

City of Long Beach California

Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2016

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harionotai photography



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Comprehensive Annual Financial Report



City of Long Beach, California

**For the Fiscal Year Ended
September 30, 2016**

**Prepared by the Department of Financial Management
John Gross, Director**



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City of Long Beach, California
Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2016

Prepared by the Department of Financial Management

John Gross
Director of Financial Management

Stephen W. Hannah
City Controller

Francine Wiegelman
Assistant City Controller

Diana Narahara
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

Lilia Hom
Senior Accountant

Angie Tran
Accountant

Kim-Hang Nguyen
Accountant

Glenda Pakingan
Accountant

Alex Powers
Accountant

Amanda Johnson
Accountant

Georgia Will
Accountant

Vivian Li
Accountant

Jessie Palpallatoc
Accountant

Naomi Munoz
Accountant

Mandie Bentley
Accounting Technician

Gretchen Monroe
Accountant

Jennifer Mota
Accounting Technician

Avneet Brar
Accounting Technician

Jackie Pham
Accounting Technician

Elaine Harmon
Accounting Technician

Reuben Belleza
Accounting Technician

Fidel Aguayo
Assistant City Treasurer

Photography by *Hartono Tai*



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City of Long Beach
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2016

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INTRODUCTORY SECTION

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CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6711 • Fax (562) 570-6583

PATRICK H. WEST
CITY MANAGER

March 27, 2017

Honorable Mayor and City Council
City of Long Beach

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach (City) for the fiscal year ended September 30, 2016. This report was prepared in accordance with all the appropriate rules and guidelines and audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion for this fiscal year. The independent auditors' report is presented as the first component of the financial section of this report.

This report contains management's representations concerning the City's finances, is free of material misstatement and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, 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 this report. The cost of internal controls should not exceed the benefits so the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The Management's Discussion and Analysis (MD&A) immediately follows the 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.

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

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

Our City and How We Serve

Long Beach is a Charter City, incorporated in 1897, and is in Southern California within the County of Los Angeles. With an estimated 485,000 residents, it is the seventh most populous city in the state. The City has a Mayor and a nine-member council, elected by the citizens residing in the district, for four-year terms. The City Auditor, Prosecutor and Attorney are elected at large and serve four-year terms, as well. The City has a diverse economic base including international trade, oil, aerospace, aviation, healthcare, education and tourism making Long Beach a city of opportunity.

The City continues to make great strides toward improving livability. Long Beach has been recognized as having one of the Top 25 Best Parks systems in the U.S, the 10th Most Bike Friendly City in America and the 10th most walkable city in the United States. The City was recognized as a Top 10 Digital City for the sixth year in a row earning a national CIO 100 award for the innovative use of technology.

Many award-winning facilities and services are available to our citizens. These include public safety, parks, libraries, health service, public works, water, sewer and gas utilities, oil and gas production, a world class port, and a nationally recognized airport. In 2016, the average response time for police priority calls was just 4.8 minutes which is one of the fastest for any large city in the U.S. The City's fleet operation was recently ranked the 12th best government fleet in the United States. The City-run health department is one of only three in California with a national standing recognized by the Public Health Accreditation Board. The vibrant and growing television and film industry has selected Long Beach for the filming of Scorpion, The Fosters, NCIS: LA, Criminal Minds, Ray Donovan, and American Horror Story. Long Beach airport was ranked in the top 10 in the nation for affordability and Best for Airport Dining.

The Port of Long Beach is, and intends to remain, the world's premier green port. The City's dedication to protecting the environment is demonstrated by the amazing biodiversity found in our port's waters, which are now considered a thriving marine habitat. The port also has one of the highest credit ratings for any US seaport which underscores the City's commitment to compete on the world stage.

Economic Outlook

Long Beach has drawn from the strength and adaptability of the local economy to endure the challenges and to benefit from the opportunities in our global world economy. The blend of local, national and international businesses continues to keep Long Beach working. During 2016, the unemployment rate in Long Beach reached a nine-year low at 5.3 percent. As our business community grows, the need for housing of all types also grows. To accommodate this growth, thousands of new residential projects have been approved to provide homes for our citizens, old and new.

With an improving economy and a new voter-approved tax to help ensure public safety and to address the City's infrastructure needs, the City has a renewed sense of optimism. From the foundations of the new Civic Center to the opening of the new Michelle Obama Library, this outlook can be seen on the City's skyline. The restoration of public safety funding, the increased resources for streets and infrastructure, awards for technology, equality, city planning and more all demonstrate that Long Beach is making continuing improvements in providing better, more efficient service to the entire community. The good Long Beach economic is also providing jobs, including jobs being created by a multitude of multi-family housing projects, the Port's Middle Harbor redevelopment and Gerald Desmond Bridge replacement projects.

The City is committed to protecting the environment and the City's resources. The Port continues to actively manage the pollution generated by the vessels stopping in Long Beach. Fourteen additional miles of bike paths have been added to the more than 120 miles of the City's existing bike-friendly infrastructure, Long Beach Transit has plans for a battery powered bus fleet and the Water Department has encouraged the significant reduction of water usage throughout the City.

Through a unique public-private partnership, the City is constructing a new Civic Center complex that will be a key part of the continued revitalization of the Downtown. The Civic Center will be super-block of public-private development. The public buildings will be highly energy efficient to be good for the environment and reduce costs.

While the economy is expected to continue growing, there are still challenges that will require the continued commitment of the City. Long Beach has accomplished many goals and will address the challenges of the future. Long Beach will continue to be "Many unique neighborhoods, one great city."

The voters of Long Beach showed strong support for the City by passing Measure A. Measure A added a one percent general purpose transaction and use tax (sales tax). The voters also approved a new tax on medical marijuana (Measure MA) to better support the cost of providing for medical marijuana enforcement and other services. Although the new taxes are for general purposes, the Mayor and City Council intend to

use the revenue from the new taxes to maintain and enhance public safety services. In the case of Measure A, the associated tax is also intended to provide and maintain capital and infrastructure; in the case of Measure MA, the associated tax is also intended to provide health and other services.

The Mayor and City Council have been continuing to emphasize economic development, in part, to improve City revenues. This is expected to be a long-term effort and an important component of addressing the City's ability to continue to maintain and improve services.

From a budget viewpoint, the City intends to continue to use innovation and increased efficiency as a way to maintain and improve services with limited new revenue. As the City looks to the future, the 2017 budget includes several innovative changes throughout the City's organization to improve efficiency of service delivery. The development of a High-Tech Infrastructure Master Plan, use of FUSE Corps, and the establishment of a project management division within the Public Works Department will improve the speed and efficiency of these services.

The City continues to invest in its future with \$3 million in funding, awarded by Bloomberg Philanthropies, to support the Long Beach Innovation Team (i-team) in its efforts to enhance economic development. The Fire and Police emergency call and dispatch units have been merged, additional funds have been added for enhanced violence prevention programs, and outreach to the homeless community, including the rising numbers of homeless veterans, has been infused with one-time resources for a Rapid Response service.

Acknowledgments and Certificate of Achievement for Financial Reporting

We wish to acknowledge the participation and professional contribution of the Financial Management Department and other City departments' staff in the preparation of this document. The CAFR requires a 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.

For the ninth 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, 2015. To be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,



PATRICK H. WEST
CITY MANAGER



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



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**Directory of City Officials
As of September 30, 2016**

Dr. Robert Garcia

Mayor

Rex Richardson

Vice-Mayor - 9th District

Lena Gonzalez

Councilmember - 1st District

Suzie A. Price

Councilmember - 3rd District

Stacy Mungo

Councilmember - 5th District

Roberto Uranga

Councilmember - 7th District

Jeannine Pearce

Councilmember - 2nd District

Daryl Supernaw

Councilmember - 4th District

Dee Andrews

Councilmember - 6th District

Al Austin

Councilmember - 8th District

Elected Department Heads

City Attorney

Charles Parkin

City Auditor

Laura L. Doud

City Prosecutor

Douglas P. Haubert

Appointed by Council or Commission

City Clerk

Maria de la Luz Garcia

Executive Director - Civil Service

Kandice Taylor-Sherwood

Interim Chief Executive - Harbor

Duane L. Kenagy

General Manager - Water

Christopher J. Garner

City Management

City Manager

Patrick H. West

Assistant City Manager

Tom Modica

Deputy City Manager

Arturo Sanchez

Chief of Police

Robert G. Luna

Fire Chief

Michael A. DuRee

Director of Financial Management

John Gross

Director of Health and Human Services

Kelly Colopy

Director of Development Services

Amy J. Bodek

Director of Economic and Property Development

Kathryn McDermott

Director of the Long Beach Airport

Jess L. Romo

Director of Human Resources

Alejandrina Basquez

Director of Library Services

Glenda Williams

Director of Long Beach Gas and Oil

Robert Dowell

Director of Parks, Recreation, and Marine

Marie Knight

Director of Public Works

Craig Beck

Director of Technology and Innovation

Bryan Sastokas

Director of Disaster Preparedness and Emergency Communications

Reginald I. Harrison



Council District 1
Lena Gonzalez



Council District 2
Jeannine Pierce



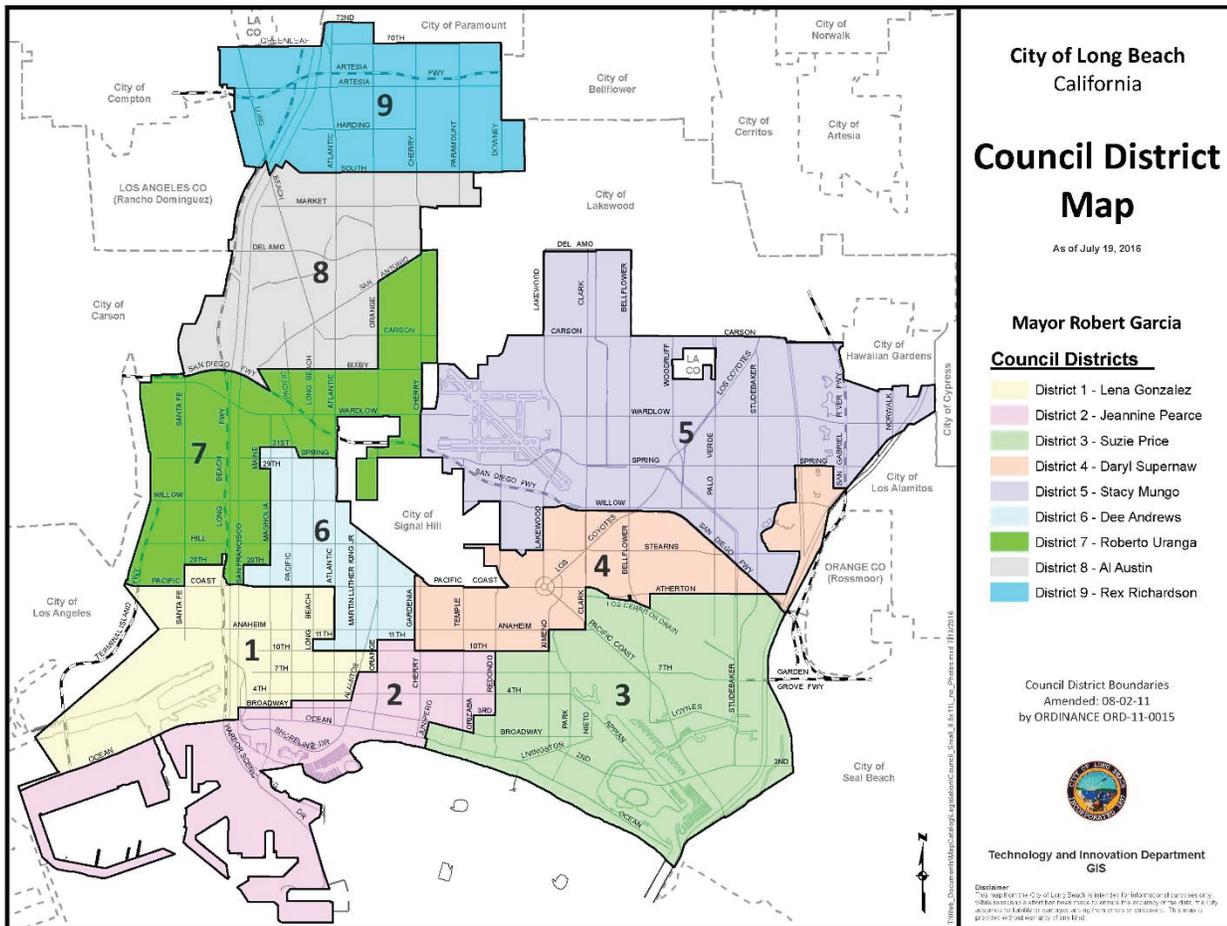
Mayor
Robert Garcia



Council District 3
Suzie Price



Council District 4
Daryl Supernaw



Council District 5
Stacy Mungo



Council District 6
Dee Andrews



Council District 7
Roberto Uranga



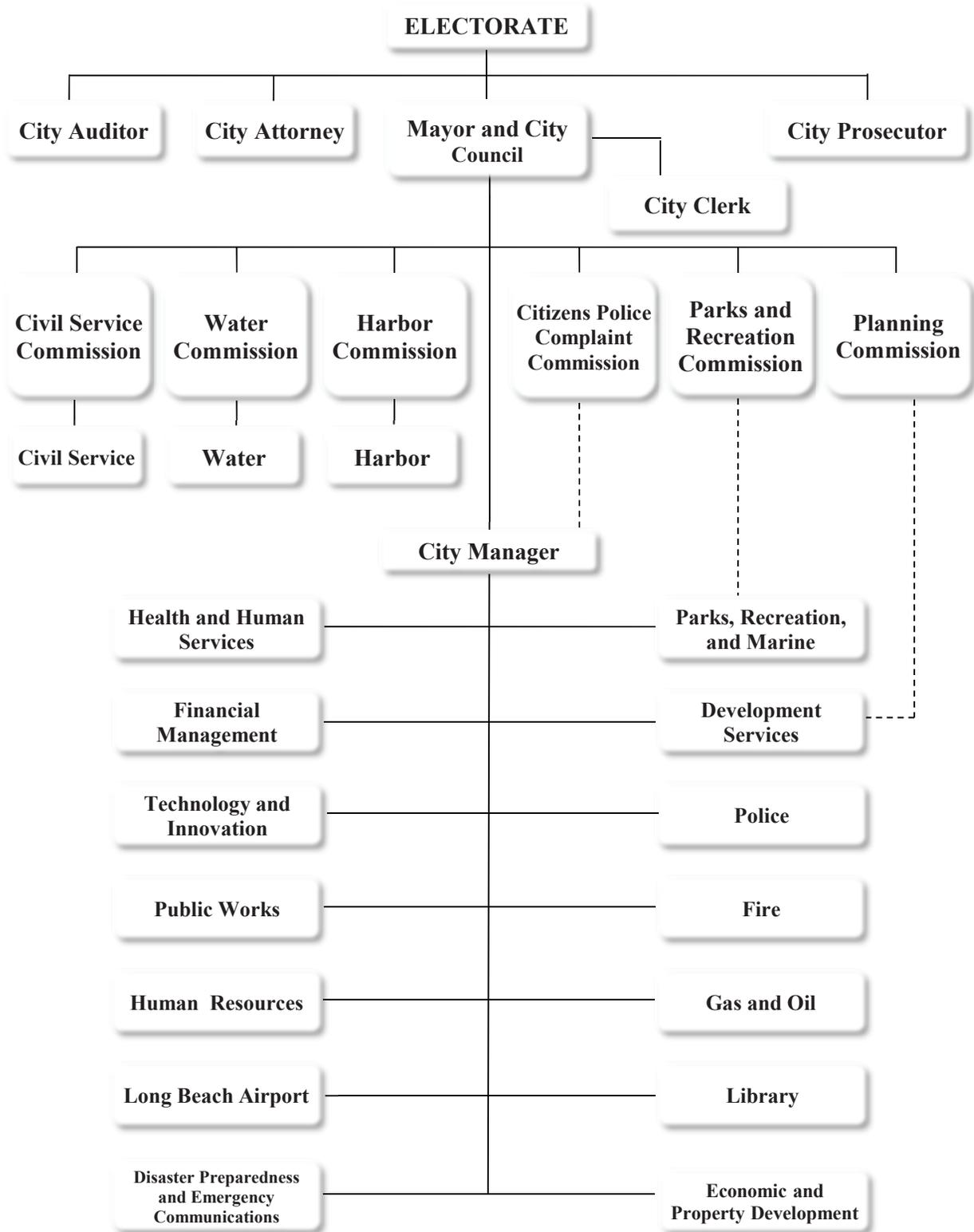
Council District 8
Al Austin



Council District 9
Rex Richardson

LONG BEACH CITY GOVERNMENT ORGANIZATIONAL CHART

As of September 30, 2016





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, 2015

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, 2016, 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 in 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, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the City's General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Adoption of New Accounting Pronouncements

As discussed in note 2 to the financial statements, in 2016, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, as well as GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under Required Supplementary Information in the table of contents (collectively referred to as RSI), 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 RSI 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 section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional financial and the other supplementary information sections are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 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

Los Angeles, California
March 27, 2017



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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, 2016

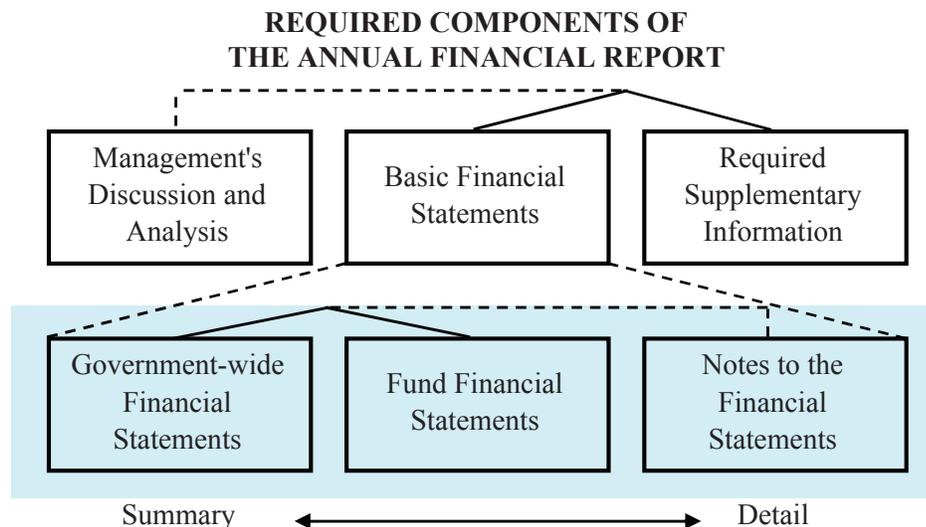
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$4.8 billion. Of this amount, \$4.6 billion represents net investment in capital assets, and \$717.4 million represents resources that are subject to restrictions on how they may be used (*restricted net position*). After the application of new reporting standards relating to other postemployment benefits (see Note 1), the City reports a deficit unrestricted net position of \$449.8 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$314.9 million, a decrease of \$1.9 million, or less than minus 1.0% percent, from the prior fiscal year end. Of these balances, \$2.7 million are nonspendable, \$178.1 million are restricted, \$65.0 million are committed, \$65.2 million are assigned, and \$3.9 million is unassigned.
- The fund balance of the General Fund was \$110.6 million. This represents a \$1.4 million, or minus 1.3 percent, decrease from the prior fiscal year. Of this balance, \$102 thousand is nonspendable, \$4.5 million is restricted, \$63.6 million is committed, \$38.5 million is assigned, and \$3.9 million is unassigned.
- The City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (GASB 75) and, as a result, beginning fiscal year balances were adjusted to reflect the impact. See note 2 for the details of the effects implementation on beginning balances.

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, 2016 (Continued)

Basic Financial Statements

The Basic Financial Statements contain the Government-wide Financial Statements, the Fund Financial Statements and the Notes to the Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the Basic Financial Statements.

Government-wide financial statements: The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole. They include the Statement of Net Position and the Statement of Activities.

The *statement of net position* includes the City's capital assets and long-term liabilities on a full accrual basis of accounting similar to that used by private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* provides information about the City's revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City's programs. The Statement of Activities explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental and Business-type Activities in order to provide a summary of each type of activity.

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

Fund financial statements: The *fund financial statements* focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in Government Accounting Standards Board (GASB). Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial resources.

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For the Year Ended September 30, 2016 (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, to facilitate a comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately for the General Fund and the aggregate of all non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements*, located in the Additional Financial Information section of this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison is provided for each of the City's governmental funds to demonstrate budgetary compliance. The budgetary comparison statements for the General Fund is located in the basic financial statements.

Proprietary funds: *Proprietary funds* are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis of accounting, similar to that used by private sector companies. These statements include all of their assets, deferred outflows and inflows of resources and liabilities, both current and long-term.

Since the City's Internal Service Funds provide goods and services exclusively to the City's governmental and business-type activities, their activities are only reported in total at the fund level. Internal Service Funds cannot be considered major funds because their revenues are derived from other City funds. Revenues between funds are eliminated in the Government-wide Financial Statements, and any related profits or losses in Internal Service Funds are returned to the activities in which they were created, along with any residual net assets of the Internal Service Funds.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds include *Private Purpose Trust Funds* such as the Miller Library Fund and the Mayor's Fund for the Homeless, and *Agency Funds* such as special parking and business assessment districts. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the supplemental Agency and Private Purpose Trust fund combining statements. These activities are excluded from the City's other financial statements because the City cannot utilize these assets to finance its own operations. The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

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

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

The City of Long Beach
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For the Year Ended September 30, 2016 (Continued)

	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.

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, 2016, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$4.8 billion, an increase of \$181.1 million, or 3.9 percent, from the prior fiscal year.

Net investment in capital assets accounted for \$4.6 billion, or 94.5 percent, of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$401.1 million, or 9.6 percent, from the prior fiscal year. The \$399.7 million increase in business-type activities is primarily attributable to increases in net investment in capital assets in the Harbor and Gas Utility funds of \$365.0 million and \$17.9 million, respectively. The increase in Harbor resulted from the defeasement of related debt, investment in their new headquarters building, and continued investment in the Middle Harbor and Gerald Desmond Bridge projects. The increase in the Gas Utility fund resulted from their investment in automated meter technology and pipeline replacement programs.

Restricted net position amounted to \$717.4 million, representing 14.8 percent of total net position. This component of net position represents resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

through constitutional provisions or enabling legislation. This component of the City's net position decreased \$128.2 million, or minus 15.2 percent, from the prior fiscal year.

The remaining deficit balance of \$449.8 million, or minus 9.3 percent, is the net of the \$610.4 million governmental activities deficit unrestricted net position and the \$160.6 million business-type activities unrestricted net position balance. The unrestricted component of net position decreased \$91.8 million from the prior fiscal year. The change is primarily attributable to an increase in the City's net pension liability of \$237 million as CalPERS missed its investment return goals.

Net Position
September 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and Other Assets	\$ 995,770	\$ 964,015	\$ 2,356,785	\$ 2,545,319	\$ 3,352,555	\$ 3,509,334
Capital Assets	771,722	723,109	5,516,616	5,218,971	6,288,338	5,942,080
Deferred Outflows	264,237	136,764	123,078	74,203	387,315	210,967
Total Assets and Deferred Outflows	2,031,729	1,823,888	7,996,479	7,838,493	10,028,208	9,662,381
Liabilities:						
Current Liabilities	190,308	173,192	278,737	289,161	469,045	462,353
Noncurrent Liabilities, Net	1,537,565	1,373,414	2,438,732	2,464,465	3,976,297	3,837,879
Deferred Inflows	174,453	177,245	565,130	522,754	739,583	699,999
Total Liabilities and Deferred Inflows	1,902,326	1,723,851	3,282,599	3,276,380	5,184,925	5,000,231
Net Position:						
Net Investment in Capital Assets	346,224	344,839	4,229,484	3,829,779	4,575,708	4,174,618
Restricted	393,588	351,055	323,827	494,526	717,415	845,581
Unrestricted	(610,409)	(595,857)	160,569	237,808	(449,840)	(358,049)
Total Net Position	\$ 129,403	\$ 100,037	\$ 4,713,880	\$ 4,562,113	\$ 4,843,283	\$ 4,662,150

Key Changes in the Statement of Net Position:

The City implemented GASB 75 effective October 1, 2015. The beginning balance of the fiscal year 2016 net position was adjusted to reflect the impact of the implementation. The effects of an experience study significantly impacted this adjustment the City's adjusted OPEB liability decreased by \$38.8 million from \$81.3 million to \$42.5 million. On September 30, 2016, the City's total OPEB liability was \$45.1 million. Of this amount, \$35.5 million was attributable to Governmental Activities and \$9.6 million was attributable to Business-Type Activities.

There are 2 major components of GASB 75 that affect the Statements of Net Position for the Government-wide and each of the Proprietary Funds:

- Net OPEB Liability represents the actuarially valued liabilities for Termination Benefits (offered to certain Police and Fire employees who retired in 2009) and Postemployment Healthcare Benefits for covered employees as of September 30, 2016. This includes current-period service cost and interest accruing on the liability.
- A deferred outflow for amounts paid subsequent to the measurement date of the City's actuarial study. These amounts relate to accumulated unused sick leave for covered employees.

Compliance with GASB 75 requires that the City's Net OPEB Liability be recorded on the Statement of Net Position and changes in the total OPEB liability be recognized immediately, such as current-period service cost, interest on the total OPEB liability, changes in benefit terms, actuarial assumptions, inflation,

The City of Long Beach
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For the Year Ended September 30, 2016 (Continued)

and discount rates. Additional information about the City's Postemployment Healthcare benefits can be found in Note 14.

The City's current and other assets decreased \$156.8 million, or 4.5 percent, from the prior fiscal year. Governmental activities increased \$31.7 million, primarily due to higher cash balances in the City pool and fair values of the City's pooled investments, and a prepayment to the developer to break ground on the construction of the new Civic Center complex. The prepayment which will be fully amortized over the life of the construction project. Business-type activities decreased \$188.5 million. This decrease mostly resulted from the Harbor's decrease in current and other assets of \$257.0 million as they used available resources to defease existing debt, such as the \$95.0 million reduction in the use of their lines of credit, and the funding of large projects such as their Middle Harbor project.

