans increases the overall health plan rates. The economic benefit is defined as an “implicit subsidy” under GASB 45.

The ability to participate in the City’s plan by self-paying the premiums extends for the lifetime of the retiree. However, upon attaining the age of Medicare eligibility, the retiree may enter a plan coordinated by Medicare. Standard actuarial practice assumes that Medicare supplemental plans do not generally give rise to an implicit subsidy, and while the City has included Medicare eligible retirees in this valuation, their liability under GASB 45 and their implicit subsidy are both \$0. This plan does not issue a separate financial report.

Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. As of September 30, 2014, the City has not prefunded the plan.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual Other Postemployment Benefit (OPEB) cost (expense) is calculated based on the ARC, an amount that is actuarially determined in accordance with the requirements of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation (in thousands):

Annual required contribution	\$ 19,540
Interest on net OPEB obligation	1,812
Adjustment to annual required contribution	<u>(2,191)</u>
Annual OPEB cost	19,161
Contribution made	<u>(5,196)</u>
Increase in net OPEB obligation	13,965
Net OPEB obligation - beginning of year	<u>45,242</u>
Net OPEB obligation - end of year	<u><u>\$ 59,207</u></u>

The ARC was determined as part of the September 2014 actuarial valuation. For the year ended September 30, 2014, the City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 13,486	30.5%	\$ 35,514
9/30/2013	14,437	32.6%	45,242
9/30/2014	19,161	27.1%	59,207

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2014 as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 142,598
Actuarial value of Plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 142,598</u>
Funded ratio (actuarial value of Plan assets / AAL)	0.0%
Covered payroll	\$ 335,691
UAAL as a percentage of covered payroll	42.5%
ARC as a percentage of covered payroll	5.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, provided as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The September 30, 2014 actuarial valuation used the Entry Age Normal Cost method. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), an annual healthcare trend rate that begins at 7.5 percent for non-Medicare plans and 7.8 percent for Medicare plans with both decreasing to 5.0 percent for all plans by September 30, 2021, and an inflation assumption of 3.0 percent. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level amount over the participants' working lifetime. The actuarial value of plan assets was \$0. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of payroll method on an open basis over 30 years.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 15 – SELF-INSURANCE PROGRAMS

The City has adopted separate insurance programs for workers' compensation and general liability claims. The City is self-insured for workers' compensation for the first \$4 million per occurrence and has excess insurance coverage up to \$100 million. For general liability, the City is self-insured for the first \$3 million per occurrence and has excess coverage in the amount of \$50 million.

At September 30, 2014, the City accrued non-discounted estimates totaling \$128.0 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has no outstanding annuities payable. The City has recorded a current liability of \$24.6 million and a long-term liability of \$103.4 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2014 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, 2014 and 2013 is as follows (in thousands):

	Workers' Compensation Claims	General Liability Claims	Total
Balance at October 1, 2012	\$ 111,053	\$ 12,264	\$ 123,317
Additions (Reductions)	15,719	7,031	22,750
Payments	(15,342)	(2,553)	(17,895)
Balance at September 30, 2013	111,430	16,742	128,172
Additions	14,237	5,588	19,825
Payments	(13,832)	(6,207)	(20,039)
Balance at September 30, 2014	<u>\$ 111,835</u>	<u>\$ 16,123</u>	<u>\$ 127,958</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 16 – GOVERNMENTAL ACTIVITIES FUND BALANCE

As of September 30, 2014, total fund balances for the City's major and non-major governmental funds are as follows (in thousands):

	General	Other Governmental Funds	Total Governmental Funds
Fund Balances (Deficit):			
Nonspendable			
Prepaid Expense and Deposits	\$ 6	\$ 8,012	\$ 8,018
Subtotal	6	8,012	8,018
Restricted for:			
Debt Service	-	32,943	32,943
Public Safety	2,780	2,055	4,835
Public Health	-	6,742	6,742
Community and Cultural	-	195,219	195,219
Other Purposes - Operating Reserve	1,486	-	1,486
Public Works	-	52,538	52,538
Subtotal	4,266	289,497	293,763
Committed to:			
Public Safety	1,000	-	1,000
Community and Cultural	-	1,362	1,362
Other Purposes - Emergency Reserve	43,358	-	43,358
Other Purposes - Operating Reserve	11,500	-	11,500
Oil Abandonment	5,221	-	5,221
Subtotal	61,079	1,362	62,441
Assigned to:			
Subsequent Year's Appropriations	24,692	-	24,692
Unfunded Liabilities and Commitments	23,839	-	23,839
Infrastructure Reserve	1,000	-	1,000
Community and Cultural	-	279	279
Debt Service	-	289	289
Public Works	-	35,908	35,908
Subtotal	49,531	36,476	86,007
Unassigned	3,397	(17,646)	(14,249)
Total Fund Balances	<u>\$ 118,279</u>	<u>\$ 317,701</u>	<u>\$ 435,980</u>

Fund Deficits

The Internal Service Funds include accumulated deficits in the Insurance and Employee Benefits Internal Service Funds, which aggregate \$87.6 million and \$178.2 million, respectively. The City's management believes the cash position is sufficient to cover the current costs related to retired health insurance, workers' compensation, general liability claims, and current operating costs in the Insurance and Employee Benefits Internal Service Funds. The City's management intends to make reasonable adjustments to amounts charged to City departments to ensure that adequate cash positions are maintained.

The Tidelands Oil Revenue Fund, a major proprietary fund, reported a deficit net assets of \$24.5 million as of September 30, 2014. Tidelands Oil Revenue Fund deficit net assets is due to a future oil field abandonment liability. City's management intends to accumulate futures resources to pay for this liability.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 17 – 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 LBBFA Gas Prepay Function was formed to account for the 2007 A and B Natural Gas bonds that were issued in October 2007, for the purchase of gas at a predetermined price. The following schedules summarize the activity and account balances that comprise the Gas Utility Fund:

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Net Position
September 30, 2014
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (Credit)	Gas Utility Fund
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 7,487	\$ 213	\$ 7,700	\$ -	\$ 7,700
Non-Pooled Cash and Cash Equivalents	6	80	86	-	86
Receivables:					
Interest Receivable	24	-	24	-	24
Accounts Receivable	3,862	2,494	6,356	(1,152)	5,204
Due from Other Funds	1,820	-	1,820	(622)	1,198
Allowance for Receivables	(456)	-	(456)	-	(456)
Inventory	2,486	-	2,486	-	2,486
Prepaid Gas - Current	-	22,763	22,763	-	22,763
Other Assets	52	22	74	-	74
Total Current Assets	15,281	25,572	40,853	(1,774)	39,079
Noncurrent Assets:					
Restricted Noncurrent assets					
Non-Pooled Investments	-	20,024	20,024	-	20,024
Capital Assets:					
Land and Other Assets Not Being Depreciated	7,238	-	7,238	-	7,238
Capital Assets Net of Accumulated Depreciation	124,854	-	124,854	-	124,854
Prepaid Gas - Long-term	-	473,231	473,231	-	473,231
Total Noncurrent Assets	132,092	493,255	625,347	-	625,347
Total Assets	147,373	518,827	666,200	(1,774)	664,426
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	-	379,890	379,890	-	379,890
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	4,167	-	4,167	1,152	3,015
Accrued Wages	320	-	320	-	320
Accrued Interest Payable	2	11,110	11,112	-	11,112
Due to Other Funds	1,456	622	2,078	622	1,456
Unearned Revenues	1,467	-	1,467	-	1,467
Customers Deposits	2,601	-	2,601	-	2,601
Obligations under Capital Leases - Current	432	-	432	-	432
Bonds Payable Due within One Year	-	6,840	6,840	-	6,840
Total Current Liabilities	10,445	18,572	29,017	1,774	27,243
Noncurrent Liabilities:					
Obligations under Capital Leases	1,350	-	1,350	-	1,350
Other Long-Term Obligations	1,500	-	1,500	-	1,500
Bonds Payable	-	606,935	606,935	-	606,935
Unamortized Discount	-	13,313	13,313	-	13,313
Total Noncurrent Liabilities	2,850	620,248	623,098	-	623,098
Total Liabilities	13,295	638,820	652,115	1,774	650,341
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	-	379,890	379,890	-	379,890
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	128,810	-	128,810	-	128,810
Unrestricted	5,268	(119,993)	(114,725)	-	(114,725)
Total Net Position (Deficit)	\$ 134,078	\$ (119,993)	\$ 14,085	\$ -	\$ 14,085

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (credit)	Gas Utility Fund
Operating Revenues:					
Fees, Concessions and Rentals	\$ 87	\$ -	\$ 87	\$ -	\$ 87
Charges for Services	80,680	21,800	102,480	21,800	80,680
Other	1,225	-	1,225	-	1,225
Total Revenues	81,992	21,800	103,792	21,800	81,992
Operating Expenses:					
Personnel Services	15,020	5	15,025	-	15,025
Purchases of Gas	31,138	5,721	36,859	(21,800)	15,059
Maintenance and Other Operations	12,346	73	12,419	-	12,419
Depreciation	5,508	-	5,508	-	5,508
Total Operating Expenses	64,012	5,799	69,811	(21,800)	48,011
Operating Income	17,980	16,001	33,981	-	33,981
Non-Operating Income (Expense):					
Interest Income	85	619	704	-	704
Interest Expense	-	(31,574)	(31,574)	-	(31,574)
Loss on Disposition of Capital Assets	(288)	-	(288)	-	(288)
Capital Assets to / (from) Other Funds	(901)	-	(901)	-	(901)
Other Income	301	-	301	-	301
Other Expense	(88)	(674)	(762)	-	(762)
Total Non-Operating Income (Expense)	(891)	(31,629)	(32,520)	-	(32,520)
Income before Contributions and Transfers	17,089	(15,628)	1,461	-	1,461
Operating Transfers:					
Operating Transfers Out	(10,223)	-	(10,223)	-	(10,223)
Change in Net Position	6,866	(15,628)	(8,762)	-	(8,762)
Net Position (Deficit), October 1	127,212	(104,365)	22,847	-	22,847
Net Position (Deficit), September 30	\$ 134,078	\$ (119,993)	\$ 14,085	\$ -	\$ 14,085

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Gas Operating Function</u>	<u>LBBFA Gas Prepay Function</u>	<u>Eliminations Increase (decrease)</u>	<u>Gas Utility Fund</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 82,359	\$ 21,990	\$ (21,990)	\$ 82,359
Payments for Employee Salaries	(14,956)	(5)	-	(14,961)
Payments for Goods and Services	(42,791)	(51)	21,990	(20,852)
Other Income	1,236	22,788	-	24,024
Other Expense	-	(685)	-	(685)
Net Cash Provided by Operating Activities	25,848	44,037	-	69,885
Cash Flows from Non-Capital Financing Activities:				
Other Non-operating Income	301	-	-	301
Other Non-operating Expenses	(88)	-	-	(88)
Receipts from Prepayment of Gas Supply	-	(5,909)	-	(5,909)
Payments of Principal on Bonds Payable	-	(7,305)	-	(7,305)
Payments of Interest	-	(32,079)	-	(32,079)
Transfers Out	(10,223)	-	-	(10,223)
Net Cash Used for Non-Capital Financing Activities	(10,010)	(45,293)	-	(55,303)
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(13,965)	-	-	(13,965)
Payments of Principal on Other Long-Term Obligations	(1,923)	-	-	(1,923)
Payments of Interest, Net of Amounts Capitalized	(43)	-	-	(43)
Net Cash Used for Capital and Related Financing Activities	(15,931)	-	-	(15,931)
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	611	-	611
Receipts of Interest	72	633	-	705
Net Cash Provided by Investing Activities	72	1,244	-	1,316
Net Decrease in Cash and Cash Equivalents	(21)	(12)	-	(33)
Cash and Cash Equivalents - October 1	7,514	305	-	7,819
Cash and Cash Equivalents - September 30	<u>\$ 7,493</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>\$ 7,786</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Gas Operating Function</u>	<u>LBBFA Gas Prepay Function</u>	<u>Eliminations Increase (decrease)</u>	<u>Gas Utility Fund</u>
Operating Income	\$ 17,980	\$ 16,001	\$ -	\$ 33,981
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	5,508	-	-	5,508
Other Income	-	22,788	-	22,788
Other Expense	-	(674)	-	(674)
(Increase) Decrease in Accounts Receivable, Net	(957)	190	-	(767)
Decrease in Amounts Due from Other Funds	-	(11)	-	(11)
Increase in Inventory	(553)	-	-	(553)
(Increase) Decrease in Other Operating Assets/Gas Prepay	349	5,721	-	6,070
Decrease in Accounts Payable	765	22	-	787
Increase in Accrued Wages Payable	40	-	-	40
Decrease in Amounts Due to Other Funds	606	-	-	606
Decrease in Unearned Revenues	1,342	-	-	1,342
Increase in Collections Held in Trust	768	-	-	768
Total Adjustments	7,868	28,036	-	35,904
Net Cash Provided by Operating Activities	<u>\$ 25,848</u>	<u>\$ 44,037</u>	<u>\$ -</u>	<u>\$ 69,885</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Gas Rates

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

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

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

NOTE 18 – SOLID WASTE MANAGEMENT FUND

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

A final settlement to the contractor litigation provided that the City would receive \$6 million in cash and approximately \$10 million over a 20-year period in monthly installments which began in 1999. Additionally, a \$6 million payment from the present operator for future improvements has been accounted for as contributed capital. The long-term portion of future payments receivable from the former contractor of approximately \$10 million has been accounted for as a long-term receivable with a balance at September 30, 2014 of \$1.3 million.

In October 1995, the lease, between the joint powers authority and the City's SERRF operations, was revised as SERRF refunded the 1985, 1985-1, and 1986 bond issues with the SERRF 1995 Revenue Bond issue. The lease payment was equal to debt service payments with a maximum annual payment of \$25.0 million.

In October 2003, the lease was again revised since the SERRF refunded the 1995 Bonds with the 2003 Southeast Resource Recovery Facility Authority Bonds in the amount of \$120.2 million. Base rental payments are calculated to be sufficient to pay the principal and interest of the Series 2003 Bonds when due.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Net Position (Deficit)
September 30, 2014
(In Thousands)

	Solid Waste Management Refuse Function	SERRF Function	SERRF Authority	Total Before Elimination	Eliminations Debit (Credit)	Solid Waste Management Fund
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 14,664	\$ 25,649	\$ -	\$ 40,313	\$ -	\$ 40,313
Non-Pooled Cash and Cash Equivalents	3	-	72	75	-	75
Receivables:						
Interest Receivable	14	-	32	46	-	46
Accounts Receivable	2,535	7,156	850	10,541	(850)	9,691
Due from Other Governments	-	219	-	219	-	219
Due from Other Funds	169	-	-	169	-	169
Capital Leases Receivable - Current	-	-	8,860	8,860	(8,860)	-
Allowance for Receivables	(277)	(2)	-	(279)	-	(279)
Other Assets-Current	-	26	-	26	-	26
Total Current Assets	17,108	33,048	9,814	59,970	(9,710)	50,260
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	11,567	11,567	-	11,567
Noncurrent Receivables:						
Capital Lease Receivable	-	-	40,340	40,340	(40,340)	-
Other Noncurrent Receivables	-	1,360	-	1,360	-	1,360
Capital Assets:						
Land and Other Capital Assets not being Depreciated	102	6,520	-	6,622	-	6,622
Capital Assets Net of Accumulated Depreciation	62	12,427	-	12,489	-	12,489
Other Assets-Long-Term	-	-	333	333	(333)	-
Total Noncurrent Assets	164	20,307	52,240	72,711	(40,673)	32,038
Total Assets	17,272	53,355	62,054	132,681	(50,383)	82,298
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	468	4,758	-	5,226	850	4,376
Accrued Wages	186	8	-	194	-	194
Accrued Interest Payable	-	-	848	848	-	848
Due to Other Funds	93	4	-	97	-	97
Deferred Revenues	3	-	-	3	-	3
Collections Held in Trust	694	64	-	758	-	758
Obligations under Capital Leases - Current	-	8,860	-	8,860	8,860	-
Bonds Payable Due within One Year	-	-	8,860	8,860	-	8,860
Total Current Liabilities	1,444	13,694	9,708	24,846	9,710	15,136
Noncurrent Liabilities:						
Deferred Credits and Other Deferred Liabilities	-	333	-	333	333	-
Obligations under Capital Leases	-	40,340	-	40,340	40,340	-
Bonds Payable	-	-	40,340	40,340	-	40,340
Unamortized Discount	-	-	1,722	1,722	-	1,722
Total Noncurrent Liabilities	-	40,673	42,062	82,735	40,673	42,062
Total Liabilities	1,444	54,367	51,770	107,581	50,383	57,198
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	164	(30,253)	(1,389)	(31,478)	(13,120)	(18,358)
Restricted for:						
Debt Service	-	-	11,673	11,673	-	11,673
Unrestricted	15,664	29,241	-	44,905	13,120	31,785
Total Net Position (Deficit)	\$ 15,828	\$ (1,012)	\$ 10,284	\$ 25,100	\$ -	\$ 25,100

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Solid Waste Management			Total Before Elimination	Eliminations Debit (Credit)	Solid Waste Management Fund
	Refuse Function	SERRF Function	SERRF Authority			
Operating Revenues:						
Fees, Concessions, and Rentals	\$ -	\$ -	\$ 2,619	2,619	\$ 2,619	\$ -
Charges for Services	41,478	47,260	-	88,738	8,046	80,692
Other	9	-	-	9	-	9
Total Operating Revenues	<u>41,487</u>	<u>47,260</u>	<u>2,619</u>	<u>91,366</u>	<u>10,665</u>	<u>80,701</u>
Operating Expenses:						
Personnel Services	14,180	511	-	14,691	-	14,691
Maintenance and Other Operations	27,143	36,851	-	63,994	(8,046)	55,948
Rental Expense	-	2,619	-	2,619	(2,619)	-
Amortization	-	-	80	80	-	80
Depreciation	8	4,311	-	4,319	-	4,319
Total Operating Expenses	<u>41,331</u>	<u>44,292</u>	<u>80</u>	<u>85,703</u>	<u>(10,665)</u>	<u>75,038</u>
Operating Income (Loss)	<u>156</u>	<u>2,968</u>	<u>2,539</u>	<u>5,663</u>	<u>-</u>	<u>5,663</u>
Non-Operating Income (Expenses):						
Interest Income	86	62	44	192	-	192
Interest Expense	-	-	(2,202)	(2,202)	-	(2,202)
Gain on Disposition of Capital Assets	-	-	-	-	-	-
Operating Grants	302	-	-	302	-	302
Other Income	4	346	-	350	-	350
Other Expenses	-	-	(3)	(3)	-	(3)
Total Non-Operating Income (Expenses)	<u>(225)</u>	<u>408</u>	<u>(2,161)</u>	<u>(1,978)</u>	<u>-</u>	<u>(1,978)</u>
Income (Loss) before Contributions and Transfers	<u>(69)</u>	<u>3,376</u>	<u>378</u>	<u>3,685</u>	<u>-</u>	<u>3,685</u>
Transfers:						
Transfers Out	<u>(727)</u>	<u>(2,979)</u>	<u>-</u>	<u>(3,706)</u>	<u>-</u>	<u>(3,706)</u>
Change in Net Position	<u>(796)</u>	<u>397</u>	<u>378</u>	<u>(21)</u>	<u>-</u>	<u>(21)</u>
Net Position (Deficit) - October 1	<u>16,624</u>	<u>(1,409)</u>	<u>9,906</u>	<u>25,121</u>	<u>-</u>	<u>25,121</u>
Net Position (Deficit) - September 30	<u>\$15,828</u>	<u>\$ (1,012)</u>	<u>\$10,284</u>	<u>\$ 25,100</u>	<u>\$ -</u>	<u>\$ 25,100</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Refuse Function</u>	<u>SERRF Function</u>	<u>SERRF Authority</u>	<u>Total Before Elimination</u>	<u>Eliminations Increase (Decrease)</u>	<u>Solid Waste Management Fund</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 41,551	\$ 45,316	\$ -	\$ 86,867	\$ -	\$ 86,867
Receipts from Capital Lease	-	-	2,759	2,759	(2,759)	-
Payments for Employee Salaries	(14,142)	(511)	-	(14,653)	-	(14,653)
Payments for Goods and Services	(27,611)	(39,252)	-	(66,863)	2,759	(64,104)
Other Income	4	346	-	350	-	350
Net Cash Provided by (Used for) Operating Activities	(198)	5,899	2,759	8,460	-	8,460
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	302	-	-	302	-	302
Transfers Out	(727)	(2,979)	-	(3,706)	-	(3,706)
Net Cash Used for Non-Capital Financing Activities	(425)	(2,979)	-	(3,404)	-	(3,404)
Cash Flows from Capital and Related Financing Activities:						
Payment of Contributed Capital	(617)	-	-	(617)	-	(617)
Payments for Capital Acquisitions	1	-	-	1	-	1
Payments of Principal on Bonds Payable	-	-	(8,410)	(8,410)	-	(8,410)
Payments of Principal on Other Long-Term Obligations	-	(8,410)	-	(8,410)	8,410	-
Payments of Interest	-	-	(2,758)	(2,758)	-	(2,758)
Net Cash Used for Capital and Related Financing Activities	(616)	(8,410)	(11,168)	(20,194)	8,410	(11,784)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	(153)	(153)	-	(153)
Principal Received under Capital Lease	-	-	8,410	8,410	(8,410)	-
Receipts of Interest	78	62	48	188	-	188
Net Cash Provided by Investing Activities	78	62	8,305	8,445	(8,410)	35
Net Increase (Decrease) in Cash and Cash Equivalents	(1,161)	(5,428)	(104)	(6,693)	-	(6,693)
Cash and Cash Equivalents - October 1	15,828	31,077	176	47,081	-	47,081
Cash and Cash Equivalents - September 30	\$ 14,667	\$ 25,649	\$ 72	\$ 40,388	\$ -	\$ 40,388

(Continued)

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In Thousands)
(Continued)

<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Refuse Function</u>	<u>SERRF Function</u>	<u>SERRF Authority</u>	<u>Total before Elimination</u>	<u>Eliminations Increase (Decrease)</u>	<u>Solid Waste Management Fund</u>
Operating Income (Loss)	\$ 156	\$ 2,968	\$ 2,539	\$ 5,663	\$ -	\$ 5,663
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	8	4,311	80	4,399	-	4,399
Other Income	4	346	-	350	-	350
(Increase) Decrease in Accounts Receivable, Net	(40)	(2,345)	140	(2,245)	(140)	(2,385)
Increase in Amounts Due from Other Governments	-	401	-	401	-	401
(Increase) in Amounts Due from Other Funds	(3)	-	-	(3)	-	(3)
(Increase) Decrease in Other Assets	-	(26)	-	(26)	-	(26)
Decrease (Increase) in Deferred Charges	-	-	-	-	(80)	(80)
Increase (Decrease) in Accounts Payable	(468)	324	-	(144)	140	(4)
Increase (Decrease) in Accrued Wages Payable	24	-	-	24	-	24
Increase in Amounts Due to Other Funds	14	-	-	14	-	14
Decrease in Unearned Revenues	3	-	-	3	-	3
Increase (Decrease) in Deferred Credits	-	(80)	-	(80)	80	-
Increase in Collections Held in Trust	104	-	-	104	-	104
Total Adjustments	(354)	2,931	220	2,797	-	2,797
Net Cash Provided by (Used for) Operating Activities	<u>\$ (198)</u>	<u>\$ 5,899</u>	<u>\$ 2,759</u>	<u>\$ 8,460</u>	<u>\$ -</u>	<u>\$ 8,460</u>

NOTE 19 – OIL ABANDONMENT LIABILITY

As mentioned in Note 1, the City is required to administer certain tideland properties in trust for the state of California. Significant enterprise operations are conducted in the Tidelands Trust area of the City. Revenues received from the City's tidelands area business-type operations are restricted by State law to tidelands-related purposes. The trust agreement provides for the establishment of separate operating funds to account for the various activities conducted in the City's tideland areas, as described on the following pages.

Tideland Oil Revenues

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 as authorized by Chapter 941 of the state of California special legislative session of 1991) are remitted to the state of California. Law restricts funds retained by the City for tidelands-related purposes. Eligible purposes include expenses of the City's marinas, beaches, waterways, and its convention center.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2014, the State's total estimated abandonment cost liability is \$607.4 million increasing by \$132.7 million from fiscal year 2013. 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, 2014, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.2 million of the \$607.4 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2014, the Tidelands Fund recorded an estimated oil field abandonment cost liability of \$51.4 million increasing by \$10.2 million from fiscal year 2013. 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 proprietary ownership interests in the Wilmington Oil Field bear a proportionate share of oil field abandonment costs. Such share is presently estimated at \$9.6 million of which \$5.2 million has been funded in the Upland Oil Properties Special Revenue Fund as of September 30, 2014.