Citywide, capital assets increased \$346.2 million or 5.8 percent. Governmental activities increased \$48.6 million, or 6.7 percent, and is primarily attributable to the ongoing construction of the new Civic Center complex. Business-type activities increased \$297.6 million, or 5.7 percent. The change in governmental activities resulted from the construction of a new City hall while the change in business-type activities resulted from ongoing construction of the new Port of Long Beach Headquarters and improvements to the Middle Harbor and Gerald Desmond Bridge projects along with the ongoing construction of Tidelands improvements such as the Alamitos Bay Marina rebuild.

Deferred outflows increased \$176.3 million. Governmental activities deferred outflows increased \$127.4 million and business-type activities increased \$48.9 million. The net increase is mostly attributable to lower investment returns reported by CalPERS than originally anticipated for the City's Miscellaneous and Safety pension plans as well as the effects of the change in the fair market value of the City's interest rate swap.

The City's current liabilities increased \$6.7 million, or 1.4 percent. Governmental activities increased \$17.1 million, or 9.9 percent, and business-type activities decreased \$10.4 million or 3.6 percent. The increase in governmental activities current liabilities resulted from increase in accounts payable of \$16.5 million.

Noncurrent liabilities increased \$138.4 million, or 3.6 percent, City-wide. Governmental activities increased \$164.1 million, or 12.0 percent, and business-type activities decreased \$25.7 million or 1.0 percent. Significant contributors to the increase in governmental activities non-current liabilities were a \$169.9 million increase in net pension liability as CalPERS missed their investment return goals. This increase was offset by a \$36.2 million decrease in the liability resulting from the City's post-retirement healthcare plan. Business-type activities saw an increase of \$67.1 million in net pension liability which was more than offset by the Harbor fund paying off a \$95.0 million of their outstanding balance on an existing revolving line of credit.

Deferred inflows increased \$39.6 million, or 5.7 percent. The change was primarily due to a \$42.4 million increase in business-type activities, offset by a decline of minus \$2.8 million in governmental activities. This citywide change was attributable to a favorable change in the fair value of the Gas Utility's natural gas commodity swap.

Analysis of Changes in Net Position

The following table presents condensed information from the statement of activities for the fiscal years 2016 and 2015. 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.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

Changes in Net Position
September 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 120,993	\$ 123,652	\$ 824,979	\$ 869,959	\$ 945,972	\$ 993,611
Operating Grants and Contributions	170,614	164,621	758	753	171,372	165,374
Capital Grants and Contributions	2,085	3,780	150,510	140,618	152,595	144,398
General Revenues:						
Taxes:						
Property	200,766	180,989	-	-	200,766	180,989
Sales	67,658	64,177	-	-	67,658	64,177
Utility Users	37,079	38,419	-	-	37,079	38,419
Other	47,746	45,517	-	-	47,746	45,517
Franchise Fees	24,911	25,915	-	-	24,911	25,915
Unrestricted Investment Earnings	13,182	6,061	10,802	8,887	23,984	14,948
Total Revenues	685,034	653,131	987,049	1,020,217	1,672,083	1,673,348
Expenses:						
Legislative and Legal	11,814	10,632	-	-	11,814	10,632
General Government	23,869	22,400	-	-	23,869	22,400
Public Safety	344,358	307,116	-	-	344,358	307,116
Public Health	46,150	43,710	-	-	46,150	43,710
Community and Cultural	155,792	165,501	-	-	155,792	165,501
Public Works	103,772	104,744	-	-	103,772	104,744
Oil Operations	6,466	3,961	-	-	6,466	3,961
Interest on Long-Term Debt	19,104	22,738	-	-	19,104	22,738
Gas	-	-	66,896	68,414	66,896	68,414
Water	-	-	93,959	102,501	93,959	102,501
Tidelands	-	-	107,313	121,547	107,313	121,547
Tideland Oil Revenue	-	-	70,949	81,565	70,949	81,565
Harbor	-	-	307,546	236,186	307,546	236,186
Non-major Enterprise Funds	-	-	162,678	157,368	162,678	157,368
Total Expenses	711,325	680,802	809,341	767,581	1,520,666	1,448,383
Increase (Decrease) in Net Position before Transfers	(26,291)	(27,671)	177,708	252,636	151,417	224,965
Capital Assets Transfers	-	-	-	-	-	-
Transfers	16,855	21,661	(16,855)	(21,661)	-	-
Total Change in Net Position	(9,436)	(6,010)	160,853	230,975	151,417	224,965
Net Position, Beginning of Year	100,037	665,794	4,562,113	4,555,761	4,662,150	5,221,555
Adjustments for GASB 75 implementation	38,802	(559,747)	(9,086)	(224,623)	29,716	(784,370)
Net Position, End of Year	\$ 129,403	\$ 100,037	\$ 4,713,880	\$ 4,562,113	\$ 4,843,283	\$ 4,662,150

The City of Long Beach
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended September 30, 2016 (Continued)

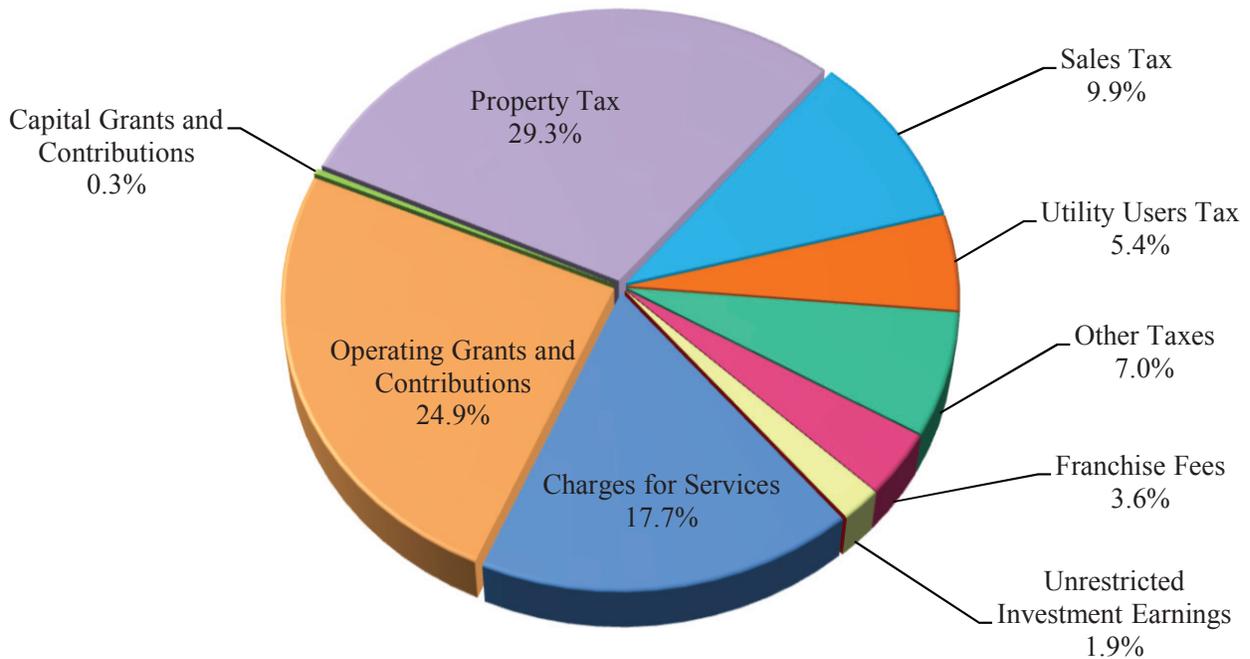
Governmental activities

Governmental activities net position increased \$29.4 million when compared to the fiscal year 2015 financial report.

Total revenues for governmental activities (excluding transfers) increased \$31.9 million, or 4.9 percent. Contributing to this increase were increases in general revenues, such as property taxes and sales taxes, which increased by 10.9 percent and 5.4 percent, respectively. This was offset by minor declines in utility user taxes and franchise fees. Overall, program revenues remained stable from the prior year. Unrestricted investment earnings were also up considerably (an increase of \$7.1 million). Program expenses increased \$30.5 million, or 4.5 percent. These changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.

Governmental Activities - Revenues by Source
For the Year Ended September 30, 2016



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 71.9 percent of revenues. Together, these primary sources of governmental revenues increased \$23.1 million, or 4.9 percent, from the previous year. Property tax revenues increased \$19.8 million, or 10.9 percent. This was due to distributions of allocated property tax by the County Auditor-Controller relating to the City's former redevelopment agency activities. Both operating grants and contributions and charges for services remained relatively stable with operating grants increasing \$6.0 million, or 3.6 percent and charges for services decreased \$2.7 million, or 2.2 percent.

Capital grants and contributions decreased 44.8 percent, or \$1.7 million, as reimbursements from grantor agencies decreased.

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 Management's Discussion and Analysis (Unaudited)
 For the Year Ended September 30, 2016 (Continued)

Sales tax revenues increased 5.4 percent or \$3.5 million as a result of an improving economy. Other taxes, inclusive of transient occupancy and business license taxes, increased 4.9 percent or \$2.2 million.

Governmental activities expenses, excluding transfers, increased 4.5 percent, or \$30.5 million. Legislative and legal expenses increased \$1.2 million, or 11.1 percent. The change is primarily attributable to an increase in City Clerk expenditures due to costs associated with the 2016 election.

General government expenses increased \$1.5 million, or 6.6 percent. The change is primarily attributable to the application of \$2.1 million in pension expense.

Public safety expenses increased 12.1 percent, or \$37.2 million. The change is attributable to the application of \$26.7 million pension expenses and an increase in staffing levels.

Public health expenses increased \$2.4 million, or 5.6 percent. The change is attributable to the application of \$3.5 million pension related expenses offset by a decrease in operating costs.

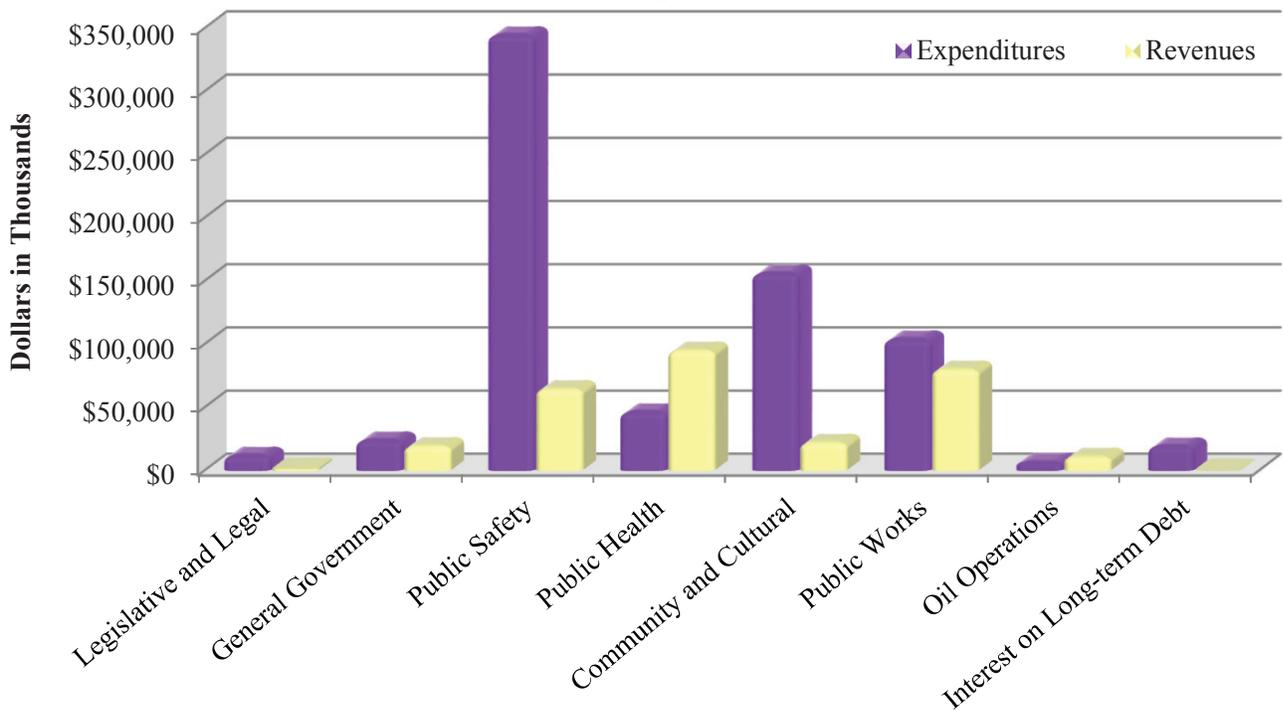
Community and cultural expenses decreased \$9.7 million or 5.9 percent primarily resulting from the continued wind down of redevelopment activities.

Public works expenses overall, remained stable since the prior year. The year-over-year change was less than minus 1.0% percent.

Oil operations expenses increased \$2.5 million, or 63.2 percent, reflecting an increase in estimated oil field abandonment costs.

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

Governmental Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2016

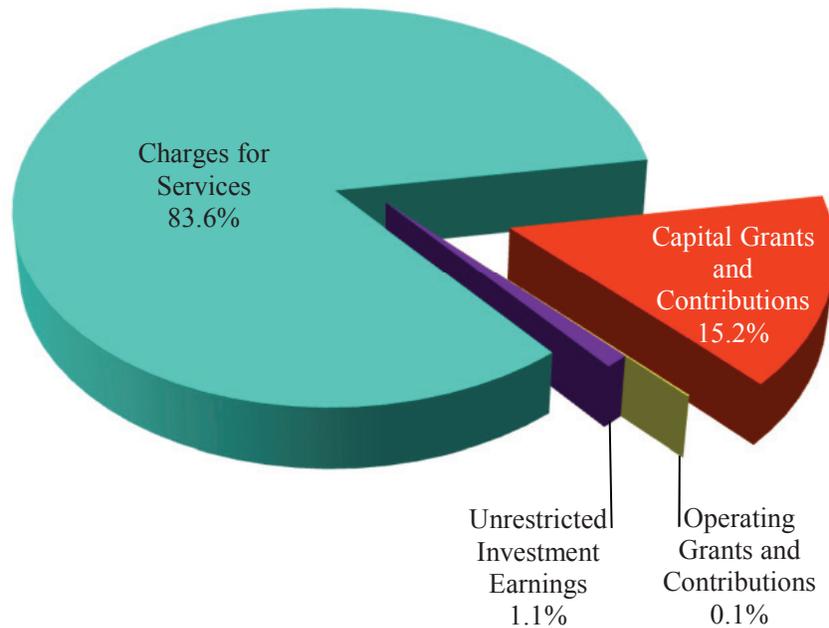


The City of Long Beach
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended September 30, 2016 (Continued)

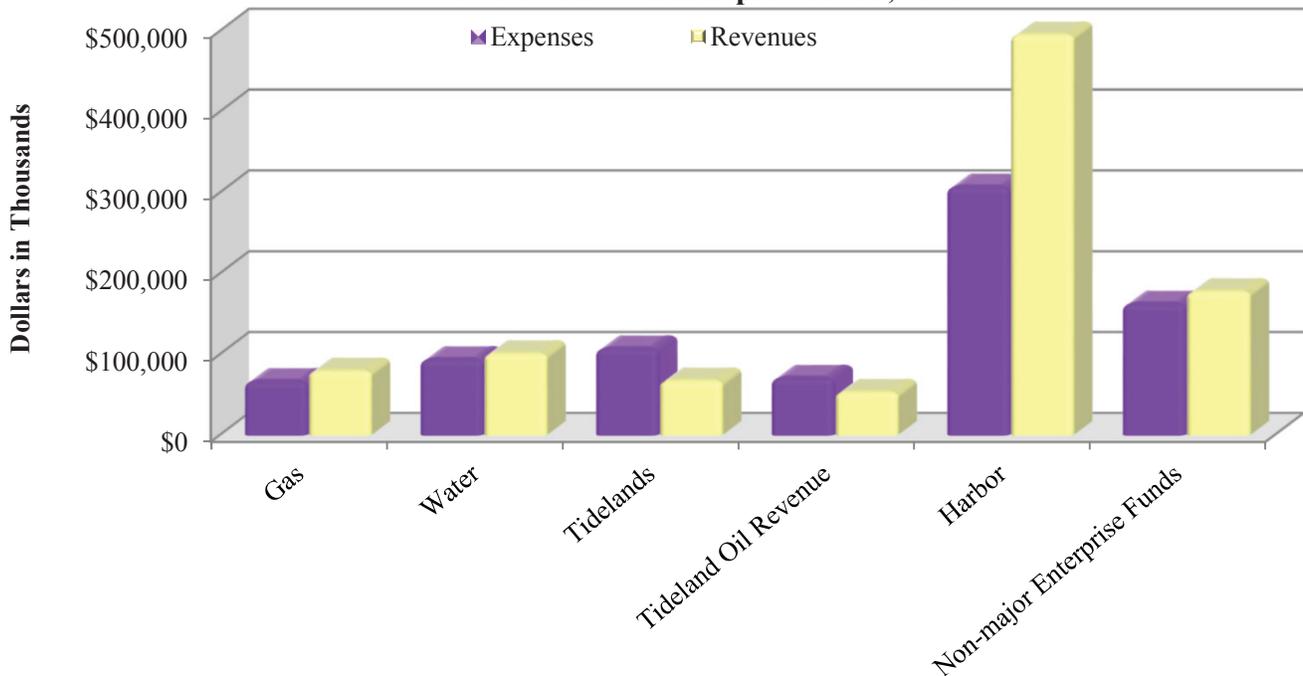
Business-type activities

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

Business-type Activities - Revenues by Source
For the Year Ended September 30, 2016



Business-type Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2016



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

Business-type activities increased net position \$151.8 million or 3.3 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 deficit \$13.1 million, a \$373 thousand increase from the prior fiscal year.
- Water Utility net position at fiscal year-end was \$276.0 million, a \$6.0 million increase over the prior fiscal year.
- Tidelands net position decreased \$11.8 million, or 3.5 percent, totaling \$324.6 million at fiscal year-end. Net loss before contributions and transfers amounted to \$38.6 million. Transfers from Tidelands Oil and Harbor amounted to \$27.7 million. Harbor transferred \$18.0 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$9.7 million.
- The Tidelands Oil Revenue Fund posted a deficit net position of \$57.7 million, a deficit increase of \$27.4 million from the prior year. The change resulted from the recognition of \$29.7 million in additional oil field abandonment costs.
- Harbor's net position increased \$170.2 million, or 4.7 percent, reaching \$3.8 billion at fiscal year-end. The increase primarily resulted from operating income of \$70.1 million along with the receipt of \$132.3 million in capital grants. Transfers to the City amounted to \$18.0 million.
- Total net position for non-major business-type activities increased \$10.3 million, or 2.4 percent.

Governmental Funds Financial Analysis

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *restricted, committed, assigned, and unassigned* fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2016, the City's governmental funds reported combined fund balances of \$314.9 million, a decrease of \$1.9 million, less than one percent, from the prior year. Further information can be found in *Note 16 – Government Activities Fund Balance*.

Governmental fund assets decreased \$13.7 million, or 2.0 percent, from the prior fiscal year. Pooled cash increased \$3.7 million, amounts due from other government increased \$2.8 million, and non-current receivables increased \$3.5 million. These increase were offset by decreases of \$13.8 and \$11.8 million in amounts due from other funds and advances to other funds, respectively.

Governmental fund liabilities decreased \$16.2 million, or 17.4 percent. Amounts due to other funds and advances from other funds decreased \$12.1 million and \$12.3 million respectively. This was offset by increases in accounts payable and wages payable of \$5.8 million and \$2.2 million.

Of the \$314.9 million total fund balances, \$178.1 million or 56.6 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

Restricted for Debt Service

Amounts restricted for debt service totaled \$23.8 million. Of this, \$20.6 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 \$6.5 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$3.0 million at the end of the fiscal year.

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Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

- Proposition H (Prop H), the Police and Fire Public Safety Oil Production Tax proceeds may be used only for police officers, fire fighters, and related costs, including but not limited to equipment, facilities, and training in order to ensure timely responses to public needs. As of September 30, 2016, Prop H funds for police and fire amounted to \$757 thousand and \$644 thousand, respectively.
- Impact fees restricted for police and fire amounted to \$1.6 million and \$565 thousand, respectively.

Restricted for Public Health

Fund balance restricted for public health amounted to \$9.8 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$89.1 million. Restrictions include the following:

- Fund balance restricted within the Housing Fund for the provision of low-and-moderate-income housing amounted to \$40.8 million. Of this, \$3.8 million offsets advances to other funds and \$3.5 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 \$9.4 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$10.2 million.
- 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.
- Grant funding in the amount of \$3.0 million is restricted in the General Grants fund.
- Fund balance restricted within the Community Development Grant Fund amounted to \$1.9 million.
- Fund balance restricted within the Other Special Revenue Fund for economic development totaled \$2.6 million at the close of the fiscal year. Additionally, fund balance restricted for special advertising and promotion totaled \$8.7 million.
- Capital Projects Fund balance restricted for parks development amounted to \$8.5 million.

Restricted for Public Works

As of September 30, 2016, fund balance restricted for public works amounted to \$47.3 million. Restrictions include:

- General Capital Projects Fund balance restricted for traffic mitigation impact fees and special assessment bond proceeds amounted to \$2.6 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 \$12.5 million.
- Transportation Fund balance restrictions totaled \$29.7 million and include: \$11.3 million pursuant to the provisions of Proposition A; \$12.7 million pursuant to the provisions of Proposition C; \$1.9 million pursuant to Measure R; and \$3.8 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 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.

The City of Long Beach
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For the Year Ended September 30, 2016 (Continued)

Additionally, \$1.5 million is restricted under the provisions of the City Charter for the purpose of providing funding for new grant operations.

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, 2016 and 2015
(In Thousands)

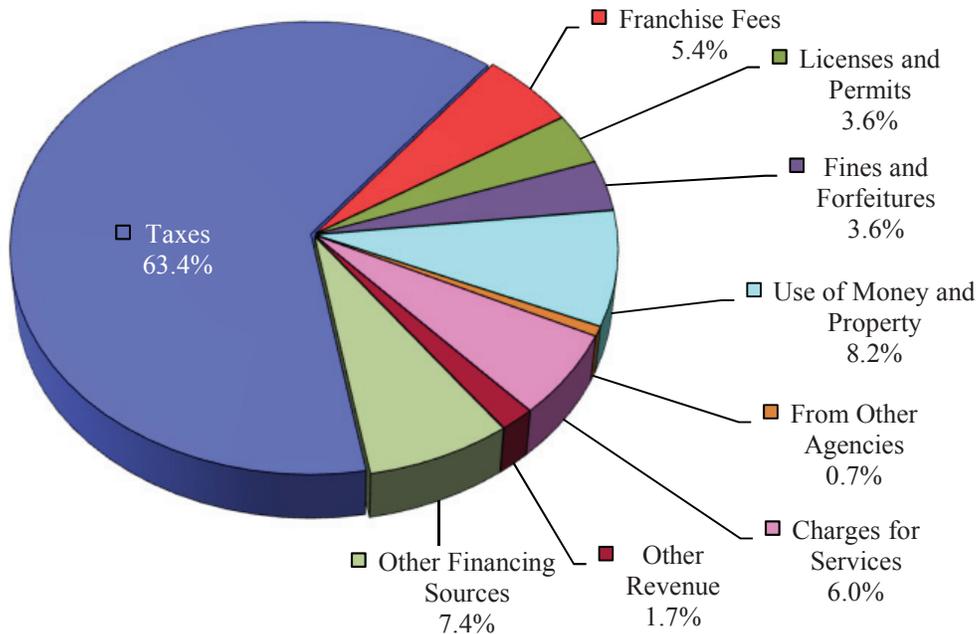
<i>Revenues and Other Financing Sources</i>	<i>Fiscal Year 2016</i>	<i>Percent of Total</i>	<i>Fiscal Year 2015</i>	<i>Percent of Total</i>
Taxes	\$ 289,395	63.4%	\$ 286,040	66.0%
Franchise Fees	24,911	5.4%	25,915	6.0%
Licenses and Permits	16,469	3.6%	15,170	3.5%
Fines and Forfeitures	16,292	3.6%	15,988	3.7%
Use of Money and Property	37,704	8.2%	36,327	8.4%
From Other Agencies	3,040	0.7%	4,668	1.1%
Charges for Services	27,514	6.0%	26,310	6.0%
Other Revenue	7,884	1.7%	6,139	1.4%
Other Financing Sources	33,602	7.4%	16,944	3.9%
	<u>\$ 456,811</u>	<u>100%</u>	<u>\$ 433,501</u>	<u>100%</u>

General Fund revenues and other financing sources increased \$23.3 million, or 5.4 percent, from the prior fiscal year. Significant year-over-year changes include:

- Taxes increased \$3.4 million, or 1.2 percent reflecting an improved local economy and the effects of tax sharing agreements.
- Licenses and Permits increased \$1.3 million or 8.6 percent again reflecting an improved local economy.
- Use of money and property increased \$1.4 million or 3.8 percent as the average investment return interest rate has increased 25.8 percent.
- Revenues derived from other financing sources increased \$16.7 million, or 98.3 percent, and was primarily attributable to the proceeds from \$14.0 million issuance of debt for the demolition of the old courthouse to make way for the new civic center and port headquarters.
- These gains were offset by a decreases in revenues from other agencies of \$1.6 million, or minus 34.9 percent, and in franchise fees of \$1.0 million or 3.9 percent.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2016**



General Fund Expenditures

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

**General Fund Expenditures and Other Financing Uses
September 30, 2016 and 2015
(In Thousands)**

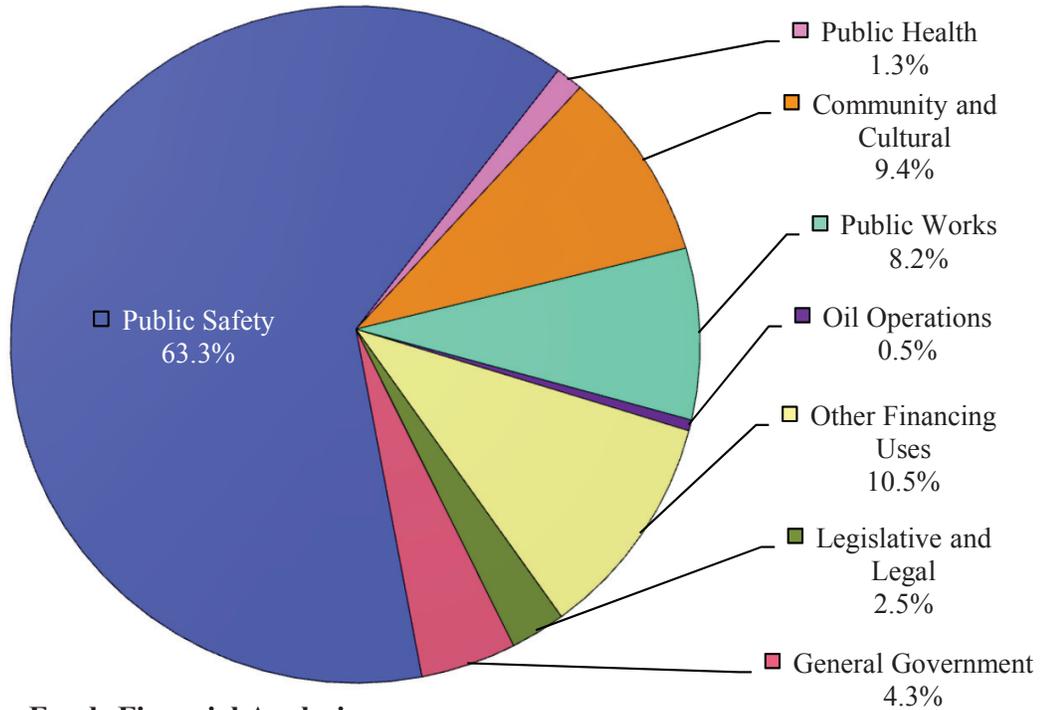
<i>Expenditures and Other Financing Uses</i>	<i>Fiscal Year 2016</i>	<i>Percent of Total</i>	<i>Fiscal Year 2015</i>	<i>Percent of Total</i>
Legislative and Legal	\$ 11,420	2.5%	\$ 9,604	2.2%
General Government	19,669	4.3%	16,900	3.8%
Public Safety	290,142	63.3%	282,516	64.3%
Public Health	6,106	1.3%	5,876	1.3%
Community and Cultural	42,847	9.4%	41,849	9.5%
Public Works	37,415	8.2%	34,917	8.0%
Oil Operations	2,352	0.5%	3,512	0.8%
Other Financing Uses	47,967	10.5%	44,575	10.1%
	\$ 457,918	100%	\$ 439,749	100%

Expenditures, including other financing uses, increased \$18.2 million, or 4.1 percent, from fiscal year 2015. The largest increase was in public safety which increased \$7.6 million, or 2.7 percent. This increase reflects an increase in staffing for both the police and fire departments. Other notable changes include increases in legislative and legal expenditures of \$1.8 million related to the 2016 elections, general

The City of Long Beach
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended September 30, 2016 (Continued)

government of \$2.8 million reflecting increased personnel costs; Public works of \$2.5 million and other financing uses of \$3.4 million, related to the new civic center project. Oil operations expenditures decreased \$1.2 million primarily related to lower oil prices.