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of \$40.0 million, plus accrued interest, was originally set aside for this purpose. Under provisions of State law that allowed the State's contractors to substantially increase oil production, and for a period of eight years that ended December 31, 1999, the City's Tidelands Fund received 50 percent of the interest earnings on the Reserve for Subsidence Contingencies while the other 50 percent accrued to the Subsidence Fund. For a period of four years beginning January 1, 2000, 50 percent of the interest earnings were paid to the State of California while the other 50 percent accrued to the Subsidence Fund. After the expiration of the above provisions, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2014, the reserve balance within the Subsidence Fund is \$173.5 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 assist the City in making \$5 million contributions to the State in fiscal years 2005 and 2006. At September 30, 2014, total loan to the City's General Fund and interest retained amounts to \$4.1 million.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 20 – POLLUTION REMEDIATION OBLIGATIONS

BKK Sites

Victoria Golf Course: Between 1947 and 1949, the City disposed of municipal waste in a landfill owned by BKK Corp located in Carson, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has identified the City as a potentially responsible party (PRP) under the Resources Conservation and Recovery Act and has threatened enforcement action. The County of Los Angeles has threatened a cross-claim against the City for contribution. As of September 30, 2014, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

West Covina: From the mid-1960s through 1987, the City disposed of municipal waste in a landfill owned by BKK Corp located in West Covina, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has a cleanup order to PRPs under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The primary PRPs have entered into a consent decree. Those parties in turn have threatened to compel the City to contribute part of the clean-up costs. As of September 30, 2014, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

National Resources Defense Council

The County of Los Angeles filed a claim with the City, and more than 80 other cities in Los Angeles County, for contribution/indemnification in the lawsuit brought by the National Resources Defense Council (NRDC) against the County in 2009. The NRDC lawsuit was related to violations of the federal Clean Water Act that were allegedly caused by or contributed to by cities, including Long Beach. One or more of the sites is located in Long Beach. The Ninth Circuit has ruled against the County. That decision was appealed to the U.S. Supreme Court, and denied in May 2014. As of September 30, 2014, the case is considered closed and of no further effect on the City.

West Covina Site

Chevron (USA), Exxon Mobile Corporation, Conocophillips Company, Long Beach Oil Development Company (LBOD), and American Energy Operations, Inc. have been named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California Department of Toxic Substance Control). The site is located in West Covina. In response, the parties have filed claims against the City seeking unspecified damages. In 2005 and 2006, the parties entered into tolling agreements with the City. To date, no costs have been incurred in this matter. As of September 30, 2014, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

Long Beach Oil Development Company

In 2003, LBOD, a contractor for the City responsible for managing oil operations, was named in a lawsuit. During the period from 1939 to February 1989, LBOD deposited oil operations materials at three approved disposal sites. LBOD was named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California Department of Toxic Substance Control) for these sites and has sued the City seeking reimbursement for costs expended. As of September 30, 2014, there was insufficient information to develop an estimate of

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

potential remediation costs attributable to the City. The City acts as a trustee for the State for the impacted lands and the funds for defense and settlement shall come from State of California Oil Revenue.

Housing Development Company

In 2006, the Agency purchased property at 2085 Atlantic Boulevard at a reduced price with the knowledge that remediation activities for soil and groundwater contamination would have to be undertaken. In August 2007, the property was conveyed to the Company. The remediation activities, as directed by the Los Angeles Regional Water Quality Control Board (Regional Board), have been completed; however, continued monitoring of the site has been ordered. In 2013, the Regional Board indicated that the case is a candidate for closure, pending review and has requested that annual monitoring continue until closure is received. The original estimated liability for the monitoring, based on a cost estimate from the monitoring service provider, was \$50 thousand. As of September 30, 2014, the remaining liability for the monitoring was \$6 thousand. There is no reasonable expectation of any recovery associated with these remediation efforts.

Paramount Landfill

The City operated the Paramount Landfill from 1945 to 1948. After closure, the landfill was partitioned and all but one parcel has been sold. The remaining parcel was developed into Davenport Park. In May 2009, the Regional Board notified the City that additional groundwater monitoring is required for this site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$60 thousand. As of September 30, 2014, the remaining liability for the monitoring was \$12 thousand. There is a possibility that the cost of monitoring may increase if the mandated monitoring period is extended. There is no reasonable expectation of any recovery associated with these remediation efforts.

El Cortez (formerly El Ranchito)

In 2009, the Agency purchased property at 5301 Long Beach Blvd. In fiscal year 2012, the Agency initiated a voluntary remediation project at the site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$485 thousand. As of September 30, 2014, the remaining liability for the monitoring was \$404 thousand. There is a possibility that the cost of monitoring may increase. There is no reasonable expectation of any recovery associated with these remediation efforts.

Cowelco

On November 8, 2012, the Los Angeles Regional Water Quality Control Board (Control Board) notified the Agency of the that additional groundwater monitoring was necessary at 1669 W. Anaheim Street based on the Control Board's review of the Site Assessment Report dated May 7, 2004. Compliance with the Control Board's current request is anticipated to cost approximately \$40 thousand. It is not known if additional monitoring or remediation will be required. There is no reasonable expectation of any recovery associated with these remediation efforts.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Metropolitan Transportation Authority (MTA) Bus Parking Lot

The Regional Board has notified the City that additional ground water monitoring for the former MTA bus parking lot may be required. MTA had requested site closure for the site prior to it being sold to the City. MTA pledged \$300 thousand to pay for any future monitoring costs when the City acquired the property. Management has not recorded a liability because it is believed that the costs associated with any future monitoring would be less than the pledge of the MTA. At September 30, 2014, the site is still being evaluated and the City is waiting for final determination from the Regional Board as to the extent of, if any, additional monitoring activities that may be required.

Leaking Underground Storage Tanks (LUST)

The City has been named a responsible party for a number of LUST by the Regional Board. The Regional Board has directed that these sites be evaluated for remediation and continued monitoring activities. As of September 30, 2014, the State approved the City's remediation efforts. The City remains under a Board order to continue monitoring the sites, with a suspended penalty of \$2.5 million, which could be imposed if the order is violated. The estimated related liability for the future remediation was \$3 million. Successful completion of the probationary term, to end in 2015, may decrease this liability.

San Francisco Yard

In June 2010, the City exchanged land, known as the San Francisco Yard (SFY), to a developer in exchange for wetlands areas. As part of this transaction, the City agreed to financially support any potential pollution remediation that became necessary to allow further development within specified areas of the SFY. In 2013, the City was notified that contaminated soil remediation would be required. To help determine the potential remediation costs, the City requested and received proposals to remediate the soil contamination. Based on these estimates, the estimated related liability for the future remediation was \$557 thousand. There is no reasonable expectation of any recovery associated with these remediation efforts.

NOTE 21 – INVESTMENT IN JOINT VENTURES

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The City's Harbor Department and the Port of Los Angeles (the Venturers) have entered into a joint venture agreement to form ICTF for the purposes of financing and constructing an intermodal container transfer facility (the facility) to transfer cargo containers between trucks and railroad cars. The facility has been leased to Southern Pacific, now merged with Union Pacific (the Tenant). The facility was developed by the Tenant who assumed operational responsibility for the facility. The Venturers' share net income and equity distributions from ICTF equally. The ICTF financial statements for the year ended June 30, 2014 can be obtained from the Harbor.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 22 – DEFERRED COMPENSATION

The City offers all of its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code, Section 457. The Plan permits employees to defer a portion of their salary until future years. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such trust accounts for the exclusive benefit of the City employee participants and their beneficiaries.

While the City has full power and authority to administer and to adopt rules and regulations for the Plan, all investment decisions under the Plan are the responsibility of the Plan participants. The City has no liability for losses under the Plan, but does have the duty of due care that would be required of an ordinary prudent investor. The accumulated assets of the Plan are not required to be reported in the accompanying basic financial statements.

If Plan participants retire or terminate service with the City, they may be eligible to receive payments under the Plan in accordance with provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the Plan by the participants, along with their allocated contributions.

NOTE 23 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2014, business-type fund and governmental-type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

<u>Governmental Activities</u>	
General Fund	\$ 433
Other Governmental funds:	
Special Revenue Funds	5,863
Capital Projects Funds	6,630
Total	<u>\$ 12,926</u>

<u>Business-Type Activities</u>	
Gas Utility	\$ 354
Tidelands	16,374
Harbor	79,760
Non-major business-type funds	13,432
Total	<u>\$ 109,920</u>

At September 30, 2014, the City's commitments for Internal Service Fund activity construction projects and for the purchase of goods and services aggregated to \$1.2 million.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Health Insurance

The City contracts with an insurance company to provide group health insurance to City employees. In an effort to maintain rates at acceptable levels, the City deposited with a trustee certain securities valued at approximately \$5.0 million to cover terminal liability claims. The securities are included in the City's pooled cash and investments and all interest earned on the securities accrues to the City. In the event the City terminates its contract with the insurance company, any funds in excess of the actual terminal claims liability will be returned to the City.

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 16, 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. This 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. Revenues 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 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 a total of 40 percent of the total annual required amount, with the Harbor and the Port of Los Angeles each responsible for one-half, or 20 percent of the required amount.

ACTA's latest Notice of Estimated Shortfall Advances and Reserve Accounting Funding (Notice) was transmitted to the Department on March 20, 2014. Estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. The projected shortfall for ACTA's fiscal year ended June 30, 2015, based on the Notice submitted by ACTA was negligible leaving the cumulative shortfall at \$5.9 million. Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. Reimbursement could begin as soon as 2018. The Harbor has funded, in prior years, a cash reserve to satisfy claims related to the shortfall advance potential obligation.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

New Gerald Desmond Bridge Matching Contribution

The Harbor continues to pursue the replacement of the Gerald Desmond Bridge. The total cost to replace the bridge is estimated at \$1.3 billion. The Harbor anticipates that funding of this project will come primarily from federal and state sources. Local matching funds will also be required.

Environmental Mitigation Credits

The Harbor disbursed \$39.4 million in fiscal year 1997 to secure environmental mitigation credits that would allow the Harbor to complete projects within its complex. The cost incurred in the acquisition of the environmental credits has been classified as a noncurrent asset. The balance of environmental mitigation credits will be adjusted in the future as landfill credits are used for Harbor development.

An agreement between the Harbor, the Port of Los Angeles, and several federal and state regulatory agencies provided for the Harbor's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California. The land was transferred to the state in return for environmental mitigation credits to allow for the construction of up to 267 acres of landfill in the outer harbor area. During fiscal year 2006, the Department acquired \$11.4 million of environmental mitigation credits.

During fiscal year 2007, the Department completed landfills that required the utilization of \$6.5 million of the available credits. No no further acquisition of environmental credits or utilization of credits has occurred during the two years ended September 30, 2014. The balance of the Environmental Mitigation Credits was \$43.3 million as of September 30, 2014.

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 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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 24 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources

At September 30, 2014, Deferred Outflows of Resources and Deferred Inflows of Resources are as follows:

City of Long Beach					
Governmental Funds					
Schedule of Deferred Outflows and Deferred Inflows					
For the Fiscal Year Ended September 30, 2014					
(In Thousands)					
	General	Nonmajor Governmental Funds	Total Governmental Funds	GASB 34 Conversion Adjustments	Total Government- wide Statements
Deferred Outflows of Resources:					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ 1,762	\$ 1,762
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,762</u>	<u>\$ 1,762</u>
Deferred Inflows of Resources:					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 275	\$ 275
Unavailable revenue and property taxes	84,376	195,000	279,376	(194,074)	85,302
Total deferred inflows of resources	<u>\$ 84,376</u>	<u>\$ 195,000</u>	<u>\$ 279,376</u>	<u>\$ (193,799)</u>	<u>\$ 85,577</u>

City of Long Beach
Internal Service Funds
Schedule of Deferred Outflows and Deferred Inflows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Civic Center	Fleet Services	Total Internal Service Funds
Deferred Outflows of Resources:			
Economic loss from the refunding of debt	\$ 1,000	\$ 1,358	\$ 2,358
Total deferred outflows of resources	<u>\$ 1,000</u>	<u>\$ 1,358</u>	<u>\$ 2,358</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

City of Long Beach
Enterprise Funds
Schedule of Deferred Outflows and Deferred Inflows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Gas Utility	Tidelands	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds
Deferred Outflows of Resources:					
Economic loss from the refunding of debt	\$ -	\$ 7,878	\$ 9,593	\$ 2,079	\$ 19,550
Negative fair value of derivative instrument					
Interest rate swap	12,347	-	-	-	12,347
Derivative instrument					
Commodity swap	367,543	-	-	-	367,543
Total deferred outflows of resources	<u>\$ 379,890</u>	<u>\$ 7,878</u>	<u>\$ 9,593</u>	<u>\$ 2,079</u>	<u>\$ 399,440</u>
Deferred Inflows of Resources:					
Economic gain from the refunding of debt	\$ -	\$ -	\$ 2,963	\$ -	\$ 2,963
Positive fair value of derivative instrument					
Commodity swap	367,543	-	-	-	367,543
Derivative instrument					
Interest rate swap	12,347	-	-	-	12,347
Total deferred inflows of resources	<u>\$ 379,890</u>	<u>\$ -</u>	<u>\$ 2,963</u>	<u>\$ -</u>	<u>\$ 382,853</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

NOTE 25 – Reclassification of Funds

During the fiscal year ended September 30, 2014, an evaluation of a component of other Special Revenue Funds, a non-major governmental fund, revealed that it would be more appropriately classified as an Agency Fund. The following schedules reflect the affects of that reclassification:

**Reclassification of Governmental Activities
Schedule of Net Position
September 30, 2013**

	Governmental Activities	Adjustments to Reclassify Balances	Governmental Activities as Reclassified
Assets:			
Current and Other Assets	\$ 983,289	\$ (1,969)	\$ 981,320
Capital Assets	687,620	-	687,620
Deferred Outflows	4,433	-	4,433
Total Assets	<u>1,675,342</u>	<u>(1,969)</u>	<u>1,673,373</u>
Liabilities:			
Current Liabilities	173,760	(1,795)	171,965
Noncurrent Liabilities, Net	784,220	-	784,220
Deferred Inflows	78,618	-	78,618
Total Liabilities	<u>1,036,598</u>	<u>(1,795)</u>	<u>1,034,803</u>
Net Position:			
Net Investment in Capital Assets	242,105	-	242,105
Restricted	458,167	(174)	457,993
Unrestricted	(61,528)	-	(61,528)
Total Net Position	<u>\$ 638,744</u>	<u>\$ (174)</u>	<u>\$ 638,570</u>

**Reclassification of Agency Funds
Schedule of Fiduciary Fund Net Position
September 30, 2013**

	Agency Funds	Adjustments to Reclassify Balances	Agency Funds as Reclassified
Assets:			
Pooled Cash and Cash Equivalents	\$ 9,539	\$ 1,245	\$ 10,784
Non-performing Investment	2	-	2
Non-pooled Investments	2,175	-	2,175
Non-pooled Cash and Cash Equivalents	6,224	2	6,226
Property Tax Receivable	73	60	133
Interest Receivable	8	-	8
Accounts Receivable	28	763	791
Prepaid Expense	1	-	1
Land	11,000	-	11,000
Total Assets	<u>\$ 29,050</u>	<u>\$ 2,070</u>	<u>\$ 31,120</u>
Liabilities:			
Accounts Payable	\$ 308	2,010	\$ 2,318
Due to Special Assessment Bondholders	3,339	-	3,339
Collections Held in Trust	25,403	60	25,463
Total Liabilities	<u>\$ 29,050</u>	<u>\$ 2,070</u>	<u>\$ 31,120</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2014

Reclassification of Other Special Revenue Funds
Balance Sheet
September 30, 2013

	Other Special Revenue Funds	Adjustments to Reclassify Balances	Other Special Revenue as Reclassified
Assets:			
Pooled Cash and Cash Equivalents	\$ 9,432	\$ (1,248)	\$ 8,184
Non-performing Investment	1	-	1
Property Tax Receivable, Net	94	(94)	-
Accounts Receivable, Net	1,279	(728)	551
Due from Other Funds	28	-	28
Other Assets	1	-	1
Other Non-current receivables	872	-	872
Total Assets	<u>11,707</u>	<u>(2,070)</u>	<u>9,637</u>
Liabilities:			
Accounts Payable	1,906	(1,795)	111
Accrued Wages	27	-	27
Due to Other Funds	13	-	13
Collections Held in Trust	238	-	238
Total Liabilities	<u>2,184</u>	<u>(1,795)</u>	<u>389</u>
Deferred Inflows	<u>935</u>	<u>(60)</u>	<u>875</u>
Fund Balance:			
Nonspendable	1	-	1
Restricted	7,387	(215)	7,172
Committed	1,200	-	1,200
Total Fund Balance	<u><u>\$ 8,588</u></u>	<u><u>\$ (215)</u></u>	<u><u>\$ 8,373</u></u>

REQUIRED SUP- PLEMENTARY INFORMATION

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City of Long Beach
Required Supplementary Information
CalPERS Analysis of Funding Progress
(Unaudited)
(In thousands)

June 30 Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrued Liability (b)	Excess Funded (Deficit / Unfunded) Assets (a) – (b)	<u>Funded Status</u>		Annual Covered Payroll (c)	Excess Funded (Deficit / Unfunded) Assets as a % of Covered Payroll [(a) - (b)] / (c)
				(AVA) (a) / (b)	Market Value		
<u>Miscellaneous Employees</u>							
2011	\$1,765,236	\$1,971,682	\$(206,446)	89.5%	79.4%	\$222,312	-92.9%
2012	1,825,592	2,057,068	(231,476)	88.7%	79.4%	220,939	-104.8%
2013	1,652,793	2,143,507	(490,714)	77.1%	79.4%	220,939	-222.1%
<u>Safety Employees</u>							
2011	\$1,783,951	\$1,868,031	\$ (84,080)	95.5%	84.7%	\$132,176	-63.6%
2012	1,834,547	1,936,904	(102,357)	94.7%	84.7%	124,868	-82.0%
2013	1,659,336	2,002,963	(343,627)	82.8%	84.7%	121,770	-282.2%

See accompanying independent auditors' report.

City of Long Beach
Required Supplementary Information
Public Agency Retirement System
Analysis of Funding Progress
(Unaudited)
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Funded (Excess Assets)	Funded Ratio	Annual Covered Payroll	Rate of Funded Liability to Annual Covered Payroll
2004	\$ 1,537	\$ 545	\$ 992	282%	\$ 8,266	12.00%
2005	1,388	675	713	206%	7,697	9.27%
2006	1,308	790	518	166%	7,928	6.53%
2007	1,421	860	561	165%	8,461	6.63%
2008	1,102	1,047	55	105%	9,178	0.60%
2009	889	1,123	(234)	79%	8,376	-2.79%
2010	966	1,176	(210)	82%	8,369	-2.51%
2011	879	1,354	(475)	65%	8,653	-5.49%
2012	903	1,486	(583)	61%	8,526	-6.84%
2013	1,113	1,633	(520)	68%	8,329	-6.24%

Postemployment Healthcare Benefits
Analysis of Funding Progress
(Unaudited)

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a) – (b)	Funded Ratio (b) / (a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a) - (b)] / (c)
9/30/2010	\$120,714	-	\$120,714	0.0%	\$321,931	37.5%
9/30/2012	219,785	-	219,785	0.0%	321,013	68.5%
9/30/2014	142,598	-	142,598	0.0%	335,691	42.5%

See accompanying independent auditors' report.

ADDITIONAL FINANCIAL SECTION

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City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014
(In Thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
ASSETS				
Pooled Cash and Cash Equivalents	\$ 93,368	\$ 65,874	\$ 1,268	\$ 160,510
Non-Pooled Cash and Cash Equivalents	199	18,974	2,537	21,710
Non-Pooled Investments	-	-	31,457	31,457
Receivables:				
Accounts Receivable	2,290	74	-	2,364
Due from Other Governments	23,029	11,032	-	34,061
Due from Other Funds	191	1,538	-	1,729
Allowance for Receivables	(776)	-	-	(776)
Other Assets	6,468	1,544	-	8,012
Advances to Other Funds	20,659	-	-	20,659
Land Held for Resale	4,447	88,503	-	92,950
Other Noncurrent Receivables	188,598	6,446	-	195,044
Total Assets	<u>\$338,473</u>	<u>\$193,985</u>	<u>\$35,262</u>	<u>\$567,720</u>
LIABILITIES				
Accounts Payable	\$ 10,240	\$ 5,996	\$ 987	\$ 17,223
Accrued Wages and Benefits Payable	741	101	-	842
Due to Other Governments	19	-	-	19
Due to Other Funds	7,024	50	-	7,074
Unearned Revenues	3,694	2,058	-	5,752
Deposits and Collections Held in Trust	2,289	118	1,043	3,450
Advances from Other Funds	3,809	16,850	-	20,659
Total Liabilities	<u>27,816</u>	<u>25,173</u>	<u>2,030</u>	<u>55,019</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	<u>188,554</u>	<u>6,446</u>	<u>-</u>	<u>195,000</u>
FUND BALANCES				
Nonspendable	6,468	1,544	-	8,012
Restricted	115,631	140,923	32,943	289,497
Committed	1,362	-	-	1,362
Assigned	279	35,908	289	36,476
Unassigned	(1,637)	(16,009)	-	(17,646)
Total Fund Balance	<u>122,103</u>	<u>162,366</u>	<u>33,232</u>	<u>317,701</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$338,473</u>	<u>\$193,985</u>	<u>\$35,262</u>	<u>\$567,720</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, 2014
(In Thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes:				
Property	\$ 5,619	\$ 36,368	\$ -	\$ 41,987
Sales	2,477	-	-	2,477
Other Taxes	9,900	-	-	9,900
Licenses and Permits	5,899	1,543	-	7,442
Use of Money and Property	1,792	1,415	1,261	4,468
From Other Agencies	176,692	8,799	-	185,491
Charges for Services	2,627	-	-	2,627
Other Contributions	-	341	-	341
Other	3,483	365	-	3,848
Total Revenues	<u>208,489</u>	<u>48,831</u>	<u>1,261</u>	<u>258,581</u>
Expenditures:				
Current:				
General Government	174	8	-	182
Public Safety	22,778	-	-	22,778
Public Health	35,902	-	-	35,902
Community and Cultural	108,172	8,735	-	116,907
Public Works	35,792	-	-	35,792
Total Current Expenditures	<u>202,818</u>	<u>8,743</u>	<u>-</u>	<u>211,561</u>
Capital Improvements	-	36,427	-	36,427
Debt Service:				
Principal	-	-	18,836	18,836
Interest	-	-	21,044	21,044
Debt Administration Fees	-	-	57	57
Total Expenditures	<u>202,818</u>	<u>45,170</u>	<u>39,937</u>	<u>287,925</u>
Excess of Revenues over (under) Expenditures	<u>5,671</u>	<u>3,661</u>	<u>(38,676)</u>	<u>(29,344)</u>
Other Financing Sources (Uses):				
Transfers In	6,725	42,941	37,733	87,399
Transfers Out	(3,439)	(32,952)	(1,007)	(37,398)
Total Other Financing Sources (Uses)	<u>3,286</u>	<u>9,989</u>	<u>36,726</u>	<u>50,001</u>
Net Change in Fund Balances	8,957	13,650	(1,950)	20,657
Fund Balances - October 1	<u>113,146</u>	<u>148,716</u>	<u>35,182</u>	<u>297,044</u>
Fund Balances - September 30	<u>\$ 122,103</u>	<u>\$ 162,366</u>	<u>\$ 33,232</u>	<u>\$ 317,701</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 impact fee 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 federal grants providing job training and employment opportunities for economically disadvantaged, unemployed, and under-employed persons, and federal grants from the U.S. Department of Housing and Urban Development (HUD). HUD grants support the development of viable urban communities by providing housing, suitable living environments, and by expanding economic opportunities for persons of low and moderate-income.

The Health Fund was established to separately account for Federal, State, and other revenues related to health care programs that the City operates in lieu of Los Angeles County (County).

The Belmont Shore Parking Meter Revenue Fund was established by City Ordinance C-6219 to account for parking revenues in the Belmont Shore area of the City.

The Housing Assistance Fund is used to account for programs administered by the City's Housing Authority under regulations of HUD.

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

The Gasoline Tax Fund was established to account for the apportionment of Highway User Tax collected by the State to finance street-related projects, including the maintenance thereof. The fund also accounts Non Harbor, U.S. Department of Transportation, and Federal Highway Administration Grants that finance certain transportation projects.

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

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

City of Long Beach
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2014
(In Thousands)

	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
ASSETS						
Pooled Cash and Cash Equivalents	\$ 1,828	\$ 1,200	\$ 197	\$ 1,003	\$ 987	\$ 10,298
Non-Pooled Cash and Cash Equivalents	-	-	12	15	79	86
Receivables:						
Accounts Receivable	324	316	32	665	-	-
Due from Other Governments	9,004	-	3,868	8,493	-	157
Due from Other Funds	54	-	-	137	-	-
Allowance for Receivables	-	-	(32)	(520)	-	-
Other Assets-Current	-	-	20	1	-	-
Advances to Other Funds	-	-	3,809	-	-	-
Land Held for Resale	-	-	1,243	-	-	-
Other Noncurrent Receivables (net)	-	-	59,280	-	-	-
Total Assets	<u>\$ 11,210</u>	<u>\$ 1,516</u>	<u>\$ 68,429</u>	<u>\$ 9,794</u>	<u>\$ 1,066</u>	<u>\$ 10,541</u>
LIABILITIES						
Accounts Payable	\$ 593	\$ -	\$ 1,597	\$ 2,920	\$ 19	\$ 57
Accrued Wages	45	20	152	399	-	77
Due to Other Governments	-	-	-	-	-	19
Due to Other Funds	4,608	10	2,087	255	-	39
Unearned Revenues	2,811	307	51	466	-	55
Deposits and Collections Held in Trust	747	-	5	79	-	1,122
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	<u>8,804</u>	<u>337</u>	<u>3,892</u>	<u>4,119</u>	<u>19</u>	<u>1,369</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	-	-	59,236	-	-	-
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	20	1	-	-
Restricted	2,127	1,179	5,281	5,674	1,047	9,172
Committed	-	-	-	-	-	-
Assigned	279	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>2,406</u>	<u>1,179</u>	<u>5,301</u>	<u>5,675</u>	<u>1,047</u>	<u>9,172</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,210</u>	<u>\$ 1,516</u>	<u>\$ 68,429</u>	<u>\$ 9,794</u>	<u>\$ 1,066</u>	<u>\$ 10,541</u>

See accompanying independent auditors' report.

Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total September 30, 2014	
ASSETS					
\$ 22,612	\$ 21,809	\$ 22,966	\$ 10,468	\$ 93,368	Pooled Cash and Cash Equivalents
7	-	-	-	199	Non-Pooled Cash and Cash Equivalents
Receivables:					
26	3	18	906	2,290	Accounts Receivable
420	460	622	5	23,029	Due from Other Governments
-	-	-	-	191	Due from Other Funds
-	-	-	(224)	(776)	Allowance for Receivables
6,400	-	45	2	6,468	Other Assets-Current
16,850	-	-	-	20,659	Advances to Other Funds
3,204	-	-	-	4,447	Land Held for Resale
128,392	-	-	926	188,598	Other Noncurrent Receivables
<u>\$ 177,911</u>	<u>\$ 22,272</u>	<u>\$ 23,651</u>	<u>\$ 12,083</u>	<u>\$ 338,473</u>	Total Assets
LIABILITIES AND FUND BALANCES					
\$ 131	\$ 2,040	\$ 2,774	\$ 109	\$ 10,240	Accounts Payable
15	1	-	32	741	Accrued Wages
-	-	-	-	19	Due to Other Governments
8	1	-	16	7,024	Due to Other Funds
-	-	-	4	3,694	Unearned Revenues
16	-	-	320	2,289	Deposits and Collections Held in Trust
3,809	-	-	-	3,809	Advances from Other Funds
<u>3,979</u>	<u>2,042</u>	<u>2,774</u>	<u>481</u>	<u>27,816</u>	Total Liabilities
DEFERRED INFLOWS OF RESOURCE					
128,392	-	-	926	188,554	Deferred Inflows
Fund Balances:					
6,400	-	45	2	6,468	Nonspendable
40,615	20,230	20,832	9,474	115,631	Restricted
162	-	-	1,200	1,362	Committed
-	-	-	-	279	Assigned
(1,637)	-	-	-	(1,637)	Unassigned
<u>45,540</u>	<u>20,230</u>	<u>20,877</u>	<u>10,676</u>	<u>122,103</u>	Total Fund Balances
<u>\$ 177,911</u>	<u>\$ 22,272</u>	<u>\$ 23,651</u>	<u>\$ 12,083</u>	<u>\$ 338,473</u>	Total Liabilities, Deferred Inflows and Fund Balances

City of Long Beach
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 5,619	\$ -	\$ -
Sales	-	-	-	2,477	-	-
Other Taxes	-	3,681	-	-	-	-
Licenses and Permits	-	-	-	3,128	-	-
Use of Money and Property	9	3	216	57	584	13
From Other Agencies	23,335	-	20,051	23,072	-	73,759
Charges for Services	712	-	-	1,915	-	-
Other	640	-	1,733	19	-	659
Total Revenues	<u>24,696</u>	<u>3,684</u>	<u>22,000</u>	<u>36,287</u>	<u>584</u>	<u>74,431</u>
Expenditures:						
Current:						
General Government	-	-	122	-	-	9
Public Safety	18,680	3,064	1,034	-	-	-
Public Health	384	-	-	34,225	-	-
Community and Cultural	4,010	-	20,428	-	499	73,324
Public Works	167	-	-	-	-	-
Total Current Expenditures	<u>23,241</u>	<u>3,064</u>	<u>21,584</u>	<u>34,225</u>	<u>499</u>	<u>73,333</u>
Excess of Revenues over (under) Expenditures	<u>1,455</u>	<u>620</u>	<u>416</u>	<u>2,062</u>	<u>85</u>	<u>1,098</u>
Other Financing Sources (Uses)						
Transfers In	1,729	-	167	2,371	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>(1,949)</u>	<u>(1,323)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,729</u>	<u>-</u>	<u>(1,782)</u>	<u>1,048</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,184	620	(1,366)	3,110	85	1,098
Fund Balances - October 1	<u>(778)</u>	<u>559</u>	<u>6,667</u>	<u>2,565</u>	<u>962</u>	<u>8,074</u>
Fund Balances - September 30	<u>\$ 2,406</u>	<u>\$ 1,179</u>	<u>\$ 5,301</u>	<u>\$ 5,675</u>	<u>\$ 1,047</u>	<u>\$ 9,172</u>

See accompanying independent auditors' report.

<u>Housing Development</u>	<u>Gasoline Tax</u>	<u>Transportation</u>	<u>Other Special Revenue Funds</u>	<u>Totals September 30, 2014</u>	
					Revenues:
					Taxes:
\$ -	\$ -	\$ -	\$ -	\$ 5,619	Property
-	-	-	-	2,477	Sales
-	-	-	6,219	9,900	Other Taxes
63	-	-	2,708	5,899	Licenses and Permits
660	52	133	65	1,792	Use of Money and Property
352	15,935	20,180	8	176,692	From Other Agencies
-	-	-	-	2,627	Charges for Services
115	-	1	316	3,483	Other
<u>1,190</u>	<u>15,987</u>	<u>20,314</u>	<u>9,316</u>	<u>208,489</u>	Total Revenues
					Expenditures:
					Current:
40	-	-	3	174	General Government
-	-	-	-	22,778	Public Safety
-	-	-	1,293	35,902	Public Health
4,067	-	27	5,817	108,172	Community and Cultural
-	14,550	21,075	-	35,792	Public Works
<u>4,107</u>	<u>14,550</u>	<u>21,102</u>	<u>7,113</u>	<u>202,818</u>	Total Current Expenditures
					Excess of Revenues Over (Under) Expenditures
<u>(2,917)</u>	<u>1,437</u>	<u>(788)</u>	<u>2,203</u>	<u>5,671</u>	
					Other Financing Sources (Uses)
2,350	-	-	108	6,725	Transfers In
<u>(159)</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(3,439)</u>	Transfers Out
<u>2,191</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>3,286</u>	Total Other Financing Sources (Uses)
(726)	1,437	(788)	2,303	8,957	Net Change in Fund Balances
<u>46,266</u>	<u>18,793</u>	<u>21,665</u>	<u>8,373</u>	<u>113,146</u>	Fund Balances - October 1
<u>\$ 45,540</u>	<u>\$ 20,230</u>	<u>\$ 20,877</u>	<u>\$ 10,676</u>	<u>\$ 122,103</u>	Fund Balances - September 30

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	General Grants			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Fines and Forfeitures	\$ 15	\$ -	\$ -	\$ -
Use of Money and Property	(19)	(16)	9	25
From Other Agencies	23,114	31,194	23,335	(7,859)
Charges for Services	(294)	(294)	712	1,006
Other Revenues	486	1,411	640	(771)
Transfers In	1,940	3,890	1,729	(2,161)
Total Sources	25,242	36,185	26,425	(9,760)
Uses:				
General Government	636	617	-	617
Public Safety	19,381	26,456	19,296	7,160
Public Health	481	695	384	311
Community and Cultural	4,355	6,425	4,010	2,415
Public Works	558	558	167	391
Total Uses	25,411	34,751	23,857	10,894
Net Change in Budgetary Fund Balance	\$ (169)	\$ 1,434	\$ 2,568	\$ 1,134

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 2,568</u>
Add: Encumbrances	<u>616</u>
Change in Fund Balance - September 30, GAAP Basis	<u>3,184</u>
Fund Balance, October 1, GAAP Basis	<u>(778)</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 2,406</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 2,406</u>
Less: Commitments to Grant Funded Programs	<u>(9,214)</u>
Add: Future Grant Funding	<u>8,343</u>
Total Adjustments	<u>(871)</u>
Budgetary Funds Available - September 30	<u>\$ 1,535</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Police and Fire Public Safety Oil Production Tax			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Other Taxes	\$ 3,217	\$ 3,612	\$ 3,681	\$ 69
Use of Money and Property	-	-	6	6
Total Sources	3,217	3,612	3,687	75
Uses:				
Public Safety	3,195	3,195	3,064	131
Total Uses	3,195	3,195	3,064	131
Net Change in Budgetary Fund Balance	\$ 22	\$ 417	\$ 623	\$ 206

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 623</u>
Less: Change in Mark-to-Market and Other Adjustments	<u>(3)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>620</u>
Fund Balance, October 1, GAAP Basis	<u>559</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 1,179</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 1,179</u>
Total Adjustments	<u>-</u>
Budgetary Funds Available - September 30	<u>\$ 1,179</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Community Development Grants			
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Sources:				
Use of Money and Property	\$ (202)	\$ (202)	\$ 216	\$ 418
From Other Agencies	36,857	37,717	20,051	(17,666)
Other Revenues	6,515	6,528	1,733	(4,795)
Transfers In	65	65	167	102
Total Sources	<u>43,235</u>	<u>44,108</u>	<u>22,167</u>	<u>(21,941)</u>
Uses:				
General Government	28,941	28,872	122	28,750
Public Safety	1,014	1,062	1,034	28
Community and Cultural	19,360	20,450	20,428	22
Public Works	51	(31)	-	(31)
Transfers Out	(4,492)	(1,722)	1,949	(3,671)
Total Uses	<u>44,874</u>	<u>48,631</u>	<u>23,533</u>	<u>25,098</u>
Net Change in Budgetary Fund Balance	<u>\$ (1,639)</u>	<u>\$ (4,523)</u>	<u>\$ (1,366)</u>	<u>\$ 3,157</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (1,366)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(1,366)</u>
Fund Balance, October 1, GAAP Basis	<u>6,667</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 5,301</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 5,301</u>
Less: Nonspendable Fund Balance	(20)
Amounts Restricted by Long-term Advances	(3,809)
Land Held for Resale	(1,243)
Commitments to Grant Funded Programs	(20,792)
Add: Future Grant Funding	<u>18,991</u>
Total Adjustments	<u>(6,873)</u>
Budgetary Funds Available - September 30	<u>\$ (1,572)</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Health			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Property Taxes	\$ 5,759	\$ 5,759	\$ 5,619	\$ (140)
Sales Taxes	2,151	2,151	2,477	326
Licenses and Permits	3,204	3,204	3,128	(76)
Use of Money and Property	30	30	57	27
From Other Agencies	52,704	52,776	23,072	(29,704)
Charges for Services	1,921	1,921	1,915	(6)
Other Revenues	(48)	(48)	19	67
Transfers In	507	507	2,371	1,864
Total Sources	66,228	66,300	38,658	(27,642)
Uses				
Public Health	66,803	66,967	34,227	32,740
Transfers Out	(8)	(8)	1,323	(1,331)
Total Uses	66,795	66,959	35,550	31,409
Net Change in Budgetary Fund Balance	\$ (567)	\$ (659)	\$ 3,108	\$ 3,767

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 3,108</u>
Add: Encumbrances	2
Change in Fund Balance - September 30, GAAP Basis	<u>3,110</u>
Fund Balance, October 1, GAAP Basis	<u>2,565</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 5,675</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 5,675</u>
Less: Nonspendable Fund Balance	(1)
Commitments to Grant Funded Programs	(29,364)
Add: Future Grant Funding	<u>27,139</u>
Total Adjustments	<u>(2,226)</u>
Budgetary Funds Available - September 30	<u>\$ 3,449</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

Belmont Shore Parking Meter Revenues				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Sources				
Use of Money and Property	\$ 527	\$ 527	\$ 584	\$ 57
Total Sources	<u>527</u>	<u>527</u>	<u>584</u>	<u>57</u>
Uses				
Community and Cultural	<u>453</u>	<u>654</u>	<u>499</u>	<u>155</u>
Total Uses	<u>453</u>	<u>654</u>	<u>499</u>	<u>155</u>
Net Change in Budgetary Fund Balance	<u>\$ 74</u>	<u>\$ (127)</u>	<u>\$ 85</u>	<u>\$ 212</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 85</u>
Change in Fund Balance - September 30, GAAP Basis	<u>85</u>
Fund Balance, October 1, GAAP Basis	<u>962</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 1,047</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 1,047</u>
Total Adjustments	<u>-</u>
Budgetary Funds Available - September 30	<u>\$ 1,047</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

Housing Assistance				
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
Sources				
Use of Money and Property	\$ 15	\$ 15	\$ 13	\$ (2)
From Other Agencies	81,062	81,062	73,759	(7,303)
Other Revenues	<u>790</u>	<u>790</u>	<u>659</u>	<u>(131)</u>
Total Sources	<u>81,867</u>	<u>81,867</u>	<u>74,431</u>	<u>(7,436)</u>
Uses				
General Government	13	13	9	4
Community and Cultural	<u>81,840</u>	<u>81,864</u>	<u>73,324</u>	<u>8,540</u>
Total Uses	<u>81,853</u>	<u>81,877</u>	<u>73,333</u>	<u>8,544</u>
Net Change in Budgetary Fund Balance	<u><u>\$ 14</u></u>	<u><u>\$ (10)</u></u>	<u><u>\$ 1,098</u></u>	<u><u>\$ 1,108</u></u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ 1,098</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>1,098</u>	
Fund Balance, October 1, GAAP Basis			<u>8,074</u>	
Fund Balance, September 30, GAAP Basis			<u><u>\$ 9,172</u></u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 9,172</u>	
Total Adjustments			<u>-</u>	
Budgetary Funds Available - September 30			<u><u>\$ 9,172</u></u>	

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Housing Development			
	Budgeted Amounts		Actual on	Variance with Final
	Original	Final	Budgetary	Budget -
			Basis	Favorable
				(unfavorable)
Sources				
Licenses and Permits	\$ 63	\$ 63	\$ 63	\$ -
Use of Money and Property	99	99	660	561
From Other Agencies	4,244	4,244	352	(3,892)
Other Revenues	3,250	3,250	115	(3,135)
Transfers In	10,930	10,930	2,350	(8,580)
Total Sources	18,586	18,586	3,540	(15,046)
Uses				
General Government	42	120	40	80
Community and Cultural	1,538	1,557	4,068	(2,511)
Transfers Out	1,165	1,369	159	1,210
Total Uses	2,745	3,046	4,267	(1,221)
Net Change in Budgetary Fund Balance	\$ 15,841	\$ 15,540	\$ (727)	\$ (16,267)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (727)</u>
Add: Encumbrances	1
Change in Fund Balance - September 30, GAAP Basis	<u>(726)</u>
Fund Balance, October 1, GAAP Basis	<u>46,266</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 45,540</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 45,540</u>
Less: Nonspendable Fund Balance	(6,400)
Land Held for Resale	(3,204)
Amounts Restricted by Long-term Advances	(16,850)
Commitments to Grant Funded Programs	(16,856)
Add: Future Grant Funding	<u>4,327</u>
Total Adjustments	<u>(38,983)</u>
Budgetary Funds Available - September 30	<u>\$ 6,557</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Gasoline Tax			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 32	\$ 52	\$ 52	\$ -
From Other Agencies	30,081	32,260	15,935	(16,325)
Total Sources	30,113	32,312	15,987	(16,325)
Uses				
Public Works	41,294	42,763	11,822	30,941
Transfers Out	6,309	6,309	-	6,309
Total Uses	47,603	49,072	11,822	37,250
Net Change in Budgetary Fund Balance	\$ (17,490)	\$ (16,760)	\$ 4,165	\$ 20,925

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 4,165</u>
Less: Encumbrances	<u>(2,728)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,437</u>
Fund Balance, October 1, GAAP Basis	<u>18,793</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 20,230</u></u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 20,230</u>
Less: Commitments to Grant Funded Programs	<u>(32,064)</u>
Add: Future Grant Funding	<u>16,325</u>
Total Adjustments	<u>(15,739)</u>
Budgetary Funds Available - September 30	<u><u>\$ 4,491</u></u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Transportation			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 81	\$ 133	\$ 133	\$ -
From Other Agencies	19,846	20,180	20,180	-
Charges for Services	2	-	-	-
Other Revenues	-	1	-	(1)
Transfers In	(2,147)	-	-	-
Total Sources	17,782	20,314	20,313	(1)
Uses				
Community and Cultural	150	150	27	123
Public Works	33,629	35,812	18,668	17,144
Transfers Out	900	900	-	900
Total Uses	34,679	36,862	18,695	18,167
Net Change in Budgetary Fund Balance	\$ (16,897)	\$ (16,548)	\$ 1,618	\$ 18,166

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 1,618</u>
Add: Encumbrances	(2,406)
Less: Change in Mark-to-Market and Other Adjustments	-
Change in Fund Balance - September 30, GAAP Basis	<u>(788)</u>
Fund Balance, October 1, GAAP Basis	<u>21,665</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 20,877</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 20,877</u>
Less: Nonspendable Fund Balance	(45)
Commitments to Projects	<u>(13,418)</u>
Total Adjustments	<u>(13,463)</u>
Budgetary Funds Available - September 30	<u>\$ 7,414</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Other Special Revenue Funds			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Other Taxes	\$ 5,100	\$ 5,100	\$ 6,219	\$ 1,119
Licenses and Permits	2,757	2,757	2,708	(49)
Use of Money and Property	77	77	65	(12)
From Other Agencies	400	408	8	(400)
Other Revenues	756	837	316	(521)
Transfers In	246	246	108	(138)
Total Sources	9,336	9,425	9,424	(1)
Uses				
General Government	227	(36)	3	(39)
Public Safety	84	109	-	109
Public Health	1,477	1,479	1,293	186
Community and Cultural	7,716	8,073	5,817	2,256
Transfers Out	-	-	8	(8)
Total Uses	9,504	9,625	7,121	2,504
Net Change in Budgetary Fund Balance	\$ (168)	\$ (200)	\$ 2,303	\$ 2,503

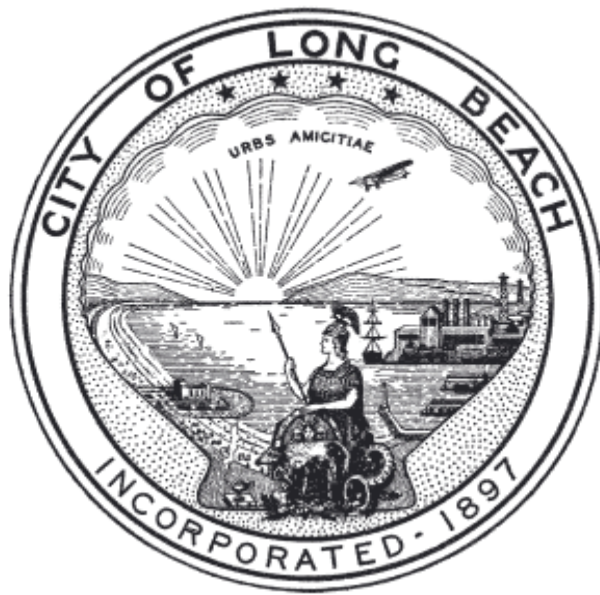
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 2,303</u>
Change in Fund Balance - September 30, GAAP Basis	<u>2,303</u>
Fund Balance, October 1, GAAP Basis	<u>8,373</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 10,676</u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 10,676</u>
Less: Nonspendable Fund Balance	(2)
Commitments to Projects	(1,305)
Internal Designations	(5,000)
Add: Future Grant Funding	<u>1,190</u>
Total Adjustments	<u>(5,117)</u>
Budgetary Funds Available - September 30	<u>\$ 5,559</u>

See accompanying independent auditors' report.



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NONMAJOR DEBT SERVICE FUND

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

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

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

City of Long Beach
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2014
(In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total September 30, 2014
ASSETS			
Pooled Cash and Cash Equivalents	\$ 1,268	\$ -	\$ 1,268
Non-Pooled Cash and Cash Equivalents	1,516	1,021	2,537
Non-Pooled Investments	-	31,457	31,457
Total Assets	<u>\$ 2,784</u>	<u>\$ 32,478</u>	<u>\$ 35,262</u>
LIABILITIES			
Accounts Payable	\$ 980	\$ 7	\$ 987
Deposits and Collections Held in Trust	1,043	-	1,043
Total Liabilities	<u>2,023</u>	<u>7</u>	<u>2,030</u>
FUND BALANCES			
Restricted	472	32,471	32,943
Assigned	289	-	289
Total Fund Balance	<u>761</u>	<u>32,471</u>	<u>33,232</u>
Total Liabilities and Fund Balances	<u>\$ 2,784</u>	<u>\$ 32,478</u>	<u>\$ 35,262</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, 2014
(In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total September 30, 2014
Revenues:			
Use of Money and Property	\$ 368	\$ 893	\$ 1,261
Total Revenues	<u>368</u>	<u>893</u>	<u>1,261</u>
Expenditures:			
Current:			
Debt Service:			
Principal	6,836	12,000	18,836
Interest	3,908	17,136	21,044
Debt Administration Fees	8	49	57
Total Expenditures	<u>10,752</u>	<u>29,185</u>	<u>39,937</u>
Excess of Revenues over (under) Expenditures	<u>(10,384)</u>	<u>(28,292)</u>	<u>(38,676)</u>
Other Financing Sources (Uses):			
Transfers In	9,338	28,395	37,733
Transfers Out	<u>-</u>	<u>(1,007)</u>	<u>(1,007)</u>
Total Other Financing Sources	<u>9,338</u>	<u>27,388</u>	<u>36,726</u>
Net Change in Fund Balances	(1,046)	(904)	(1,950)
Fund Balances - October 1	<u>1,807</u>	<u>33,375</u>	<u>35,182</u>
Fund Balances - September 30	<u><u>\$ 761</u></u>	<u><u>\$ 32,471</u></u>	<u><u>\$ 33,232</u></u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Debt Service Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

General Debt Service Fund				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ 774	\$ 774	\$ 368	\$ (406)
Transfers In	8,700	9,200	9,338	138
Total Sources	9,474	9,974	9,706	(268)
Uses:				
Debt Service	9,475	10,752	10,752	-
Total Uses	9,475	10,752	10,752	-
Net Change in Budgetary Fund Balance	\$ (1)	\$ (778)	\$ (1,046)	\$ (268)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (1,046)	
Change in Fund Balance - September 30, GAAP Basis			(1,046)	
Fund Balance, October 1, GAAP Basis			1,807	
Fund Balance, September 30, GAAP Basis			\$ 761	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 761	
Total Deductions			-	
Budgetary Funds Available - September 30			\$ 761	

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Debt Service Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Successor Agency Debt Service Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ -	\$ -	\$ 893	\$ 893
Transfers In	30,067	31,834	28,395	(3,439)
Total Sources	30,067	31,834	29,288	(2,546)
Debt Service	31,834	31,834	29,185	2,649
Transfers Out	-	-	1,007	(1,007)
Total Uses	31,834	31,834	30,192	1,642
Net Change in Budgetary Fund Balance	\$ (1,767)	\$ -	\$ (904)	\$ (904)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (904)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(904)</u>
Fund Balance, October 1, GAAP Basis	<u>33,375</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 32,471</u></u>

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

Fund Balance, September 30, GAAP Basis	<u>\$ 32,471</u>
Less: Mandated Bond Reserve Funds	<u>(31,719)</u>
Budgetary Funds Available - September 30	<u><u>\$ 752</u></u>

See accompanying independent auditors' report.