**General Fund Expenditures and Other Financing Uses
 For the Year Ended September 30, 2016**



Proprietary Funds Financial Analysis

Enterprise Funds: The combined net position of enterprise funds totaled \$4.7 billion at the close of the fiscal year. Total unrestricted net position amounted to \$192.5 million before the allocation of internal service fund activities. The total growth in net position was \$152.0 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.

Tidelands and Harbor funds reported unrestricted net position of \$126.4 million and \$248.2 million, respectively. The Water Utility reported a total net position of \$276.0 million, an increase of \$6.0 million. Tidelands Oil Fund had a deficit net position of \$57.7 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 deficit net position of \$13.1 million. Other Proprietary funds reported unrestricted net position of \$41.4 million.

Internal Service Funds: Internal service funds are used to finance and account for goods and services provided internally to City departments. As of September 30, 2016, internal service funds reported a \$97.9 million deficit net position. This is attributable to the deficit net positions of the Insurance Fund and Employee Benefits fund, which reported deficit balances of \$89.7 million and \$126.0 million, respectively. The City's implementation of GASB 75 affected the beginning fund balance of the Employee Benefits fund net position as the effects of an experience study significantly impacted the City's adjusted beginning OPEB liability which decreased by \$36.8 million. 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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

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 \$43.1 million, \$25.5 million, and \$49.1 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 (i.e. staffing and books), and for homeless services expenditures.

General Fund Budgetary Highlights

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

- The General Fund's fiscal year 2016 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$23.6 million. The change between original and final budgeted amounts was \$7.0 million and consisted of additional appropriation for expenditures and other financing uses of \$37.3 million offset by an increase in revenue and other financing sources of \$30.1 million.

Significant changes in revenue forecasts include:

- A \$14.2 million increase in proceeds from the issuance of debt related to the demolition of the old courthouse to make way for the new civic center complex.
- A \$4.1 million increase in projected transfers in. \$2.7 million of this amount were from former redevelopment agency loan repayments.

Significant changes in the appropriations budget include:

- A \$27.2 million increase in transfers to other funds. \$16.0 million was transferred to the Civic Center fund for the new civic center, \$2.8 million was to fund the old courthouse demolition and \$2.7 million was to transfer funds to the debt service fund for bond payments.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$21.9 million. This consists of favorable variances in both revenues and other financing sources of \$10.9 million and expenditures and other financing uses of \$11.0 million.

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$10.9 million. For the year, the General Fund received 102.4 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include a \$2.3 million in property tax revenues; sales tax revenues of \$6.6 million; \$3.8 million in other taxes. Significant shortfalls include \$2.3 million in utility user tax, \$2.1 million in Franchise Fees and \$2.0 million in revenues from other agencies.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$11.0 million. 2.3 percent of the General Fund appropriations and other financing uses went unspent. Saving occurred in general government, \$2.6 million, public safety, \$5.3 million, legislative and legal, \$2.0 million, and public works, \$1.6 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

Capital Assets and Debt Administration

Capital assets: As of September 30, 2016, the City's capital assets held by governmental and business-type activities amounted to \$6.3 billion (net of accumulated depreciation). There was an overall increase of \$346.3 million, or 5.8 percent, in the City's capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 238,176	\$ 244,124	\$ 1,014,067	\$ 993,728	\$ 1,252,243	\$ 1,237,852
Rights-of-way	81,340	81,340	212,451	212,451	293,791	293,791
Water Rights	-	-	40	40	40	40
Construction in Progress	66,689	16,847	1,547,329	1,320,321	1,614,018	1,337,168
Buildings	168,754	154,273	1,856,353	1,841,199	2,025,107	1,995,472
Improvements Other than Buildings	48,279	52,271	284,986	285,267	333,265	337,538
Infrastructure	114,814	126,677	525,333	518,347	640,147	645,024
Machinery and Equipment	9,272	11,295	22,112	25,369	31,384	36,664
Vehicles and Aircrafts	33,257	24,142	43,950	10,386	77,207	34,528
Software and Patents	11,141	12,140	9,995	11,863	21,136	24,003
Total Net Capital Assets	\$ 771,722	\$ 723,109	\$ 5,516,616	\$ 5,218,971	\$ 6,288,338	\$ 5,942,080

Governmental activities' net capital assets increased \$48.6 million, or 6.7 percent. Construction in progress increased \$49.8 million attributable to the recognition of \$56.4 million as for work performed on the new civic center complex. Buildings increased by \$14.5 million as the Michelle Obama Neighborhood Library and the East Long Beach Police substation were completed. Land decreased \$5.9 million over the prior fiscal year mostly as a result of sale of land to the Harbor for their new headquarters building. Routine depreciation charges amounted to \$34.3 million at the close of the fiscal year.

Business-type activities' net capital assets increased \$297.7 million, or 5.7 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased \$268.9 million. The increase includes a pre-depreciation increase of \$117.7 million in building, structures and facilities, \$233.1 million increase in construction in progress, \$35.2 million pre-depreciation increase in machinery and equipment, and a \$12.0 million increase in land, primarily related to the Harbor's Middle Harbor, new headquarters building and Gerald Desmond bridge projects.
- Repair and replacement of aging gas pipelines and the automated metering infrastructure replacement program increased Gas Utility capitals assets \$16.3 million over the prior fiscal year.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$6.1 million.
- Routine depreciation charges decreased Solid Waste Management capital assets \$4.3 million.
- In total, Tidelands capital assets increased \$7.3 million. During the year \$29.0 million was invested into the ongoing Alamitos Bay Marina Rebuild Project, Construction in Progress saw a reduction \$4.5 million. Additionally, the fund recognized \$19.9 million in depreciation.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

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, 2016, the City's net long-term obligations outstanding totaled \$4.1 billion. Of this amount, \$2.5 billion relates to notes, bonds, and capital leases, \$90.1 million to the new Civic Center complex, and \$1.1 billion is NPL. 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, 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, 2016 and 2015
(In Thousands)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Totals</i>	
	2016	2015	2016	2015	2016	2015
Notes Payable	\$ 5,258	\$ 5,117	\$ 379,893	\$ 499,248	\$ 385,151	\$ 504,365
Bonds Payable	398,818	407,961	1,621,957	1,696,772	2,020,775	2,104,733
Capital Leases	30,682	33,978	18,167	19,752	48,849	53,730
Other Obligation	41,007	-	49,067	-	90,074	-
Total Outstanding	\$ 475,765	\$ 447,056	\$ 2,069,084	\$ 2,215,772	\$ 2,544,849	\$ 2,662,828

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

Governmental Activities

- Bonds payable decreased \$9.1 million as a result of annual principal payments and premium amortization of \$23.3 million offset by a new issuance of \$14.2 million. Additionally, a liability of \$41.0 million was added related to the City's commitment to a new City hall and civic center complex currently under construction.

Business-Type Activities

- Notes payable decreased by \$119.4 million primarily as result of the Harbor reducing their outstanding balance on their lines of credit by \$95.0 million and Sewer redeemed \$11.3 million of their commercial paper as part of their 2016 bond issue. The remaining reduction is attributable to annual principal payments and premium amortization.
- Bonds payable decreased by \$74.8 million. The reduction was mostly attributable to annual principal payments and premium amortization. In addition, the Sewer fund and the Tidelands fund issued \$9.8 million and \$19.1 million, respectively, in new bonds.
- Additionally, a liability of \$49.1 million was added related to the Harbor's commitment to the construction of a new headquarters building.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)

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

Economic Outlook

The economy of the City is discussed in the accompanying Transmittal Letter.

Requests for Information

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



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2016 (Continued)



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BASIC FINANCIAL STATEMENTS

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City of Long Beach
Statement of Net Position
September 30, 2016
(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	\$ 110,570	\$ 197,354	\$ 307,924	\$ -
Non-Pooled Cash and Cash Equivalents	39,382	67,580	106,962	43,162
Pooled Investments	119,136	212,642	331,778	-
Interest Receivable	189	401	590	-
Property Tax Receivable, Net	85,668	-	85,668	-
Accounts and Loans Receivables, Net	18,791	91,284	110,075	5,877
Due from Other Governments	46,305	70,015	116,320	-
Internal Balances	34,749	(34,749)	-	-
Inventory	2,314	6,116	8,430	1,154
Other Assets	9,212	29,552	38,764	578
Land Held for Resale	4,215	-	4,215	-
Total Current Assets:	<u>470,531</u>	<u>640,195</u>	<u>1,110,726</u>	<u>50,771</u>
Noncurrent Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	1,765	1,765	26,222
Non-Pooled Investments	-	131,279	131,279	-
Total Noncurrent Restricted Assets:	<u>-</u>	<u>133,044</u>	<u>133,044</u>	<u>26,222</u>
Other Noncurrent Assets:				
Pooled Investments	315,325	562,813	878,138	-
Other Noncurrent Receivables	199,149	5,793	204,942	-
Prepaid Gas - Long-term	-	427,365	427,365	-
Fair Value - Commodity Swap	-	537,334	537,334	-
Land and Other Capital Assets not being Depreciated	386,205	2,773,887	3,160,092	10,258
Capital Assets, net of Accumulated Depreciation	385,517	2,742,729	3,128,246	72,897
Other Assets	10,765	50,241	61,006	-
Total Other Noncurrent Assets:	<u>1,296,961</u>	<u>7,100,162</u>	<u>8,397,123</u>	<u>83,155</u>
Total Assets	<u>1,767,492</u>	<u>7,873,401</u>	<u>9,640,893</u>	<u>160,148</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	<u>264,237</u>	<u>123,078</u>	<u>387,315</u>	<u>13,798</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	49,190	113,079	162,269	2,010
Accrued Wages and Benefits Payable	61,269	6,518	67,787	4,234
Accrued Interest Payable	5,299	34,265	39,564	-
Due to Other Governments	305	-	305	-
Unearned Revenue, Credits, and Other Payables	19,554	30,388	49,942	23,405
Employee Benefits and Accrued Long-Term Obligations	26,147	8,600	34,747	14,347
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	28,544	85,887	114,431	-
Total Current Liabilities	<u>190,308</u>	<u>278,737</u>	<u>469,045</u>	<u>43,996</u>
Noncurrent Liabilities:				
Fair Value - Interest Rate Swap	-	16,919	16,919	-
Unearned Revenue, Credits, and Other Payables	-	13,256	13,256	25,768
Employee Benefits and Accrued Long-Term Obligations	262,322	95,483	357,805	3,625
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	447,221	1,991,972	2,439,193	-
Net OPEB Liability	35,473	9,649	45,122	-
Net Pension Liability	792,549	311,453	1,104,002	30,539
Total Noncurrent Liabilities:	<u>1,537,565</u>	<u>2,438,732</u>	<u>3,976,297</u>	<u>59,932</u>
Total Liabilities	<u>1,727,873</u>	<u>2,717,469</u>	<u>4,445,342</u>	<u>103,928</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	<u>174,453</u>	<u>565,130</u>	<u>739,583</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	346,224	4,229,484	4,575,708	83,155
Restricted for:				
Debt Service	23,781	25,535	49,316	-
Capital Projects	48,310	103,275	151,585	52
Public Safety	6,537	-	6,537	-
Public Health	9,824	-	9,824	-
Community and Cultural	286,528	-	286,528	-
Healthcare Insurance	18,608	-	18,608	-
Tidelands	-	9,730	9,730	-
Airport	-	8,114	8,114	-
Subsidence	-	177,173	177,173	-
Unrestricted	(610,409)	160,569	(449,840)	(13,189)
Total Net Position	<u>\$ 129,403</u>	<u>\$ 4,713,880</u>	<u>\$ 4,843,283</u>	<u>\$ 70,018</u>

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

City of Long Beach
Statement of Activities
For the Fiscal Year Ended September 30, 2016
(In Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
GOVERNMENTAL ACTIVITIES:				
Legislative and Legal	\$ 11,814	\$ 1,804	\$ -	\$ -
General Government	23,869	17,955	505	953
Public Safety	344,358	38,050	26,455	-
Public Health	46,150	7,284	87,744	-
Community and Cultural	155,792	17,051	5,013	-
Public Works	103,772	27,949	50,897	1,132
Oil Operations	6,466	10,900	-	-
Interest on Long-Term Debt	19,104	-	-	-
Total Governmental Activities	<u>711,325</u>	<u>120,993</u>	<u>170,614</u>	<u>2,085</u>
BUSINESS-TYPE ACTIVITIES				
Gas	66,896	79,826	-	-
Water	93,959	98,677	-	2,710
Tidelands	107,313	67,205	434	-
Tideland Oil Revenue	70,949	53,630	-	-
Harbor	307,546	363,343	-	132,290
Non-major Enterprise Funds	162,678	162,298	324	15,510
Total Business-Type Activities	<u>809,341</u>	<u>824,979</u>	<u>758</u>	<u>150,510</u>
Total Primary Government	<u>\$ 1,520,666</u>	<u>\$ 945,972</u>	<u>\$ 171,372</u>	<u>\$ 152,595</u>
COMPONENT UNIT				
Long Beach Public Transportation Company	<u>\$ 94,729</u>	<u>\$ 18,556</u>	<u>\$ 61,704</u>	<u>\$ 10,234</u>

Taxes:
Property
Sales
Utility Users
Other
Franchise Fees
Unrestricted Investment Earnings
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position, Beginning of Year
Adjustments for GASB 75 Implementation
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
\$ (10,010)	\$ -	\$ (10,010)	\$ -
(4,456)	-	(4,456)	-
(279,853)	-	(279,853)	-
48,878	-	48,878	-
(133,728)	-	(133,728)	-
(23,794)	-	(23,794)	-
4,434	-	4,434	-
(19,104)	-	(19,104)	-
<u>(417,633)</u>	<u>-</u>	<u>(417,633)</u>	<u>-</u>
-	12,930	12,930	-
-	7,428	7,428	-
-	(39,674)	(39,674)	-
-	(17,319)	(17,319)	-
-	188,087	188,087	-
-	15,454	15,454	-
<u>-</u>	<u>166,906</u>	<u>166,906</u>	<u>-</u>
<u>(417,633)</u>	<u>166,906</u>	<u>(250,727)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,235)</u>
200,766	-	200,766	-
67,658	-	67,658	-
37,079	-	37,079	-
47,746	-	47,746	-
24,911	-	24,911	-
13,182	10,802	23,984	384
16,855	(16,855)	-	-
<u>408,197</u>	<u>(6,053)</u>	<u>402,144</u>	<u>384</u>
(9,436)	160,853	151,417	(3,851)
100,037	4,562,113	4,662,150	73,869
38,802	(9,086)	29,716	-
<u>\$ 129,403</u>	<u>\$ 4,713,880</u>	<u>\$ 4,843,283</u>	<u>\$ 70,018</u>

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2016
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2016
ASSETS			
Pooled Cash and Cash Equivalents	\$ 105,373	\$ 169,504	\$ 274,877
Non-Pooled Cash and Cash Equivalents	6,115	33,170	39,285
Receivables:			
Property Taxes	90,005	-	90,005
Accounts Receivable	38,661	2,245	40,906
Notes and Loans Receivable	1,446	-	1,446
Due from Other Governments	18,984	27,281	46,265
Due from Other Funds	6,091	1,008	7,099
Allowance for Receivables	(28,243)	(1,070)	(29,313)
Other Assets	102	2,577	2,679
Advances to Other Funds	-	3,809	3,809
Land Held for Resale	-	4,215	4,215
Other Noncurrent Receivables	-	199,149	199,149
Total Assets	\$ 238,534	\$ 441,888	\$ 680,422
LIABILITIES			
Accounts Payable	\$ 14,529	\$ 18,172	\$ 32,701
Accrued Wages and Benefits Payable	8,457	1,268	9,725
Due to Other Governments	297	8	305
Due to Other Funds	5,401	6,193	11,594
Unearned Revenues	3,680	6,226	9,906
Deposits and Collections Held in Trust	3,197	3,221	6,418
Advances from Other Funds	2,614	3,809	6,423
Total Liabilities	38,175	38,897	77,072
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	89,775	198,720	288,495
FUND BALANCES			
Nonspendable	102	2,577	2,679
Restricted	4,498	173,562	178,060
Committed	63,568	1,422	64,990
Assigned	38,482	26,710	65,192
Unassigned	3,934	-	3,934
Total Fund Balances	110,584	204,271	314,855
Total Liabilities, Deferred Inflows and Fund Balances	\$ 238,534	\$ 441,888	\$ 680,422

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

City of Long Beach
 Reconciliation of the Governmental Fund Balance Sheet to
 Governmental Activities in the Statement of Net Position
 September 30, 2016
 (In Thousands)

Total governmental fund balances \$ 314,855

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, consisting of \$325,454 of non-depreciable assets and \$300,349 of depreciable assets, used in the governmental activities, which are not included in the internal service funds, are not financial resources and, therefore, are not reported in the funds. 625,803

Deferred outflows related to pension related items and economic losses from the refinancing of debt are not included in the governmental funds. 242,436

Deferred inflows related to pension related items are not included in the governmental fund activity. 119,123

Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds. Liability amounts have been reduced by interest receivables for federal subsidy on Build America and Recovery Zone Economic Development Bonds. (1,106,794)

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. (66,020)

Net position of governmental activities \$ 129,403

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, 2016
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2016
Revenues:			
Taxes:			
Property	\$ 151,167	\$ 50,040	\$ 201,207
Sales	65,148	2,510	67,658
Utility Users	37,079	-	37,079
Other Taxes	36,001	11,745	47,746
Franchise Fees	24,911	-	24,911
Licenses and Permits	16,469	8,987	25,456
Fines and Forfeitures	16,292	-	16,292
Use of Money and Property	37,704	3,287	40,991
From Other Agencies	3,040	167,740	170,780
Charges for Services	27,514	1,968	29,482
Contributions and Donations	-	249	249
Other	7,884	5,283	13,167
Total Revenues	423,209	251,809	675,018
Expenditures:			
Current:			
Legislative and Legal	11,420	-	11,420
General Government	19,669	2,124	21,793
Public Safety	290,142	16,923	307,065
Public Health	6,106	36,713	42,819
Community and Cultural	42,847	109,158	152,005
Public Works	37,415	37,165	74,580
Oil Operations	2,352	-	2,352
Total Current Expenditures	409,951	202,083	612,034
Capital Improvements	-	38,629	38,629
Debt Service:			
Principal	-	18,717	18,717
Interest	-	16,763	16,763
Debt Administration Fees	340	94	434
Total Expenditures	410,291	276,286	686,577
Excess of Revenues over (under) Expenditures	12,918	(24,477)	(11,559)
Other Financing Sources (Uses):			
Debt Issuance	13,150	-	13,150
Premium on Debt Issuance	1,045	-	1,045
Transfers In	19,407	41,234	60,641
Transfers Out	(47,967)	(17,228)	(65,195)
Total Other Financing Sources (Uses)	(14,365)	24,006	9,641
Net Change in Fund Balances	(1,447)	(471)	(1,918)
Fund Balances - October 1	112,031	204,742	316,773
Fund Balances - September 30	\$ 110,584	\$ 204,271	\$ 314,855

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, 2016
 (In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$ (1,918)
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 (\$25,879) is greater than depreciation (\$24,811) in the current period.	1,069
The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) results in a decrease to net position. The transfer of \$76.1 million from Land Held for Resale to Land as part of the Successor Agency wind down results in an increase to Net Position.	(13,501)
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.	3,783
Pension contributions made subsequent to the measurement date are an expenditure in the governmental funds, but reported as a deferred outflow of resources in the statement of net position.	12,290
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(38,829)
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 current financial resources. Neither transaction, however, has any affect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	6,641
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.	(16,669)
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.	37,698
Change in net position of governmental activities	<u>\$ (9,436)</u>

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, 2016
(In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Sources:				
Property Taxes	\$ 148,876	\$ 148,876	\$ 151,167	\$ 2,291
Sales Taxes	58,500	58,500	65,148	6,648
Utility Users Taxes	39,332	39,332	37,079	(2,253)
Other Taxes	32,234	32,234	36,001	3,767
Franchise Fees	27,053	27,053	24,911	(2,142)
Licenses and Permits	15,234	16,332	16,469	137
Fines and Forfeitures	15,783	15,783	16,292	509
Use of Money and Property	28,774	37,364	37,863	499
From Other Agencies	3,856	5,027	3,040	(1,987)
Charges for Services	25,901	25,881	27,514	1,633
Other	5,086	6,034	7,884	1,850
Proceeds from Long-term Debt	14,196	14,196	14,195	(1)
Transfers In	15,318	19,456	19,407	(49)
Total Sources	430,143	446,068	456,970	10,902
Uses:				
Legislative and Legal				
Mayor and City Council	5,629	5,838	5,353	485
City Attorney	2,431	2,431	2,067	364
City Clerk	5,141	5,143	4,006	1,137
General Government				
City Auditor	2,574	2,698	2,575	123
City Manager	3,272	3,522	3,180	342
Civil Service	2,577	2,637	2,611	26
Financial Management	12,786	12,572	10,457	2,115
Planning and Building	975	1,036	1,007	29
Public Safety				
Police	194,101	198,412	192,781	5,631
Fire	73,731	76,126	74,839	1,287
Disaster Preparedness	11,874	12,041	11,818	223
City Prosecutor	5,285	5,285	5,183	102
Planning and Building - Code Enforcement	3,891	3,901	3,716	185
Police and Fire Annuity	-	-	2,120	(2,120)
Public Health	5,845	6,172	6,106	66
Community and Cultural				
Community Development	779	948	796	152
Library	15,072	15,117	15,088	29
Parks and Recreation	26,976	27,246	26,964	282
Public Works	37,115	39,056	37,415	1,641
Oil Operations	2,324	2,324	2,352	(28)
Debt Service	-	-	340	(340)
Transfers Out	19,989	47,189	47,967	(778)
Total Uses	432,367	469,694	458,741	10,953
Net Change in Budgetary Fund Balance:	\$ (2,224)	\$ (23,626)	\$ (1,771)	\$ 21,855
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (1,771)</u>	
Add: Encumbrances			483	
Less: Change in Mark-to-Market and Other Adjustments			(159)	
Change in Fund Balance - September 30, GAAP Basis			<u>(1,447)</u>	
Fund Balance, October 1, GAAP Basis			112,031	
Fund Balance, September 30, GAAP Basis			<u>\$ 110,584</u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 110,584</u>	
Less: Nonspendable Fund Balance			(102)	
Restricted for Public Safety			(3,012)	
Restricted for Operations			(1,486)	
Committed for Public Safety			(1,000)	
Committed for Emergencies			(43,986)	
Committed for Operations			(12,382)	
Committed for Oil Field Abandonment			(6,200)	
Assigned for Future Infrastructure			(25)	
Assigned for Subsequent Year's Appropriations			(9,911)	
Assigned for Unfunded Liabilities			(28,546)	
Total Adjustments			<u>(106,650)</u>	
Budgetary Funds Available - September 30			<u>\$ 3,934</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, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands	Tidelands Oil Revenue
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 18,980	\$ 33,678	\$ 159,030	\$ 29,769
Non-Pooled Cash and Cash Equivalents	11,061	44	49,235	-
Receivables:				
Interest Receivable	20	10	74	-
Accounts Receivable	4,974	6,275	4,906	11,080
Due from Other Governments	-	-	28	-
Due from Other Funds	30	23	20,167	-
Allowance for Receivables	(224)	(265)	(434)	-
Deposits	-	-	-	-
Inventory	1,850	3,497	-	-
Prepaid Gas - Current	22,927	-	-	-
Other Assets - Current	13	2,552	168	-
Total Current Asset	<u>59,631</u>	<u>45,814</u>	<u>233,174</u>	<u>40,849</u>
Noncurrent Assets:				
Restricted Noncurrent assets:				
Non-Pooled Cash and Cash Equivalents	-	2,646	-	-
Non-Pooled Investments	20,910	-	14,721	-
Noncurrent Receivables:				
Other Noncurrent Receivables (net)	-	-	-	-
Advances to Other Funds	-	-	-	-
Fair Value - Commodity Swap	537,334	-	-	-
Capital Assets:				
Land and Other Capital Assets not being Depreciated	1,602	33,305	65,721	-
Capital Assets net of Accumulated Depreciation	153,302	269,954	300,306	12,532
Prepaid Gas - Long Term	427,365	-	-	-
Other Assets - Long-Term	-	106	-	-
Total Noncurrent Assets	<u>1,140,513</u>	<u>306,011</u>	<u>380,748</u>	<u>12,532</u>
Total Assets	<u>1,200,144</u>	<u>351,825</u>	<u>613,922</u>	<u>53,381</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	<u>26,292</u>	<u>11,526</u>	<u>22,401</u>	<u>2,006</u>