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NONMAJOR CAPITAL PROJECTS FUND

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

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

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

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

City of Long Beach
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2014
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
ASSETS				
Pooled Cash and Cash Equivalents	\$ 35,767	\$ 1,749	\$ 28,358	\$ 65,874
Non-Pooled Cash and Cash Equivalents	6,868	687	11,419	18,974
Receivables:				
Accounts Receivable	12	-	62	74
Due from Other Governments	11,032	-	-	11,032
Due from Other Funds	1,538	-	-	1,538
Other Assets	63	-	1,481	1,544
Land Held for Resale	-	-	88,503	88,503
Other Noncurrent Receivables	-	-	6,446	6,446
Total Assets	<u>\$ 55,280</u>	<u>\$ 2,436</u>	<u>\$ 136,269</u>	<u>\$ 193,985</u>
LIABILITIES				
Accounts Payable	\$ 5,722	\$ -	\$ 274	\$ 5,996
Accrued Wages and Benefits Payable	94	-	7	101
Due to Other Funds	47	-	3	50
Unearned Revenues	1,944	-	114	2,058
Deposits and Collections Held in Trust	2	-	116	118
Advances from Other Funds	-	-	16,850	16,850
Total Liabilities	<u>7,809</u>	<u>-</u>	<u>17,364</u>	<u>25,173</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	<u>-</u>	<u>-</u>	<u>6,446</u>	<u>6,446</u>
FUND BALANCES				
Nonspendable	63	-	1,481	1,544
Restricted	10,659	2,436	127,828	140,923
Assigned	35,908	-	-	35,908
Unassigned	841	-	(16,850)	(16,009)
Total Fund Balance	<u>47,471</u>	<u>2,436</u>	<u>112,459</u>	<u>162,366</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 55,280</u>	<u>\$ 2,436</u>	<u>\$ 136,269</u>	<u>\$ 193,985</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, 2014
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 36,368	\$ 36,368
Licenses and Permits	1,537	-	6	1,543
Use of Money and Property	112	196	1,107	1,415
From Other Agencies	7,830	-	969	8,799
Other Contributions	341	-	-	341
Other	104	-	261	365
Total Revenues	<u>9,924</u>	<u>196</u>	<u>38,711</u>	<u>48,831</u>
Expenditures:				
Current:				
General Government	-	-	8	8
Community and Cultural	805	-	7,930	8,735
Total Current Expenditures	<u>805</u>	<u>-</u>	<u>7,938</u>	<u>8,743</u>
Capital Improvements	<u>36,425</u>	<u>2</u>	<u>-</u>	<u>36,427</u>
Total Expenditures	<u>37,230</u>	<u>2</u>	<u>7,938</u>	<u>45,170</u>
Excess of Revenues Over (under) Expenditures	<u>(27,306)</u>	<u>194</u>	<u>30,773</u>	<u>3,661</u>
Other Financing Sources (Uses):				
Transfers In	41,684	-	1,257	42,941
Transfers Out	<u>(1,062)</u>	<u>-</u>	<u>(31,890)</u>	<u>(32,952)</u>
Total Other Financing Sources (Uses)	<u>40,622</u>	<u>-</u>	<u>(30,633)</u>	<u>9,989</u>
Net Change in Fund Balances	<u>13,316</u>	<u>194</u>	<u>140</u>	<u>13,650</u>
Fund Balances - October 1	<u>34,155</u>	<u>2,242</u>	<u>112,319</u>	<u>148,716</u>
Fund Balances - September 30	<u><u>\$ 47,471</u></u>	<u><u>\$ 2,436</u></u>	<u><u>\$ 112,459</u></u>	<u><u>\$ 162,366</u></u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

General Capital Projects Fund				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Sources:				
Licenses and Permits	\$ 3,774	\$ 1,537	\$ 1,537	\$ -
Use of Money and Property	193	158	112	(46)
From Other Agencies	30,248	35,417	7,830	(27,587)
Other Contributions	-	-	341	341
Other Revenues	(1,491)	(937)	104	1,041
Transfers In	31,760	48,187	41,684	(6,503)
Total Sources	<u>64,484</u>	<u>84,362</u>	<u>51,608</u>	<u>(32,754)</u>
Uses:				
Community and Cultural	2,195	2,195	806	1,389
Capital Improvements	83,532	107,161	43,054	64,107
Transfers Out	1,673	2,974	1,062	1,912
Total Uses	<u>87,400</u>	<u>112,330</u>	<u>44,922</u>	<u>67,408</u>
Net Change in Budgetary Fund Balance	<u>\$ (22,916)</u>	<u>\$ (27,968)</u>	<u>\$ 6,686</u>	<u>\$ 34,654</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ 6,686</u>	
Add: Encumbrances			<u>6,630</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>13,316</u>	
Fund Balance, October 1, GAAP Basis			<u>34,155</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 47,471</u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 47,471</u>	
Less: Nonspendable Fund Balance			(63)	
Nonspendable Bond Proceeds			(9,485)	
Commitments to Ongoing Projects			(64,719)	
Add: Future Grant Funding			<u>33,141</u>	
Total Adjustments			<u>(41,126)</u>	
Budgetary Funds Available - September 30			<u>\$ 6,345</u>	

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

Special Assessment Capital Projects Fund			
	<u>Budgeted Amounts</u>		Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual on Budgetary Basis</u>
Sources:			
Use of Money and Property	\$ 197	\$ 197	\$ 196
Total Sources	<u>197</u>	<u>197</u>	<u>196</u>
Uses:			
Capital Improvements	<u>2,227</u>	<u>2,223</u>	<u>2</u>
Total Uses	<u>2,227</u>	<u>2,223</u>	<u>2</u>
Net Change in Budgetary Fund Balance	<u>\$ (2,030)</u>	<u>\$ (2,026)</u>	<u>\$ 194</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis			
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ 194</u>
Change in Fund Balance - September 30, GAAP Basis			<u>194</u>
Fund Balance, October 1, GAAP Basis			<u>2,242</u>
Fund Balance, September 30, GAAP Basis			<u>\$ 2,436</u>
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis			
Fund Balance, September 30, GAAP Basis			<u>\$ 2,436</u>
Less: Commitments to Ongoing Projects			<u>(2,224)</u>
Budgetary Funds Available - September 30			<u>\$ 212</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

Succesor Agency Capital Projects Fund				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Property Taxes	\$ 33,470	\$ -	\$ 36,368	\$ 36,368
Licenses and Permits	15	-	6	6
Use of Money and Property	694	2	1,107	1,105
From Other Agencies	-	-	969	969
Other Revenues	(32)	(82)	261	343
Transfers In	33,046	21,472	1,257	(20,215)
Total Sources	67,193	21,392	39,968	18,576
Uses:				
General Government	\$ -	\$ -	8	(8)
Community and Cultural	34,442	34,523	7,930	26,593
Transfers Out	50,003	42,134	31,890	10,244
Total Uses	84,445	76,657	39,828	36,829
Net Change in Budgetary Fund Balance	\$ (17,252)	\$ (55,265)	\$ 140	\$ 55,405
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 140	
Change in Fund Balance - September 30, GAAP Basis			140	
Fund Balance, October 1, GAAP Basis			112,319	
Fund Balance, September 30, GAAP Basis			\$ 112,459	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 112,459	
Less: Nonspendable Fund Balance			(1,481)	
Land Held for Resale			(88,503)	
Commitments to Ongoing Projects			(38,086)	
Add: Future Funding			21,393	
Total Adjustments			(106,677)	
Budgetary Funds Available - September 30			\$ 5,782	

See accompanying independent auditors' report.

NONMAJOR ENTERPRISE FUNDS

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

The Water Fund is used to account for the activities associated with the pumping, purchasing, treatment, transmission, and distribution of potable and reclaimed water by the City to its customers.

The Sewer Fund is used to account for the maintenance and replacement of the City's sewer pipelines and sewage facilities.

The Solid Waste Management Fund is used to account for the City's refuse collection and resource recovery operations. The SERRF Authority Function is combined with the City's Solid Waste Management Function for the purpose of financial statement presentation.

The Towing Fund is used to account for the City's towing services, which are used primarily by the Police and Public Works Departments to remove vehicles that have been abandoned or parked illegally on the City's streets.

The Subsidence Fund is used to account for the accumulation of resources to minimize and remedy future land sinkage due to oil operations in the tidelands area.

The Development Services Fund was established to segregate long-range planning and property use and development services and give visibility of the City's planning, building, and inspection fees and the associated cost the City incurs to provide these services.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Net Position
September 30, 2014
(In Thousands)

	Water Utility	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Totals September 30, 2014
ASSETS								
Current Assets:								
Pooled Cash and Cash Equivalents	\$ 38,898	\$ 7,566	\$ 52,077	\$ 40,313	\$ 1,011	\$ 171,428	\$ 17,021	\$ 328,314
Non-Pooled Cash and Cash Equivalents	352	-	6,859	75	2	-	-	7,288
Non-Pooled Investments	2,810	-	-	-	-	-	-	2,810
Receivables:								
Interest Receivable	7	-	37	46	-	87	2	179
Accounts Receivable	7,219	875	3,111	9,691	387	-	184	21,467
Due from Other Governments	-	-	5,037	219	-	-	-	5,256
Due from Other Funds	3	-	-	169	-	500	54	726
Allowance for Receivables	(350)	(56)	(32)	(279)	(224)	-	(105)	(1,046)
Inventory	3,292	70	-	-	-	-	-	3,362
Other Assets - Current	2,629	-	66	26	-	-	-	2,721
Total Current Assets	54,860	8,455	67,155	50,260	1,176	172,015	17,156	371,077
Noncurrent Assets:								
Restricted Noncurrent Assets								
Non-Pooled Investments	-	-	9,386	11,567	-	2,094	-	23,047
Noncurrent Receivables								
Other Noncurrent Receivables	-	-	-	1,360	-	-	-	1,360
Advances to Other Funds	-	-	-	-	-	3,614	-	3,614
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	31,099	6,280	21,448	6,622	-	-	-	65,449
Capital Assets Net of Accumulated Depreciation	260,614	58,476	207,953	12,489	-	-	66	539,598
Other Assets - Long-Term	181	-	-	-	-	-	-	181
Total Noncurrent Assets	291,894	64,756	238,787	32,038	-	5,708	66	633,249
Total Assets	346,754	73,211	305,942	82,298	1,176	177,723	17,222	1,004,326
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows	1,947	-	132	-	-	-	-	2,079
LIABILITIES								
Current Liabilities Payable from Current Assets:								
Accounts Payable	10,801	938	2,091	4,376	25	-	401	18,632
Accrued Wages	349	94	153	194	33	-	178	1,001
Accrued Interest Payable	579	-	2,281	848	-	-	-	3,708
Due to Other Funds	419	64	77	97	16	-	178	851
Unearned Revenues	31	-	420	3	-	4,114	2,194	6,762
Collections Held in Trust	-	-	122	758	-	-	4,978	5,858
Customers Deposits	936	-	-	-	-	-	6	942
Advances from Developers	76	31	-	-	-	-	-	107
Bonds Payable Due within One Year	2,510	-	2,420	8,860	-	-	-	13,790
Total Current Liabilities	15,701	1,127	7,564	15,136	74	4,114	7,935	51,651
Noncurrent Liabilities:								
Unearned Revenues	-	-	5,104	-	-	-	-	5,104
Site Restoration	1,000	-	-	-	-	-	-	1,000
Other Long-Term Obligations	-	9,750	-	-	-	-	-	9,750
Bonds Payable	30,270	-	112,730	40,340	-	-	-	183,340
Unamortized Discount / Deferred cost	3,102	-	(36)	1,722	-	-	-	4,788
Total Noncurrent Liabilities	34,372	9,750	117,798	42,062	-	-	-	203,982
Total Liabilities	50,073	10,877	125,362	57,198	74	4,114	7,935	255,633
NET POSITION								
Net Investment in Capital Assets	260,873	55,006	115,891	(18,358)	-	-	66	413,478
Restricted for:								
Debt Service	1,341	-	199	11,673	-	-	-	13,213
Capital Projects	-	-	26,687	-	-	-	-	26,687
Airport	-	-	7,648	-	-	-	-	7,648
Subsidence	-	-	-	-	-	173,609	-	173,609
Unrestricted	36,414	7,328	30,287	31,785	1,102	-	9,221	116,137
Total Net Position	\$298,628	\$62,334	\$180,712	\$ 25,100	\$ 1,102	\$173,609	\$ 9,287	\$ 750,772

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Water Utility	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Totals September 30, 2014
Operating Revenues:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 16,191	\$ 16,192
Fines and Forfeitures	-	-	-	-	-	-	8	8
Fees, Concessions and Rentals	-	-	35,724	-	-	-	-	35,724
Charges for Services	100,187	17,954	-	80,692	5,439	-	1,371	205,643
Other	-	-	78	9	-	-	3	90
Total Operating Revenues	100,187	17,954	35,802	80,701	5,440	-	17,573	257,657
Operating Expenses:								
Personnel Services	17,822	4,043	9,421	14,691	2,018	-	9,619	57,614
Purchases of Gas and Water	34,378	-	-	-	-	-	-	34,378
Maintenance and Other Operations	29,567	9,476	17,881	55,948	2,961	-	5,812	121,645
Amortization	-	-	79	80	-	-	-	159
Depreciation	10,226	1,961	9,293	4,319	-	-	13	25,812
Total Operating Expenses	91,993	15,480	36,674	75,038	4,979	-	15,444	239,608
Operating Income (Loss)	8,194	2,474	(872)	5,663	461	-	2,129	18,049
Non-Operating Income (Expenses):								
Interest Income	120	23	188	192	3	1,230	42	1,798
Interest Expense	(587)	(27)	(6,651)	(2,202)	-	-	-	(9,467)
Gain (Loss) on Disposition of Capital Asset:	36	(1)	(692)	-	-	-	-	(657)
Operating Grants	-	-	156	302	-	-	-	458
Other Income	1,158	-	9,009	350	-	-	-	10,517
Other Expense	(455)	(98)	-	(3)	-	-	-	(556)
Total Non-Operating Income (Expenses)	(216)	(462)	2,010	(1,978)	3	1,230	42	629
Income Before Contributions	7,978	2,012	1,138	3,685	464	1,230	2,171	18,678
Capital Grants and Contributions	2,924	759	10,246	-	-	-	-	13,929
Operating Transfers:								
Operating Transfers Out	-	-	-	(3,706)	(281)	-	-	(3,987)
Change in Net Position	10,902	2,771	11,384	(21)	183	1,230	2,171	28,620
Net Position - October 1	287,726	59,563	169,328	25,121	919	172,379	7,116	722,152
Net Position - September 30	<u>\$ 298,628</u>	<u>\$ 62,334</u>	<u>\$ 180,712</u>	<u>\$ 25,100</u>	<u>\$ 1,102</u>	<u>\$ 173,609</u>	<u>\$ 9,287</u>	<u>\$ 750,772</u>

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

								Totals
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	Water Utility	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	September 30, 2014
Cash Flows from Operating Activities:								
Receipts from Customers	\$ 99,840	\$ 17,996	\$ 35,426	\$ 86,867	\$ 5,652	\$ -	\$ 17,919	\$ 263,700
Payments for Employee Salaries	(17,760)	(4,041)	(9,390)	(14,653)	(2,013)	-	111	(47,746)
Payments for Goods and Services	(61,422)	(6,502)	(18,430)	(64,104)	(1,722)	-	(9,577)	(161,757)
Payments in Lieu of Taxes	(5,694)	(4,381)	-	-	(1,275)	-	-	(11,350)
Other Income	102	(482)	78	350	-	-	(5,785)	(5,737)
Other Expense	-	-	-	-	-	-	3	3
Net Cash Provided by (Used for) Operating Activities	15,066	2,590	7,684	8,460	642	-	2,671	37,113
Cash Flows from Non-Capital Financing Activities:								
Operating Grants Received from Other Governments	-	-	156	302	-	-	-	458
Transfers In	-	-	5	-	-	-	-	5
Transfers Out	-	-	17	(3,706)	(281)	-	-	(3,970)
Net Cash Provided by (Used for) Non-Capital Financing Activities	-	-	178	(3,404)	(281)	-	-	(3,507)
Cash Flows from Capital and Related Financing Activities:								
Receipt of Capital Grants	-	-	7,408	-	-	-	-	7,408
Proceeds from the Sale of Capital Assets	149	22	-	-	-	-	-	171
Receipts of Contributed Capital	-	759	226	(617)	-	-	-	368
Payments to Developers	2,897	-	-	-	-	-	-	2,897
Principal Received on Other Long-term Receivable	-	-	77	-	-	-	-	77
Payments for Capital Acquisitions	(18,814)	(4,829)	(14,491)	1	-	-	-	(38,133)
Payments of Principal on Bonds Payable	(2,385)	-	(2,340)	(8,410)	-	-	(79)	(13,214)
Receipts from Passenger Facility Charges	-	-	5,995	-	-	-	-	5,995
Receipts from Customer Facility Charges	-	-	1,645	-	-	-	-	1,645
Payments of Interest, Net of Amounts Capitalized	(1,502)	(76)	(6,927)	(2,758)	-	-	-	(11,263)
Receipt of Federal Subsidy	-	-	1,116	-	-	-	-	1,116
Net Cash Used for Capital and Related Financing Activities	(19,655)	(4,124)	(7,291)	(11,784)	-	-	(79)	(42,933)
Cash Flows from Investing Activities:								
Proceeds from the Sale of Investments	(236)	-	(127)	(153)	-	-	-	(516)
Receipts of Interest	124	24	188	188	2	1,091	40	1,657
Net Cash Provided by (Used for) Investing Activities	(112)	24	61	35	2	1,091	40	1,141
Net Increase (Decrease) in Cash and Cash Equivalents	(4,701)	(1,510)	632	(6,693)	363	1,091	2,632	(8,186)
Cash and Cash Equivalents - October 1	43,951	9,076	58,304	47,081	650	170,337	14,389	343,788
Cash and Cash Equivalents - September 30	\$ 39,250	\$ 7,566	\$ 58,936	\$ 40,388	\$ 1,013	\$ 171,428	\$ 17,021	\$ 335,602
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET								
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:								
Operating Income (Loss)	\$ 8,194	\$ 2,474	(872)	\$ 5,663	\$ 461	\$ -	\$ 2,129	\$ 18,049
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Operating Activities:								
Depreciation and Amortization Expense	10,226	1,961	9,372	4,399	-	-	13	25,971
Other Income	102	(482)	-	350	-	-	-	(30)
(Increase) Decrease in Accounts Receivable, Net	(506)	43	(196)	(2,385)	211	-	64	(2,769)
Increase in Amounts Due from Other Governments	-	-	-	401	-	-	-	401
(Increase) Decrease in Amounts Due from Other Funds	(3)	-	-	(3)	-	-	(54)	(60)
(Increase) Decrease in Inventory	(774)	(7)	-	-	-	-	-	(781)
(Increase) Decrease in Other Operating Assets	(1,962)	-	(18)	(26)	-	-	-	(2,006)
Increase (Decrease) in Accounts Payable	(677)	(1,417)	(531)	(4)	(35)	-	27	(2,637)
Increase (Decrease) in Accrued Wages Payable	62	2	31	24	4	-	42	165
Increase (Decrease) in Amounts Due to Other Funds	243	16	-	14	1	-	111	385
Increase in Unearned Revenues	(14)	-	(102)	3	-	-	120	7
Decrease in Deferred Credits	-	-	-	(80)	-	-	-	(80)
Increase (Decrease) in Collections Held in Trust	175	-	-	104	-	-	219	498
Total Adjustments	6,872	116	8,556	2,797	181	-	542	19,064
Net Cash Provided by Operating Activities	\$ 15,066	\$ 2,590	\$ 7,684	\$ 8,460	\$ 642	\$ -	\$ 2,671	\$ 37,113
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:								
Contribution of Capital Assets	\$ -	\$ -	\$ -	\$ (617)	\$ -	\$ -	\$ -	\$ (617)
Accrued Capital Asset Costs	1,492	598	-	-	-	-	-	2,090
Amortization of Bond Premium, Net	87	-	-	-	-	-	-	87
Accrued Cost of Water Purchases	5,740	-	-	-	-	-	-	5,740

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

City of Long Beach
Internal Service Funds
Combining Statement of Net Position (Deficit)
September 30, 2014
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30 2014
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 7,633	\$ 21,563	\$ 43,045	\$ 41,379	\$ 95,805	\$ 209,425
Non-Pooled Cash and Cash Equivalents	-	5	-	-	-	5
Receivables:						
Interest Receivable	4	3	7	9	-	23
Accounts Receivable	-	1,480	150	1	36	1,667
Due from Other Funds	-	74	-	-	5,015	5,089
Allowance for Receivables	-	-	(129)	-	-	(129)
Deposits	-	-	-	-	6,230	6,230
Inventory	-	203	2,047	-	-	2,250
Total Current Assets	7,637	23,328	45,120	41,389	107,086	224,560
Noncurrent Assets:						
Noncurrent Receivables:						
Other Noncurrent Receivables	-	72	-	-	-	72
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	3,020	-	-	-	-	3,020
Capital Assets Net of Accumulated Depreciation	39,415	16,286	33,083	30	-	88,814
Total Noncurrent Assets	42,435	16,358	33,083	30	-	91,906
Total Assets	50,072	39,686	78,203	41,419	107,086	316,466
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	1,000	-	1,358	-	-	2,358
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	265	1,080	1,254	802	305	3,706
Accrued Wages and Benefits	41	266	122	183	43,419	44,031
Accrued Interest Payable	-	-	152	-	1,940	2,092
Due to Other Funds	21	134	62	92	-	309
Collections Held in Trust	-	-	-	-	5,807	5,807
Employee Benefits - Current	-	-	-	-	9,050	9,050
Accrued Claims - Current	-	-	-	24,612	-	24,612
Environmental Remediation - Current	-	-	96	-	-	96
Obligations under Capital Leases - Current	1,505	887	615	-	-	3,007
Bonds Payable Due within One Year	-	-	-	-	5,000	5,000
Total Current Liabilities	1,832	2,367	2,301	25,689	65,521	97,710
Noncurrent Liabilities:						
Employee Benefits	-	-	-	-	183,941	183,941
Accrued Self-Insurance Claims	-	-	-	103,346	-	103,346
Environmental Remediation	-	-	2,819	-	-	2,819
Obligations under Capital Lease	23,425	847	-	-	-	24,272
Unamortized Premium	-	-	3,520	-	-	3,520
Bonds Payable	-	-	21,661	-	35,915	57,576
Unamortized Discount / Deferred Cost	-	-	-	-	(93)	(93)
Total Noncurrent Liabilities	23,425	847	28,000	103,346	219,763	375,381
Total Liabilities	25,257	3,214	30,301	129,035	285,284	473,091
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	18,505	14,552	8,644	31	-	41,732
Restricted for:						
Debt Service	-	-	-	-	59	59
Healthcare Insurance	-	-	-	-	18,425	18,425
Unrestricted	7,310	21,920	40,616	(87,647)	(196,682)	(214,483)
Total Net Position (Deficit)	\$ 25,815	\$ 36,472	\$ 49,260	\$ (87,616)	\$ (178,198)	\$ (154,267)

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, 2014
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2014
Operating Revenues:						
Billing to Other Departments	\$ 10,032	\$ 35,143	\$ 31,093	\$ 44,152	\$ 202,666	\$ 323,086
Other	265	4,877	830	-	-	5,972
Total Operating Revenues	10,297	40,020	31,923	44,152	202,666	329,058
Operating Expenses:						
Personnel Services	2,515	15,889	7,326	7,836	7,673	41,239
Maintenance and Other Operations	7,735	20,479	11,875	6,162	2,494	48,745
Insurance Premiums	-	-	-	2,768	-	2,768
Self-Insured Losses	-	-	-	20,138	-	20,138
Compensated Absences	-	-	-	4,174	45,588	49,762
Employee Benefits	-	-	-	-	161,254	161,254
Amortization	80	-	-	-	-	80
Depreciation	2,625	1,972	6,073	3	-	10,673
Total Operating Expenses	12,955	38,340	25,274	41,081	217,009	334,659
Operating Income (Loss)	(2,658)	1,680	6,649	3,071	(14,343)	(5,601)
Non-Operating Income (Expenses):						
Interest Income	10	133	-	101	134	378
Interest Expense	(1,119)	(47)	(753)	-	(2,151)	(4,070)
Gain on Disposition of Capital Assets	-	16	105	-	-	121
Capital Assets to Other Funds	-	2,365	-	-	-	2,365
Other Income	34	15	272	1,716	2,619	4,656
Other Expense	-	-	(26)	-	(5)	(31)
Total Non-Operating Income (Expenses)	(1,075)	2,482	(402)	1,817	597	3,419
Income (Loss) before Contributions and Transfers	(3,733)	4,162	6,247	4,888	(13,746)	(2,182)
Capital Grants and Contributions	176	1,156	-	-	-	1,332
Transfers:						
Transfers In	2,800	11,669	908	350	2,852	18,579
Transfers Out	-	(4,345)	(575)	-	-	(4,920)
Change in Net Position	(757)	12,642	6,580	5,238	(10,894)	12,809
Net Position (Deficit) - October 1	26,572	23,830	42,680	(92,854)	(167,304)	(167,076)
Net Position (Deficit) - September 30	\$ 25,815	\$ 36,472	\$ 49,260	\$ (87,616)	\$ (178,198)	\$ (154,267)

See accompanying independent auditors' report.