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

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Harbor</u>	<u>Other Proprietary Funds</u>	<u>Total Proprietary Funds</u>	<u>Activities Internal Service Funds</u>
\$ 417,517	\$ 313,835	\$ 972,809	\$ 270,154
1	7,239	67,580	97
190	107	401	21
51,947	14,977	94,159	1,546
66,290	3,697	70,015	40
-	648	20,868	10,574
(1,340)	(612)	(2,875)	(131)
-	-	-	6,533
679	90	6,116	2,314
-	-	22,927	-
3,736	156	6,625	-
<u>539,020</u>	<u>340,137</u>	<u>1,258,625</u>	<u>291,148</u>
1,765	-	4,411	-
73,846	19,156	128,633	-
5,211	582	5,793	-
1,300	2,614	3,914	-
-	-	537,334	-
2,643,838	29,421	2,773,887	60,751
1,721,538	285,097	2,742,729	85,168
-	-	427,365	-
50,135	-	50,241	10,765
<u>4,497,633</u>	<u>336,870</u>	<u>6,674,307</u>	<u>156,684</u>
<u>5,036,653</u>	<u>677,007</u>	<u>7,932,932</u>	<u>447,832</u>
<u>41,883</u>	<u>18,970</u>	<u>123,078</u>	<u>21,801</u>

(Continued)

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

City of Long Beach
Proprietary Funds
Statement of Net Position (Deficit)
September 30, 2016
(In Thousands)

(Continued)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands	Tideland Oil Revenue
LIABILITIES				
Current Liabilities Payable from Current Assets:				
Accounts Payable	2,621	10,733	7,244	9,399
Accrued Wages	468	540	690	96
Accrued Interest Payable	11,018	485	3,931	-
Due to Other Funds	445	2,181	399	1,327
Unearned Revenues	1,326	-	2,004	225
Collections Held in Trust	-	-	172	1,404
Customers Deposits	3,020	1,065	-	-
Advances from Developers	-	456	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Environmental Remediation - Current	-	-	-	-
Due to State of California	-	-	-	8,775
Obligations Under Capital Leases - Current	1,478	-	34	-
Bonds Payable Due Within One Year	8,120	2,730	6,930	-
Other Long-Term Obligations - Current	-	-	25	-
Total Current Liabilities	<u>28,496</u>	<u>18,190</u>	<u>21,429</u>	<u>21,226</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	1,300	-
Unearned Revenues	-	-	4,750	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	83,600
Site Restoration	-	1,000	-	-
Due to State of California	-	-	-	-
Fair Value - Interest Rate Swap	16,919	-	-	-
Obligations Under Capital Leases	16,319	-	336	-
Other Long-Term Obligations	-	-	417	-
Bonds Payable	604,157	27,213	229,708	-
Accrued Employee Benefits	-	-	-	-
Net OPEB Liability	1,543	1,549	916	354
Net Pension Liability	32,550	36,007	47,943	7,202
Total Noncurrent Liabilities	<u>671,488</u>	<u>65,769</u>	<u>285,370</u>	<u>91,156</u>
Total Liabilities	<u>699,984</u>	<u>83,959</u>	<u>306,799</u>	<u>112,382</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	<u>539,599</u>	<u>3,362</u>	<u>4,886</u>	<u>702</u>
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	137,107	277,393	177,438	12,532
Restricted for:				
Debt Service	-	1,716	8,484	-
Capital Projects	-	-	2,627	-
Healthcare Insurance	-	-	-	-
Tidelands	-	-	9,730	-
Airport	-	-	-	-
Subsidence	-	-	-	-
Unrestricted	<u>(150,254)</u>	<u>(3,079)</u>	<u>126,359</u>	<u>(70,229)</u>
Total Net Position (Deficit)	<u>\$ (13,147)</u>	<u>\$ 276,030</u>	<u>\$ 324,638</u>	<u>\$ (57,697)</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Net Position of Business-type Activities				

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

Business-type Activities - Enterprise Funds			Governmental Activities
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds
70,452	12,630	113,079	16,489
3,704	1,020	6,518	51,544
16,055	2,776	34,265	1,738
21,099	900	26,351	596
7,116	5,756	16,427	-
-	7,783	9,359	7,070
-	6	4,091	-
-	55	511	-
8,600	-	8,600	25,915
-	-	-	166
-	-	8,775	-
-	-	1,512	2,450
44,905	12,890	75,575	5,530
-	-	25	-
<u>171,931</u>	<u>43,816</u>	<u>305,088</u>	<u>111,498</u>
-	-	1,300	-
3,685	4,821	13,256	-
-	-	-	109,038
-	-	83,600	-
-	-	1,000	-
-	-	-	2,475
-	-	16,919	-
-	-	16,655	21,173
429,589	-	430,006	41,007
543,487	140,746	1,545,311	49,681
10,883	-	10,883	125,872
3,103	2,184	9,649	35,473
124,170	63,581	311,453	66,235
<u>1,114,917</u>	<u>211,332</u>	<u>2,440,032</u>	<u>450,954</u>
<u>1,286,848</u>	<u>255,148</u>	<u>2,745,120</u>	<u>562,452</u>
<u>11,661</u>	<u>4,920</u>	<u>565,130</u>	<u>5,081</u>
3,442,251	182,763	4,229,484	58,711
13,962	1,373	25,535	-
75,610	25,038	103,275	-
-	-	-	18,608
-	-	9,730	-
-	8,114	8,114	-
-	177,173	177,173	-
248,204	41,448	192,449	(175,219)
<u>\$ 3,780,027</u>	<u>\$ 435,909</u>	<u>4,745,760</u>	<u>\$ (97,900)</u>
		<u>(31,880)</u>	
		<u>\$ 4,713,880</u>	

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

City of Long Beach
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2016
(In Thousands)

Business-type Activities - Enterprise Funds

	Gas Utility	Water Utility	Tidelands	Tideland Oil Revenue
Operating Revenues:				
Licenses and Permits	\$ -	\$ -	\$ 318	\$ -
Fines and Forfeitures	-	-	205	-
Fees, Concessions, and Rentals	81	-	40,408	49,333
From Other Agencies	-	-	126	-
Charges for Services	78,512	97,650	26,074	4,269
Other	933	-	74	-
Total Operating Revenues	<u>79,526</u>	<u>97,650</u>	<u>67,205</u>	<u>53,602</u>
Operating Expenses:				
Personnel Services	16,324	18,404	31,106	3,562
Purchases of Gas and Water	(314)	28,744	-	-
Maintenance and Other Operations	12,125	33,938	48,484	3,987
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	33,768
Amortization	-	-	427	-
Depreciation	6,302	11,169	19,476	-
Total Operating Expenses	<u>34,437</u>	<u>92,255</u>	<u>99,493</u>	<u>41,317</u>
Operating Income (Loss)	<u>45,089</u>	<u>5,395</u>	<u>(32,288)</u>	<u>12,285</u>
Non-Operating Income (Expenses):				
Interest Income	865	299	1,788	-
Interest Expense	(30,839)	(433)	(8,117)	-
Gain (Loss) on Disposition of Capital Assets	(1,379)	(283)	-	-
Oil Field Abandonment Costs	-	-	-	(29,700)
Operating Grants	-	-	434	-
Other Income	300	1,027	-	28
Other Expense	(735)	(1,280)	(444)	-
Total Non-Operating Income (Expenses)	<u>(31,788)</u>	<u>(670)</u>	<u>(6,339)</u>	<u>(29,672)</u>
Income (Loss) Before Contributions and Transfers	13,301	4,725	(38,627)	(17,387)
Capital Grants and Contributions	-	2,710	-	-
Transfers:				
Transfers In	-	-	27,714	-
Transfers Out	(11,475)	-	-	(9,681)
Change in Net Position	1,826	7,435	(10,913)	(27,068)
Net Position (Deficit) - October 1	(13,520)	270,054	336,414	(30,296)
Adjustments for GASB 75 Implementation	(1,453)	(1,459)	(863)	(333)
Net Position (Deficit) - September 30	<u>\$ (13,147)</u>	<u>\$ 276,030</u>	<u>\$ 324,638</u>	<u>\$ (57,697)</u>

Change in Net Position of Business - Enterprise Funds

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Change in Net Position of Business-type Activities

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

Business-Type Activities - Enterprise Funds			Governmental Activities
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds
\$ -	\$ 21,775	\$ 22,093	\$ -
-	-	205	-
358,129	36,621	484,572	-
-	324	450	-
-	100,663	307,168	345,126
2,531	29	3,567	8,718
<u>360,660</u>	<u>159,412</u>	<u>818,055</u>	<u>353,844</u>
67,220	44,838	181,454	40,304
-	-	28,430	-
76,653	93,862	269,049	50,980
-	-	-	2,639
-	-	-	27,498
-	-	-	51,686
-	-	-	152,907
-	-	33,768	-
-	53	480	161
<u>146,721</u>	<u>17,113</u>	<u>200,781</u>	<u>9,504</u>
<u>290,594</u>	<u>155,866</u>	<u>713,962</u>	<u>335,679</u>
<u>70,066</u>	<u>3,546</u>	<u>104,093</u>	<u>18,165</u>
4,637	3,213	10,802	942
(13,244)	(7,897)	(60,530)	(3,409)
48	(146)	(1,760)	190
-	-	(29,700)	-
-	324	758	-
2,683	2,886	6,924	3,242
(4,656)	(380)	(7,495)	(5)
<u>(10,532)</u>	<u>(2,000)</u>	<u>(81,001)</u>	<u>960</u>
59,534	1,546	23,092	19,125
132,290	15,510	150,510	1,270
-	-	27,714	26,998
(18,693)	(4,720)	(44,569)	(5,589)
<u>173,131</u>	<u>12,336</u>	<u>156,747</u>	<u>41,804</u>
3,609,818	425,629	4,598,099	(178,506)
(2,922)	(2,056)	(9,086)	38,802
<u>\$ 3,780,027</u>	<u>\$ 435,909</u>	<u>4,745,760</u>	<u>\$ (97,900)</u>
		156,747	
		4,106	
		<u>\$ 160,853</u>	

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

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2016
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Business-Type Activities - Enterprise Funds</u>			
	Gas Utility	Water Utility	Tidelands	Tideland Oil Revenue
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 79,595	\$ 97,576	\$ 48,286	\$ -
Receipts from Oil Companies	-	-	-	53,565
Receipts from Other Governments	-	-	23,698	-
Receipts from Other Funds	-	-	540	-
Payments for Employee Salaries	(15,989)	(17,791)	(29,573)	(3,244)
Payments for Goods and Services	(19,791)	(53,888)	(52,437)	(7)
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Entities	-	-	-	(32,089)
Payments in Lieu of Taxes	-	(5,968)	-	-
Other Income	23,239	-	74	28
Other Expense	(737)	(622)	(12)	(29,700)
Net Cash Provided by (Used for) Operating Activities	<u>66,317</u>	<u>19,307</u>	<u>(9,424)</u>	<u>(11,447)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Income	-	-	-	-
Operating Grants Received from Other Governments	-	-	-	-
Receipts for Oil Well Abandonment Reserve	-	-	-	29,700
Clean Air Action Plan	-	-	-	-
ACTA shortfall advance	-	-	-	-
Receipts from Prepayment of Gas Supply	7,554	-	-	-
Payments of Principal on Bonds Payable	(7,150)	-	-	-
Payments of Interest	(31,376)	-	-	-
Transfers In	-	-	39,255	-
Transfers Out	(11,475)	-	(11,388)	(9,681)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(42,447)</u>	<u>-</u>	<u>27,867</u>	<u>20,019</u>
Cash Flows from Capital and Related Financing Activities:				
Receipt of Capital Grants	-	-	-	-
Proceeds from the Sale of Capital Assets	-	84	-	-
Proceeds from Issuance of Long-Term Obligations	-	-	-	-
Proceeds from Issuance of Bonds	-	-	19,115	-
Original Issue Premium	-	-	2,674	-
Payment of Cost of Issuance	-	-	(292)	-
Receipts of Contributed Capital	-	2,678	-	-
Receipts from Passenger Facility Charges	-	-	-	-
Payments to Developers	-	-	-	-
Payments for Capital Acquisitions	(23,566)	(16,420)	(25,053)	-
Payments of Principal on Bonds Payable	-	(2,630)	(6,930)	-
Payments of Principal on Other Long-Term Obligations	(1,554)	-	(70)	-
Redemption Premium	-	-	(25,405)	-
Payments of Interest, Net of Amounts Capitalized	(338)	(1,264)	(11,231)	-
Receipt of Federal Subsidy	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(25,458)</u>	<u>(17,552)</u>	<u>(47,192)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	(762)	-	-	-
Payments for Investments	-	-	5,764	-
Payment from Joint Venture (Note 21)	-	-	-	-
Receipts of Interest	858	298	1,817	-
Net Cash Provided by Investing Activities	<u>96</u>	<u>298</u>	<u>7,581</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,492)</u>	<u>2,053</u>	<u>(21,168)</u>	<u>8,572</u>
Cash and Cash Equivalents - October 1	31,533	34,315	229,433	21,197
Cash and Cash Equivalents - September 30	<u>\$ 30,041</u>	<u>\$ 36,368</u>	<u>\$ 208,265</u>	<u>\$ 29,769</u>

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

Business-Type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Total Proprietary Funds	Activities Internal Service Funds
\$ 361,226	\$ 160,437	\$ 747,120	\$ 8,710
-	-	53,565	-
-	9	23,707	-
-	11,141	11,681	343,859
(86,585)	(30,783)	(183,965)	(40,085)
(54,831)	(97,702)	(278,656)	(47,589)
-	-	-	(56,833)
-	-	-	(162,111)
-	-	-	(9,723)
-	-	(32,089)	(885)
-	(5,775)	(11,743)	-
-	(6,091)	17,250	3,189
-	23	(31,048)	(5)
<u>219,810</u>	<u>31,259</u>	<u>315,822</u>	<u>38,527</u>
-	-	-	4
-	441	441	9
-	-	29,700	-
(4,656)	-	(4,656)	-
1,025	-	1,025	-
-	-	7,554	-
-	-	(7,150)	-
-	-	(31,376)	-
-	2	39,257	(5,589)
<u>(18,432)</u>	<u>(4,953)</u>	<u>(55,929)</u>	<u>26,998</u>
<u>(22,063)</u>	<u>(4,510)</u>	<u>(21,134)</u>	<u>21,422</u>
160,168	8,755	168,923	-
48	9	141	194
25,000	9,830	34,830	-
-	-	19,115	-
-	1,728	4,402	-
-	(298)	(590)	-
12,008	-	14,686	1,270
-	5,069	5,069	-
-	-	-	(10,765)
(354,289)	(16,167)	(435,495)	(29,319)
(45,360)	(23,085)	(78,005)	-
(120,000)	-	(121,624)	(6,837)
-	-	(25,405)	-
(43,309)	(8,698)	(64,840)	(3,609)
-	1,123	1,123	-
<u>(365,734)</u>	<u>(21,734)</u>	<u>(477,670)</u>	<u>(49,066)</u>
-	1,907	1,145	-
-	-	5,764	-
3,000	-	3,000	-
<u>4,447</u>	<u>3,233</u>	<u>10,653</u>	<u>952</u>
<u>7,447</u>	<u>5,140</u>	<u>20,562</u>	<u>952</u>
(160,540)	10,155	(162,420)	11,835
579,823	310,919	1,207,220	258,416
<u>\$ 419,283</u>	<u>\$ 321,074</u>	<u>\$ 1,044,800</u>	<u>\$ 270,251</u>

(continued)

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

(Continued)

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Tidelands	Tideland
	Utility	Utility		Oil
				Revenue
Operating Income (Loss)	\$ 45,089	\$ 5,395	\$ (32,288)	\$ 12,285
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	6,302	11,206	19,903	-
Other Income	23,239	(622)	435	28
Other Expense	(735)	423	(12)	(29,700)
(Increase) Decrease in Accounts Receivable, Net	(185)	(82)	1,481	(155)
Increase (Decrease) in Amounts Due to Other Governments	-	-	868	1,903
Decrease in Amounts Due from Other Governments	-	15	(20)	-
(Increase) Decrease in Amounts Due from Other Funds	(30)	-	-	-
Decrease in Inventory	216	(249)	-	-
(Increase) Decrease in Other Assets	(7,448)	-	(37)	-
Increase (Decrease) in Accounts Payable	1,903	1,464	(1,631)	3,980
Increase in Accrued Wages Payable	282	191	1,533	308
Increase (Decrease) in Amounts Due to Other Funds	(2,600)	1,572	-	(214)
Increase in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Unearned Revenues	269	(39)	290	166
Increase (Decrease) in Collections Held in Trust	15	33	54	(48)
Total Adjustments	21,228	13,912	22,864	(23,732)
Net Cash Provided by (Used for) Operating Activities	\$ 66,317	\$ 19,307	\$ (9,424)	\$ (11,447)

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contribution of Capital Assets	\$ -	\$ -	\$ -	\$ -
Contributed Capital Assets	-	532	-	-
Amortization of Bond Premium (Discount), Net	22,939	(400)	(1,184)	-
Accrued Capital Asset Costs	-	1,810	-	-
Accrued Oilfield Abandonment Costs	-	-	-	29,700
Amortization of Deferred Outflows on Debt Refunding	-	198	485	-
Amortization of Deferred Inflows on Debt Refunding	-	-	(60)	-
Other Accrued Liabilities	-	-	-	-

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

Business-Type Activities - Enterprise Funds			Governmental Activities
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds
\$ 70,066	\$ 3,546	\$ 104,093	\$ 18,165
146,721	17,166	201,298	9,665
-	1,655	24,735	3,229
139	23	(29,862)	(5)
(29,926)	(31)	(28,898)	149
-	-	2,771	-
-	90	85	(40)
-	2,144	2,114	(402)
(95)	(23)	(151)	(317)
-	36	(7,449)	202
12,901	2,360	20,977	6,302
12,182	2,046	16,542	(1,497)
(1,987)	471	(2,758)	(2,005)
8,600	-	8,600	4,332
1,209	503	2,398	-
-	1,273	1,327	749
149,744	27,713	211,729	20,362
\$ 219,810	\$ 31,259	\$ 315,822	\$ 38,527

\$ 4,007	\$ -	\$ 4,007	\$ -
12	-	544	-
19,628	(360)	40,623	-
-	252	2,062	-
-	-	29,700	-
235	-	918	80
(792)	-	(852)	-
49,067	-	49,067	41,007

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, 2016
(In Thousands)

	Private Purpose Trust Funds	Agency Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 834	\$ 15,510
Non-pooled Investments	-	1,701
Non-Pooled Cash and Cash Equivalents	-	7,771
Property Taxes Receivable	-	41
Interest Receivable	-	6
Accounts Receivable	-	975
Land	-	11,000
Total Assets	\$ 834	\$ 37,004
LIABILITIES:		
Accounts Payable	-	1,381
Due to Special Assessment Bondholders	-	4,411
Collections Held in Trust	-	31,212
Total Liabilities	-	\$ 37,004
NET POSITION:		
Held in Trust for Private Purpose Trust Funds	\$ 834	

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2016
(In Thousands)

	Private Purpose Trust Funds
ADDITIONS:	
Interest Income	\$ 2
Total Additions	2
DEDUCTIONS:	
Community and Cultural	31
Change in Net Position	(29)
Net Position, October 1	863
Net Position, September 30	\$ 834

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, 2016

NOTE 1 – REPORTING ENTITY

Organization

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

Financial Reporting Entity

The City provides a full range of municipal services including police and fire, health and social services, library, parks and recreation, planning and community development, and public works improvements. The City also provides for sanitation, gas, water, and towing services. The City operates its own airport, five golf courses, international harbor facility, and a tidelands trust area (consisting of the beaches, Convention Center, Queen Mary, Rainbow Harbor, 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): Consistent with the dissolution legislation, the Redevelopment Agency ceased operation effective February 1, 2012. The City exercised its option to become the Successor Agency for the former Redevelopment Agency and the Housing Successor Agency (HSA) for the Low and Moderate Income Housing function. The City is responsible for the winding down of Agency business to include the completion of ongoing projects and the disposition of assets. As the HSA, the City is responsible for executing the former mission of the Low and Moderate Income Housing function as long as funding permits. Like its predecessor, the Agency is considered a blended component unit of the City. The financial activities of the Agency were blended with those of the City in the accompanying basic financial statements and are reported as the Agency's Capital Projects and Debt Service Funds.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

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 18).

Non-profit Financing Corporations and Authorities

The financial operations of several non-profit financing corporations and authorities organized for the purpose of financing various capital improvements within the City or the refinancing of debt are also included as blended component units in the accompanying basic financial statements. The activities of the organizations listed below are generally restricted to financing City-related capital improvements. In this regard, the City Council either serves as the governing board or appoints the voting majority of the governing board, and otherwise exercises significant oversight and direct operational and financial control over these entities. Therefore, such entities meet established criteria for inclusion in the accompanying basic financial statements.

For the most part, these non-profit corporations enter into capitalizable leases with the City. However, for financial reporting purposes, such lease transactions are eliminated, and the related financing obligations and related capital assets are carried at cost in the accompanying basic financial statements. There is no requirement to separately issue financial statements for these component units.

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

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

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

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



The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide, proprietary, and private trust fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recorded when earned and an expense is 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.

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, 2016

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

The City reports the following major governmental and enterprise funds:

Major Governmental Funds

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

Major Enterprise Funds

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

The *Water Fund* is used to account for the activities associated with the sourcing, purification, and delivery of water to the City's customers by the Long Beach Water Department.

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

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

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, 2016

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

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

City of Long Beach Investment Pool

The City pools the cash resources of its various funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used to facilitate the management of cash and for the purpose of increasing income through investment activities. The Pool is used as a demand deposit account by the various funds.

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

One of the Pool's highly liquid investments is the Local Agency Investment Fund (LAIF), a money market like external investment pool. The City is a voluntary participant in the LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

Cash Equivalents

The 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 City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

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.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Initial-issue bond premiums and discounts are amortized using the effective-interest-rate method. Bonds payable are reported net of the unamortized portion of applicable premium, discount, and 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 City's governmental fund statements bond premiums, discounts, and issuance costs are recognized during the period the debt is issued. The face amount of debt issued has been reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employee Benefits, Compensated Absences and Termination Benefits

Excluding the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945, benefits for City employees are paid from the City's Employee Benefits Internal Service Fund (EBF). The EBF 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 their outstanding vacation leave converted to sick leave. Vacation and holiday benefits are recognized when earned. The City also allows retirees the option of purchasing additional pension benefits from CalPERS with their unused sick leave balances.

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

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

The conversion of unused sick leave for postemployment benefits is reflected as accrued employee benefits in the accompanying financial statements. As of September 30, 2016, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$125.9 million and \$9.3 million in the Harbor fund based on an actuarial study of current and future retiree accumulated sick leave. The liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees.

The actuarial study assumes an investment return of 4.3 percent and wage increases of 3.3 percent per year for safety employees. The \$135.2 million long-term liability is being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 the second is due February 1st. The City recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures.

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Net Position and Fund Balance

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Restricted net position represent amounts restricted by parties outside of the City (such as investors, grantors, and laws and regulations of other governments) and include unspent bond proceeds 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 is restricted but ultimately expendable. All other net position is 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.

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

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

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

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

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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.

Budgetary Principles

The City Council adopted the fiscal year 2016 budget prior to September 30, 2016 for all funds except for fiduciary funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations. 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.

Budgeted appropriations are presented in the accompanying financial statements on a non-GAAP accrual plus encumbrances budgetary basis with the exception of transactions related to long-term debt, which are recorded on a cash basis. Budgeted revenues are presented on a GAAP based budgetary basis as revenues are recognized when they become measurable, available and earned. 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

Application of the following Statements was effective for the City's fiscal year ended September 30, 2016:

In February of 2015, GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

In June of 2015, GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions. It also amends certain provisions of Statement No. 67 and Statement 68 for pension plans and pensions that are within their respective scopes. Statement 73 was effective for this financial report except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

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In June of 2015, GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is not applicable to the City.

In June of 2015, GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The City has chosen to implement the provisions of this Statement for fiscal year 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. This Statement is applicable to the City in fiscal year 2016 as the City invests in external investment pools. However, this statement had no effect on the financial statements of the City as none of the external investment pools that the City invests with meet the criteria in this statement.

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

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This information is intended, among other things, to assist users of financial statements in assessing whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity); whether a government complied with finance-related legal and contractual obligations; where a government's financial resources come from and how it uses them; and a government's financial position and economic condition and how they have changed over time. The provisions of this Statement are effective for fiscal years beginning after December 15, 2015.

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In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016.

In March 2016, the GASB issued Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 as the City's pension liability is measured as of a date other than the City's most recent fiscal year-end.

Estimates and Rounding

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

Adjustments as a Result of Implementing GASB 75

The table on the following page summarizes the adjustment to the September 30, 2015 amounts for Net Position due to implementation GASB 75 for both the Government-wide and fund financial statements (in thousands):

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Government-wide Financial Statements

<i>Governmental Activities</i>				<i>Business-type Activities</i>			
	<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>		<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>
Total Net Position	\$ 100,037	\$ 38,802	\$ 138,839	Total Net Position	\$4,562,113	\$ (9,086)	\$4,553,027

Fund Financial Statements - Proprietary Funds

<i>Gas Utility</i>				<i>Water Utility</i>			
	<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>		<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>
Total Net Position	(13,520)	(1,453)	(14,973)	Total Net Position	270,054	(1,459)	268,595

<i>Tidelands</i>				<i>Tidelands Oil</i>			
	<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>		<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>
Total Net Position	336,414	(863)	335,551	Total Net Position	(30,296)	(333)	(30,629)

<i>Harbor</i>				<i>Non-Major Enterprise Funds</i>			
	<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>		<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>
Total Net Position	3,609,818	(2,922)	3,606,896	Total Net Position	425,629	(2,056)	423,573

<i>Internal Service Funds</i>			
	<i>As Previously Reported</i>	<i>GASB 75 Adjustment</i>	<i>As Adjusted</i>
Total Net Position	(178,506)	38,802	(139,704)

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

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

	Total Governmental Funds (Page 28)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 25)
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 274,877	\$ -	\$ 270,154	\$ (434,461)	\$ 110,570
Non-Pooled Cash and Cash Equivalents	39,285	-	97	-	39,382
Pooled Investments	-	-	-	119,136	119,136
Interest Receivable	-	168	21	-	189
Property Taxes Receivable, Net	90,005	-	-	(4,337)	85,668
Accounts Receivable	40,906	-	1,546	(42,452)	-
Notes and Loans Receivable	1,446	-	-	(1,446)	-
Due from Other Governments	46,265	-	40	-	46,305
Due from Other Funds	7,099	-	10,574	(17,673)	-
Allowance for Receivables	(29,313)	-	(131)	29,444	-
Accounts and Loans Receivables, Net	-	-	-	18,791	18,791
Internal Balances	-	-	-	34,749	34,749
Deposits	-	-	6,533	(6,533)	-
Inventory	-	-	2,314	-	2,314
Other Assets	2,679	-	-	6,533	9,212
Advances to Other Funds	3,809	-	-	(3,809)	-
Land Held for Resale	4,215	-	-	-	4,215
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	315,325	315,325
Other Noncurrent Receivables	199,149	-	-	-	199,149
Capital Assets:					
Nondepreciable	-	325,454	60,751	-	386,205
Depreciable, Net	-	300,349	85,168	-	385,517
Other Noncurrent Assets	-	-	10,765	-	10,765
Total Assets	<u>680,422</u>	<u>625,971</u>	<u>447,832</u>	<u>13,267</u>	<u>1,767,492</u>
Deferred Outflows of Resources	-	242,436	21,801	-	264,237
Total Assets and Deferred Outflows of Resources	<u>\$ 680,422</u>	<u>\$ 868,407</u>	<u>\$ 469,633</u>	<u>\$ 13,267</u>	<u>\$ 2,031,729</u>

(continued)

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LIABILITIES

Current Liabilities:

Accounts Payable	\$ 32,701	\$ -	\$ 16,489	\$ -	\$ 49,190
Accrued Wages and Benefits Payable	9,725	-	51,544	-	61,269
Accrued Interest Payable	-	3,561	1,738	-	5,299
Due to Other Governments	305	-	-	-	305
Due to Other Funds	11,594	-	596	(12,190)	-
Unearned Revenue	9,906	(3,840)	-	13,488	19,554
Deposits and Collections Held in Trust	6,418	-	7,070	(13,488)	-
Advances from Other Funds	6,423	-	-	(6,423)	-

Long-term Liabilities Due Within One Year:

Bonds Payable	-	18,595	5,530	(24,125)	-
Capital Leases Payable	-	1,969	2,450	(4,419)	-
Environmental Remediation	-	66	166	(232)	-
Accrued Self Insurance Claims Payable	-	-	25,915	(25,915)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	26,147	26,147
Total LT Debt and Other LT Obligations	-	-	-	28,544	28,544

Long-term Liabilities Due Beyond One Year:

Bonds Payable	-	325,012	49,681	(374,693)	-
Notes Payable	-	5,258	-	(5,258)	-
Capital Leases Payable	-	5,090	21,173	(26,263)	-
Other Long-term Obligation	-	-	41,007	(41,007)	-
Police and Fire Annuities Payable	-	10,574	-	(10,574)	-
Estimated Oil Field Abandonment Costs Payable	-	14,000	-	(14,000)	-
Environmental Remediation	-	363	2,475	(2,838)	-
Accrued Self Insurance Claims Payable	-	-	109,038	(109,038)	-
Employee Benefits Payable	-	-	125,872	(125,872)	-
Net OPEB Liability	-	-	35,473	-	35,473
Net Pension Liability	-	726,314	66,235	-	792,549
Total Employee Benefits and Accrued LT Obligations	-	-	-	262,322	262,322
Total LT Debt and Other LT Obligations	-	-	-	447,221	447,221

Total Liabilities	<u>77,072</u>	<u>1,106,962</u>	<u>562,452</u>	<u>(18,613)</u>	<u>1,727,873</u>
Deferred Inflows of Resources	<u>288,495</u>	<u>-</u>	<u>5,081</u>	<u>(119,123)</u>	<u>174,453</u>
Fund Balance / Net Position					
Total Fund Balance / Net Position	<u>314,855</u>	<u>(238,555)</u>	<u>(97,900)</u>	<u>151,003</u>	<u>129,403</u>
Total Liabilities, Deferred Inflows and Fund Balance / Net Position	<u>\$ 680,422</u>	<u>\$ 868,407</u>	<u>\$ 469,633</u>	<u>\$ 13,267</u>	<u>\$ 2,031,729</u>

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

	Total Governmental Funds (Page 30)	Debt and Capital Related Transactions	Internal Service Funds	Reclass and Adjust- ments	Statement of Activities (Pages 26 - 27)
Revenues:					
Taxes	\$ 353,690	\$ -	\$ -	\$ (441)	\$ 353,249
Franchise Fees	24,911	-	-	-	24,911
Licenses and Permits	25,456	-	-	(25,456)	-
Fines and Forfeitures	16,292	-	-	(16,292)	-
Use of Money and Property /					
Unrestricted Investment Earnings	40,991	-	942	(28,751)	13,182
From Other Agencies	170,780	-	-	(170,780)	-
Charges for Services	29,482	-	-	(29,482)	-
Other Contributions	249	-	-	(249)	-
Other	13,167	-	-	(13,167)	-
Program Revenue:					
Charges for Services	-	-	8,718	112,275	120,993
Operating Grants and Contributions	-	-	-	170,614	170,614
Capital Grants and Contributions	-	-	-	2,085	2,085
Other Financing Sources :					
Issuance of Long-term Debt	14,195	-	-	(14,195)	-
Transfers, Net	(4,554)	-	21,409	-	16,855
Total Revenues	<u>684,659</u>	<u>-</u>	<u>31,069</u>	<u>(13,839)</u>	<u>701,889</u>
Expenditures / Expenses:					
Current:					
Legislative and Legal	11,420	935	(541)	-	11,814
General Government	21,793	2,559	(483)	-	23,869
Public Safety	307,065	43,066	(5,773)	-	344,358
Public Health	42,819	3,903	(572)	-	46,150
Community and Cultural	152,005	8,551	(1,337)	(3,427)	155,792
Public Works	74,580	30,522	(1,330)	-	103,772
Oil Operations	2,352	4,114	-	-	6,466
Capital Improvements					
Capital Improvements	38,629	(38,629)	-	-	-
Debt Service:					
Principal	18,717	(18,717)	-	-	-
Interest on Long-Term Debt	16,763	(1,068)	3,409	-	19,104
Debt Administration Fees	434	(434)	-	-	-
Total Expenditures / Expenses	<u>686,577</u>	<u>34,802</u>	<u>(6,627)</u>	<u>(3,427)</u>	<u>711,325</u>
Net Change in Fund Balances	<u>\$ (1,918)</u>	<u>\$ (34,802)</u>	<u>\$ 37,696</u>	<u>\$ (10,412)</u>	<u>\$ (9,436)</u>

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NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2016 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Cash and investments in Pool	\$ 1,534,184
Non-pooled cash and investments	249,478
Total cash and investments	\$ 1,783,662

Cash and investments as of September 30, 2016 consist of the following:

Cash and deposits	\$ 219,252
Investments	1,564,410
Total cash and investments	\$ 1,783,662

A breakdown of cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2016 is as follows (in thousands):

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Fiduciary Funds</i>	<i>Total</i>
Pool Cash and Cash Equivalents	\$ 110,570	\$ 197,354	\$ 16,344	\$ 324,268
Non-pooled Cash and Cash Equivalents	39,382	67,580	7,771	114,733
Pool Investments	119,136	212,642	-	331,778
Non-pooled Investments	-	-	1,701	1,701
Noncurrent Pool Investments	315,325	562,813	-	878,138
Restricted Assets:				
Non-pooled Cash and Cash Equivalents	-	1,765	-	1,765
Non-pooled Investments	-	131,279	-	131,279
Total Deposits and Investments	\$ 584,413	\$ 1,173,433	\$ 25,816	\$ 1,783,662

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.

Investments Authorized by Debt Agreements

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

Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City had no investments that were highly sensitive to market interest rate changes as of September 30, 2016. 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.

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<i>Authorized Investment Type</i>	<i>Maximum Maturity</i>	<i>Maximum Percentage of Portfolio</i>	<i>Investment in One Issuer</i>
Bonds Issued by the City	5 years *	30%	None
U.S. Treasury Notes, Bonds, or Bills	5 years *	None	None
Registered State Warrants, Treasury Notes, or Bonds of the state of California	5 years *	30%	None
Local Agency Bonds	5 years *	30%	None
Federal Agency Securities	5 years *	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	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) (per account)	N/A	None	\$40 million
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.

Disclosures Relating to Interest Rate Risk

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

The following schedule indicates the interest rate risk of the City's investments as of September 30, 2016 (in thousands):

<i>Investment Type</i>	<i>Fair Value</i>	<i>Weighted Average Maturity (in years)</i>
Cash and investments in Pool		
Money market account	\$ 463	-
U.S. Treasury notes	246,620	1.73
Federal agency securities	1,043,474	1.86
Local Agency Investment Fund (LAIF)	27,049	-
Subtotal Pool	<u>1,317,606</u>	
Cash and deposits	<u>216,578</u>	N/A
Total Pool	<u><u>\$ 1,534,184</u></u>	
Non-pooled cash and investments		
Money market funds	\$ 113,824	-
U.S. Treasury notes	112,070	1.94
Guaranteed investment contracts	20,910	21.14
Subtotal Non-pooled	<u>246,804</u>	
Cash and deposits	<u>2,674</u>	N/A
Total non-pooled cash and investments	<u><u>\$ 249,478</u></u>	

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Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The minimum rating requirements for commercial paper, asset-backed securities, and medium-term notes is an A rating. Mortgage-backed security issuers must have a minimum AAA rating. State Warrants, State Treasury Notes, or bonds of the State are to be rated at a minimum of A1 / Sp-1 for short-term investments and Aa/AA for long-term investments.

The following are the actual ratings as of September 30, 2016 for each investment type (in thousands):

<i>Investment Type</i>	<i>Minimum Legal Rating</i>	<i>Rating as of Year End</i>				
		<i>Total</i>	<i>Not Required to be Rated</i>	<i>AAA</i>	<i>AA+</i>	<i>Unrated</i>
Cash and investments in Pool						
Money market account	AAA	\$ 463	\$ -	\$ 463	\$ -	\$ -
U.S. Treasury notes	N/A	246,620	246,620	-	-	-
Federal agency securities	N/A	1,043,474	-	43,364	1,000,110	-
Local Agency Investment Fund (LAIF)	N/A	27,049	-	-	-	27,049
Subtotal Pool		1,317,606	246,620	43,827	1,000,110	27,049
Cash and deposits	N/A	216,578	-	-	-	216,578
Total Pool		\$ 1,534,184	\$ 246,620	\$ 43,827	\$ 1,000,110	\$ 243,627
Non-pooled cash and investments						
Cash and deposits	N/A	\$ 2,674	\$ -	\$ -	\$ -	\$ 2,674
Money market funds	AAA	113,824	-	-	-	113,824
U.S. Treasury notes	N/A	112,070	-	112,070	-	-
Guaranteed Investment Contracts	N/A	20,910	-	-	-	20,910
Total non-pooled cash and investments		\$ 249,478	\$ -	\$ 112,070	\$ -	\$ 137,408

Concentration of Credit Risk

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

<i>Issuer</i>	<i>Investment Type</i>	<i>Reported Amount</i>
Federal Home Loan Bank	Federal agency securities	\$ 377,231
Federal Home Loan Mortgage Corporation	Federal agency securities	269,040
Federal National Mortgage Association	Federal agency securities	337,440
U.S. Treasuries	U.S. Treasury bills and notes	246,620

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

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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, 2016, the City reported deposits of \$230 million, collateralized in compliance with California Government Code, less \$11 million for checks outstanding.

Fair Value Hierarchy

The City has the following recurring fair value measurements as of September 30, 2016:

U.S. Treasury Notes, valued at \$35.4 million, are classified in Level 1 of the fair value hierarchy as the valuation is based on quoted prices in active markets.

U.S. Treasury Notes totaling \$323.3 million and Federal Agencies securities totaling \$1.04 billion, are classified in Level 2 of the fair value hierarchy, as the valuation uses a market-based model which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices. These prices are obtained from various pricing sources by our custodian bank.

Local Agency Investment Funds (LAIF) totaling \$27.0 million is measured at fair value, however, the investment is not required to be leveled.

Money Market Funds and Guaranteed Investment Contracts totaling \$114.3 million and \$20.9 million, respectively, are not subject to the fair value hierarchy as the investments are reported at amortized cost and contract value, respectively.

The following table categorizes the City's investments within the fair value Hierarchy as of September 30, 2016 (in thousands):

<i>Investments at Fair Value Level</i>	<i>Total</i>	<i>Fair Value Measurement</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Debt Securities				
U.S. Treasury notes	\$ 358,690	\$ 35,421	\$ 323,269	\$ -
Federal agency securities	1,043,474	-	1,043,474	-
Total investments at fair value	<u>1,402,164</u>	<u>\$ 35,421</u>	<u>\$ 1,366,743</u>	<u>\$ -</u>
<i>Other Investments at Fair Value</i>				
Local Agency Investment Fund (LAIF)	27,049			
<i>Other Investments at Cost or Contract Value</i>				
Money market funds	114,287			
Guaranteed investment contracts	<u>20,910</u>			
Total investments	<u>\$ 1,564,410</u>			

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NOTE 5 – RECEIVABLES

Receivables at September 30, 2016 for the City’s individual major funds, nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands). Governmental activities interest receivable in the Statement of Net Position includes \$168 thousand in federal interest subsidies of the Agency’s Build America and Recovery Zone Economic Development Bonds. All receivables are expected to be collected within one year except for delinquent property taxes, notes and loans and Other Noncurrent Receivables.

	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Internal Service Funds</i>	<i>Total</i>
Governmental Activities:				
Receivables:				
Interest	\$ -	\$ -	\$ 21	\$ 21
Taxes	90,005	-	-	90,005
Accounts, Unrestricted	38,661	2,245	1,546	42,452
Notes and Loans	1,446	-	-	1,446
Due from Other Governments	18,984	27,281	40	46,305
Other Noncurrent Receivables	-	199,149	-	199,149
Total Receivables	149,096	228,675	1,607	379,378
Less Allowance for Receivables	(28,243)	(1,070)	(131)	(29,444)
Net Receivables	<u>\$ 120,853</u>	<u>\$ 227,605</u>	<u>\$ 1,476</u>	<u>\$ 349,934</u>

	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands</i>	<i>Tideland Oil Revenue</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Total</i>
Business-Type Activities:							
Receivables:							
Interest, Unrestricted	\$ 20	\$ 10	\$ 74	\$ -	\$ 190	\$ 107	\$ 401
Accounts, Unrestricted	4,974	6,275	4,906	11,080	51,947	14,977	94,159
Due from Other Governments	-	-	28	-	66,290	3,697	70,015
Total Receivables	4,994	6,285	5,008	11,080	118,427	18,781	164,575
Less Allowance for Receivables	(224)	(265)	(434)	-	(1,340)	(612)	(2,875)
Net Receivables	<u>\$ 4,770</u>	<u>\$ 6,020</u>	<u>\$ 4,574</u>	<u>\$ 11,080</u>	<u>\$ 117,087</u>	<u>\$ 18,169</u>	<u>\$ 161,700</u>

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NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2016 is as follows (in thousands):

	<i>Receivable - Due to:</i>							<i>Total Due from</i>
	<i>Nonmajor Gov'tal</i>			<i>Nonmajor Proprietary</i>			<i>Internal Service</i>	
	<i>General</i>	<i>Funds</i>	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands</i>	<i>Funds</i>	<i>Funds</i>	
Payable- Due from:								
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 4,901	\$ 5,401
Nonmajor Gov'tal	5,361	75	-	-	-	20	737	6,193
Gas Utility	177	-	-	-	-	-	268	445
Water Utility	307	3	-	-	-	48	1,823	2,181
Tidelands	-	-	-	-	-	-	399	399
Tidelands Oil Revenue	-	-	-	-	1,272	-	55	1,327
Harbor	234	914	-	23	18,895	71	962	21,099
Nonmajor Proprietary	12	16	-	-	-	9	863	900
Internal Service	-	-	30	-	-	-	566	596
Total Due to	<u>\$ 6,091</u>	<u>\$ 1,008</u>	<u>\$ 30</u>	<u>\$ 23</u>	<u>\$ 20,167</u>	<u>\$ 648</u>	<u>\$ 10,574</u>	<u>\$ 38,541</u>

	<i>Receivable - Advances from:</i>				
	<i>Nonmajor Govern- mental</i>		<i>Nonmajor Proprietary Funds</i>		<i>Total Advances to</i>
	<i>General</i>	<i>Harbor</i>	<i>Harbor</i>	<i>Funds</i>	<i>to</i>
Payable - Advances to:					
General	\$ -	\$ -	\$ 2,614	\$ 2,614	\$ 2,614
Nonmajor Governmental	3,809	-	-	-	3,809
Tidelands	-	1,300	-	-	1,300
Total Advances from	<u>\$ 3,809</u>	<u>\$ 1,300</u>	<u>\$ 2,614</u>	<u>\$ 7,723</u>	<u>\$ 7,723</u>

Due to / Due from Other Funds

The General Fund has provided \$5.4 million to non-major governmental funds. Of this amount, \$2.5 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 the Workforce Investment Act. In addition, the General Fund provided the General Grants Fund \$2.3 million for temporary cash flow in order to cover expenses for the Urban Area Security Initiative Grant.

As of September 30, 2016, \$1.3 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund. This is comprised of approximately \$600 thousand of in net oil profits and \$700 thousand in amounts due under the ‘1992 Optimized Waterflood Program Agreement.’ Under the Agreement, the Tidelands Fund receives 8.5 percent of the incremental oil revenue generated by the injection of water into the Tidelands area oil fields.

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 2016 operating revenues is \$18.9 million and will be paid in fiscal year 2017.

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.

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The Subsidence Fund advanced interest earnings on reserves to the General fund in the amount of \$4.1 million in both fiscal years 2005 and 2006. In fiscal year 2007, the General Fund started repayment of \$500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2016 is \$3.1 million, of which \$2.1 million is long-term and \$500 thousand is current.

In fiscal year 2001, 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 low and very low-income affordable rental housing. 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, 2016.

Interfund Transfers

The City regularly transfers current financial resources from one fund to another, such as for the reimbursement of services. At September 30, 2016, interfund transfers are as follows (in thousands):

	<i>Transfers To:</i>				
	<i>General</i>	<i>Nonmajor Governmental Funds</i>	<i>Tidelands Operating</i>	<i>Internal Service Funds</i>	<i>Total Transfers Out</i>
Transfers Out of:					
General	\$ -	\$ 31,166	\$ -	\$ 16,801	\$ 47,967
Nonmajor Governmental	4,089	8,783	-	4,356	17,228
Gas	10,351	63	-	1,061	11,475
Nonmajor Proprietary	-	538	-	4,182	4,720
Tideland Oil Revenue	-	-	9,681	-	9,681
Harbor	-	660	18,033	-	18,693
Internal Service Funds	4,967	24	-	598	5,589
Total Transfers In	<u>\$ 19,407</u>	<u>\$ 41,234</u>	<u>\$ 27,714</u>	<u>\$ 26,998</u>	<u>\$ 115,353</u>

Significant transfers include the following:

The General Fund transferred a total of \$31.2 million to non-major governmental funds in fiscal year 2016. Of this \$10.8 million was transferred to the General Debt Service Fund for the payment of principal, interest, and fiscal agent fees; \$18.3 million was transferred to the General Capital Projects Fund for ongoing projects such as street and sidewalk construction, building improvements, maintenance and repair; and \$1.4 million was transferred to the Agency to cover disallowed costs.

Non-major governmental funds transferred \$8.8 million to other non-major governmental funds. Significant transfers include the Agency transferring \$5.1 million to the Capital Projects Fund for the North Library Project; \$1.3 million to the Agency and the Housing Development Fund for debt service payments. The agency transferred \$1.3 million to Employee Benefit Fund to offset unfunded pension liability related to former Redevelopment Agency employees.

The Harbor transferred \$18.0 million to the Tidelands Fund as allowed by the City Charter. The Tidelands Oil Revenue Fund transferred \$2.4 million under the optimized water flood program and an additional \$7.3 million in accordance with Measure D to the Tidelands Fund. The Gas Utility Fund transferred \$10.4 million to the General Fund as allowed by City Charter.

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activity for the year ended September 30, 2016 is as follows (in thousands):

<i>Governmental Activities:</i>	<i>Balance at October 1, 2015</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30, 2016</i>
Capital Assets not being Depreciated:					
Land ¹	\$ 244,124	\$ 7,533	\$ (1,473)	\$ (12,008)	\$ 238,176
Rights-of-way	81,340	-	-	-	81,340
Construction In Progress	16,847	83,040	(1,901)	(31,297)	66,689
Total Capital Assets not being Depreciated	<u>342,311</u>	<u>90,573</u>	<u>(3,374)</u>	<u>(43,305)</u>	<u>386,205</u>
Capital Assets being Depreciated:					
Buildings	296,551	-	-	22,324	318,875
Improvements Other than Buildings	110,917	-	-	961	111,878
Infrastructure	425,940	-	-	480	426,420
Machinery and Equipment	61,752	838	(1,732)	-	60,858
Vehicles and Aircraft	99,756	14,453	(2,319)	-	111,890
Software and Patents	23,628	27	-	-	23,655
Total Capital Assets being Depreciated	<u>1,018,544</u>	<u>15,318</u>	<u>(4,051)</u>	<u>23,765</u>	<u>1,053,576</u>
Less Accumulated Depreciation for:					
Buildings	(142,278)	(7,843)	-	-	(150,121)
Improvements Other than Buildings	(58,646)	(4,953)	-	-	(63,599)
Infrastructure	(299,263)	(12,343)	-	-	(311,606)
Machinery and Equipment	(50,457)	(2,816)	1,687	-	(51,586)
Vehicles and Aircraft	(75,614)	(5,334)	2,315	-	(78,633)
Software and Patents	(11,488)	(1,026)	-	-	(12,514)
Total Accumulated Depreciation	<u>(637,746)</u>	<u>(34,315)</u>	<u>4,002</u>	<u>-</u>	<u>(668,059)</u>
Total Capital Assets being Depreciated, Net	<u>380,798</u>	<u>(18,997)</u>	<u>(49)</u>	<u>23,765</u>	<u>385,517</u>
Governmental Activities Capital Assets, Net	<u>\$ 723,109</u>	<u>\$ 71,576</u>	<u>\$ (3,423)</u>	<u>\$ (19,540)</u>	<u>\$ 771,722</u>

¹ During fiscal year 2016, the old Long Beach Superior Courthouse was demolished to make way for a new Long Beach Civic center. A segment of the related land, 232,000-square-feet, was transferred to Harbor for a new Port of Long Beach headquarters building.