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2014
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 274	\$ 4,877	\$ 814	\$ -	\$ -	\$ 5,965
Receipts from Other Funds	10,032	35,072	31,113	44,152	202,799	323,168
Payments for Employee Salaries	(2,504)	(15,881)	(7,296)	(7,801)	(3,652)	(37,134)
Payments for Goods and Services	(8,101)	(20,195)	(12,164)	(9,022)	(3,081)	(52,563)
Payments for Compensated Absences	-	-	-	(18,006)	(44,308)	(62,314)
Payments for Employee Benefits	-	-	-	-	(137,467)	(137,467)
Payments for Liability Claims	-	-	-	(6,520)	-	(6,520)
Other Income	34	(283)	272	1,716	2,619	4,358
Other Expense	-	15	(122)	-	(5)	(112)
Net Cash Provided by (Used for) Operating Activities	(265)	3,605	12,617	4,519	16,905	37,381
Cash Flows from Non-Capital Financing Activities:						
Operating Subsidies Paid to Other Funds	2,800	11,669	908	350	2,852	18,579
Operating Subsidies Received from Other Funds	-	(4,345)	(575)	-	-	(4,920)
Net Cash Provided by Non-Capital Financing Activities	2,800	7,324	333	350	2,852	13,659
Cash Flows from Capital and Related Financing Activities:						
Receipt of Capital Grants	-	16	-	-	-	16
Proceeds from the Sale of Capital Assets	-	-	129	-	-	129
Receipts of Contributed Capital	176	1,156	-	-	-	1,332
Proceeds from (Payments for) Capital Acquisitions	422	853	(1,199)	(9)	-	67
Payments of Principal on Bonds Payable	-	-	(594)	-	-	(594)
Payments of Principal on Other Long-Term Obligations	(1,453)	(1,494)	-	-	(4,760)	(7,707)
Payments of Interest	(1,119)	(48)	(942)	-	(2,357)	(4,466)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,974)	483	(2,606)	(9)	(7,117)	(11,223)
Cash Flows from Investing Activities:						
Receipts (payment) of Interest	8	128	(8)	97	115	340
Net Cash Provided by (Used for) Investing Activities	8	128	(8)	97	115	340
Net Increase (Decrease) in Cash and Cash Equivalents	569	11,540	10,336	4,957	12,755	40,157
Cash and Cash Equivalents - October 1	7,064	10,028	32,709	36,422	83,050	169,273
Cash and Cash Equivalents - September 30	\$ 7,633	\$ 21,568	\$ 43,045	\$ 41,379	\$ 95,805	\$ 209,430
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ (2,658)	\$ 1,680	\$ 6,649	\$ 3,071	\$ (14,343)	\$ (5,601)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	2,705	1,972	6,073	3	-	10,753
Other Income	34	15	272	1,716	2,619	4,656
Other Expense	-	-	(28)	-	(5)	(33)
(Increase) Decrease in Accounts Receivable, Net	9	3	16	-	-	28
(Increase) Decrease in Amounts Due from Other Governments	-	-	-	-	-	-
(Increase) Decrease in Amounts Due from Other Funds	-	(74)	(20)	-	133	39
Increase in Inventory	-	-	(270)	-	-	(270)
Decrease in Other Operating Assets	-	-	-	-	-	-
Decrease in Environmental Liabilities	-	-	(86)	-	-	(86)
Increase (Decrease) in Accounts Payable	(366)	278	(19)	(92)	(588)	(787)
Increase in Accrued Wages Payable	7	8	19	22	30,120	30,176
Increase in Amounts Due to Other Funds	4	(283)	11	13	-	(255)
Increase in Accrued Claims Payable	-	-	-	(214)	-	(214)
Increase (Decrease) in Unearned Revenues	-	6	-	-	-	6
Decrease in Collections Held in Trust	-	-	-	-	(1,031)	(1,031)
Total Adjustments	2,393	1,925	5,968	1,448	31,248	42,982
Net Cash Provided by (Used for) Operating Activities	\$ (265)	\$ 3,605	\$ 12,617	\$ 4,519	\$ 16,905	\$ 37,381
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contribution of Capital Assets	\$ -	\$ 2,365	\$ -	\$ -	\$ -	\$ 2,365
Purchase of Equipment on Account	-	939	-	-	-	939

See accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds, comprised of Private Purpose Trust and Agency 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.

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.

Agency Funds are used to account for funds held by the City as an agent for other governmental units, private organizations, or individuals.

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Net position
September 30, 2014
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2014
ASSETS			
Pooled Cash and Cash Equivalents	\$ 781	\$ 97	\$ 878
Accounts Receivable	1	-	1
Total Assets	<u>\$ 782</u>	<u>\$ 97</u>	<u>\$ 879</u>
NET POSITION			
Held in Trust for Private Purpose Trust Funds	<u>\$ 782</u>	<u>\$ 97</u>	<u>\$ 879</u>

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
Fiscal Year Ended September 30, 2014
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2014
Additions:			
Use of Money and Property	\$ 3	\$ 1	\$ 4
Contributions from Citizens	-	22	22
Total Additions	3	23	26
Deductions:			
Community and Cultural	27	16	43
Change in Net Position	(24)	7	(17)
Net Position, October 1	806	90	896
Net Position, September 30	<u>\$ 782</u>	<u>\$ 97</u>	<u>\$ 879</u>

See accompanying independent auditors' report.

City of Long Beach
Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
<u>BELMONT SHORE PARKING DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 89	\$ -	\$ -	\$ 89
LIABILITIES				
Accounts Payable	\$ 89	\$ -	\$ -	\$ 89
<u>TAXES - OIL RIGHTS FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 1,649	\$6	\$ 1	\$ 1,654
Accounts Receivable	-	1	-	1
Total Assets	\$ 1,649	\$ 7	\$ 1	\$ 1,655
LIABILITIES				
Collections Held in Trust	\$ 1,649	\$7	\$ 1	\$ 1,655
<u>SPECIAL ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 875	\$ 5,625	\$ 5,676	\$ 824
Non-Pooled Cash and Cash Equivalents	6,062	7,010	6,044	7,028
Non Performing Investments	1	-	1	-
Investments at Par - Nonpooled	2,175	2,085	2,176	2,084
Interest Receivable	8	8	9	7
Property Taxes Receivable	4	-	4	-
Accounts Receivable	-	1	-	1
Total Assets	\$ 9,125	\$ 14,729	\$ 13,910	\$ 9,944
LIABILITIES				
Accounts/Voucher Payable	\$ 116	\$ -	\$ 116	\$ -
Due to Special Assessment Bondholders	2,688	3,561	3,523	2,726
Collections Held in Trust	6,321	4,623	3,726	7,218
Total Liabilities	\$ 9,125	\$ 8,184	\$ 7,365	\$ 9,944
<u>INTERMODAL CONTAINER TRANSFER FACILITY</u>				
<u>JOINT POWER AUTHORITY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 4,362	\$4,227	\$4,001	\$ 4,588
Non Performing Investments	1	-	1	-
Accounts Receivable	-	2	-	2
Total Assets	\$ 4,363	\$ 4,229	\$ 4,002	\$ 4,590
LIABILITIES				
Collections Held in Trust	\$ 4,363	\$ 4,229	\$ 4,002	\$ 4,590
<u>EARTHQUAKE ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 887	\$ 95	\$ 94	\$ 888
Non Performing Investments	-	-	-	-
Property Taxes Receivable	69	-	39	30
Accounts Receivable	-	1	-	1
Total Assets	\$ 956	\$ 96	\$ 133	\$ 919
LIABILITIES				
Due to Special Assessment Bondholders	\$ 651	\$ 57	\$ 94	\$ 614
Collections Held in Trust	305	-	-	305
Total Liabilities	\$ 956	\$ 57	\$ 94	\$ 919

See accompanying independent auditors' report.

City of Long Beach
Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Balance October 1, 2,013	Additions	Deletions	Balance September 30, 2,014
<u>LOS CERRITOS WETLANDS AUTHORITY</u>				
ASSETS				
Non-Pooled Cash and Cash Equivalents	\$ 162	\$ 179	\$ 223	\$ 118
Accounts Receivable	28	85	68	45
Prepaid Expense	1	9	1	9
Land	11,000	-	-	11,000
Total Assets	<u>\$ 11,191</u>	<u>\$ 273</u>	<u>\$ 292</u>	<u>\$ 11,172</u>
LIABILITIES				
Obligations Under Reverse Repurchase				
Accounts Payable	\$ 87	\$ 47	\$ 93	\$ 41
Collections Held in Trust	11,104	324	297	11,131
Total Liabilities	<u>\$ 11,191</u>	<u>\$ 371</u>	<u>\$ 390</u>	<u>\$ 11,172</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 2,922	\$8,301	\$ 9,275	\$ 1,948
Non-Pooled Cash and Cash Equivalents	2	1	1	2
Property Taxes Receivable	60	\$29	\$68	21
Accounts Receivable	763	2,132	2,117	778
Total Assets	<u>\$ 3,747</u>	<u>\$ 10,463</u>	<u>\$ 11,461</u>	<u>\$ 2,749</u>
LIABILITIES				
Accounts Payable	\$ 2,026	\$15,102	\$ 15,991	\$ 1,137
Collections Held in Trust	1,721	924	1,033	1,612
Total Liabilities	<u>\$ 3,747</u>	<u>\$ 16,026</u>	<u>\$ 17,024</u>	<u>\$ 2,749</u>
<u>TOTAL AGENCY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 10,784	\$ 18,254	\$ 19,047	\$ 9,991
Non Performing Investments	2	-	2	-
Investments at Par - Nonpooled	2,175	2,085	2,176	2,084
Non-Pooled Cash and Cash Equivalents	6,226	7,190	6,268	7,148
Property Taxes Receivable	133	29	111	51
Accounts Receivable	791	2,222	2,185	828
Interest receivable	8	8	9	7
Prepaid Expense	1	9	1	9
Land	11,000	-	-	11,000
Total Assets	<u>\$ 31,120</u>	<u>\$ 29,797</u>	<u>\$ 29,799</u>	<u>\$ 31,118</u>
LIABILITIES				
Accounts Payable	\$ 2,318	\$ 15,149	\$ 16,200	\$ 1,267
Due to Special Assessment Bondholders	3,339	3,618	3,617	3,340
Collections Held in Trust	25,463	10,107	9,059	26,511
Total Liabilities	<u>\$ 31,120</u>	<u>\$ 28,874</u>	<u>\$ 28,876</u>	<u>\$ 31,118</u>

See accompanying independent auditors' report.

OTHER
SUPPLEMENTARY
INFORMATION

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City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2014
(In Thousands)

	General Fund	Uplands Oil Fund	Combined General Fund September 30, 2014
ASSETS			
Pooled Cash and Cash Equivalents	\$ 94,765	\$ 20,042	\$ 114,807
Non-Pooled Cash and Cash Equivalents	373	-	373
Receivables:			
Property Taxes	83,658	-	83,658
Accounts Receivable	39,476	3,300	42,776
Notes and Loans Receivable	1,789	-	1,789
Due from Other Governments	16,110	-	16,110
Due from Other Funds	7,391	-	7,391
Allowance for Receivables	(33,162)	-	(33,162)
Other Assets	6	-	6
Total Assets	<u>\$ 210,406</u>	<u>\$ 23,342</u>	<u>\$ 233,748</u>
LIABILITIES			
Accounts Payable	\$ 11,027	\$ 622	\$ 11,649
Accrued Wages and Benefits Payable	5,726	-	5,726
Due to Other Governments	301	-	301
Due to Other Funds	5,513	-	5,513
Unearned Revenues	1,687	-	1,687
Deposits and Collections Held in Trust	2,603	-	2,603
Advances from Other Funds	3,614	-	3,614
Total Liabilities	<u>30,471</u>	<u>622</u>	<u>31,093</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows (Note 24)	<u>84,376</u>	<u>-</u>	<u>84,376</u>
FUND BALANCES			
Nonspendable	6	-	6
Restricted	4,266	-	4,266
Committed	53,358	7,721	61,079
Assigned	34,655	14,876	49,531
Unassigned	3,274	123	3,397
Total Fund Balances	<u>95,559</u>	<u>22,720</u>	<u>118,279</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 210,406</u>	<u>\$ 23,342</u>	<u>\$ 233,748</u>

City of Long Beach
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Combined General Fund September 30, 2014
Revenues:				
Taxes:				
Property	\$ 141,898	\$ -	\$ -	\$ 141,898
Sales	56,620	-	-	56,620
Utility Users	38,691	-	-	38,691
Other Taxes	31,604	-	-	31,604
Franchise Fees	26,175	-	-	26,175
Licenses and Permits	14,899	-	-	14,899
Fines and Forfeitures	16,166	-	-	16,166
Use of Money and Property	15,276	36,943	-	52,219
From Other Agencies	5,932	-	-	5,932
Charges for Services	26,415	-	-	26,415
Other	6,845	-	-	6,845
Total Revenues	<u>380,521</u>	<u>36,943</u>	<u>-</u>	<u>417,464</u>
Expenditures:				
Legislative and Legal	11,373	-	-	11,373
General Government	17,769	-	-	17,769
Public Safety	277,741	-	-	277,741
Public Health	5,371	-	-	5,371
Community and Cultural	41,215	-	-	41,215
Public Works	30,706	-	-	30,706
Oil Operations	-	4,309	-	4,309
Total Current Expenditures	<u>384,175</u>	<u>4,309</u>	<u>-</u>	<u>388,484</u>
Excess of Revenues over Expenditures	<u>(3,654)</u>	<u>32,634</u>	<u>-</u>	<u>28,980</u>
Other Financing Sources (Uses):				
Debt Issuance	1,012	-	-	1,012
Transfers In	49,079	-	(30,350)	18,729
Transfers Out	(63,919)	(34,610)	30,350	(68,179)
Total Other Financing Sources (Uses)	<u>(13,828)</u>	<u>(34,610)</u>	<u>-</u>	<u>(48,438)</u>
Net Change in Fund Balances	<u>(17,482)</u>	<u>(1,976)</u>	<u>-</u>	<u>(19,458)</u>
Fund Balances - October 1	<u>113,041</u>	<u>24,696</u>	<u>-</u>	<u>137,737</u>
Fund Balances - September 30	<u>\$ 95,559</u>	<u>\$ 22,720</u>	<u>\$ -</u>	<u>\$ 118,279</u>

City of Long Beach
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	General	Final Amended Budget Uplands	Eliminations	Combined	Actual on Budgetary Basis General	Uplands	Combined Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
Sources:								
Property Taxes	\$ 134,633	\$ -	\$ -	\$ 134,633	\$ 141,898	\$ -	\$ 141,898	\$ 7,265
Sales Taxes	58,799	-	-	58,799	56,620	-	56,620	(2,179)
Utility Users Taxes	38,240	-	-	38,240	38,691	-	38,691	451
Other Taxes	30,510	-	-	30,510	31,604	-	31,604	1,094
Franchise Fees	24,251	-	-	24,251	26,175	-	26,175	1,924
Licenses and Permits	15,057	-	-	15,057	14,899	-	14,899	(158)
Fines and Forfeitures	15,788	-	-	15,788	16,166	-	16,166	378
Use of Money and Property	13,518	24,073	-	37,591	15,435	36,943	52,378	14,787
From Other Agencies	2,220	-	-	2,220	5,932	-	5,932	3,712
Charges for Services	25,241	-	-	25,241	26,415	-	26,415	1,174
Other	4,043	-	-	4,043	6,845	-	6,845	2,802
Proceeds from Long-term Debt	-	-	-	-	1,012	-	1,012	1,012
Transfers In	48,327	1	(30,350)	17,978	18,729	-	18,729	751
Total Sources	410,627	24,074	(30,350)	404,351	400,421	36,943	437,364	33,013
Uses:								
Current:								
Legislative and Legal								
Mayor and City Council	4,986	-	-	4,986	4,791	-	4,791	195
City Attorney	2,039	-	-	2,039	1,696	-	1,696	343
City Clerk	5,164	-	-	5,164	4,887	-	4,887	277
General Government								
City Auditor	2,592	-	-	2,592	2,521	-	2,521	71
City Manager	2,282	-	-	2,282	2,839	-	2,839	(557)
Civil Service	2,889	-	-	2,889	2,300	-	2,300	589
Financial Management	15,748	-	-	15,748	9,075	-	9,075	6,673
Planning and Building	1,211	-	-	1,211	1,105	-	1,105	106
Public Safety								
Police	199,798	-	-	199,798	194,224	-	194,224	5,574
Fire	73,684	-	-	73,684	71,679	-	71,679	2,005
Disaster Preparedness	1,039	-	-	1,039	1,036	-	1,036	3
City Prosecutor	5,132	-	-	5,132	4,769	-	4,769	363
Planning and Building-Code Enforcement	3,323	-	-	3,323	3,238	-	3,238	85
Police and Fire Annuity	-	-	-	-	2,827	-	2,827	(2,827)
Public Health	5,484	-	-	5,484	5,371	-	5,371	113
Community and Cultural								
Development Services	1,165	-	-	1,165	1,121	-	1,121	44
Library	16,444	-	-	16,444	14,450	-	14,450	1,994
Parks and Recreation	25,877	-	-	25,877	25,644	-	25,644	233
Public Works	31,180	-	-	31,180	31,035	-	31,035	145
Oil Operations	-	6,746	-	6,746	-	4,309	4,309	2,437
Transfers Out	54,580	34,615	(30,350)	58,845	63,919	4,260	68,179	(9,334)
Total Uses	454,617	41,361	(30,350)	465,628	448,527	8,569	457,096	8,532
Net Change in Budgetary Fund Balance:	\$ (43,990)	\$ (17,287)	\$ -	\$ (61,277)	\$ (48,106)	\$ 28,374	\$ (19,732)	\$ 41,545

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

	General	Uplands	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ (48,106)	\$ 28,374	\$ (19,732)
Add: Encumbrances	433	-	433
Less: Change in Mark-to-Market and Other Adjustments	(159)	-	(159)
Adjust for: Eliminations	30,350	(30,350)	-
Change in Fund Balance - September 30, GAAP Basis	(17,482)	(1,976)	(19,458)
Fund Balance, October 1, GAAP Basis	113,041	24,696	137,737
Fund Balance, September 30, GAAP Basis	\$ 95,559	\$ 22,720	\$ 118,279

Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis

	General	Uplands	Combined
Fund Balance, September 30, GAAP Basis	\$ 95,559	\$ 22,720	\$ 118,279
Less: Nonspendable Fund Balance	(6)	-	(6)
Restricted for Public Safety	(2,780)	-	(2,780)
Restricted for Operations	(1,486)	-	(1,486)
Committed for Public Safety	(1,000)	-	(1,000)
Committed for Emergencies	(43,358)	-	(43,358)
Committed for Operations	(9,000)	(2,500)	(11,500)
Committed for Oil Field Abandonment	-	(5,221)	(5,221)
Assigned for Future Infrastructure	(1,000)	-	(1,000)
Assigned for Subsequent Year's Appropriations	(9,816)	(14,876)	(24,692)
Assigned for Unfunded Liabilities	(23,839)	-	(23,839)
Total Adjustments	(92,285)	(22,597)	(114,882)
Budgetary Funds Available - September 30	\$ 3,274	\$ 123	\$ 3,397

City of Long Beach
Insurance Fund
Combining Schedule of Net Position
September 30, 2014
(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
<hr/>			
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 17,156	\$ 24,223	\$ 41,379
Receivables:			
Accounts Receivable	1	-	1
Interest Receivable	7	2	9
Total Current Assets	<u>17,164</u>	<u>24,225</u>	<u>41,389</u>
Noncurrent Assets:			
Capital Assets Net of Accumulated Depreciation	30	-	30
Total Noncurrent Assets	<u>30</u>	<u>-</u>	<u>30</u>
Total Assets	<u>17,194</u>	<u>24,225</u>	<u>41,419</u>
<hr/>			
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	102	700	802
Accrued Wages and Benefits	132	51	183
Due to Other Funds	66	26	92
Accrued Claims - Current	19,487	5,125	24,612
Total Current Liabilities	<u>19,787</u>	<u>5,902</u>	<u>25,689</u>
Noncurrent Liabilities:			
Accrued Self-Insurance Claims	92,347	10,999	103,346
Total Noncurrent Liabilities	<u>92,347</u>	<u>10,999</u>	<u>103,346</u>
Total Liabilities	<u>112,134</u>	<u>16,901</u>	<u>129,035</u>
<hr/>			
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	31	-	31
Unrestricted	<u>(94,971)</u>	<u>7,324</u>	<u>(87,647)</u>
Total Net Position (Deficit)	<u>\$ (94,940)</u>	<u>\$ 7,324</u>	<u>\$ (87,616)</u>

City of Long Beach

Insurance Fund

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended September 30, 2014

(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
Operating Revenues:			
Billing to Other Departments	\$ 30,394	\$ 13,758	\$ 44,152
Total Operating Revenues	<u>30,394</u>	<u>13,758</u>	<u>44,152</u>
Operating Expenses:			
Personnel Services	4,714	3,122	7,836
Maintenance and Other Operations	3,072	3,090	6,162
Insurance Premiums	380	2,388	2,768
Self-Insured Losses	14,237	5,901	20,138
Compensated Absences	4,174	-	4,174
Depreciation	3	-	3
Total Operating Expenses	<u>26,580</u>	<u>14,501</u>	<u>41,081</u>
Operating Income (Loss)	<u>3,814</u>	<u>(743)</u>	<u>3,071</u>
Non-Operating Income (Expenses):			
Interest Income	45	56	101
Other Income	1,391	325	1,716
Total Non-Operating Income	<u>1,436</u>	<u>381</u>	<u>1,817</u>
Income (Loss) Before Contributions and Transfers	<u>5,250</u>	<u>(362)</u>	<u>4,888</u>
Transfers:			
Transfers In	<u>-</u>	<u>350</u>	<u>350</u>
Change in Net Position	5,250	(12)	5,238
Net Position (Deficit) - October 1	<u>(100,190)</u>	<u>7,336</u>	<u>(92,854)</u>
Net Position (Deficit) - September 30	<u><u>\$ (94,940)</u></u>	<u><u>\$ 7,324</u></u>	<u><u>\$ (87,616)</u></u>

City of Long Beach
Fleet Services Fund
Combining Schedule of Net Position (Deficit)
September 30, 2014
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Totals September 30 2014
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 3,866	\$ 37,476	\$ 152	\$ 1,551	\$ -	\$ 43,045
Receivables:						
Accounts Receivable	156	1	-	-	-	157
Allowance for Receivables	(129)	-	-	-	-	(129)
Inventory	2,047	-	-	-	-	2,047
Total Current Assets	5,940	37,477	152	1,551	-	45,120
Capital Assets Net of Accumulated Depreciation	33,083	-	-	-	-	33,083
Total Noncurrent Assets	33,083	-	-	-	-	33,083
Total Assets	39,023	37,477	152	1,551	-	78,203
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	922	332	-	-	-	1,254
Accrued Wages and Benefits	167	17	-	-	(62)	122
Accrued Interest Payable	-	-	152	-	-	152
Due to Other Funds	3,179	(3,179)	-	-	62	62
Environmental Remediation - Current	-	-	-	96	-	96
Obligations Under Capital Leases - Current	-	615	-	-	-	615
Total Current Liabilities	4,268	(2,215)	152	96	-	2,301
Noncurrent Liabilities:						
Environmental Remediation	-	-	-	2,819	-	2,819
Bonds Payable	-	-	23,823	-	-	23,823
Total Noncurrent Liabilities	-	-	23,823	2,819	-	26,642
Total Liabilities	4,268	(2,215)	23,975	2,915	-	28,943
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	33,082	(615)	(23,823)	-	-	8,644
Unrestricted	1,673	40,307	-	(1,364)	-	40,616
Total Net Position (Deficit)	\$ 34,755	\$ 39,692	\$ (23,823)	\$ (1,364)	\$ -	\$ 49,260

City of Long Beach
Fleet Service Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2014
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Totals September 30, 2014
Operating Revenues:						
Billing to Other Departments	\$ 19,844	\$ 11,249	\$ -	\$ -	\$ -	\$ 31,093
Other	830	-	-	-	-	830
Total Operating Revenues	20,674	11,249	-	-	-	31,923
Operating Expenses:						
Personnel Services	6,707	619	-	-	-	7,326
Maintenance and Other Operations	9,688	2,283	-	(96)	-	11,875
Depreciation	6,073	-	-	-	-	6,073
Total Operating Expenses	22,468	2,902	-	(96)	-	25,274
Operating Income (Loss)	(1,794)	8,347	-	96	-	6,649
Non-Operating Income (Expenses):						
Interest Expense	(914)	(33)	194	-	-	(753)
Gain (Loss) on Disposition of Capital Assets	(24)	129	-	-	-	105
Other Income	56	216	-	-	-	272
Other Expense	(26)	-	-	-	-	(26)
Total Non-Operating Income (Expenses)	(908)	312	194	-	-	(402)
Income (Loss) Before Contributions and Transfers	(2,702)	8,659	194	96	-	6,247
Transfers:						
Transfers In	48	-	(22)	882	-	908
Transfers Out	(575)	-	-	-	-	(575)
Change in Net Position	(3,229)	8,659	172	978	-	6,580
Net Position (Deficit) - October 1	37,984	31,033	(23,995)	(2,342)	-	42,680
Net Position (Deficit) - September 30	\$ 34,755	\$ 39,692	\$ (23,823)	\$ (1,364)	\$ -	\$ 49,260

TIDELANDS FUND

The Tideland Operating segment is used to account for the business-type operations of the Long Beach Convention and Entertainment Center, as well as beach maintenance and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats. Beginning with the 1997 fiscal year, leases for areas adjacent to the Queen Mary were also included in the Tideland Operating segment. The Rainbow Harbor Area segment is used to account for the Rainbow Harbor Area administration, the Rainbow Harbor financing, and the Aquarium of the Pacific Parking Structure operations. The Marina segment is used to account for the operations and development of the City's marinas in the Tidelands area. The Queen Mary segment is used to account for the operations related to the Queen Mary.