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

General Government	\$ 102
Public Safety	4,616
Public Health	463
Community and Cultural	5,633
Public Works	13,997
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>9,504</u>
Total governmental activities depreciation	<u>\$ 34,315</u>

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Capital asset activity for business-type activities for the year ended September 30, 2016 is as follows (in thousands):

<i>Business-type Activities:</i>	<i>Balance at October 1, 2015</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30, 2016</i>
Capital Assets not being Depreciated:					
Land	\$ 993,728	\$ 8,365	\$ (34)	\$ 12,008	\$ 1,014,067
Rights-of-way	212,451	-	-	-	212,451
Water Rights	40	-	-	-	40
Construction In Progress	1,320,321	492,835	(37,491)	(228,336)	1,547,329
Total Capital Assets not being Depreciated	<u>2,526,540</u>	<u>501,200</u>	<u>(37,525)</u>	<u>(216,328)</u>	<u>2,773,887</u>
Capital Assets being Depreciated:					
Buildings	3,386,307	-	(8,436)	160,316	3,538,187
Improvements Other than Buildings	569,666	-	(181)	19,577	589,062
Infrastructure	1,269,644	-	(12,730)	48,443	1,305,357
Machinery and Equipment	83,918	4,274	(68)	-	88,124
Vehicles and Aircraft	32,237	35,870	(3,521)	-	64,586
Software and Patents	21,618	3,405	(1,374)	-	23,649
Total Capital Assets being Depreciated	<u>5,363,390</u>	<u>43,549</u>	<u>(26,310)</u>	<u>228,336</u>	<u>5,608,965</u>
Less Accumulated Depreciation for:					
Buildings	(1,545,108)	(136,824)	98	-	(1,681,834)
Improvements Other than Buildings	(284,399)	(19,699)	22	-	(304,076)
Infrastructure	(751,297)	(30,572)	1,845	-	(780,024)
Machinery and Equipment	(58,549)	(7,486)	23	-	(66,012)
Vehicles and Aircraft	(21,851)	(2,301)	3,516	-	(20,636)
Software and Patents	(9,755)	(3,899)	-	-	(13,654)
Total Accumulated Depreciation	<u>(2,670,959)</u>	<u>(200,781)</u>	<u>5,504</u>	<u>-</u>	<u>(2,866,236)</u>
Total Capital Assets being Depreciated, Net	<u>2,692,431</u>	<u>(157,232)</u>	<u>(20,806)</u>	<u>228,336</u>	<u>2,742,729</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,218,971</u>	<u>\$ 343,968</u>	<u>\$ (58,331)</u>	<u>\$ 12,008</u>	<u>\$ 5,516,616</u>

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

Gas	\$ 6,302
Tidelands	19,476
Harbor	146,721
Water	11,169
Non-major Business-type Funds:	
Sewer	2,187
Solid Waste Management	4,318
Airport	10,590
Development Services	18
Total Business-type Activities Depreciation	<u>\$ 200,781</u>

Capitalized Interest

The Harbor, Airport, Tidelands, Gas Utility, Water Utility and Sewer Utility capitalized interest of \$11.5 million, \$95 thousand, \$1.8 million, \$414 thousand, \$587 thousand, and \$117 thousand, respectively, in capital assets.

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NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended September 30, 2016 are as follows (in thousands).

	<i>Balance at October 1, 2015</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at September 30, 2016</i>	<i>Due Within One Year</i>
<u>Governmental Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 122,960	\$ 13,150	\$ (8,519)	\$ 127,591	\$ 9,945
Tax Allocation Bonds	267,415	-	(13,539)	253,876	14,180
Plus (Less) Unamortized Amounts:					
Premium	17,741	1,045	(1,300)	17,486	-
Discount	(155)	-	20	(135)	-
Total Bonds Payable	407,961	14,195	(23,338)	398,818	24,125
Notes, Loans and LOC Payable	5,117	141	-	5,258	-
Capital Leases	33,978	1,200	(4,496)	30,682	4,419
Police and Fire Annuities	11,213	1,481	(2,120)	10,574	-
Estimated Oil Field Abandonment Costs	10,000	4,000	-	14,000	-
Environmental Remediation	7,730	6	(4,666)	3,070	232
Accrued Self-Insured Claims	130,621	27,498	(23,166)	134,953	25,915
Accrued Employee Benefits	210,291	9,057	(93,476)	125,872	-
Net OPEB Liability ¹	33,406	2,067	-	35,473	-
Net Pension Liability	622,672	169,962	(85)	792,549	-
Other Long-term Obligations	-	41,007	-	41,007	-
Total, Governmental Activities	<u>\$ 1,472,989</u>	<u>\$ 270,614</u>	<u>\$ (151,347)</u>	<u>\$ 1,592,256</u>	<u>\$ 54,691</u>
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 1,610,130	\$ 28,945	\$ (99,170)	\$ 1,539,905	\$ 75,575
Plus (Less) Unamortized Amounts:					
Premium	86,740	4,850	(9,463)	82,127	-
Discount	(98)	-	23	(75)	-
Total Bonds Payable	1,696,772	33,795	(108,610)	1,621,957	75,575
Notes, Loans and LOC Payable	456,730	25,000	(131,288)	350,442	25
Premium	42,519	-	(13,068)	29,451	-
Discount	(1)	1	-	-	-
Total Notes, Loans and Lines of Credit Payable	499,248	25,001	(144,356)	379,893	25
Capital Leases	19,752	-	(1,585)	18,167	1,512
Due to State of California	6,872	33,768	(31,865)	8,775	8,775
Estimated Oil Field Abandonment Costs	53,900	29,700	-	83,600	-
Fair Value of Derivative	15,189	1,730	-	16,919	-
Accrued Claims Liability	-	8,600	-	8,600	8,600
Accrued Employee Benefits	-	9,324	-	9,324	-
Net OPEB Liability ¹	9,087	562	-	9,649	-
Net Pension Liability	244,335	67,118	-	311,453	-
Other Long-term Obligations	-	49,067	-	49,067	-
Site Restoration	1,000	-	-	1,000	-
Total, Business-Type Activities	<u>\$ 2,546,155</u>	<u>\$ 258,665</u>	<u>\$ (286,416)</u>	<u>\$ 2,518,404</u>	<u>\$ 94,487</u>

¹ Beginning balance adjusted due to GASB 75 implementation

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NOTE 9 – BONDS PAYABLE

At September 30, 2016, bonded indebtedness consisted of the following (in thousands):

<i>Description</i>	<i>Date Issued</i>	<i>Final Maturity</i>	<i>Range of Interest Rates</i>	<i>Authorized and Issued</i>	<i>Outstanding September 30, 2016</i>
GOVERNMENTAL ACTIVITIES					
LEASE REVENUE 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	1.1% - 5.0%	15,120	4,831
Parks and Open Spaces	11/07/06	05/01/31	4.0% - 5.0%	24,320	24,320
Courthouse Demolition Revenue Bonds 2016	01/13/16	08/01/26	2.0% - 5.0%	13,150	13,150
Premium (Discount)				-	5,465
Subtotal, General City Bonds				85,559	80,735
TAX ALLOCATION BONDS:					
1992 Multiple Series -					
Downtown Project Refunding	12/01/92	11/01/17	5.5% - 6.0%	81,020	7,976
West Long Beach Industrial	12/01/92	11/01/17	5.5% - 6.0%	36,470	3,595
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.25% - 5.5%	21,860	12,055
2002B Downtown	12/05/02	11/01/22	2.25% - 5.5%	25,920	22,615
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	5,800
2005C North Long Beach Project	02/01/06	08/01/31	3.25% - 5.50%	27,145	22,500
2010A North Long Beach Recover Zone	05/12/10	08/01/40	2.39% - 8.36%	22,235	22,235
2010B North Long Beach Build America	05/12/10	08/01/25	2.39% - 8.36%	10,745	7,015
2015AB SA Tax Alloc Rev	06/23/15	08/01/40	4.00% - 5.00%	155,820	150,085
Premium/Discount				-	8,996
Subtotal, Tax Allocation Bonds				389,115	262,872
INTERNAL SERVICE FUND BONDS:					
2012A LB Bond Fin Auth Lease Revenue	11/28/12	08/01/31	4.0% - 5.0%	21,661	21,661
2002 Pension Obligation Refunding Bonds	08/15/02	09/01/21	5.18%	76,550	30,660
Premium/Discount				-	2,890
Subtotal, Internal Service Fund Bonds				98,211	55,211
Total, Governmental Activities				\$ 572,885	\$ 398,818

(continued)

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<i>Description</i>	<i>Date Issued</i>	<i>Final Maturity</i>	<i>Range of Interest Rates*</i>	<i>Authorized and Issued</i>	<i>Outstanding September 30, 2016</i>
BUSINESS-TYPE ACTIVITIES					
ENTERPRISE FUND BONDS:					
Gas Utility Fund:					
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.5%	\$ 635,665	\$ 530,780
2007B Natural Gas Purchase	10/18/07	11/15/33	4.9% - 5.07%	251,695	69,005
Premium/Discount				-	12,492
Subtotal, Gas Utility Bonds				<u>887,360</u>	<u>612,277</u>
Tidelands Fund:					
2012 Aquarium Bonds	03/14/12	11/01/30	3.5% - 5.0%	102,580	85,655
2015 Marina Revenue Bonds	06/03/15	05/15/45	4.0% - 5.0%	114,015	114,015
2016 Rainbow Refunding bonds	07/26/16	08/01/23	3.0% - 5.0%	19,115	19,115
Premium/Discount				-	17,853
Subtotal, Tidelands Bonds				<u>235,710</u>	<u>236,638</u>
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.0% - 6.0%	206,330	47,030
2010A Harbor	04/22/10	05/15/25	0.4% - 5.0%	200,835	136,715
2010B Harbor	05/12/10	05/15/27	3.0% - 5.0%	158,085	127,660
2014A Harbor	04/24/14	05/15/17	2.0% - 5.0%	38,465	12,730
2014B Harbor	04/24/14	05/15/27	3.0% - 5.0%	20,570	20,570
2015A Harbor	04/16/15	05/15/23	4.0% - 5.0%	44,845	44,845
2015B Harbor	04/16/15	05/15/25	5.0%	20,130	20,130
2015C Harbor	07/15/15	05/15/32	5.0%	66,085	66,085
2015D Harbor	07/15/15	05/15/42	5.0%	66,865	66,865
Premium/Discount				-	45,762
Subtotal, Harbor Bonds				<u>822,210</u>	<u>588,392</u>
Water Utility Fund:					
2010A Water	09/15/10	05/01/24	3.0% - 5.0%	22,740	19,795
2012 Water	08/30/12	05/01/27	2.0% - 5.0%	9,850	7,845
Premium/Discount				-	2,303
Subtotal, Water Utility Bonds				<u>32,590</u>	<u>29,943</u>
Non-Major Enterprise Funds:					
2009A Airport	12/08/09	06/01/22	4.0% - 5.0%	9,795	8,925
2009C Airport	12/08/09	06/01/39	7.0% - 7.8%	44,890	44,890
2010A Airport	11/23/10	06/01/40	4.0% - 5.0%	48,435	44,715
2010B Airport	11/23/10	06/01/40	3.0% - 5.0%	12,965	11,685
2003 SERRF	11/12/03	12/01/18	4.0% - 5.375%	120,235	31,020
2016 Sewer	08/24/16	05/01/36	4.0% - 5.0%	9,830	9,830
Premium/Discount				-	2,571
Subtotal, Non-Major Enterprise Bonds				<u>246,150</u>	<u>153,636</u>
Total, Business-Type				<u>2,224,020</u>	<u>1,620,886</u>
Grand Total, Primary Government Bonds Payable				<u>\$ 2,796,905</u>	<u>\$ 2,019,704</u>

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Governmental Funds

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

<i>Year Ending</i>	<i>Government Funds</i>		<i>Internal Service Funds</i>		<i>Annual Debt Service Requirements</i>		
	<i>Lease Revenue</i>	<i>Tax Allocation</i>	<i>Pension Obligation</i>	<i>Lease Revenue</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 4,415	\$ 14,180	\$ 5,530	\$ -	\$ 24,125	\$ 18,158	\$ 42,283
2018	5,087	14,530	5,815	773	26,205	17,191	43,396
2019	4,675	15,300	6,115	1,410	27,500	16,108	43,608
2020	4,887	15,945	6,435	1,473	28,740	14,899	43,639
2021	5,113	15,405	6,765	1,542	28,825	13,582	42,407
2022 - 2026	29,167	69,290	-	8,938	107,395	50,609	158,004
2027 - 2031	21,926	46,590	-	7,525	76,041	29,260	105,301
2032 - 2036	-	39,000	-	-	39,000	12,548	51,548
2037 - 2040	-	23,636	-	-	23,636	3,225	26,861
Subtotal	75,270	253,876	30,660	21,661	381,467	175,580	557,047
Premium / Discount	5,465	8,996	(63)	2,953	17,351	-	17,351
Totals	\$ 80,735	\$ 262,872	\$ 30,597	\$ 24,614	\$398,818	\$175,580	\$574,398

New Debt Issuance - Courthouse Demolition Revenue Bonds

In January 2016, the Long Beach Bond Financing Authority issued \$13.2 million in Lease Revenue Bonds 2016 Series A (Courthouse Demolition Project) to finance the costs of hazardous materials abatement and demolition of the old County of Los Angeles Courthouse located on property owned by the City, the relocation of the 3rd Street and Pacific Avenue storm drain, and one-time and construction costs related to the City's Civic Center project. The 2016 Series A bonds are payable through August 1, 2026 with total debt service in the amount of \$15,933,000. The interest rates range from 2.0 percent to 5.0 percent. The bonds are secured by revenues, consisting primarily of Lease Payments made by the City.

Advance Refundings

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

In February 2006, the Agency issued \$35.0 million in LBBFA Tax Allocation Revenue Bonds Downtown and North Long Beach Redevelopment Project Areas 2005 Series C bonds (Series C bonds). The Series C bonds were issued to (a) purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) and (b) the outstanding Redevelopment Agency of the City of Long Beach 2002 Tax Allocation bonds (North Long Beach Redevelopment Project) in order to advance refund a portion of the outstanding LBBFA Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High, and West Beach Redevelopment Project Areas) 2002 Series A and to finance certain

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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.

Business-Types Funds

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

<i>Year Ending</i>	Business-Type Activities							
	<i>Enterprise Funds</i>							
	<i>Major Funds</i>				<i>Non</i>			
	<i>Gas</i>	<i>Tidelands</i>	<i>Harbor</i>	<i>Water</i>	<i>Major</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 8,120	\$ 6,930	\$ 44,905	\$ 2,730	\$ 12,890	\$ 75,575	\$ 78,127	\$ 153,702
2018	8,925	7,900	47,190	2,815	13,400	80,230	74,643	154,873
2019	10,290	8,315	45,965	2,930	14,105	81,605	70,643	152,248
2020	11,905	8,805	37,300	3,050	3,375	64,435	66,677	131,112
2021	13,990	9,345	39,110	3,170	3,535	69,150	63,456	132,606
2022 - 2026	100,815	45,315	200,160	12,085	20,260	378,635	259,755	638,390
2027 - 2031	151,285	52,705	52,740	860	25,615	283,205	173,384	456,589
2032 - 2036	146,365	22,410	31,305	-	32,610	232,690	116,142	348,832
2037 - 2041	148,090	28,595	35,710	-	25,275	237,670	30,990	268,660
2042 - 2045	-	28,465	8,245	-	-	36,710	4,057	40,767
Subtotal	599,785	218,785	542,630	27,640	151,065	1,539,905	937,874	2,477,779
Premium / Discount	12,492	17,853	45,762	2,303	2,571	80,981	-	80,981
Totals	\$ 612,277	\$ 236,638	\$ 588,392	\$ 29,943	\$ 153,636	\$ 1,620,886	\$ 937,874	\$ 2,558,760

During fiscal year 2016, the City had the following new debt issuances in the business-type funds:

Rainbow Harbor Refunding Bonds

In July 2016, the Long Beach Bond Finance Authority issued \$19.1 million in Lease Revenue Bonds 2016 Series B (Rainbow Harbor Refinancing Project) (2016 Series B) to refinance costs of improvements in the Rainbow Harbor area of the City of Long Beach including the refunding of the Long Beach Bond Finance Authority Lease Revenue Refunding Bonds 2006 Series A (Rainbow Harbor Refinancing Project) and pay costs of issuance for the bonds. The 2016 Series B bonds are payable through August 1, 2023 with total debt service in the amount of \$22,688,000. The interest rates range from 3.0 percent to 5.0 percent. The refunding resulted in an accounting loss of \$107,000, which will be recognized over the life of the bonds. Aggregate debt service decreased by \$2,629,000, thereby resulting in an economic gain of \$3,334,000.

Senior Sewer Revenue Refunding Bonds - Series 2016A

On September 7, 2016, the Sewer Fund issued \$9.8 million in Senior Sewer Revenue Refunding Bonds, Series 2016A (Bonds) to provide funds to (a) refund the outstanding principal for the Wells Fargo Revolving Line of Credit and (b) pay the cost of issuing the Series 2016A Bonds. The objective of this debt refinancing was to take advantage of low fixed rates and provide the Sewer Utility with certainty in its future debt service payment requirements.

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The Bonds bear interest ranging from 4.0 percent to 5.0 percent per annum payable in May and November of each year, commencing in November of 2016. Principal payments are due every May commencing on in 2017 with bond terms maturing through the year 2036. The Bonds and any Parity Obligations are secured by a first lien upon and pledge of all of the net revenues of the Sewer Utility.

Pledged Revenues

The Agency has pledged a portion of property tax revenues attributable to the Project Areas of the former Redevelopment Agency to repay tax allocation bonds issued in between 1992 and 2015. The bonds were issued to finance either redevelopment activities within various project areas or to refinance existing debt that was originally issued for the same purpose. Property tax revenues attributable to the Project Areas of the former Redevelopment Agency are projected to produce 100 percent of the debt service requirements over the life of the bonds. As of September 30, 2016, total principal and interest requirement for the bonds is \$388.3 million (\$253.9 million for principal and \$134.4 for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$26.5 million.

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, 2016, 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:	10/01/25 – 10/1/40
• Range of Interest Rates:	2.0% – 6.30%
• Amounts Authorized and Issued:	\$1,060,000 – \$43,000,000
• Range of Amounts Outstanding:	\$835,000 – \$33,060,000
• Aggregate Outstanding at September 30, 2016:	\$56,655,000

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

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.

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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 do not constitute a debt of the City; therefore, no liability has been recorded in the City’s books. The Bonds will mature in October 2040 and carry interest rates ranging from 2.0 percent to 6.0 percent.

Toledo Utility Underground

In June 2010, Assessment District No. 08-01 (the Toledo Utility Undergrounding) issued \$1.1 million of Limited Obligation Improvement Bonds. The Bonds were issued under the provisions of the City Code, and where applicable, the Improvement Bond Act of 1915, 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, 2016, the City’s Conduit Debt outstanding consisted of the following (in thousands):

<u>Description</u>	<u>Final Maturity</u>	<u>Amount Authorized</u>	<u>Outstanding at September 30, 2016</u>
Carnival Bonds	2030	\$ 30,000	\$ 25,255
Grisham Housing Bonds Series A	2035	10,245	1,176
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 26,431</u>

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

At September 30, 2016, the City had notes, loans payable and other long-term obligations, consisting of the following (in thousands):

<u>Description</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Range of Interest Rates</u>	<u>Authorized and Issued</u>	<u>Outstanding at September 30, 2016</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
Successor Agency Fund:					
Los Angeles County	01/21/92	12/10/31	3.75%	\$ 5,258	\$ 5,258
OTHER LONG-TERM OBLIGATIONS:					
Civic Center Fund:					
New Civic Center Complex	N/A	N/A	N/A	-	41,007
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	10,574
Total, Governmental Activities				<u>\$ 42,858</u>	<u>\$ 56,839</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
Tidelands Fund:					
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.5%	\$ 700	\$ 435
Southern Calif Edison Project 2417	04/06/12	10/20/21	0.0%	13	7
Total Tidelands Fund				<u>713</u>	<u>442</u>
Harbor Fund:					
Harbor Short Term Note 2014c	06/12/14	11/15/18	Variable	325,000	325,000
Premium/Discount				-	30,522
Line of Credit 2016	07/12/16	07/11/19	Variable	200,000	25,000
Total Harbor Fund				<u>525,000</u>	<u>380,522</u>
OTHER LONG-TERM OBLIGATIONS:					
Harbor Fund					
Port of Long Beach Headquarters	N/A	N/A	N/A	-	49,067
Total, Business-Type Activities				<u>\$ 525,713</u>	<u>\$ 430,031</u>

Governmental Activities

Successor Agency Fund Loans

The Agency has an agreement with the Los Angeles County Office of Education and the County of Los Angeles (County Entities) whereby the County Entities' share of the net tax increment generated by the Los Altos Project area shall be deferred through 2020. The deferral accrues simple interest at a rate of 3.8%. The outstanding balance of the deferral and any accrued interest are due prior to the termination of the project area in 2031. The balance at September 30, 2016 totaled \$5.3 million.

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

<u>Year ending</u>	<u>Governmental Activities</u>			
	<u>Successor Agency</u>	<u>Annual Debt Service Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ -	\$ -	\$ -
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022 - 2026	-	-	-	-
2027 - 2031	-	-	-	-
2032 - 2035	5,258	5,258	-	5,258
Total	<u>\$ 5,258</u>	<u>\$ 5,258</u>	<u>\$ -</u>	<u>\$ 5,258</u>

Police and Fire Annuity Obligation Program

The City administers a Police and Fire Annuity Program (Program). Enrollment in the Program was terminated in 1945. The Program covers a diminishing number of public safety retirees or their surviving spouses. Total expenditures amounted to \$2.1 million for the fiscal year ended September 30, 2016. Program benefits are funded on a *pay-as-you-go* basis and the Program has no assets.

At September 30, 2016, the program liability was \$10.6 million and there were 24 remaining participants. The change in the Program's accrued liability is as follows (in thousands):

Accrued Program Liability at October 1, 2015	\$ 11,213
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(2,120)
Estimated Change in Annualized Value of Benefits	<u>1,481</u>
Accrued Program Liability at September 30, 2016	<u>\$ 10,574</u>

The number of program participants diminishes each year. Since fiscal year 2011, participation in the Program has decreased by 25 individuals to 24 total participants. The following table summarizes total annuity benefits paid, accrued liability and number of participants in the Program for the last five fiscal years (dollars in thousands):

<u>Year Ending</u>	<u>Number of Participants</u>	<u>Annuity Benefits Paid</u>	<u>Accrued Program Liability</u>
2012	49	\$ 3,260	\$ 14,224
2013	43	3,067	14,183
2014	38	2,826	12,514
2015	31	2,400	11,213
2016	24	2,120	10,574

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Business-Type Activities

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

<u>Year ending</u>	<u>Business-Type Activities</u>				
	<u>Principal Payments</u>		<u>Annual Debt Service Requirements</u>		
	<u>Tidelands</u>	<u>Harbor</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 25	\$ -	\$ 25	\$ 15,663	\$ 15,688
2018	26	-	26	15,662	15,688
2019	27	350,000	350,027	7,839	357,866
2020	28	-	28	16	44
2021	28	-	28	15	43
2022 - 2026	157	-	157	56	213
2027 - 2031	152	-	152	18	170
Subtotal	443	350,000	350,443	39,269	389,712
Premium / Discount	(1)	30,522	30,521	-	30,521
Totals	<u>\$ 442</u>	<u>\$ 380,522</u>	<u>\$ 380,964</u>	<u>\$ 39,269</u>	<u>\$ 420,233</u>

Tidelands Loans

The Tidelands Fund entered into a loan agreement with the Department of Boating and Waterways for construction and improvements to the lighthouse with a harbor master's office. The total amount authorized and issued was \$700 thousand as of September 30, 2016, with an interest rate of 4.50%. The amount outstanding at September 30, 2016 was \$435 thousand.

During fiscal years 2012 and 2013, the City entered into loan agreements with Southern California Edison (SCE) to fund municipal energy efficiency projects. The amount outstanding at September 30, 2016 was \$7 thousand.

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.

Harbor Revolving Lines of Credit

In July 2016, the Harbor authorized the issuance of \$200.0 million in Subordinate Harbor Revenue Revolving Obligations. Union Bank will provide two revolving lines of credit (a tax-exempt and taxable revolving line of credit) that will allow the Harbor to borrow up to \$200.0 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, 2016, the outstanding balance on this line of credit was \$25.0 million.

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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.

Other Long-term Obligation

New Civic Center Complex

During fiscal 2016, the City entered into a multi-party Public-Private Partnership (P3) agreement (Project Agreement) with an unrelated third party that will result in the construction of a new LEED-certified City Hall, headquarters building for the Port of Long Beach (Harbor), Main Library, and a revitalized Lincoln Park (the Project). The Project Agreement requires Plenary Edgemoor Civic Partners, LLC (PECP) to arrange for the financing of the Civic Center Project through privately placed taxable debt and equity.

The estimated \$522.5 million Project comprises two components; a \$300.7 million City project consisting of a new City Hall, new Main Library and revitalized Lincoln Park (City Project Assets) and a \$221.8 million new Harbor headquarters building. Certain common areas will be jointly owned by both the City and the Harbor. The Project Agreement requires PECP to design, build, operate, and maintain the Civic Center complex.

The Project Agreement requires limited City funding during the construction phase of the Project which commenced in the spring of 2016. The Project has a scheduled completion/occupancy date of June 2019 for all Project assets except Lincoln Park which has a scheduled completion date of November 30, 2020.

Upon occupancy of the Harbor headquarters building, the Harbor will be required to make a one-time payment of \$212.6 million to PECP, net of a 9.2M true up payment from the City. This payment will be made from Harbor cash and investments on hand or possible future borrowings.

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

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

For accounting purposes, due to the build-to-suit nature of the Project Agreement coupled with the Project being constructed on City and Harbor owned land, the City and Harbor are deemed to be the owners of the Project during construction. Accordingly, at September 30, 2016, the City and Harbor have recorded construction-in-progress and a corresponding long-term obligation of \$41,007 and \$49,067, respectively, for their share of construction contract costs to date.

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The following schedule presents the expected long-term outflow of resources related to the City's new Civic Center.