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. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Summary financial information for the consolidated Tidelands Business-type Enterprise Fund is presented on following pages (in thousands) as of September 30, 2014:

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Consolidated Schedule of Net Position
September 30, 2014
(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Total
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 179,469	\$ 21,446	\$ 1,447	\$ 7,103	\$ 209,465	\$ -	\$ 209,465
Non-Pooled Cash and Cash Equivalents	7,669	16	-	29	7,714	-	7,714
Receivables:							
Interest Receivable	85	4	-	14	103	-	103
Accounts Receivable	2,369	633	44	287	3,333	-	3,333
Due from Other Governments	639	51	-	-	690	-	690
Due from Other Funds	22,412	-	-	-	22,412	-	22,412
Allowance for Receivables	(4)	(431)	-	(2)	(437)	-	(437)
Total Current Assets	212,639	21,719	1,491	7,431	243,280	-	243,280
Noncurrent Assets:							
Non-Pooled Investments	8,212	-	-	4,244	12,456	-	12,456
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	37,767	3,611	-	11,110	52,488	-	52,488
Capital Assets Net of Accumulated Depreciation	148,459	82,076	9,595	50,737	290,867	-	290,867
Total Noncurrent Assets	194,438	85,687	9,595	66,091	355,811	-	355,811
Total Assets	407,077	107,406	11,086	73,522	599,091	-	599,091
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows	7,804	-	-	74	7,878	-	7,878
LIABILITIES							
Current Liabilities payable from Current Assets:							
Accounts Payable	7,544	368	215	961	9,088	-	9,088
Accrued Wages	311	167	-	20	498	-	498
Accrued Interest Payable	1,855	449	-	568	2,872	-	2,872
Due to Other Funds	157	84	-	10	251	-	251
Unearned Revenues	111	1,777	-	-	1,888	-	1,888
Collections Held in Trust	68	50	26	-	144	-	144
Obligations under Capital Leases - Current	30	-	-	-	30	-	30
Bonds Payable Due Within One Year	3,780	-	-	2,900	6,680	-	6,680
Other Long Term Obligation - Current	99	1,285	-	21	1,405	-	1,405
Total Current Liabilities	13,955	4,180	241	4,480	22,856	-	22,856
Noncurrent Liabilities:							
Advances from Other Funds	1,300	-	-	-	1,300	-	1,300
Unearned Revenues	4,923	-	-	-	4,923	-	4,923
Obligations under Capital Leases	402	-	-	-	402	-	402
Other Long Term Obligations	602	57,282	-	457	58,341	-	58,341
Bonds Payable	89,570	-	-	28,280	117,850	-	117,850
Unamortized Discount (Premium) Deferred Cost	9,847	-	-	62	9,909	-	9,909
Total Noncurrent Liabilities	106,644	57,282	-	28,799	192,725	-	192,725
Total Liabilities	120,599	61,462	241	33,279	215,581	-	215,581
NET POSITION							
Net Investment in Capital Assets	97,925	27,120	9,595	34,432	169,072	-	169,072
Restricted for:							
Debt Service	8,285	-	-	44	8,329	-	8,329
Capital Projects	-	-	1,250	171	1,421	-	1,421
Tidelands	7,616	1,821	-	-	9,437	-	9,437
Unrestricted	180,456	17,003	-	5,670	203,129	-	203,129
Total Net Position	\$ 294,282	\$ 45,944	\$ 10,845	\$ 40,317	\$ 391,388	\$ -	\$ 391,388

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Consolidated Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Total
Operating Revenues:							
Licenses and Permits	\$ 190	\$ 6	\$ -	\$ 53	\$ 249	\$ -	\$ 249
Fines and Forfeitures	258	-	-	-	258	-	258
Fees, Concessions, and Rentals	8,431	20,881	189	10,620	40,121	-	40,121
From Other Agencies	-	152	-	-	152	-	152
Charges for Services	23,413	92	-	-	23,505	-	23,505
Other	14	15	-	4	33	-	33
Total Revenues	32,306	21,146	189	10,677	64,318	-	64,318
Operating Expenses:							
Personnel Services	19,336	8,132	-	1,404	28,872	-	28,872
Maintenance and Other Operations	40,221	5,058	691	9,645	55,615	-	55,615
Amortization	485	-	-	29	514	-	514
Depreciation	10,117	5,177	419	3,697	19,410	-	19,410
Total Operating Expenses	70,159	18,367	1,110	14,775	104,411	-	104,411
Operating Income	(37,853)	2,779	(921)	(4,098)	(40,093)	-	(40,093)
Non-Operating Income (Expense):							
Interest Income	694	35	6	(8)	727	-	727
Interest Expense	(3,073)	(2,424)	-	(1,430)	(6,927)	-	(6,927)
Operating Grants	463	-	-	-	463	-	463
Other Expense	-	-	-	(4)	(4)	-	(4)
Total Non-Operating Income (Expense)	(1,916)	(2,389)	6	(1,442)	(5,741)	-	(5,741)
Income (Loss) before Contributions and Transfers	(39,769)	390	(915)	(5,540)	(45,834)	-	(45,834)
Operating Transfers:							
Operating Transfers In	60,520	10,900	-	5,800	77,220	(16,700)	60,520
Operating Transfers Out	(16,700)	-	-	-	(16,700)	16,700	-
Change in Net Position	4,051	11,290	(915)	260	14,686	-	14,686
Net Position, October 1	290,231	34,654	11,760	40,057	376,702	-	376,702
Net Position, September 30	\$294,282	\$ 45,944	\$ 10,845	\$ 40,317	\$391,388	\$ -	\$ 391,388

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area
Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Tideland Operating</u>	<u>Marina</u>	<u>Queen Mary</u>	<u>Rainbow Harbor Area</u>	<u>Eliminations Increase (Decrease)</u>	<u>Consolidated Tidelands Total</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 32,390	\$ 21,194	\$ 168	\$ 10,572	\$ -	\$ 64,324
Receipts from Other Governments	414	135	-	-	-	549
Payments for Employee Salaries	(19,117)	(8,066)	-	(1,402)	-	(28,585)
Payments for Goods and Services	(38,954)	(5,633)	(768)	(9,421)	-	(54,776)
Payments to Other Entities	1	-	-	-	-	1
Other Income	-	-	-	4	-	4
Net Cash Provided by (Used for) Operating Activities	(25,266)	7,630	(600)	(247)	-	(18,483)
Cash Flows from Non-Capital Financing Activities:						
Transfers In	61,856	10,900	-	5,800	(16,700)	61,856
Non-operating Expense	-	-	-	(4)	-	(4)
Transfers Out	(16,822)	-	-	(1,499)	16,700	(1,621)
Net Cash Provided by Non-Capital Financing Activities	45,034	10,900	-	4,297	-	60,231
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance Of Long-Term Obligations	-	7,002	-	-	-	7,002
Changes Related to Capital Acquisitions	(12,487)	(4,475)	(1)	(240)	-	(17,203)
Payments of Principal on Bonds Payable	(3,670)	-	-	(2,795)	-	(6,465)
Payments of Principal on Other Long-Term Obligations	(127)	(1,408)	-	(20)	-	(1,555)
Payments of Interest, Net of Amounts Capitalized	(4,550)	(2,572)	-	(1,480)	-	(8,602)
Net Cash Used for Capital and Related Financing Activities	(20,834)	(1,453)	(1)	(4,535)	-	(26,823)
Cash Flows from Investing Activities:						
Payments for Investments	(106)	-	-	1	-	(105)
Payments of Interest, Net of Amounts Capitalized	663	37	6	42	-	748
Net Cash Provided by Investing Activities	557	37	6	43	-	643
Net Increase (Decrease) in Cash and Cash Equivalents	(509)	17,114	(595)	(442)	-	15,568
Cash and Cash Equivalents - October 1	187,647	4,348	2,042	7,574	-	201,611
Cash and Cash Equivalents - September 30	\$ 187,138	\$ 21,462	\$ 1,447	\$ 7,132	\$ -	\$ 217,179
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Tideland Operating</u>	<u>Marina</u>	<u>Queen Mary</u>	<u>Rainbow Harbor Area</u>	<u>Eliminations Increase (Decrease)</u>	<u>Total</u>
Operating Income (Loss)	\$ (37,853)	\$ 2,779	\$ (921)	\$ (4,098)	\$ -	\$ (40,093)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	10,602	5,177	419	3,726	-	19,924
Other Income	463	-	-	4	-	467
Other Expense	-	-	-	(4)	-	(4)
(Increase) Decrease in Accounts Receivable, Net	158	(36)	(22)	(101)	-	(1)
Decrease in Amounts Due from Other Governments	(49)	(17)	-	-	-	(66)
Increase (Decrease) in Accounts Payable	1,268	(575)	(77)	224	-	840
Increase in Accrued Wages Payable	62	43	-	1	-	106
Increase (Decrease) in Amounts Due to Other Funds	157	23	-	1	-	181
Decrease in Unearned Revenues	(87)	236	1	-	-	150
Decrease in Collections Held in Trust	13	-	-	-	-	13
Total Adjustments	12,587	4,851	321	3,851	-	21,610
Net Cash Provided by (Used for) Operating Activities	\$ (25,266)	\$ 7,630	\$ (600)	\$ (247)	\$ -	\$ (18,483)



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STATISTICAL SECTION

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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.

Contents

Page

Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Position by Component - Last Ten Fiscal Years	177
Change in Net Position - Last Ten Fiscal Years	178
Fund Balances of Governmental Funds - Last Ten Fiscal Years	180
Change in Fund Balances of Governmental Funds - Last Ten Fiscal Years	181
Governmental Activities Tax Revenues by Source - Last Ten Fiscal Years	182

Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	183
Property Tax Rates - All Overlapping Governments Per \$100 of Assessed Value - Last Ten Fiscal Years	184
Principal Property Taxpayers - Current Year and Nine Fiscal Years ago	185
Property Tax Levies and Collections - Last Ten Fiscal Years	186

Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	187
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	188
Schedule of Direct and Overlapping Debt - As of September 30, 2014	189
Legal Debt Margin Information - Last Ten Fiscal Years	190
Pledged Revenue Coverage - Gas Fund Revenue Bond - Last Ten Fiscal Years	191
Pledged Revenue Coverage - Water Revenue Bond - Last Ten Fiscal Years	191
Pledged Revenue Coverage - Solid Waste Bond - Last Ten Fiscal Years	191
Pledged Revenue Coverage - Airport Fund Revenue Bond - Last Ten Fiscal Years	192
Pledged Revenue Coverage - Temple Willow Revenue Bond - Last Ten Fiscal Years	192
Pledged Revenue Coverage - Rainbow Harbor Area Fund Revenue Bond - Last Ten Fiscal Years	193
Pledged Revenue Coverage - Tidelands Operating Segment Fund Revenue Bond - Last Ten Fiscal Years	193
Pledged Revenue Coverage - Harbor Fund Revenue Bond - Last Ten Fiscal Years	193

Demographics and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic Statistics - Last Ten Fiscal Years	194
Principal Employers - Current Year and Nine Years ago	195

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relates to the services that the City provides and the activities that it performs.

Full time Equivalent City Government Employees by Function - Last Nine Fiscal Years	196
Operating Indicators by Function - Last Ten Fiscal Years	198
Capital Asset Statistics by Function - Last Ten Fiscal Years	200

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

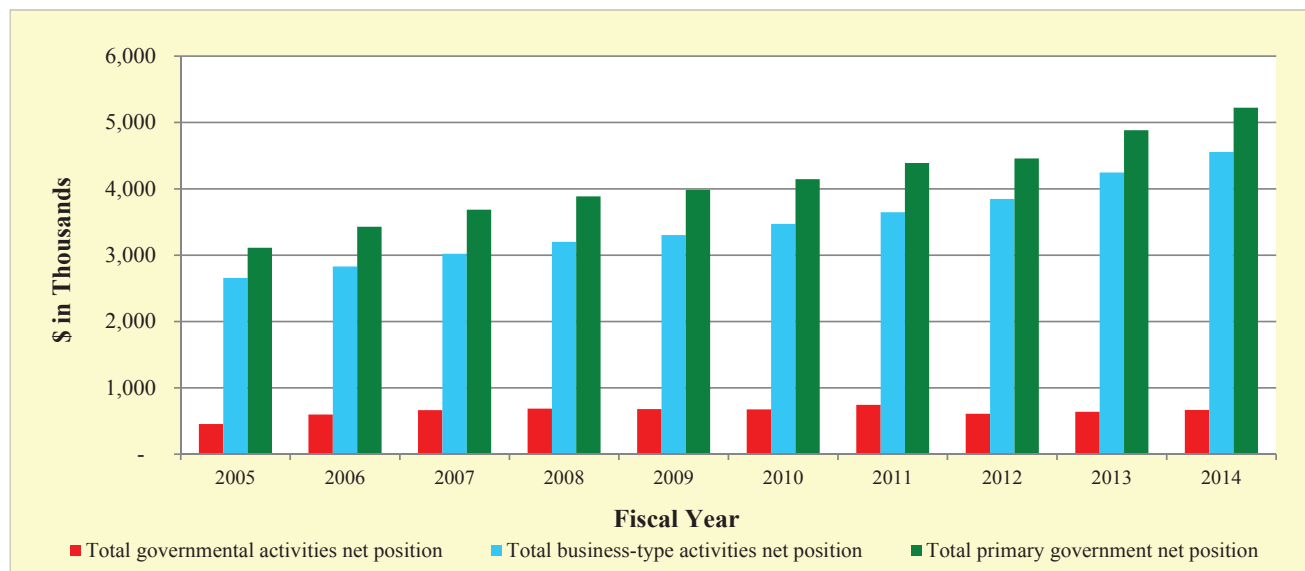


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City of Long Beach
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net Investment in capital assets	\$ 99,122	\$ 209,230	\$ 215,097	\$ 217,866	\$ 203,709	\$ 170,432	\$ 215,317	\$ 237,998	\$ 242,105	\$ 245,780
Restricted	474,313	496,094	291,468	285,937	289,658	346,412	631,729	470,723	458,167	473,181
Unrestricted	(118,328)	(106,380)	157,870	182,007	185,296	157,316	(104,327)	(100,337)	(61,528)	(53,167)
Total governmental activities net position	455,107	598,944	664,435	685,810	678,663	674,160	742,719	608,384	638,744	665,794
Business-type activities:										
Net Investment in capital assets	1,564,750	1,572,117	1,684,580	1,875,911	1,954,565	2,184,850	2,547,605	2,769,461	3,547,110	3,698,447
Restricted	505,875	523,769	366,018	359,364	367,477	603,007	289,999	289,864	297,694	439,163
Unrestricted	586,327	733,495	969,574	964,333	982,105	683,114	809,277	787,926	399,890	418,151
Total business-type activities net position	2,656,952	2,829,381	3,020,172	3,199,608	3,304,147	3,470,971	3,646,881	3,847,251	4,244,694	4,555,761
Primary government										
Net Investment in capital assets	1,663,872	1,781,347	1,899,677	2,093,777	2,158,274	2,355,282	2,762,922	3,007,459	3,789,215	3,944,227
Restricted	980,188	1,019,863	657,486	645,301	657,135	949,419	921,728	760,587	755,861	912,344
Unrestricted	467,999	627,115	1,127,444	1,146,340	1,167,401	840,430	704,950	687,589	338,362	364,984
Total primary government net position	\$3,112,059	\$3,428,325	\$3,684,607	\$3,885,418	\$3,982,810	\$4,145,131	\$4,389,600	\$4,455,635	\$4,883,438	\$5,221,555

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



See accompanying independent auditors' report.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 10,313	\$ 12,003	\$ 12,911	\$ 13,210	\$ 12,866	\$ 11,527	\$ 10,106	\$ 10,998	\$ 10,957	\$ 12,001
General Government	25,808	13,988	13,376	16,871	16,292	19,792	22,653	22,128	23,342	21,378
Public Safety	280,415	255,188	276,391	294,916	302,025	291,399	284,986	290,542	303,872	296,817
Public Health	43,874	44,024	47,189	48,330	47,134	44,731	44,428	42,712	41,966	41,877
Community and Cultural	177,210	186,528	207,566	227,274	227,772	258,512	193,886	331,170	173,239	153,206
Public Works	58,783	55,009	67,794	83,232	95,354	91,375	89,942	92,058	102,979	114,303
Oil Operations	6,367	7,192	8,175	8,630	8,004	6,923	7,318	9,256	7,101	4,869
Interest on Long-Term Debt	30,831	34,554	36,187	38,418	35,831	32,744	35,273	28,492	26,941	24,945
Total Governmental Activities										
Expenses	633,601	608,486	669,589	730,881	745,278	757,003	688,592	827,356	690,397	669,396
Business-type Activities:										
Gas	89,463	99,656	89,021	137,263	90,364	77,531	84,003	77,157	82,693	80,651
Water	62,075	62,480	68,704	70,571	76,895	71,442	82,050	81,377	89,767	93,297
Sewer	7,337	7,612	11,486	11,989	13,224	14,607	15,357	15,042	15,542	15,681
Airport	22,465	24,816	27,994	31,698	32,113	37,762	39,530	41,764	41,616	44,067
Development Services	-	-	-	-	-	-	11,126	11,617	15,404	15,753
Solid Waste Management	70,493	73,679	78,305	82,590	83,245	71,632	71,330	69,506	71,708	76,027
Towing	6,858	8,520	8,838	9,863	7,883	8,916	6,670	6,743	5,915	4,938
Tidelands	94,033	105,671	111,156	123,258	124,711	117,071	124,830	100,602	96,881	111,074
Tideland Oil Revenue	188,250	264,355	199,542	486,759	178,636	276,850	393,317	390,602	362,144	327,087
Subsidence	4,054	4,061	-	-	-	-	5	5	3	-
Harbor	207,689	214,349	247,860	242,822	225,991	218,262	217,335	193,773	195,335	233,410
Total Business-Type Activities										
Expenses	752,717	865,199	842,906	1,196,813	833,062	894,073	1,045,553	988,188	977,008	1,001,985
Total Primary Government										
Expenses	1,386,318	1,473,685	1,512,495	1,927,694	1,578,340	1,651,076	1,734,145	1,815,544	1,667,405	1,671,381
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	98	1,256	119	801	264	862	104	714	61	163
General Government	27,289	20,174	13,406	14,049	14,679	14,968	16,501	17,521	16,093	16,459
Public Safety	39,768	36,694	40,326	42,516	37,078	40,072	35,110	34,617	32,371	34,659
Public Health	7,557	6,565	7,099	7,599	9,644	8,422	8,725	9,538	11,856	8,498
Community and Cultural	23,649	23,291	26,131	28,905	26,322	26,186	20,825	13,978	14,656	12,168
Public Works	16,878	17,840	17,722	19,382	25,803	25,985	21,072	26,876	25,011	25,963
Oil Operations	17,253	21,481	22,612	32,956	19,011	25,556	31,552	39,156	39,869	36,942
Operating Grants and Contributions	142,011	166,426	169,190	172,478	172,281	185,899	198,198	175,647	171,937	183,789
Capital Grants and Contributions	11,489	13,726	16,908	7,424	3,595	10,395	7,588	6,147	10,778	8,530
Total Governmental Activities										
Program Revenues	\$ 285,992	\$ 307,453	\$ 313,513	\$ 326,110	\$ 308,677	\$ 338,345	\$ 339,675	\$ 324,194	\$ 322,632	\$ 327,171

(continued)

See accompanying independent auditors' report.

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

(continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-Type activities:										
Charges for Services:										
Gas	\$ 104,450	\$ 113,053	\$ 100,421	\$ 123,580	\$ 113,910	\$ 80,605	\$ 88,240	\$ 83,633	\$ 87,141	\$ 82,293
Water	65,813	67,198	70,258	72,527	81,380	87,151	88,576	87,073	93,036	101,345
Sewer	9,729	9,245	10,812	11,785	12,707	15,186	16,447	17,325	17,311	17,954
Airport	29,121	29,086	30,985	35,080	35,004	38,820	40,395	43,893	43,817	44,811
Development Services	-	-	-	-	-	-	12,160	13,812	17,546	17,573
Solid Waste Management	70,128	80,015	83,865	85,958	87,032	78,772	74,019	78,613	79,542	81,051
Towing	7,622	7,846	8,126	8,816	8,516	8,529	7,297	6,583	6,445	5,440
Tidelands	55,436	73,013	83,085	81,511	83,245	82,948	83,018	56,726	59,929	64,318
Tideland Oil Revenue	208,488	266,992	214,157	522,956	143,336	295,680	449,819	452,863	397,301	362,783
Subsidence	-	-	500	500	492	496	-	-	-	-
Harbor	338,167	354,125	370,832	382,119	336,930	341,744	345,389	333,887	346,244	362,752
Operating Grants and Contributions	2,520	1,184	2,116	1,241	1,213	597	2,723	1,413	1,105	921
Capital Grants and Contributions	25,787	8,947	24,580	14,984	25,210	32,001	26,406	26,552	259,188	182,021
Total Business-Type Activities										
Program Revenues	917,261	1,010,704	999,737	1,341,057	928,975	1,062,529	1,234,489	1,202,373	1,408,605	1,323,262
Total Primary Government										
Program Revenues	1,203,253	1,318,157	1,313,250	1,667,167	1,237,652	1,400,874	1,574,164	1,526,567	1,731,237	1,650,433
Net Revenues (expenses):										
Governmental Activities	(347,609)	(301,033)	(356,076)	(404,771)	(436,601)	(418,658)	(348,917)	(503,162)	(367,765)	(342,225)
Business-Type Activities	164,544	145,505	156,831	144,244	95,913	168,456	188,936	214,185	431,597	321,277
Total Net Expenses	(183,065)	(155,528)	(199,245)	(260,527)	(340,688)	(250,202)	(159,981)	(288,977)	63,832	(20,948)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	123,924	141,335	162,342	173,184	196,402	180,262	218,570	179,746	203,770	183,719
Sales	48,216	51,557	55,848	55,261	51,585	53,144	60,159	60,414	63,443	59,097
Utility Users	39,216	40,637	41,694	41,028	39,901	39,240	38,739	37,097	38,026	38,691
Other	51,238	58,291	65,206	73,715	61,250	62,889	43,254	43,360	46,446	41,504
Franchise Fees	-	-	-	-	-	-	24,184	23,143	25,243	26,175
Grants and Contributions not										
Restricted to Specific Programs	39,205	115,668	44,086	46,330	48,364	46,058	-	-	150	-
Unrestricted Investment Earnings	16,213	23,520	23,374	24,357	14,712	7,837	10,291	4,349	3,417	3,688
Gain (Loss) on Sales of Capital Assets	810	806	649	(49)	(1,024)	8,539	-	-	-	-
Capital Asset Transfers	-	-	(257)	(1,142)	(1,337)	(101)	1,266	5,090	4,786	2,365
Transfers	14,314	13,056	28,625	13,462	19,601	16,287	21,601	15,628	21,490	14,210
Total Governmental Activities	333,136	444,870	421,567	426,146	429,454	414,155	418,064	368,827	406,771	369,449
Business-type Activities:										
Unrestricted Investment Earnings	27,599	42,021	62,329	47,512	26,890	14,554	9,253	6,903	5,557	6,365
Loss on Sales of Capital Assets	(665)	(2,041)	-	-	-	-	-	-	-	-
Capital Asset Transfers	19	-	257	1,142	1,337	101	(1,266)	(5,090)	(4,786)	(2,365)
Transfers	(14,314)	(13,056)	(28,625)	(13,462)	(19,601)	(16,287)	(21,601)	(15,628)	(21,490)	(14,210)
Total Business-type Activities	12,639	26,924	33,961	35,192	8,626	(1,632)	(13,614)	(13,815)	(20,719)	(10,210)
Total Primary Government	345,775	471,794	455,528	461,338	438,080	412,523	404,450	355,012	386,052	359,239
Change in Net Position										
Government activities	(14,473)	143,837	65,491	21,375	(7,147)	(4,503)	69,147	(134,335)	39,006	27,224
Business-type Activities	177,183	172,429	190,792	179,436	104,539	166,824	175,322	200,370	410,878	311,067
Total Primary Government	\$ 162,710	\$ 316,266	\$ 256,283	\$ 200,811	\$ 97,392	\$ 162,321	\$ 244,469	\$ 66,035	\$ 449,884	\$ 338,291

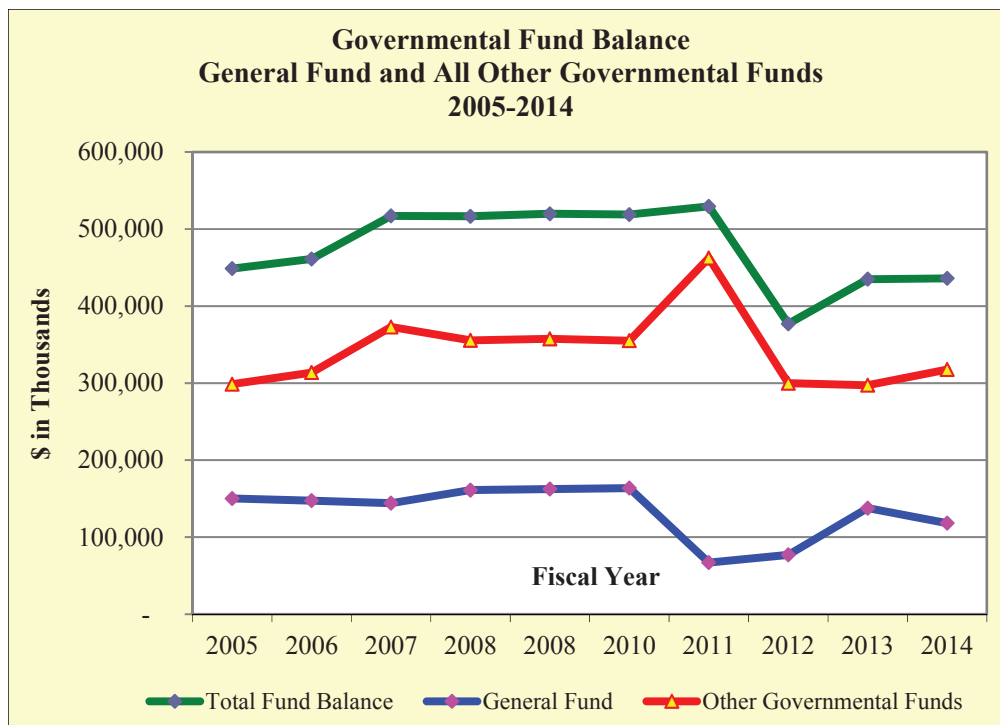
Note: With the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions, effective fiscal year 2010, the presentation of some financial data have changed in compliance with the aforementioned GASB standard.