Year	Payments		Total
	Fixed	Variable	
2017	\$ -	\$ -	\$ -
2018	-	-	-
2019	2,550	1,382	3,932
2020	10,422	5,660	16,082
2021	10,649	5,796	16,445
2022 - 2026	56,831	31,135	87,966
2027 - 2031	63,301	35,055	98,356
2032 - 2036	70,509	39,469	109,978
2037 - 2041	78,537	44,438	122,975
2042 - 2046	87,478	50,032	137,510
2047 - 2051	97,438	56,332	153,770
2052 - 2056	108,533	63,424	171,957
2057 - 2061	99,863	58,937	158,800
Totals	<u>\$ 686,111</u>	<u>\$ 391,660</u>	<u>\$ 1,077,771</u>

The Project Agreement also calls for the exchange of other remuneration including a \$17.8 million payment from the PECP to the City on or before September 26, 2019 which will fund or reimburse the City's retirement of any outstanding debt on existing City Hall and expedite the conveyance of existing City Hall to PECP for redevelopment purposes. The conveyance of the existing City Hall will occur post-occupancy of new City Hall and is valued at approximately \$13.7 million. The items discussed herein are not reflected in the table above.

The City and the Harbor have entered into a separate memorandum of understanding which among other topics requires Harbor to reimburse the City monthly for any FM charges.



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NOTE 11 – LEASING ARRANGEMENTS

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

<i>Description</i>	<i>Date Issued</i>	<i>Final Maturity</i>	<i>Range of Interest Rates</i>	<i>Authorized and Issued</i>	<i>Outstanding at September 30, 2016</i>
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Fund:					
City Light and Power (a)	05/29/96	10/31/19	8.73%	\$ 20,968	\$ 6,617
Modular Trailers (b)	11/15/11	11/15/16	1.94%	302	11
Digital X-Ray (c)	03/30/12	03/15/19	2.06%	311	116
Tasers and Accessories (d)	08/26/14	08/26/19	3.53%	1,012	315
Total General Fund				22,593	7,059
Internal Service Funds:					
Civic Center Fund:					
Civic Center Projects (e)	08/13/10	04/01/27	4.30%	31,450	21,855
Total Civic Center Fund				31,450	21,855
General Services Fund:					
Virtual Storage Platform (f)	06/06/12	06/15/17	1.89%	261	41
Personal Computers & Equipment (g)	11/14/13	11/15/17	1.80%	939	281
Computer Equipment and Servers (h)	11/26/14	12/15/18	1.93%	900	515
Computer Equipment and Servers (i)	11/23/15	10/23/19	1.34%	1,200	931
Total General Services Fund				3,300	1,768
Total Governmental Activities Leases				\$ 57,343	\$ 30,682
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Gas Utility Fund:					
Utility Customer Information Software (j)	09/15/11	09/15/18	2.06%	\$ 3,025	\$ 909
Advanced Metering Infrastructure (k)	08/03/15	05/01/30	2.40%	18,000	16,888
Tidelands Fund:					
Convention Center (l)	10/01/05	10/01/25	4.99%	649	370
Total Business-type Activities Leases				\$ 21,674	\$ 18,167

- (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 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.
- (c) 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.
- (d) 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.

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- (e) 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.
- (f) 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.
- (g) The City entered into a capital lease agreement for the purchase of computers, computer-related equipment, and servers in November 2013. The lease is payable in monthly installments of \$20 thousand through November 2017.
- (h) The City entered into a capital lease agreement for the purchase of computers, computer-related equipment, and servers in November 2014. The lease is payable in monthly installments of \$19 thousand through December 2018.
- (i) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in November 2015. The lease is payable in monthly installments of \$26 thousand through November 2019.

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

<i>Year ending</i>	<i>Governmental Activities</i>					
	<i>Principal Payments by Fund</i>			<i>Annual Debt Service Requirements</i>		
	<i>General</i>	<i>Civic Center</i>	<i>General Services</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 1,969	\$ 1,645	\$ 805	\$ 4,419	\$ 1,443	\$ 5,862
2018	2,092	1,730	573	4,395	1,193	5,588
2019	2,998	1,810	364	5,172	940	6,112
2020	-	1,900	26	1,926	697	2,623
2021	-	1,990	-	1,990	614	2,604
2022 - 2026	-	11,495	-	11,495	1,686	13,181
2027 - 2031	-	1,285	-	1,285	28	1,313
Totals	<u>\$ 7,059</u>	<u>\$21,855</u>	<u>\$ 1,768</u>	<u>\$ 30,682</u>	<u>\$ 6,601</u>	<u>\$ 37,283</u>

- (j) 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.
- (k) The City entered into a capital lease agreement for the purchase and implementation of an Advanced Metering Infrastructure (AMI) in August 2015. The lease is payable in monthly installments of \$713 thousand through May 2030.
- (l) 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.

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

<u>Year ending</u>	<i>Business-type Activities</i>				
	<i>Principal Payments by Fund</i>		<i>Annual Debt Service Requirements</i>		
	<i>Gas Utility</i>	<i>Tidelands</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 1,478	\$ 34	\$ 1,512	\$ 432	\$ 1,944
2018	1,513	35	1,548	396	1,944
2019	1,078	37	1,115	364	1,479
2020	1,104	39	1,143	336	1,479
2021	1,131	41	1,172	307	1,479
2022 - 2026	6,080	184	6,264	1,083	7,347
2027 - 2031	5,413	-	5,413	296	5,709
Totals	\$ 17,797	\$ 370	\$ 18,167	\$ 3,214	\$ 21,381

Operating Leases

The City's operating leases consist primarily of rental properties occupied by various City departments. Lease obligations for City-leased properties include rent, utility charges, common area maintenance, storage, and parking.

The following is a schedule of current-year rental costs, as well as future minimum rental obligations required under a number of operating lease agreements entered into by the City for properties that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2016 (in thousands):

<u>Year ending</u>	<u>Total</u>
2016	\$ 5,933
2017	4,522
2018	3,708
2019	3,748
2020	3,606
2021 - 2025	11,739
2026 - 2030	9,389
2031 - 2035	10,160
2036 - 2040	4,841
Total	\$ 57,646

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Lease Revenues

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

<u>Year ending</u>	<u>Total</u>
2017	\$ 358,303
2018	358,393
2019	357,345
2020	350,969
2021	347,683
2022 - 2026	1,536,981
2027 - 2031	669,191
2032 - 2036	483,749
2037 - 2041	1,280,613
2042 - 2046	65,963
2047 - 2051	66,796
2052 - 2056	34,737
2057 - 2061	26,022
2062 - 2066	26,663
2067 - 2071	11,562
2072 - 2076	7,796
2077 - 2081	7,290
2082 - 2086	3,207
Total	<u>\$ 5,993,263</u>



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NOTE 12 – DERIVATIVE INSTRUMENTS

At September 30, 2016, the City had the following hedging derivative instruments outstanding within business-type activities:

<i>Type</i>	<i>Objective</i>	<i>Notional Amount</i>	<i>Effective Date</i>	<i>Various Maturity Dates to:</i>	<i>Terms</i>
Pay-Fixed Interest Rate Swap	To reduce the risks associated with the change in interest rates related to the 2007 Series B Variable-rate Bonds.	\$69.0 million	11/18/2007	11/15/2033	Receive 67% LIBOR plus 1.432%, pay fixed at 4.931%
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	120.9 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:

<i>Maturity Date</i>	<i>Notional Amounts (in thousands)</i>	<i>Synthetic Fixed Rate</i>	<i>Variable Rate</i>	<i>Spread</i>
11/15/2025	\$ 19,195	4.903%	1.982%	1.410%
11/15/2026	25,175	4.930%	2.002%	1.430%
11/15/2027	24,630	4.955%	2.022%	1.450%
11/15/2033	5	5.067%	2.122%	1.550%
	<u>\$ 69,005</u>	4.931% ²	2.004% 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, 2016, plus the indicative spread.

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

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

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(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 \$15.2 million at October 1, 2015. During the current period, ending September 30, 2016, the fair value decreased \$1.7 million to a negative fair value of \$16.9 million. The fair value for the interest rate swap is described as the exit price, which is based on the London Interbank Offered Rate (LIBOR) swap rate. The interest rate swap is classified as Level 2 in the fair value hierarchy as the LIBOR swap rate is observable for the full term of the swap.

The commodity swap, with the market price quoted by RBC, had a fair value of \$491 million at October 1, 2015. During the current period, fair value increased \$46.7 million to a fair value of \$537 million as of September 30, 2016. The fair value for the commodity swap is based on RBC's quoted price. The commodity swap is classified as Level 3 as the valuation relies primarily on unobservable inputs.

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

<i>Maturity Date</i>	<i>Fair Value, October 1, 2015</i>	<i>Change in Fair Value</i>	<i>Fair Value, September 2016</i>
<i>Interest Rate Swap</i>			
11/15/2025	\$ (3,957)	\$ (342)	\$ (4,299)
11/15/2026	(5,521)	(619)	(6,140)
11/15/2027	(5,710)	(768)	(6,478)
11/15/2033	(1)	(1)	(2)
	(15,189)	(1,730)	(16,919)
<i>Commodity Swap</i>			
9/30/2037	490,592	46,742	537,334
Total	<u>\$ 475,403</u>	<u>\$ 45,012</u>	<u>\$ 520,415</u>

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

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Credit Risks: As of September 30, 2016, the interest rate swap counterparty was rated Baa1 by Moody's Investor Services. As of September 30, 2016, 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, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows (in thousands):

<i>Fiscal Year</i>	<i>Variable-Rate Bonds</i>		<i>Net Swap</i>	<i>Total</i>
	<i>Ending</i>	<i>Principal</i>		
<i>September 30</i>			<i>Payments</i>	<i>Interest</i>
2017	\$ -	\$ 3,403	\$ 305	\$ 3,708
2018	-	3,403	290	3,693
2019	-	3,403	266	3,669
2020	-	3,403	208	3,611
2021	-	3,403	226	3,629
2022 - 2026	19,195	16,309	989	17,298
2027 - 2031	49,805	1,837	118	1,955
2032 - 2034	5	1	-	1
Total	\$ 69,005	\$ 35,162	\$ 2,402	\$ 37,564

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.

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NOTE 13 – RETIREMENT PROGRAMS

Plan Description – Public Employees’ Retirement System (CalPERS)

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

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

The Plans’ provisions and benefits in effect at September 30, 2016, are summarized in the following table:

	<i>Miscellaneous</i>		
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50- 55	50 - 55	52 - 60
	Required Contribution Rates		
Employee	8.0%	8.0%	6.5%
Employer	18.380%	18.380%	18.380%
	Percentage of Eligible Compensation		
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%
	<i>Safety</i>		
		On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to October 1, 2006		
Benefit formula	3.0% @ 55	3.0% @ 50	2.7% @ 57
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50 - 55	50	50 - 57
	Required Contribution Rates		
Employee	9.0%	9.0%	12.3%
Employer	27.151%	27.151%	27.151%
	Percentage of Eligible Compensation		
Monthly benefits	2.4% to 3.0%	2.0% to 2.7%	2.0% to 2.7%

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Employees Covered – Based on the Actuarial Valuation Report as of June 30, 2013, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	3,260	1,160
Inactive employees or beneficiaries currently receiving benefits	3,938	1,654
Inactive employees entitled to but not yet receiving benefits	3,222	302

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

CalPERS Net Pension Liability

The City’s net pension liability for both Plans is measured as the total pension liability, less the plan’s fiduciary net position. Net pension liability is measured as of June 30, 2016 (measurement date), using the actuarial valuation report as of June 30, 2015 rolled forward using standard update procedures. At September 30, 2016 the City reported net pension liability of \$1.1 billion for both plans. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by entry age and service	
Investment Rate of Return	7.5% ¹	7.5% ¹
Mortality	²	²

¹ Net of Pension Plan Investment and Administrative Expenses; includes inflation.

² The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scal AA. For more details on this table, refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 Actuarial Valuation Report were based on the results of an actuarial experience study for the period from 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

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Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference to the Plans.

The long-term expected rate of return on pension plan investments of 7.50% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects the long-term expected real rate of return by asset class for both Safety and Miscellaneous Plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<i>Asset Class</i>	<i>New Strategic Allocation</i>	<i>Real Return Years 1 - 10^a</i>	<i>Real Return Years 11+^b</i>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	12.0	4.50	5.13
Infrastructure and Forestland	0.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

^a An expected inflation of 2.5% used for this period

^b An expected inflation of 3.0% used for this period

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Changes in the CalPERS Net Pension Liability

The following tables show the changes in the net pension liability for each Plan (in thousands):

<i>Miscellaneous Plan</i>	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
Balance at June 30, 2015	\$ 2,368,500	\$ 1,857,249	\$ 511,251
Changes in the year:			
Service Cost	37,306	-	37,306
Interest on Total Pension Liability	175,727	-	175,727
Differences between Actual and Expected Experience	(29,800)	-	(29,800)
Changes in Assumptions	-	-	-
Contribution - Employer	-	39,877	(39,877)
Contribution - Employee	-	17,959	(17,959)
Net Investment Income	-	9,355	(9,355)
Administrative Expenses	-	(1,132)	1,132
Benefit Payments, including Refunds of Employee Contributions	(120,522)	(120,522)	-
Net changes	62,711	(54,463)	117,174
Balance at June 30, 2016	\$ 2,431,211	\$ 1,802,786	\$ 628,425

<i>Safety Plan</i>	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
Balance at June 30, 2015	\$ 2,222,223	\$ 1,866,598	\$ 355,625
Changes in the year:			
Service Cost	34,636	-	34,636
Interest on Total Pension Liability	165,092	-	165,092
Differences between Actual and Expected Experience	(27,528)	-	(27,528)
Changes in Assumptions	-	-	-
Contribution - Employer	-	32,845	(32,845)
Contribution - Employee	-	11,733	(11,733)
Net Investment Income	-	9,115	(9,115)
Administrative Expenses	-	(1,138)	1,138
Benefit Payments, including Refunds of Employee Contributions	(107,895)	(107,895)	-
Net Changes	64,305	(55,340)	119,645
Balance at June 30, 2016	\$ 2,286,528	\$ 1,811,258	\$ 475,270

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the City for each plan as of the measurement date, calculated using the discount rate of 7.65 percent, compared to a discount rate that is 1 percentage point lower (6.65%) or 1 percentage point higher (8.65%). Amounts shown below are in thousands:

<u>Net Pension Liability/ (Asset)</u>	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease (6.65%)	\$ 941,300	\$ 781,170
Current Discount Rate (7.65%)	628,425	475,270
1% Increase (8.65%)	369,110	223,530

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$61.4 million and \$67.9 million for the Miscellaneous and Safety Plan respectively.

At September 30, 2016, the City reported pension related deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 18,984	\$ -
Differences Between Actual and Expected Experience	-	(71,237)
Changes in Assumptions	-	(31,029)
Net Differences between Projected and Actual Earnings on Plan Investments	329,093	-
Total	<u>\$ 348,077</u>	<u>\$ (102,266)</u>

The \$19.0 million reported as a deferred outflow of resources relates to contributions made by the City subsequent to the measurement date of June 30, 2016 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

<u>Year Ending September 30</u>	<u>Amount</u>
2017	\$ 29,698
2018	58,413
2019	86,496
2020	52,220
2021	-

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Plan Description – Public Agency Retirement Services (PARS)

Plan Description – Special Status Contractors and Seasonal and Temporary Employees of the City are eligible to participate in the City’s Public Agency Retirement Services (PARS) Plan, a defined benefit, single-employer retirement plan. Public Agency Retirement Services is the Trust Administrator for the Plan.

Benefits Provided – The Plan provides for retirement as well as disability and death benefits to Plan members, who must be Contractor Special Status (hired after January 1, 1995) or Seasonal or Temporary employees (hired after November 11, 1995) and 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.

Employees Covered – Based on the Actuarial Valuation Report as of September 30, 2015, the following employees were covered by the benefit terms of the Plan:

Active employees	1,153
Inactive employees or beneficiaries currently receiving benefits	-
Inactive Employees entitled to but not yet receiving benefits	2,099

Contributions – 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).

The City contributes an amount determined by an actuarial study performed at least every two years. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended September 30, 2015, the City’s contribution rate was 3.1% of earnings.

PARS Net Pension Liability

The City’s net pension liability for PARS is measured as the total pension liability, less the Plan’s fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Valuation Date	September 30, 2015
Measurement Date	September 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	4.75%
Inflation	3.00%
Payroll Growth	5.00%
Projected Salary Increase	5.00%
Investment Rate of Return ^a	4.75%
Mortality	1983 GAM (lump sum mortality table)
Retirement	Age 65
Form of Benefit	Lump Sum
Future Service Accrual	Same as current hours worked

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Discount Rate – The discount rate used to measure the total pension liability was 4.75 percent. An actuarially determined crossover analysis showed the Plan’s fiduciary net position to be sufficient to make projected benefit payments.

The table below reflects the long-term expected real rates of return for each asset class, net of investment expenses.

<i>Asset Class</i>	<i>PARS Moderate Allocation</i>	<i>50%^a</i>	<i>55%^a</i>
Mutual Funds	98.1%	4.98%	4.76%
Cash	1.9	0.00%	0.00%

^achance that returns will equal or exceed percent shown, not reduced for anticipated expenses

Changes in the PARS Net Pension Liability

The following tables show the changes in the net pension liability for the Plan:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balance at September 30, 2015	\$ 5,549	\$ 5,418	\$ 131
Changes in the year:			
Service Cost	486	-	486
Interest on Total Pension Liability	276	-	276
Differences between Actual and Expected Experience	(82)	-	(82)
Contribution - Employer	-	326	(326)
Contribution - Employee	-	328	(328)
Net Investment Income	-	(63)	63
Benefit Payments, including Refunds	(460)	(460)	-
Administrative Expenses	-	(87)	87
Net changes	220	44	176
Balance at September 30, 2016	\$ 5,769	\$ 5,462	\$ 307

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the City for the Plan as of the measurement date, calculated using the discount rate of 4.75 percent, compared to a discount rate that is 1 percentage point lower (3.75%) or 1 percentage point higher (5.75%). Amounts shown below (in thousands):

	<i>Discount Rate -1% (3.75%)</i>	<i>Current Discount Rate (4.75%)</i>	<i>Discount Rate + 1% (5.75%)</i>
Net Pension Liability	\$723	\$307	(\$9)

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

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Pension Expenses and Deferred Outflows/Inflows of Resources Related to PARS Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$307 thousand and reported deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

<i>Deferred Outflows and Inflows of Resources</i>	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Net Differences between Projected and Actual		
Earnings on Plan Investments	\$ 193	\$ (45)
Employer Contributions made Subsequent to the Measurement Date	370	n/a
Total	<u>\$ 563</u>	<u>\$ (45)</u>

The \$370 thousand reported as deferred outflows of resources relates to contributions made by the City subsequent to the measurement date of September 30, 2015 which will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

<i>Measurement Period ending September 30:</i>	<i>Deferred Outflows / (Inflows)</i>
2017	42
2018	43
2019	63
2020	-
Thereafter	-

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NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The City provides postemployment healthcare benefits through its City of Long Beach Retiree Health Care plan (the Plan), a single-employer plan. The Plan covers all eligible full-time employees of the City. City Council has the authority to establish and amend the benefit terms currently permitted by Ordinance No. C-7556. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan provides health, dental and long-term care insurance for retirees and their dependents as long as (a) that employee participated in a City provided insurance program of that type during the year immediately preceding retirement, (b) the employee has not attained the eligibility age for Medicare payments, and (c) the employee has attained the minimum retirement age for the employee’s retirement plan.

Benefits are administered through a third-party provider, and the full cost of the benefits is covered by the plan up to the point where the value of the retirees unused sick leave has been exhausted. Retirees who have exhausted their unused sick leave can still access the plan by paying the plans premium out of pocket. At September 30, 2016, the count of employees covered by the benefit terms was:

Inactive employees currently receiving benefits	1,730
Eligible employees	4,251
Total	5,981

Total OPEB Liability

At September 30, 2016, the City’s total OPEB liability of \$45.1 million. Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	September 30, 2015	
Measurement Date	September 30, 2015	
Actuarial Cost Method	Entry Age	
Actuarial Assumptions:		
Inflation	3.00%	
Discount Rate	3.76%	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll Increases	Aggregate 3.25%	
	Merit	CalPERS 1997-2011 Experience Study
Medical Trend Rates	Non-Medicare – 7.50% for 2016, decreasing to an ultimate rate of 5.00% for 2021 and beyond	
	Medicare – 7.80% for 2016, decreasing to an ultimate rate of 5.00% for 2021 and beyond	
Mortality, Withdrawal, Disability, Retirement	CalPERS 1997-2011 Experience Study	

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Changes in the Total OPEB Liability (in thousands)

Balance at September 30, 2015		\$ 42,493
Service Cost	\$ 2,077	
Interest	1,655	
Benefit Payments	(1,103)	
Net Change	2,629	
Balance at September 30, 2016		\$ 45,122

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current discount rate (in thousands):

	<i>1 Percent Decrease (2.76 %)</i>	<i>Discount Rate (3.76 %)</i>	<i>1 Percent Increase (4.76 %)</i>
Total OPEB Liability	\$ 49,385	\$ 45,122	\$ 41,240

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

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 5.0 percent for non-Medicare plans or 6.8 percent decreasing to 5.0 percent for Medicare plans) or 1-percentage-point higher (8.5 percent decreasing to 5.0 percent for non-Medicare plans or 8.8 percent decreasing to 5.0 percent for Medicare plans) than the current healthcare cost trend rates:

	<i>1 Percent Decrease (6.5 % to 6.8 %)</i>	<i>Healthcare Cost Trend Rate (7.5 % to 7.8 %)</i>	<i>1 Percent Increase (8.5 % to 8.8 %)</i>
Total OPEB Liability	\$ 40,085	\$ 45,122	\$ 51,016

OPEB Expense and Deferred Outflows and Deferred Inflows Related to OPEB

For the year ended September 30, 2016, the City recognized an OPEB expense of \$3.7 million. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

Amounts paid subsequent to measurement date	\$ 1,254
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The \$1.3 million reported as deferred outflow of resources relates to contributions made by the City subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2017.

The City of Long Beach
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NOTE 15 – SELF-INSURANCE PROGRAMS

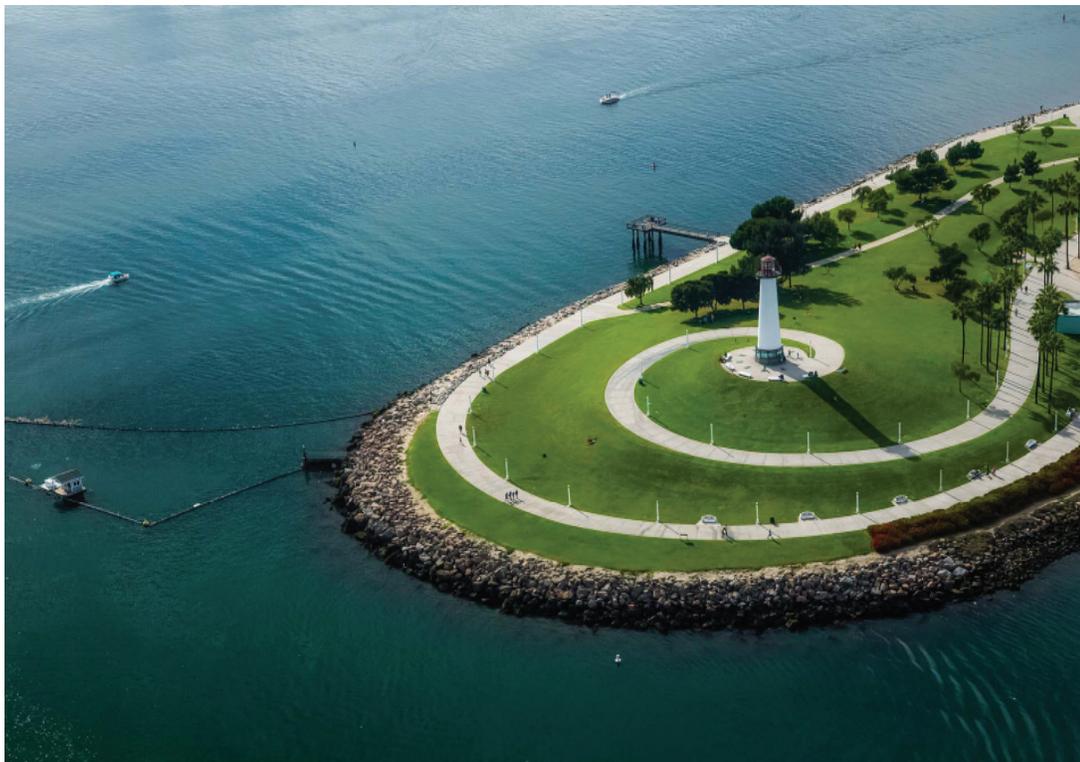
The City has adopted separate insurance programs for workers' compensation and general liability claims. The City is self-insured for workers' compensation and general liability for the first \$4 million and first \$3 million per occurrence, respectively. In addition, the City has excess insurance coverage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

At September 30, 2016, the City accrued non-discounted estimates totaling \$135.0 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has recorded a current liability of \$25.9 million and a long-term liability of \$109.1 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2016 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, 2016 and 2015 is as follows (in thousands):

	<i>Workers' Compensation Claims</i>	<i>General Liability Claims</i>	<i>Total</i>
Balance at October 1, 2014	\$ 111,835	\$ 16,123	\$ 127,958
Additions	11,677	4,811	16,488
Payments	<u>(12,253)</u>	<u>(1,572)</u>	<u>(13,825)</u>
Balance at September 30, 2015	111,259	19,362	130,621
Additions	16,535	10,963	27,498
Payments	<u>(13,443)</u>	<u>(9,723)</u>	<u>(23,166)</u>
Balance at September 30, 2016	<u><u>\$ 114,351</u></u>	<u><u>\$ 20,602</u></u>	<u><u>\$ 134,953</u></u>



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NOTE 16 – GOVERNMENTAL ACTIVITIES FUND BALANCE

As of September 30, 2016, total fund balances for the City’s major and non-major governmental funds are as follows (in thousands):

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances (Deficit):			
Nonspendable			
Prepaid Expense and Deposits	\$ 102	\$ 2,577	\$ 2,679
Subtotal	<u>102</u>	<u>2,577</u>	<u>2,679</u>
Restricted for:			
Debt Service	-	23,781	23,781
Public Safety	3,012	3,525	6,537
Public Health	-	9,824	9,824
Community and Cultural	-	89,126	89,126
Other Purposes - Operating Reserve	1,486	-	1,486
Public Works	-	47,306	47,306
Subtotal	<u>4,498</u>	<u>173,562</u>	<u>178,060</u>
Committed to:			
Public Safety	1,000	-	1,000
Community and Cultural	-	1,422	1,422
Other Purposes - Emergency Reserve	43,986	-	43,986
Other Purposes - Operating Reserve	12,382	-	12,382
Oil Abandonment	6,200	-	6,200
Subtotal	<u>63,568</u>	<u>1,422</u>	<u>64,990</u>
Assigned to:			
Subsequent Year's Appropriations	9,911	-	9,911
Unfunded Liabilities and Commitments	28,546	-	28,546
Infrastructure Reserve	25	-	25
Community and Cultural	-	790	790
Public Works	-	25,920	25,920
Subtotal	<u>38,482</u>	<u>26,710</u>	<u>65,192</u>
Unassigned	<u>3,934</u>	<u>-</u>	<u>3,934</u>
Total Fund Balances	<u><u>\$110,584</u></u>	<u><u>\$ 204,271</u></u>	<u><u>\$ 314,855</u></u>

Fund Deficits

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$13.1 million as of September 30, 2016. This deficit resulted from the recognition of a net pension liability of \$32.6 million and a Net OPEB liability of \$1.5 million. City management believes that the cash position of the fund is sufficient to support the utilities ongoing operations.