See accompanying independent auditors' report.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 111,825	\$ 111,959	\$ 114,254	\$ 115,088	\$ 116,569	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	38,404	35,478	29,960	46,042	45,899	-	-	-	-	-
* Nonspendable	-	-	-	-	-	104,591	2,083	2,008	2,043	6
* Restricted	-	-	-	-	-	8,673	675	2,929	2,311	4,266
* Committed	-	-	-	-	-	1,486	4,108	5,394	5,711	61,079
* Assigned	-	-	-	-	-	3,798	59,445	61,935	119,542	49,531
* Unassigned	-	-	-	-	-	45,155	682	4,857	8,130	3,397
Total General Fund	150,229	147,437	144,214	161,130	162,468	163,703	66,993	77,123	137,737	118,279
Other Governmental Funds:										
Reserved	377,560	358,094	389,518	390,061	424,108	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	30,346	40,843	57,974	56,166	56,848	-	-	-	-	-
Capital Project Funds	(109,326)	(85,187)	(74,598)	(90,741)	(123,512)	-	-	-	-	-
* Nonspendable	-	-	-	-	-	24,902	1,654	45	8,009	8,012
* Restricted	-	-	-	-	-	514,588	489,841	320,310	293,567	289,497
* Committed	-	-	-	-	-	2,594	161	1,362	1,362	1,362
* Assigned	-	-	-	-	-	41,581	10,664	10,791	24,433	36,476
* Unassigned	-	-	-	-	-	(228,576)	(39,867)	(32,643)	(30,112)	(17,646)
Total Other Governmental Funds	298,580	313,750	372,894	355,486	357,444	355,089	462,453	299,865	297,259	317,701
Total All Governmental Funds	\$448,809	\$461,187	\$517,108	\$516,616	\$519,912	\$518,792	\$529,446	\$376,988	\$434,996	\$435,980

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



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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes:										
Property	\$124,463	\$141,081	\$162,449	\$172,741	\$195,128	\$216,922	\$218,593	\$ 181,041	\$214,816	\$ 183,885
Sales	48,216	51,557	55,848	55,261	51,585	53,144	60,159	60,414	63,443	59,097
Utility Users	39,216	40,637	41,694	41,028	39,901	39,240	38,739	37,097	38,026	38,691
Other Taxes	51,237	58,292	65,205	73,715	61,250	42,465	43,254	43,360	46,446	41,504
Franchise Fees		-	-	-	-	24,040	24,184	23,143	25,243	26,175
Licenses and Permits	26,269	30,008	32,240	33,899	32,239	24,864	24,812	24,278	19,941	22,341
Fines and Forfeitures	14,744	16,387	17,644	18,509	19,501	17,042	16,193	17,762	16,394	16,166
Use of Money and Property	48,849	57,964	59,516	71,586	47,841	47,526	56,415	58,398	58,441	56,687
From Other Agencies	192,722	219,946	230,838	228,427	227,060	195,940	208,167	184,470	181,039	191,423
Charges for Services	46,633	29,071	26,168	27,609	30,742	26,264	28,549	28,586	28,292	29,042
Other Land Proceeds	-	716	-	-	-	-	-	-	-	-
Other Contributions	-	-	-	-	-	2,898	-	-	1,385	341
Other	15,987	13,892	13,711	17,587	11,667	13,599	25,256	19,544	18,577	10,693
Total Revenues	608,336	659,551	705,313	740,362	716,914	703,944	744,321	678,093	712,043	676,045
Expenditures:										
Legislative and Legal	10,037	12,464	13,602	12,481	11,649	10,806	9,683	10,316	9,673	11,373
General Government	25,209	15,123	15,765	16,081	11,993	15,480	20,035	17,441	17,785	17,951
Public Safety	257,869	266,057	279,382	285,366	290,615	291,618	289,538	285,807	288,979	300,519
Public Health	41,651	44,734	47,409	47,383	45,181	37,644	43,665	41,449	39,297	41,273
Community and Cultural	179,859	199,777	209,946	253,432	238,090	264,171	263,625	289,597	185,378	158,122
Public Works	42,885	42,647	42,586	50,221	53,358	46,002	44,178	60,368	65,484	66,498
Oil Operations	6,164	7,089	8,171	8,625	6,888	6,718	7,173	9,146	4,722	4,309
Total Current Expenditures	563,674	587,891	616,861	673,589	657,774	672,439	677,897	714,124	611,318	600,045
Capital Improvements	30,106	39,062	40,790	25,328	27,721	38,956	29,630	17,183	26,199	36,427
Loss on Disposition of Land										
Held for Resale	4,090	-	9,184	4,459	1,526	9,524	519	79,111	-	-
Debt Service:										
Principal	11,942	14,822	15,451	15,819	17,456	13,804	13,475	14,379	16,358	18,836
Interest	20,806	25,289	27,349	30,477	28,300	24,847	28,984	23,298	23,776	21,044
Debt Administration Fees	320	147	81	397	259	195	391	494	542	57
Total Expenditures	630,938	667,211	709,716	750,069	733,036	759,765	750,896	848,589	678,193	676,409
(Deficiency) of Revenues over (under) Expenditures	(22,602)	(7,660)	(4,403)	(9,707)	(16,122)	(55,821)	(6,575)	(170,496)	33,850	(364)
Other Financing Sources (Uses):										
Other Deferred Payments	221	220	291	-	-	-	-	-	-	-
Debt Issuance	188,344	40,402	25,748	280	311	34,417	297	753	54,186	1,012
Discount on Debt Issuance	-	-	(122)	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(3,526)	(36,135)	-	-	-	-	-	-	(57,611)	-
Reconveyance of Land	-	-	-	(13,296)	(3,677)	(41)	-	-	-	-
Advances - Capitalized Interest	491	-	-	-	-	-	-	-	-	-
Land Transfers	-	-	-	-	-	-	(6,233)	-	-	-
Transfers In	52,782	55,900	91,967	84,353	60,163	56,406	271,094	409,802	114,615	106,128
Transfers Out	(33,960)	(40,349)	(57,560)	(62,122)	(37,379)	(36,306)	(247,930)	(392,317)	(87,032)	(105,577)
Total Other Financing Sources	204,352	20,038	60,324	9,215	19,418	54,476	17,228	18,238	24,158	1,563
Net Change in Fund Balances	\$181,750	\$ 12,378	\$ 55,921	\$ (492)	\$ 3,296	\$ (1,345)	\$ 10,653	\$ (152,258)	\$ 58,008	\$ 1,199
Debt Service as a Percentage of Noncapital Expenditures	5.5%	6.4%	6.4%	6.4%	6.5%	5.4%	5.9%	4.6%	6.2%	6.2%

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

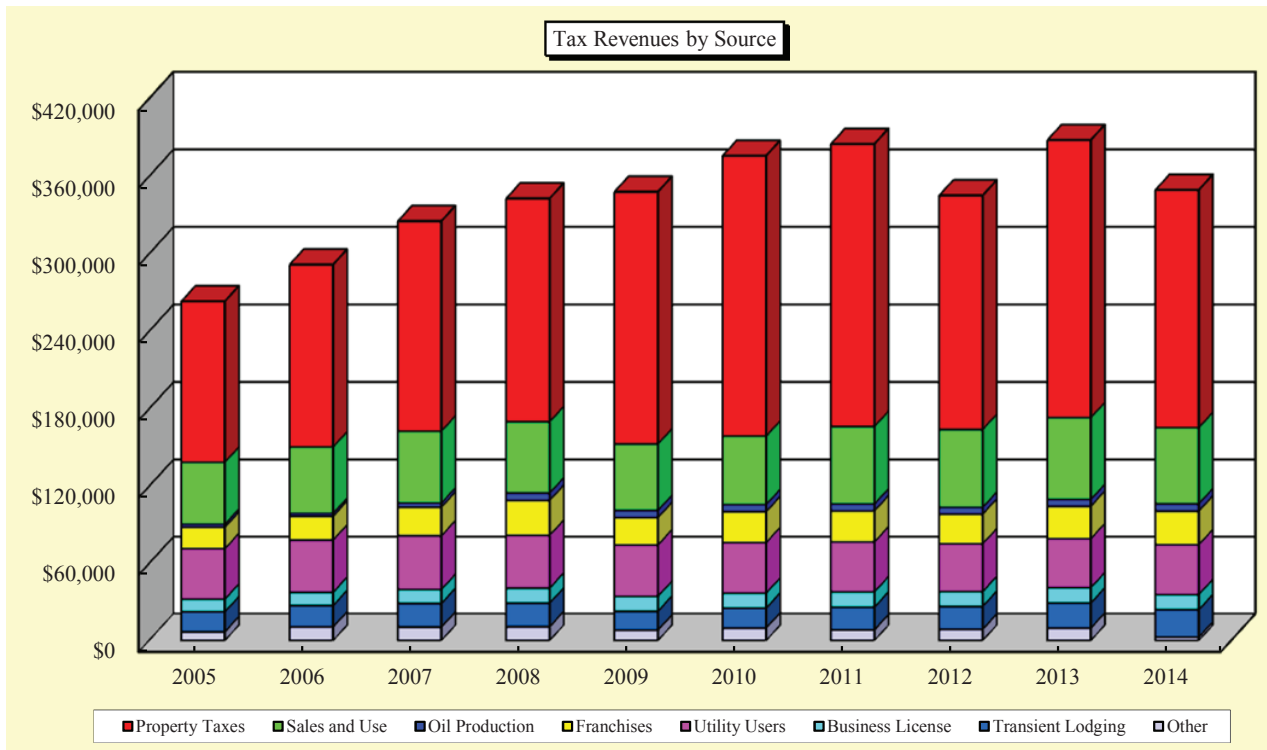
See accompanying independent auditors' report.

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

Fiscal Year-end (1)	Property Taxes	Sales and Use Taxes	Oil Production Taxes	Franchises Taxes	Utility Users Taxes	Business License Taxes	Transient Lodging Taxes	Other (1) Taxes	Totals
2005	\$124,463	\$ 48,216	\$ 2,335	\$ 16,670	\$ 39,216	\$ 9,879	\$ 15,527	\$ 6,826	\$263,132
2006	141,081	51,557	2,245	18,501	40,637	10,345	16,548	10,653	291,567
2007	162,449	55,848	3,123	22,340	41,694	10,909	18,309	10,524	325,196
2008	172,741	55,261	5,767	27,147	41,028	11,681	18,324	10,796	342,745
2009	195,128	51,585	5,557	21,274	39,901	11,647	14,635	8,137	347,864
2010	216,922	53,144	5,517	24,040	39,240	11,686	15,461	9,801	375,811
2011	218,593	60,159	5,331	24,184	38,739	11,956	17,603	8,364	384,929
2012	181,041	60,414	5,259	23,143	37,097	11,537	17,759	8,805	345,055
2013	214,816	63,443	5,301	25,243	38,026	11,981	19,451	9,713	387,974
2014	183,885	59,097	5,653	26,175	38,691	11,862	21,265	2,724	349,352

Notes:

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



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

See accompanying independent auditors' report.

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

Fiscal Year-end	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 29,650,613	\$ 2,419,098	\$ (678,462)	\$ 31,391,249	1.00%
2006	32,881,116	2,638,789	(916,457)	34,603,448	1.00%
2007	37,042,813	2,834,656	(961,500)	38,915,969	1.00%
2008	40,310,054	3,035,367	(1,072,806)	42,272,615	1.00%
2009	43,819,413	2,802,330	(1,047,919)	45,573,824	1.00%
2010	42,549,483	2,916,792	(1,239,013)	44,227,262	1.00%
2011	42,014,055	2,575,570	(1,593,660)	42,995,965	1.00%
2012	42,641,685	2,780,087	(1,318,100)	44,103,672	1.00%
2013	45,184,614	2,767,496	(1,025,398)	46,926,712	1.00%
2014	47,768,304	2,730,192	(1,630,080)	48,868,416	1.00%

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and are subject to the limitations described above.

Source: Los Angeles County Office of Assessor

See accompanying independent auditors' report.

City of Long Beach
Property Tax Rates -
All Overlapping Governments
Per \$100 of Assessed Value -
Last Ten Fiscal Years

Fiscal Year-end	City Direct Rate	Overlapping Rates				Total
		Los Angeles County	Unified Schools	Community College	Special Districts	
2005	1.000000	0.000923	0.046671	0.012394	0.006045	1.066033
2006	1.000000	0.000795	0.040750	0.018569	0.005249	1.065363
2007	1.000000	0.000663	0.106814	0.021462	0.004752	1.133691
2008	1.000000	-	0.123342	0.008794	0.004500	1.136636
2009	1.000000	-	0.124782	0.022115	0.004300	1.151197
2010	1.000000	-	0.151809	0.023112	0.004300	1.179221
2011	1.000000	-	0.186954	0.040310	0.003700	1.230964
2012	1.000000	-	0.168187	0.035296	0.003700	1.207183
2013	1.000000	-	0.175606	0.048750	0.003500	1.227856
2014	1.000000	-	0.146439	0.044541	0.003500	1.194480

Note:

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt.

Source: County of Los Angeles

See accompanying independent auditors' report.

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

Taxpayer	Fiscal Year 2014		Fiscal Year 2005	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
The Boeing Company	\$ 258,271	0.58 %	\$ 497,798	1.72 %
AES Alamitos LLC	197,400	0.44	292,200	1.01
Legacy Partners II LB World Trade LLC	144,300	0.32	-	-
2009 CUSA Community Owner LLC	143,347	0.32	-	-
BOP Landmark Square Co. LLC	125,514	0.28	-	-
GRE Shoreline Square LP	98,933	0.22	-	-
Noble Utah Long Beach LLC	96,276	0.22	-	-
Douglas Park Associates LLC	90,851	0.20	-	-
Molina Center LLC	82,620	0.18	-	-
Lyon West Gateway LLC	80,656	0.18	-	-
City Place Long Beach LLC	75,410	0.17	-	-
Omninet Freway LLC	70,380	0.16	-	-
HEI Long Beach LLC	62,303	0.14	-	-
Long Beach Generation LLC	60,000	0.13	-	-
Arco Terminal Services Corp.	59,988	0.13	79,320	0.27
Alamitos Bay Partnership	59,072	0.13	54,127	0.19
Sunstone Ocean LLC	57,019	0.13	-	-
Pacific Pipeline System LLC	53,338	0.12	-	-
Plain West Coast Terminals LLC	50,217	0.11	-	-
Los Altos Gateway LLC	50,211	0.11	-	-
Trizechahn Centers, Inc.	-	-	144,284	0.50
Greit One World Trade Center LP	-	-	113,648	0.39
Camden Realty Inc.	-	-	96,470	0.33
350 Ocean Garage LLC	-	-	70,754	0.24
200 Oceangate LLC	-	-	59,300	0.20
EQR California LLC	-	-	53,227	0.18
	<u>\$1,916,106</u>	<u>4.27 %</u>	<u>\$1,461,128</u>	<u>5.03 %</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)

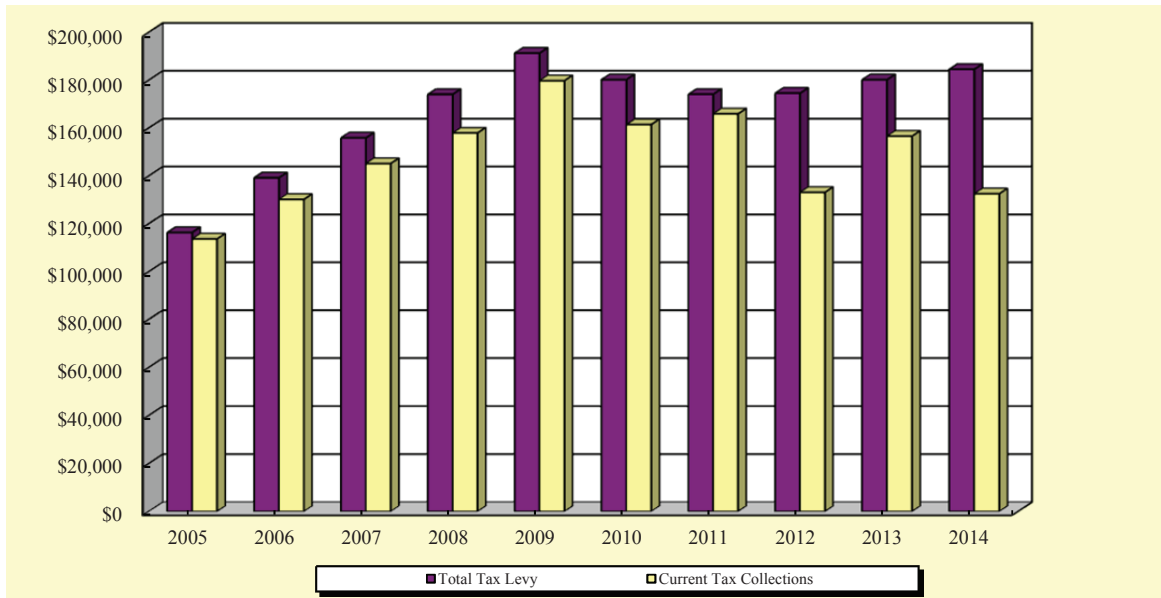
Fiscal Year-end (1)	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
2005	\$ 116,299	\$ 113,610	97.7%	\$ 11,388	\$ 124,998	107.5%	\$ 9,024	7.8%
2006	139,172	130,147	93.5%	12,093	142,240	102.2%	10,164	7.3%
2007	155,850	145,113	93.1%	17,819	162,932	104.5%	11,447	7.3%
2008	174,002	157,865	90.7%	14,877	172,742	99.3%	11,369	6.5%
2009	191,251	179,716	94.0%	15,412	195,128	102.0%	13,760	7.2%
2010	180,159	161,354	89.6%	9,542	170,896	94.9%	11,857	6.6%
2011	174,025	165,851	95.3%	7,468	173,319	99.6%	10,874	6.2%
2012	174,505	133,062	76.3%	4,169	137,231	78.6%	10,698	6.1%
2013	180,137	156,530	86.9%	3,049	159,579	88.6%	8,915	4.9%
2014	184,500	132,481	71.8%	3,975	136,456	74.0%	4,458	2.4%

Notes:

(1) Total tax collections for fiscal years 2004 through 2013 include redevelopment/successor agency tax increment collections in accordance with generally accepted accounting principles as follows:

Fiscal Year-end	Collections (in thousands)
2005	\$ 50,977
2006	63,406
2007	73,011
2008	77,460
2009	92,762
2010	83,609
2011	77,470
2012	36,337
2013	40,294
2014	36,368

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



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

See accompanying independent auditors' report.

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

Fiscal Year-end	Governmental Activities					Total Governmental Activities
	Revenue Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	Other	
2005	\$ 242,685	\$ 355,444	\$ 11,971	\$ 31,957	\$ 37,962	\$ 680,019
2006	231,470	348,626	11,146	35,131	34,996	661,369
2007	246,500	340,813	10,734	39,481	32,532	670,060
2008	236,535	332,562	8,888	32,992	29,875	640,852
2009	222,770	323,890	9,057	27,227	27,704	610,648
2010	178,895	347,740	8,415	54,159	25,448	614,657
2011	167,940	337,557	8,560	49,712	22,784	586,553
2012	161,620	326,852	8,118	46,064	20,884	563,538
2013	139,085	315,399	7,102	41,869	23,241	526,696
2014	139,906	309,160	6,137	38,150	22,114	515,467

Fiscal Year-end	Business-type Activities					Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Notes Payable (1)	Capital Leases	Other (3)	
2005	\$ 1,409,610	\$ 15,025	\$ 188,150	\$ 7,572	\$ 328,700	\$ 1,949,057
2006	1,367,640	9,960	104,958	6,119	343,100	1,831,777
2007	1,312,585	9,175	119,641	3,767	399,800	1,844,968
2008	2,012,545	8,350	132,395	1,237	450,170	2,604,697
2009	1,728,770	7,480	117,597	565	48,324	1,902,736
2010	1,714,810	-	73,797	541	38,615	1,827,763
2011	1,709,685	-	56,687	3,541	28,274	1,798,187
2012	1,640,665	-	54,488	3,109	28,400	1,726,662
2013	1,564,045	-	147,020	2,667	42,200	1,755,932
2014	1,534,901	-	515,995	2,215	52,400	2,105,511

Fiscal Year-end	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2005	\$ 2,629,076	2.536%	\$ 5,584
2006	2,493,146	2.749%	5,332
2007	2,515,028	2.843%	5,408
2008	3,245,549	2.897%	7,006
2009	2,513,384	2.784%	5,438
2010	2,442,420	2.763%	5,279
2011	2,384,740	2.808%	5,159
2012	2,290,200	2.820%	4,919
2013	2,282,628	2.876%	4,881
2014	2,620,978	2.930%	5,583

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

- (1) Notes payable in fiscal year 2005 included \$97,354,000 abandonment reserve payable to the California State Lands Commission.
- (2) See Schedule of Demographic and Economic Statistics for personal income and population data. Restated prior years due to the data's annual revision.
- (3) Includes Estimated Oil Field Abandonment Costs and starting with 2007 environmental remediation and site restoration are also included in this category.

See accompanying independent auditors' report.

City of Long Beach
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year-end	Outstanding General Bonded Debt				Ratio of Net Bonded Debt to Assessed Value (2)	Per Capita (3)
	Pension Obligation Bonds	Tax Allocation Bonds	Less: Amounts Restricted for Debt Service (1)	Net Bonded Debt (1)		
2005	\$ 97,255	\$ 355,444	\$ 39,059	\$ 413,640	129%	\$ 878.63
2006	89,465	348,626	36,936	401,155	113%	857.93
2007	83,635	340,813	42,945	381,503	96%	820.41
2008	77,275	332,562	45,796	364,041	84%	785.84
2009	70,340	323,890	53,895	340,335	73%	736.32
2010	62,775	347,740	57,937	352,578	78%	762.03
2011	54,520	337,557	48,360	343,717	77%	743.56
2012	50,205	326,852	32,615	344,442	76%	739.82
2013	45,675	315,399	33,375	327,699	68%	700.74
2014	40,822	309,160	32,471	317,511	63%	676.38

Notes:

- (1) Includes Redevelopment bonds issued during fiscal years 2002, 2003, 2005, and 2006.
- (2) Assessed value can be found in the Schedule of Assessed Value and Actual Value of Taxable Property. Percentage calculated using the following formula: Net bonded Debt / (Assessed Value - Exemptions)
- (3) Population data can be found in the Schedule of Demographic and Economic Statistics.

See accompanying independent auditors' report.

City of Long Beach
Schedule of Direct and Overlapping Debt
September 30, 2014 (In Thousands)

2013-14 Assessed Valuation: \$47,414,795

<u>DIRECT DEBT:</u>		<u>Outstanding</u>	<u>Exclusions</u>	<u>Outstanding</u>
City of Long Beach				
Lease Revenue Bonds		\$ 98,991	\$ -	\$ 98,991
Tax Allocation Bonds		309,160	-	309,160
Notes Payable		6,137	-	6,137
Capital Leases		38,150	-	38,150
Pension Obligations		40,915	-	40,915
Total Direct Debt		<u>\$ 493,353</u>	<u>\$ -</u>	<u>\$ 493,353</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>			
Cerritos Community College District	0.342 %	\$ 185,745	\$ 185,110	\$ 635
Compton Community College District	2.544	75,625	73,701	1,924
Long Beach Community College District	86.118	413,423	57,392	356,031
Los Angeles Community College District	0.055	3,595,385	3,593,408	1,977
ABC Unified School District	1.029	39,365	38,960	405
Compton Unified School District	0.025	50,731	50,718	13
Long Beach Unified School District	86.120	511,407	70,983	440,424
Los Angeles Unified School District	0.069	10,348,740	10,341,599	7,141
Paramount Unified School District	8.871	115,638	105,380	10,258
Los Angeles County Flood Control District	4.158	17,480	16,753	727
Metropolitan Water District	2.171	132,275	129,403	2,872
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1)		<u>\$ 15,485,814</u>	<u>\$ 14,663,407</u>	<u>\$ 822,407</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	4.162 %	\$ 1,787,485	\$ 1,713,090	\$ 74,395
Los Angeles County Superintendent of Schools Certificates of Participation	4.162	8,719	8,356	363
Compton Unified School District Certificates of Participation	0.025	25,670	25,664	6
Los Angeles Unified School District Certificates of Participation	0.069	364,539	364,287	252
Paramount Unified School District Certificates of Participation	8.871	27,375	24,947	2,428
County Sanitation District No. 1 Certificates of Participation	1.229	14,081	13,908	173
County Sanitation District No. 2 Certificates of Participation	0.195	21,741	21,699	42
County Sanitation District No. 3 Certificates of Participation	86.327	8,136	1,112	7,024
County Sanitation District No. 8 Certificates of Participation	2.372	8,581	8,377	204
County Sanitation District No. 19 Certificates of Participation	28.730	3,916	2,791	1,125
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,270,243</u>	<u>\$ 2,184,231</u>	<u>\$ 86,012</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000 %	\$ 303,400	\$ -	\$ 303,400
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$ 18,059,457	\$ 16,847,638	\$ 1,211,819
Less: Los Angeles County General Fund Obligations supported by landfill revenues		23,875	23,665	210
Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts)		10,000	9,997	3
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 18,025,582</u>	<u>\$ 16,813,976</u>	<u>\$ 1,211,606</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u>\$ 18,518,935</u>	<u>\$ 16,813,976</u>	<u>\$ 1,704,959</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				
	2005	2006	2007	2008	2009
Assessed valuation	\$32,069,711	\$35,519,905	\$39,877,469	\$43,345,421	\$46,621,743
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	8,017,428	8,879,976	9,969,367	10,836,355	11,655,436
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,202,614	1,331,996	1,495,405	1,625,453	1,748,315
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,202,614</u>	<u>\$ 1,331,996</u>	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2010	2011	2012	2013	2014
Assessed valuation	\$45,466,275	\$44,589,625	\$45,421,772	\$47,952,110	\$50,498,496
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,366,569	11,147,406	11,355,443	11,988,028	12,624,624
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,704,985	1,672,111	1,703,316	1,798,204	1,893,694
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

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

See accompanying independent auditors' report.

City of Long Beach
Pledged Revenue Coverage
Gas Fund Revenue Bond Coverage
Last Ten Fiscal Years (5)
(In Thousands)

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements (4)			Times Coverage
						Principal	Interest	Total	
2005	\$ 98,998	\$ 84,109	\$ 14,889	\$ 5,858	\$ 20,747	\$ 655	\$ 394	\$ 1,049	19.8
2006	107,481	96,786	10,695	5,807	16,502	885	195	1,080	15.3
2007	99,648	85,151	14,497	1,389	15,886	905	173	1,078	14.7
2008	123,085	89,115	33,970	993	34,963	925	29,697	30,622	1.1
2009	87,736	41,232	46,504	26,983	73,487	1,050	46,548	47,598	1.5
2010	79,732	39,803	39,929	1,566	41,495	9,480	33,918	43,398	1.0
2011	87,730	45,922	41,808	227	42,035	10,400	33,444	43,844	1.0
2012	82,671	38,902	43,769	(348)	43,421	10,035	32,955	42,990	1.0
2013	80,215	37,274	42,941	(1,067)	41,874	9,040	32,492	41,532	1.0
2014	81,992	42,503	39,489	(946)	38,543	7,305	32,079	39,384	1.0

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

2005	\$ 64,522	\$ 50,146	\$ 14,376	\$ 1,710	\$ 16,086	\$ 1,110	\$ 1,884	\$ 2,994	5.4
2006	66,074	53,059	13,015	1,564	14,579	1,155	1,836	2,991	4.9
2007	70,259	55,965	14,294	823	15,117	1,210	1,785	2,995	5.0
2008	71,604	57,239	14,365	1,417	15,782	1,265	1,731	2,996	5.3
2009	80,933	61,637	19,296	861	20,157	1,330	1,661	2,991	6.7
2010	87,151	67,091	20,060	10,075	30,135	1,405	1,588	2,993	10.1
2011	88,576	70,565	18,011	(207)	17,804	-	861	861	20.7
2012	86,515	69,982	16,533	(702)	15,831	490	1,249	1,739	9.1
2013	91,949	76,217	15,732	(1,789)	13,943	2,110	1,484	3,594	3.9
2014	100,187	81,767	18,420	371	18,791	2,385	1,502	3,887	4.8

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

2005	\$ 70,128	\$ 58,046	\$ 12,082	\$ 1,819	\$ 13,901	\$ 6,185	\$ 4,985	\$ 11,170	1.2
2006	78,173	65,218	12,955	5,385	18,340	6,355	4,813	11,168	1.6
2007	81,412	68,982	12,430	6,747	19,177	6,540	4,635	11,175	1.7
2008	83,628	72,102	11,526	6,342	17,868	6,690	4,478	11,168	1.6
2009	84,151	73,976	10,175	4,163	14,338	6,860	4,312	11,172	1.3
2010	77,419	64,608	12,811	4,228	17,039	7,050	4,121	11,171	1.5
2011	73,797	64,198	9,599	1,867	11,466	7,305	3,860	11,165	1.0
2012	77,111	62,718	14,393	662	15,055	7,635	3,535	11,170	1.3
2013	79,327	65,010	14,317	(716)	13,601	8,005	3,165	11,170	1.2
2014	80,701	70,639	10,062	224	10,286	8,410	2,758	11,168	0.9

Notes:

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

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

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

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non- Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0
2006	-	-	-	-	-	-	-	-	0.0
2007	-	-	-	-	-	-	-	-	0.0
2008	-	-	-	-	-	-	-	-	0.0
2009	-	-	-	-	-	-	-	-	0.0
2010	31,033	26,157	4,876	7,301	12,177	855	1,998	2,853	4.3
2011	32,416	28,150	4,266	7,224	11,490	905	5,668	6,573	1.7
2012	34,405	27,142	7,263	8,772	16,035	1,330	7,046	8,376	1.9
2013	34,760	26,513	8,247	8,060	16,307	2,260	7,004	9,264	1.8
2014	35,802	27,302	8,500	8,661	17,161	2,340	6,927	9,267	1.9

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

2005	\$ 25,900	\$ 17,399	\$ 8,501	\$ 1,809	\$ 10,310	\$ 770	\$ 1,717	\$ 2,487	4.1
2006	26,926	18,598	8,328	789	9,117	940	1,526	2,466	3.7
2007	28,306	21,229	7,077	402	7,479	865	1,571	2,436	3.1
2008	28,408	21,088	7,320	908	8,228	900	1,534	2,434	3.4
2009	30,941	20,491	10,450	1,900	12,350	945	1,494	2,439	5.1
2010	33,028	20,396	12,632	36	12,668	980	1,449	2,429	5.2
2011	33,460	22,348	11,112	1,011	12,123	1,025	1,493	2,518	4.8
2012	32,620	19,547	13,073	319	13,392	1,035	1,410	2,445	5.5
2013	30,015	19,843	10,172	409	10,581	820	1,512	2,332	4.5
2014	31,923	19,201	12,722	351	13,073	-	912	912	14.3

Notes:

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

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

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

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non- Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2005	\$ 5,386	\$ 8,897	\$ (3,511)	\$ 337	\$ (3,174)	\$ 1,455	\$ 2,430	\$ 3,885	-
2006	6,404	8,728	(2,324)	338	(1,986)	1,515	2,369	3,884	-
2007	7,230	10,305	(3,075)	465	(2,610)	2,070	2,184	4,254	-
2008	7,212	9,739	(2,527)	210	(2,317)	2,235	2,025	4,260	-
2009	6,880	9,498	(2,618)	2,275	(343)	2,325	1,936	4,261	-
2010	7,421	9,255	(1,834)	(20)	(1,854)	2,410	1,846	4,256	-
2011	8,780	9,869	(1,089)	69	(1,020)	2,500	1,761	4,261	-
2012	9,206	9,747	(541)	49	(492)	2,590	1,666	4,256	-
2013	9,578	10,070	(492)	64	(428)	2,680	1,570	4,250	-
2014	10,677	11,049	(372)	(12)	(384)	2,795	1,457	4,252	-

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

2005	\$ 33,593	\$ 43,633	\$ (10,040)	\$ 1,679	\$ (8,361)	\$ 2,430	\$ 6,558	\$ 8,988	-
2006	48,859	57,923	(9,064)	4,732	(4,332)	2,369	6,558	8,927	-
2007	56,663	61,199	(4,536)	3,516	(1,020)	2,765	6,504	9,269	-
2008	52,739	69,138	(16,399)	6,563	(9,836)	2,870	6,393	9,263	-
2009	55,684	72,880	(17,196)	6,335	(10,861)	2,985	6,274	9,259	-
2010	55,288	65,736	(10,448)	1,055	(9,393)	3,105	6,147	9,252	-
2011	55,287	73,809	(18,522)	1,524	(16,998)	3,240	6,010	9,250	-
2012	28,075	51,697	(23,622)	1,555	(22,067)	3,380	5,622	9,002	-
2013	31,481	46,924	(15,443)	753	(14,690)	5,560	4,578	10,138	-
2014	32,306	59,557	(27,251)	1,157	(26,094)	3,670	4,495	8,165	-

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

2005	\$ 329,208	\$ 62,016	\$ 267,192	\$ 26,524	\$ 293,716	\$ 34,215	\$ 58,444	\$ 92,659	3.2
2006	353,294	75,541	277,753	27,741	305,494	34,935	54,556	89,491	3.4
2007	370,832	96,964	273,868	28,246	302,114	38,335	51,216	89,551	3.4
2008	359,345	116,166	243,179	55,866	299,045	40,090	49,432	89,522	3.3
2009	311,351	97,880	213,471	27,160	240,631	42,150	47,488	89,638	2.7
2010	321,639	98,026	223,613	44,166	267,779	40,120	42,427	82,547	3.2
2011	345,389	81,423	263,966	(12,490)	251,476	42,175	37,247	79,422	3.2
2012	333,887	87,637	246,250	(2,522)	243,728	44,815	35,193	80,008	3.0
2013	346,244	97,696	248,548	(818)	247,730	46,965	33,026	79,991	3.1
2014	356,880	108,455	248,425	4,020	252,445	125,460	30,623	156,083	1.6

Notes:

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

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

City of Long Beach
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year-end	Estimated Population (1)	Personal Income (in millions) (2) (5)	Per Capita Personal Income (2) (5)	Public School Enrollment (3)	Unemployment Rate (4)
2005	470,781	\$ 11,939	\$ 25,360	96,319	5.9
2006	467,586	12,854	27,490	93,589	5.3
2007	465,017	13,222	28,434	90,663	5.6
2008	463,250	13,422	28,974	88,186	8.2
2009	462,211	12,866	27,836	87,509	12.8
2010	462,685	12,783	27,627	86,283	13.9
2011	462,257	12,981	28,081	84,812	13.4
2012	465,576	13,129	28,199	83,691	12.2
2013	467,646	13,451	28,764	82,256	10.3
2014	469,428	13,752	29,296	81,155	8.6

Sources:

(1) California Department of Finance

(2) Bureau of Economic Analysis (BEA)

Personal income and per capita personal income with exception of 2005 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 2014, 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) Restated prior years due to the data's annual revision.

See accompanying independent auditors' report.

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

Ranking	Employer	Fiscal Year 2014		Ranking	Fiscal Year 2005	
		Number of Employees	Percentage of Total City Employment		Number of Employees	Percentage of Total City Employment
		(1)	(2)		(1)	(2)
1	Long Beach Unified School District	12,143	5.01%	2	9,050	3.93%
2	Long Beach Memorial Medical Center	5,146	2.12%	5	4,675	2.03%
3	City of Long Beach	5,074	2.09%	3	6,153	2.67%
4	The Boeing Company	4,203	1.73%	1	9,175	3.99%
5	California State University Long Beach (CSULB)	2,881	1.19%	6	4,050	1.76%
6	Veteran Affairs Medical Center	2,480	1.02%	7	2,345	1.02%
7	Long Beach City College	2,456	1.01%	8	1,810	0.79%
8	CSULB Research Foundation	1,420	0.59%		N/A	N/A
	St. Mary Medical Center	1,420	0.59%	9	1,765	0.77%
9	Molina Healthcare Inc	861	0.35%		N/A	N/A
10	United States Postal Service	708	0.29%	10	980	0.43%
	Pacific Maritime Association	N/A	N/A	4	5,120	2.22%

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2005 and 2014

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.

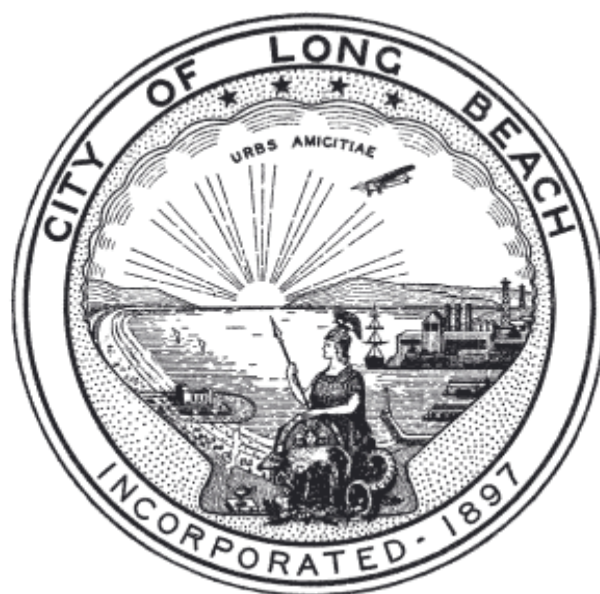
See accompanying independent auditors' report.

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

Function	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Legislative and Legal	143	148	144	138	138	133	130	129	130
General Government	447	451	522	506	483	438	424	513	536
Public Safety	2,143	2,127	2,120	2,022	1,927	1,826	1,796	1,765	1,757
Public Health	399	405	390	337	322	311	262	263	249
Community and Cultural	1,100	1,194	1,219	1,107	1,131	1,094	1,038	889	908
Public Works	373	373	298	326	321	336	287	273	275
Gas	178	181	185	181	178	195	194	202	201
Water	217	229	212	208	219	216	225	223	217
Airport	90	98	88	61	60	57	96	88	88
Solid Waste Management	143	135	184	209	200	205	189	177	181
Towing	38	42	38	35	32	34	29	22	26
Tideland Oil Revenue	34	35	34	31	22	22	19	15	15
Harbor	337	345	378	409	433	445	466	469	491
Total	5,642	5,763	5,812	5,570	5,466	5,312	5,155	5,028	5,074

Source: City of Long Beach, Department of Financial Management as of September 30, 2014

See accompanying independent auditors' report.



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

Function	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Public Safety:					
Police priority one calls response time in minutes	N/A	4.5	4.3	4.4	4.07
Violent crime rate - per 1,000 residents	N/A	6.99	6.82	6.53	6.51
Fire on-scene arrival for emergency calls within six minutes	N/A	73.6%	73.9%	71.6%	70.5%
Public Health:					
Percentage of beach days that are safe for swimming in summer	N/A	94%	93%	87%	80%
Homeless population ratio vs. total population (1)	N/A	0.91%	0.93%	0.80%	0.80%
Community and Cultural:					
Public library computer session log-ons	N/A	305,130	348,982	437,211	420,100
Parks, recreation programs - youth and teen attendance	N/A	647,705	646,035	726,812	652,953
Public Works:					
Number of trees trimmed	25,629	28,401	34,342	25,682	19,300
Curbs and alleys swept in miles	157,976	165,706	176,542	163,298	154,152
Sidewalk repaired in square feet	379,070	436,505	363,089	260,742	203,805
Storm drain catch basins cleaned	3,911	5,110	4,744	5,800	3,122
Gas:					
Gas consumption in sales dollars-total	\$ 91,575,000	\$ 100,336,000	\$ 92,323,000	\$ 101,834,000	\$ 71,294,000
Gas consumption in cubic feet (In 000's)	11,792,301	10,659,740	10,924,000	10,122,000	9,137,000
Average daily gas consumption (MCF)	32,308	30,186	29,928	27,655	25,034
Gas mains installed/replaced/relocated in feet (2)	60,460	83,086	80,096	69,026	91,217
Gas meters installed/removed/replaced	5,482	6,880	7,352	7,416	7,290
Water:					
Water daily demand in thousand gallons	53,118	59,317	60,969	55,302	50,688
Water annual demand in thousand gallons	19,388,070	21,650,844	22,253,636	20,185,133	18,501,135
Available supply total in thousand gallons	22,960,765	23,607,579	24,253,546	22,346,927	20,523,106
Sewer:					
Sewer mains cleaned in miles	338	474	361	365	424
Sewer mains and laterals repaired in number of jobs	246	296	270	278	215
Airport:					
Number of commercial passengers enplaned	1,520,918	1,412,636	1,446,120	1,439,598	1,466,499
Number of commercial passengers deplaned	1,506,953	1,402,379	1,434,463	1,438,407	1,464,412
Number of aircraft landings and take offs	344,377	360,811	399,622	354,727	302,672
Solid Waste Management:					
Number of refuse tons collected	225,467	216,725	199,995	201,816	217,349
Number of recycling tons collected	N/A	31,413	178,773	195,291	197,104
SERRF tons of refuse received	463,956	495,794	502,558	485,207	488,999
SERRF energy sold to So Cal Edison megawatt-hours	206,640	236,384	241,839	229,664	226,866
Harbor:					
Number of container movements in twenty-foot equivalent units	6,644,080	7,166,771	7,361,881	6,736,756	5,282,385
Cargo in thousands of metric revenue tons	158,136	168,416	173,037	162,910	135,255
Number of ship calls	5,301	5,588	5,653	5,140	4,933

Source: City Departments

(1) The homeless population count is biannual.

See accompanying independent auditors' report.

Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Function
					Public Safety:
4.00	4.20	4.35	4.35	4.69	Police priority one calls response time in minutes
6.42	5.90	6.18	5.85	4.37	Violent crime rate - per 1,000 residents
67.7%	62.9%	60.8%	55.1%	50.0%	Fire on-scene arrival for emergency calls within six minutes
83%	85%	91%	94%	97%	Percentage of beach days that are safe for swimming in summer
0.79%	0.93%	0.93%	0.93%	0.75%	Homeless population ratio vs. total population (1)
					Community and Cultural:
385,514	330,375	331,028	N/A	N/A	Public library computer session log-ons
699,391	744,103	745,052	636,796	760,641	Parks, recreation programs - youth and teen attendance
21,618	19,986	28,021	24,668	23,500	Number of trees trimmed
142,000	151,743	156,537	150,804	156,302	Curbs and alleys swept in miles
348,394	179,641	481,497	382,536	551,597	Sidewalk repaired in square feet
163,618	3,550	3,800	3,004	5,771	Storm drain catch basins cleaned
					Gas:
\$ 67,674,000	\$ 78,663,000	\$ 70,193,000	\$ 68,229,000	\$ 72,544,000	Gas consumption in sales dollars-total
8,902,000	9,388,000	9,135,000	9,092,000	8,183,000	Gas consumption in cubic feet (In 000's)
24,389	25,721	24,959	24,910	22,421	Average daily gas consumption (MCF)
61,855	66,567	84,594	108,646	110,900	Gas mains installed/replaced/relocated in feet
8,713	7,150	8,664	6,093	3,529	Gas meters installed/removed/replaced
					Water:
50,653	50,910	52,260	53,079	52,389	Water daily demand in thousand gallons
18,488,492	18,581,979	19,074,861	19,373,993	19,122,012	Water annual demand in thousand gallons
20,687,237	20,604,243	21,330,532	21,538,947	21,019,736	Available supply total in thousand gallons
					Sewer:
547	470	414	535	498	Sewer mains cleaned in miles
182	259	261	241	213	Sewer mains and laterals repaired in number of jobs
					Airport:
1,460,041	1,532,442	1,643,383	1,497,503	1,433,273	Number of commercial passengers enplaned
1,461,890	1,549,164	1,634,345	1,492,430	1,426,830	Number of commercial passengers deplaned
317,328	302,763	287,699	284,193	325,527	Number of aircraft landings and take offs
					Solid Waste Management:
209,289	194,462	187,505	187,146	182,452	Number of refuse tons collected
193,820	180,160	172,143	169,264	169,420	Number of recycling tons collected
485,207	460,906	474,689	470,510	459,160	SERRF tons of refuse received
229,664	208,663	220,867	226,592	223,658	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
5,936,066	6,298,840	5,857,218	6,647,975	6,817,590	Number of container movements in twenty-foot equivalent units
147,357	154,417	145,144	162,257	165,526	Cargo in thousands of metric revenue tons
4,826	4,758	3,993	3,425	2,752	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 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Public Safety:					
Number of police stations	1	1	1	1	1
Number of police substations (full facility)	2	2	3	3	3
Number of police storefront stations	4	4	4	4	3
Number of fire stations	23	23	23	23	23
Community and Cultural:					
Number of parks	108	115	116	150	155
Parks and golf courses in acres	2,817	2,855	2,873	3,061	3,063
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	998,330	984,727	972,499	977,197	916,504
Number of library circulations	1,467,069	1,396,443	1,458,862	1,695,540	1,562,913
Public Works:					
Street in miles	815	815	815	815	815
Storm drain lines in miles	180	180	180	181	181
Number of street lights (1)	31,582	31,582	31,582	31,000	31,000
Gas:					
Gas mains in miles (2)	922	922	921	920	931
Water:					
Water mains in miles	907	907	905	904	908
Number of fire hydrants	6,501	6,505	6,489	6,507	6,525
Number of water services	94,860	N/A	N/A	95,432	95,424
Sewer:					
Sanitary sewers in miles	712	712	711	711	712
Number of manholes	16,041	16,044	16,055	16,078	16,129
Sanitary sewer pump stations	28	28	28	28	28
Storm drain pump stations	23	23	23	23	23
Harbor:					
Sanitary sewer pump stations	N/A	N/A	N/A	N/A	32
Storm drain pump stations	N/A	N/A	N/A	N/A	20
Solid Waste Management:					
Number of waste-to-energy facilities	N/A	1	1	1	1

(1) In 2008, the number of streetlights changed from 34,000 to 31,000 due to updated reports.

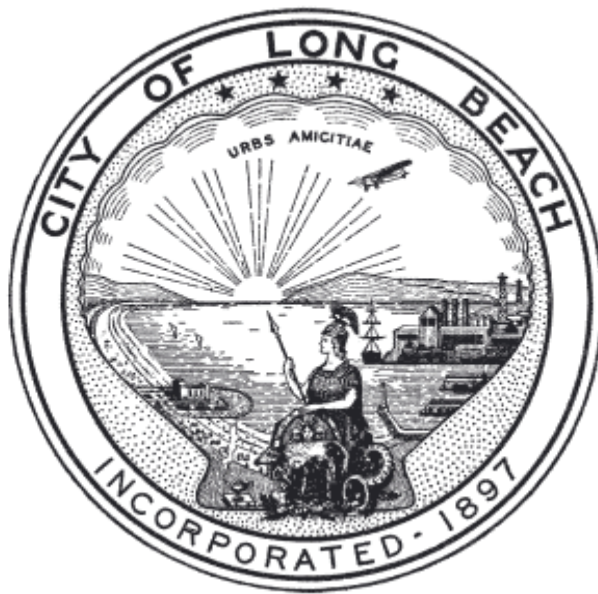
(2) Restated prior years (2009-2013), due to updated reports from Gas Department.

Source: City Departments

See accompanying independent auditors' report.

Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Function
					Public Safety:
1	1	1	1	1	Number of police stations
3	3	3	3	3	Number of police substations (full facility)
3	3	-	-	-	Number of police storefront stations
23	23	23	23	23	Number of fire stations
					Community and Cultural:
159	160	162	161	162	Number of parks
3,120	3,120	3,124	3,121	3,123	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
889,669	888,975	818,390	782,571	798,809	Number of library holdings (books, videos, tapes)
1,644,125	1,561,713	1,551,997	1,391,825	1,391,617	Number of library circulations
					Public Works:
815	823	823	823	823	Street in miles
180	180	180	180	180	Storm drain lines in miles
31,000	31,000	31,000	31,550	31,550	Number of street lights (1)
					Gas:
930	929	929	930	928	Gas mains in miles (2)
					Water:
909	911	911	912	912	Water mains in miles
6,529	6,603	6,594	6,589	6,604	Number of fire hydrants
95,398	95,629	95,643	95,607	95,999	Number of water services
					Sewer:
712	712	712	714	714	Sanitary sewers in miles
16,135	16,147	16,148	16,158	16,170	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	23	23	23	Storm drain pump stations
					Harbor:
34	36	34	37	37	Sanitary sewer pump stations
20	20	23	21	23	Storm drain pump stations
					Solid Waste Management:
1	1	1	1	1	Number of waste-to-energy facilities

See accompanying independent auditors' report.



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