The Tidelands Oil Revenue Fund, a major proprietary fund, reported a deficit net position of \$57.7 million as of September 30, 2016. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability. City’s management intends to accumulate futures resources to pay for the oil field abandonment liability.

The Towing Fund, a nonmajor enterprise fund, reported a deficit net position of \$2.1 million as of September 30, 2016. This deficit resulted from the recognition of a net pension liability of \$3.3 million. City management believes that the cash position of the fund is sufficient to support ongoing operations.

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The Development Services Fund, a nonmajor enterprise fund, reported a deficit net position of \$4.0 million as of September 30, 2016. This deficit resulted from the recognition of a net pension liability of \$20.8 million. City management believes that the cash position of the fund is sufficient to support ongoing operations.

The Internal Service Funds include accumulated deficits in the Insurance and Employee Benefits Internal Service Funds, which aggregate \$89.7 million and \$126.0 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.



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

Gas Utility Fund
Consolidated Schedule of Net Position
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (Credit)</i>	<i>Gas Utility Fund</i>
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 18,834	\$ 146	\$ 18,980	\$ -	\$ 18,980
Non-Pooled Cash and Cash Equivalents	10,895	166	11,061	-	11,061
Receivables:					
Interest Receivable	9	11	20	-	20
Accounts Receivable	3,632	2,496	6,128	(1,154)	4,974
Due from Other Funds	643	-	643	(613)	30
Allowance for Receivables	(224)	-	(224)	-	(224)
Inventory	1,850	-	1,850	-	1,850
Prepaid Gas - Current	-	22,927	22,927	-	22,927
Other Assets	13	-	13	-	13
Total Current Assets	<u>35,652</u>	<u>25,746</u>	<u>61,398</u>	<u>(1,767)</u>	<u>59,631</u>
Noncurrent Assets:					
Restricted Noncurrent assets:					
Non-Pooled Investments	-	20,910	20,910	-	20,910
Fair Value - Commodity Swap	-	537,334	537,334	-	537,334
Capital Assets:					
Land and Other Assets Not Being Depreciated	1,602	-	1,602	-	1,602
Capital Assets Net of Accumulated Depreciation	153,302	-	153,302	-	153,302
Prepaid Gas - Long-term	-	427,365	427,365	-	427,365
Total Noncurrent Assets	<u>154,904</u>	<u>985,609</u>	<u>1,140,513</u>	<u>-</u>	<u>1,140,513</u>
Total Assets	<u>190,556</u>	<u>1,011,355</u>	<u>1,201,911</u>	<u>(1,767)</u>	<u>1,200,144</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	<u>9,373</u>	<u>16,919</u>	<u>26,292</u>	<u>-</u>	<u>26,292</u>
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	3,758	17	3,775	(1,154)	2,621
Accrued Wages	468	-	468	-	468
Accrued Interest Payable	170	10,848	11,018	-	11,018
Due to Other Funds	445	613	1,058	(613)	445
Unearned Revenues	1,326	-	1,326	-	1,326
Customers Deposits	3,020	-	3,020	-	3,020
Obligations under Capital Leases - Current	1,478	-	1,478	-	1,478
Bonds Payable Due within One Year	-	8,120	8,120	-	8,120
Total Current Liabilities	<u>10,665</u>	<u>19,598</u>	<u>30,263</u>	<u>(1,767)</u>	<u>28,496</u>
Noncurrent Liabilities:					
Fair Value - Interest Rate Swap	-	16,919	16,919	-	16,919
Obligations under Capital Leases	16,319	-	16,319	-	16,319
Bonds Payable	-	604,157	604,157	-	604,157
Net Pension Liability	32,550	-	32,550	-	32,550
Net OPEB Liability	1,543	-	1,543	-	1,543
Total Noncurrent Liabilities	<u>50,412</u>	<u>621,076</u>	<u>671,488</u>	<u>-</u>	<u>671,488</u>
Total Liabilities	<u>61,077</u>	<u>640,674</u>	<u>701,751</u>	<u>(1,767)</u>	<u>699,984</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	<u>2,265</u>	<u>537,334</u>	<u>539,599</u>	<u>-</u>	<u>539,599</u>
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	137,107	-	137,107	-	137,107
Unrestricted	(520)	(149,734)	(150,254)	-	(150,254)
Total Net Position (Deficit)	<u>\$ 136,587</u>	<u>\$ (149,734)</u>	<u>\$ (13,147)</u>	<u>\$ -</u>	<u>\$ (13,147)</u>

The City of Long Beach
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September 30, 2016

Gas Utility Fund
Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (credit)</i>	<i>Gas Utility Fund</i>
Operating Revenues:					
Fees, Concessions and Rentals	\$ 81	\$ -	\$ 81	\$ -	\$ 81
Charges for Services	78,512	8,878	87,390	8,878	78,512
Other	933	-	933	-	933
Total Revenues	<u>79,526</u>	<u>8,878</u>	<u>88,404</u>	<u>8,878</u>	<u>79,526</u>
Operating Expenses:					
Personnel Services	16,322	2	16,324	-	16,324
Purchases of Gas	16,118	(7,554)	8,564	(8,878)	(314)
Maintenance and Other Operations	12,094	31	12,125	-	12,125
Depreciation	6,302	-	6,302	-	6,302
Total Operating Expenses	<u>50,836</u>	<u>(7,521)</u>	<u>43,315</u>	<u>(8,878)</u>	<u>34,437</u>
Operating Income	<u>28,690</u>	<u>16,399</u>	<u>45,089</u>	<u>-</u>	<u>45,089</u>
Non-Operating Income (Expense):					
Interest Income	214	651	865	-	865
Interest Expense	(23)	(30,816)	(30,839)	-	(30,839)
Loss on Disposition of Capital Assets	(1,379)	-	(1,379)	-	(1,379)
Other Income	300	-	300	-	300
Other Expense	(57)	(678)	(735)	-	(735)
Total Non-Operating Income (Expense)	<u>(945)</u>	<u>(30,843)</u>	<u>(31,788)</u>	<u>-</u>	<u>(31,788)</u>
Income before Contributions and Transfers	27,745	(14,444)	13,301	-	13,301
Transfers:					
Transfers Out	(11,475)	-	(11,475)	-	(11,475)
Change in Net Position	16,270	(14,444)	1,826	-	1,826
Net Position (Deficit), October 1	121,770	(135,290)	(13,520)	-	(13,520)
Adjustments for GASB 75 Implementation	(1,453)	-	(1,453)	-	(1,453)
Net Position (Deficit), September 30	<u>\$ 136,587</u>	<u>\$ (149,734)</u>	<u>\$ (13,147)</u>	<u>\$ -</u>	<u>\$ (13,147)</u>

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Gas Utility Fund
Consolidated Schedule of Cash Flows
(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	\$ 79,595	\$ 8,880	\$ (8,880)	\$ 79,595
Payments for Employee Salaries	(15,987)	(2)	-	(15,989)
Payments for Goods and Services	(28,657)	(14)	8,880	(19,791)
Other Income	300	22,939	-	23,239
Other Expense	(57)	(680)	-	(737)
Net Cash Provided by Operating Activities	<u>35,194</u>	<u>31,123</u>	<u>-</u>	<u>66,317</u>
Cash Flows from Non-Capital Financing Activities:				
Receipts from Prepayment of Gas Supply	-	7,554	-	7,554
Payments of Principal on Bonds Payable	-	(7,150)	-	(7,150)
Payments of Interest	-	(31,376)	-	(31,376)
Transfers Out	(11,475)	-	-	(11,475)
Net Cash Provided by (Used for)	<u>(11,475)</u>	<u>(30,972)</u>	<u>-</u>	<u>(42,447)</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(23,566)	-	-	(23,566)
Payments of Principal on Other Long-Term Obligations	(1,554)	-	-	(1,554)
Payments of Interest, Net of Amounts Capitalized	(338)	-	-	(338)
Net Cash Used for Capital and Related Financing Activities	<u>(25,458)</u>	<u>-</u>	<u>-</u>	<u>(25,458)</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	(762)	-	(762)
Receipts of Interest	218	640	-	858
Net Cash Provided by (Used for) Investing Activities	<u>218</u>	<u>(122)</u>	<u>-</u>	<u>96</u>
Net Decrease in Cash and Cash Equivalents	(1,521)	29	-	(1,492)
Cash and Cash Equivalents - October 1	<u>31,250</u>	<u>283</u>	<u>-</u>	<u>31,533</u>
Cash and Cash Equivalents - September 30	<u>\$ 29,729</u>	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ 30,041</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	\$ 28,690	\$ 16,399	\$ -	\$ 45,089
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	6,302	-	-	6,302
Other Income	300	22,939	-	23,239
Other Expense	(57)	(678)	-	(735)
(Increase) Decrease in Accounts Receivable, Net	(187)	2	-	(185)
(Increase) in Amounts Due from Other Funds	(28)	(2)	-	(30)
Decrease in Inventory	216	-	-	216
(Increase) Decrease in Other Operating Assets/Gas Prepay	106	(7,554)	-	(7,448)
Decrease in Accounts Payable	1,886	17	-	1,903
Decrease in Accrued Wages Payable	282	-	-	282
Increase in Amounts Due to Other Funds	(2,600)	-	-	(2,600)
Decrease in Unearned Revenues	269	-	-	269
Decrease in Collections Held in Trust	15	-	-	15
Total Adjustments	<u>6,504</u>	<u>14,724</u>	<u>-</u>	<u>21,228</u>
Net Cash Provided by Operating Activities	<u>\$ 35,194</u>	<u>\$ 31,123</u>	<u>\$ -</u>	<u>\$ 66,317</u>

The City of Long Beach
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Gas Rates

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

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

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

NOTE 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, 2016 of \$582 thousand.

In October 1995, the lease, between the joint powers authority and the City's SERRF operations, was revised when SERRF refunded the 1985, 1985-1, and 1986 bond issues. The lease was revised again in conjunction with the 2003 refunding of the 1995 Bonds. Base rental payments are calculated to be sufficient to pay the principal and interest of the Series 2003 Bonds when due.

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Solid Waste Management Fund
Consolidating Schedule of Net Position (Deficit)
(In Thousands)

	<i>Solid Waste Management</i>			<i>Total</i>	<i>Eliminations</i>	<i>Solid Waste</i>
	<i>Refuse</i>	<i>SERRF</i>	<i>SERRF</i>	<i>Before</i>	<i>Debit</i>	<i>Management</i>
	<i>Function</i>	<i>Function</i>	<i>Authority</i>	<i>Elimination</i>	<i>(Credit)</i>	<i>Fund</i>
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 13,923	\$ 25,229	\$ 1	\$ 39,153	\$ -	\$ 39,153
Non-Pooled Cash and Cash Equivalents	3	-	1,278	1,281	-	1,281
Receivables:						
Interest Receivable	5	-	35	40	-	40
Accounts Receivable	2,715	7,095	539	10,349	(539)	9,810
Due from Other Governments	-	102	-	102	-	102
Due from Other Funds	35	-	-	35	-	35
Capital Leases Receivable - Current	-	-	9,805	9,805	(9,805)	-
Allowance for Receivables	(124)	(53)	-	(177)	-	(177)
Other Assets-Current	-	88	-	88	-	88
Total Current Assets	<u>16,557</u>	<u>32,461</u>	<u>11,658</u>	<u>60,676</u>	<u>(10,344)</u>	<u>50,332</u>
Noncurrent Assets:						
Restricted Noncurrent assets:						
Non-Pooled Investments	-	-	10,563	10,563	-	10,563
Noncurrent Receivables:						
Capital Lease Receivable	-	-	21,215	21,215	(21,215)	-
Other Noncurrent Receivables	-	582	-	582	-	582
Capital Assets:						
Land and Capital Assets not being Depreciated	483	6,520	-	7,003	-	7,003
Capital Assets Net of Accumulated Depreciation	47	3,805	-	3,852	-	3,852
Total Noncurrent Assets	<u>530</u>	<u>10,907</u>	<u>31,778</u>	<u>43,215</u>	<u>(21,215)</u>	<u>22,000</u>
Total Assets	<u>17,087</u>	<u>43,368</u>	<u>43,436</u>	<u>103,891</u>	<u>(31,559)</u>	<u>72,332</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	4,423	212	173	4,808	(173)	4,635
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,046	6,133	-	7,179	539	6,640
Accrued Wages	280	13	-	293	-	293
Accrued Interest Payable	-	-	537	537	-	537
Due to Other Funds	163	7	-	170	-	170
Collections Held in Trust	778	64	-	842	-	842
Obligations under Capital Leases - Current	-	9,805	-	9,805	9,805	-
Bonds Payable Due within One Year	-	-	9,805	9,805	-	9,805
Total Current Liabilities	<u>2,267</u>	<u>16,022</u>	<u>10,342</u>	<u>28,631</u>	<u>10,344</u>	<u>18,287</u>
Noncurrent Liabilities:						
Deferred Credits and Other Deferred Liabilities	-	173	-	173	173	-
Obligations under Capital Leases	-	21,215	-	21,215	21,215	-
Bonds Payable	-	-	22,111	22,111	-	22,111
Net OPEB Liability	639	105	-	744	-	744
Net Pension Liability	15,891	754	-	16,645	-	16,645
Total Noncurrent Liabilities	<u>16,530</u>	<u>22,247</u>	<u>22,111</u>	<u>60,888</u>	<u>21,388</u>	<u>39,500</u>
Total Liabilities	<u>18,797</u>	<u>38,269</u>	<u>32,453</u>	<u>89,519</u>	<u>31,732</u>	<u>57,787</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	1,196	148	-	1,344	-	1,344
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	530	(20,695)	10,229	(9,936)	-	(9,936)
Restricted for:						
Debt Service	-	-	925	925	-	925
Unrestricted	987	25,858	2	26,847	-	26,847
Total Net Position (Deficit)	<u>\$ 1,517</u>	<u>\$ 5,163</u>	<u>\$ 11,156</u>	<u>\$ 17,836</u>	<u>\$ -</u>	<u>\$ 17,836</u>

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Solid Waste Management Fund
Consolidating Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
(In Thousands)

	<i>Solid Waste Management</i>			<i>Total Before Elimination</i>	<i>Eliminations Debit (Credit)</i>	<i>Solid Waste Management Fund</i>
	<i>Refuse Function</i>	<i>SERRF Function</i>	<i>SERRF Authority</i>			
Fees, Concessions, and Rentals	\$ -	\$ -	\$ 1,694	\$ 1,694	\$ 1,694	\$ -
Charges for Services	42,523	41,219	-	83,742	8,196	75,546
Total Operating Revenues	<u>42,523</u>	<u>41,219</u>	<u>1,694</u>	<u>85,436</u>	<u>9,890</u>	<u>75,546</u>
Operating Expenses:						
Personnel Services	13,838	388	-	14,226	-	14,226
Maintenance and Other Operations	28,210	33,850	-	62,060	(8,196)	53,864
Rental Expense	-	1,694	-	1,694	(1,694)	-
Amortization	-	(80)	80	-	-	-
Depreciation	7	4,311	-	4,318	-	4,318
Total Operating Expenses	<u>42,055</u>	<u>40,163</u>	<u>80</u>	<u>82,298</u>	<u>(9,890)</u>	<u>72,408</u>
Operating Income (Loss)	<u>468</u>	<u>1,056</u>	<u>1,614</u>	<u>3,138</u>	<u>-</u>	<u>3,138</u>
Non-Operating Income (Expenses):						
Interest Income	140	159	83	382	-	382
Interest Expense	-	-	(1,279)	(1,279)	-	(1,279)
Operating Grants	324	-	-	324	-	324
Other Income	3	88	-	91	-	91
Total Non-Operating Income (Expenses)	<u>467</u>	<u>247</u>	<u>(1,196)</u>	<u>(482)</u>	<u>-</u>	<u>(482)</u>
Income (Loss) before Contributions and Transfers	935	1,303	418	2,656	-	2,656
Transfers:						
Transfers Out	(450)	-	-	(450)	-	(450)
Change in Net Position	485	1,303	418	2,206	-	2,206
Net Position (Deficit) - October 1	1,634	3,959	10,738	16,331	-	16,331
Adjustments for GASB 75 Implementation	(602)	(99)	-	(701)	-	(701)
Net Position (Deficit) - September 30	<u>\$ 1,517</u>	<u>\$ 5,163</u>	<u>\$11,156</u>	<u>\$ 17,836</u>	<u>\$ -</u>	<u>\$ 17,836</u>

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Solid Waste Management Fund
Consolidating Schedule of Cash Flows
(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	\$ 41,882	\$ 33,871	\$ -	\$ 75,753	\$ -	\$ 75,753
Receipts from Capital Lease	-	-	1,848	1,848	(1,848)	-
Receipts from Other Funds	424	8,214	-	8,638	-	8,638
Payments for Employee Salaries	(14,086)	(422)	-	(14,508)	-	(14,508)
Payments for Goods and Services	(28,184)	(35,537)	-	(63,721)	1,848	(61,873)
Other Income	3	88	-	91	-	91
Net Cash Provided by Operating Activities	39	6,214	1,848	8,101	-	8,101
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	341	-	-	341	-	341
Transfers In	-	2	-	2	-	2
Transfers Out	(422)	-	-	(422)	-	(422)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(81)	2	-	(79)	-	(79)
Cash Flows from Capital and Related Financing Activities:						
Payments of Principal on Bonds Payable	-	-	(9,320)	(9,320)	-	(9,320)
Payments of Principal on Other Long-Term Obligations	-	(9,320)	-	(9,320)	9,320	-
Payments of Interest	-	-	(1,848)	(1,848)	-	(1,848)
Net Cash Used for Capital and Related Financing Activities	-	(9,320)	(11,168)	(20,488)	9,320	(11,168)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	1,066	1,066	-	1,066
Principal Received under Capital Lease	-	-	9,320	9,320	(9,320)	-
Receipts of Interest	142	159	86	387	-	387
Net Cash Provided by Investing Activities	142	159	10,472	10,773	(9,320)	1,453
Net Increase (Decrease) in Cash and Cash Equivalents	100	(2,945)	1,152	(1,693)	-	(1,693)
Cash and Cash Equivalents - October 1	13,826	28,174	127	42,127	-	42,127
Cash and Cash Equivalents - September 30	<u>\$ 13,926</u>	<u>\$ 25,229</u>	<u>\$ 1,279</u>	<u>\$ 40,434</u>	<u>\$ -</u>	<u>\$ 40,434</u>

<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)	\$ 468	\$ 1,056	\$ 1,614	\$ 3,138	\$ -	\$ 3,138
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	7	4,231	80	4,318	-	4,318
Other Income	3	88	-	91	-	91
(Increase) Decrease in Accounts Receivable, Net	(256)	785	154	683	(154)	529
Decrease in Amounts Due from Other Governments	-	81	-	81	-	81
Decrease in Amounts Due from Other Funds	32	-	-	32	-	32
(Increase) Decrease in Other Assets	-	36	-	36	-	36
Increase (Decrease) in Accounts Payable	26	(31)	-	(5)	154	149
DEcrease in Accrued Wages Payable	(248)	(34)	-	(282)	-	(282)
Increase in Amounts Due to Other Funds	-	2	-	2	-	2
Increase in Collections Held in Trust	7	-	-	7	-	7
Total Adjustments	(429)	5,158	234	4,963	-	4,963
Net Cash Provided by (Used for) Operating Activities	<u>\$ 39</u>	<u>\$ 6,214</u>	<u>\$ 1,848</u>	<u>\$ 8,101</u>	<u>\$ -</u>	<u>\$ 8,101</u>

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NOTE 19 – OIL ABANDONMENT LIABILITY

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) 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.

Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2016, the State's total estimated abandonment cost liability is \$837.5 million increasing by \$203.5 million from fiscal year 2015. 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, 2016, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$837.5 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2016, the Tidelands Fund recorded an estimated oil field abandonment cost liability of \$83.6 million increasing by \$29.7 million from fiscal year 2015. This estimate is based on the number and life of productive wells, general changes in the life of the oil field, and changes in oil prices.

The City's ownership interests in the Wilmington Oil Field bear a proportionate share of oil field abandonment costs and is presently estimated at \$14.0 million of which \$4.0 million has been funded in the Upland Oil Fund as of September 30, 2016.

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. At present, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2016, the reserve balance within the Subsidence Fund is \$177.2 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of \$500 thousand for up to 20 years. This action was taken to assist the City in making \$5 million contributions to the State in fiscal years 2005 and 2006. At September 30, 2016, total loan to the City's General Fund and interest retained amounts to \$3.1 million.

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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 (DTSC) has identified the City as a potentially responsible party (PRP) under the Resources Conservation and Recovery Act and has threatened enforcement action. The County of Los Angeles has threatened a cross-claim against the City for contribution. As of September 30, 2016, 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, 2016, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

West Covina Site

Chevron (USA), Exxon Mobile Corporation, Conocophillips Company, Long Beach Oil Development Company (LBOD), and American Energy Operations, Inc. have been named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the 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, 2016, 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.

55th Way Landfill (formerly 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 2006. The City purchased an adjacent parcel in 2006 and is currently developing plans to expand Phase II of Davenport Park to this parcel. In May 2009, the Los Angeles Regional Water Quality Control Board (LA Board) notified the City that additional groundwater monitoring is required for this site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$60 thousand. The City implements an ongoing Solid Waste Assessment Test (SWAT) groundwater monitoring program for the 55th Way Landfill pursuant to an LA BOARD Water Discharge Requirements Order (WDRO) and General Monitoring and Reporting Program Order (MRPO). Groundwater monitoring is now required on a recurring semi-annual basis until such time that the LA Board rescinds the WDRO or otherwise approves a reduction or elimination of the MRPO. As of September 30, 2016, the cost estimate for groundwater monitoring is approximately \$12 thousand per year. There is no reasonable expectation of any recovery associated with these remediation efforts.

The City of Long Beach
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September 30, 2016

El Cortez (formerly El Ranchito)

In 2009, the Agency purchased property at 5301 Long Beach Blvd. In fiscal year 2012, the Agency initiated a voluntary remediation project at the site. In July of 2015, the LA Board requested specific remedial and groundwater monitoring action be implemented. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$485 thousand. As of September 30, 2016, the remaining liability for the monitoring was \$375 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

In November of 2012, the LA Board notified the Agency that additional groundwater monitoring was necessary at 1669 W. Anaheim Street based on their review of the Site Assessment Report. The LA Board again notified the Agency that additional assessment was necessary after their review of the soil data and groundwater monitoring performed in 2014. In August of 2015, the California State Water Resources Control Board (Control Board) issued a letter denying the City's request for closure and requiring further action. Compliance with the Control Board's current request is anticipated to cost approximately \$42 thousand. It is not known if additional monitoring or remediation will be required. There is no reasonable expectation of any recovery associated with these remediation efforts.

Metropolitan Transportation Authority (MTA) Bus Parking Lot

The LA Board has notified the City that additional ground water monitoring for the former MTA bus parking lot may be required. MTA pledged \$300 thousand to pay for any future monitoring costs when the City acquired the property. Management has not recorded a liability because it is believed that the costs associated with any future monitoring would be less than the pledge by the MTA. At September 30, 2016, the site is still being evaluated and the City is waiting for final determination from the LA Board as to the extent of any additional monitoring activities.

Leaking Underground Storage Tanks (LUST)

In the early 1990s, the City was named a responsible party for a number of City owned LUST sites located at Fire Station 7, Fire Station 10, Fire Station 11, and Fire Station 17 by the LA Board. All of the LUSTS have been removed. The LA Board has directed remediation and continued monitoring activities. In June of 2016, the City submitted Remedial Action Plans (RAPs) for Fire Station 10 and Fire Station 11. In August of 2016, the LA Board sent the City a directive to take corrective action and develop a work plan for Fire Station 7. As of September 30, 2016, the City remains under a LA Board order to continue monitoring the sites. The estimated related liability for the future remediation was \$2.6 million. The City has submitted claims for reimbursable remediation costs to the State UST Cleanup Fund. As of September 30, 2016, the City obtained a partial reimbursement of costs related to the closed sites amounting to \$1.4 million.

The City of Long Beach
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Leaking Sewer Line

In the early 2015, the Board issued a cleanup and abatement order to Tesoro Refining and Marketing Company LLC and Tesoro So Cal Pipeline Company LLC (Tesoro). The order required Tesoro to remediate contamination of leaking 30” sewer line constructed of vitrified clay at the site located in the vicinity of Golden Avenue and Baker Street in Long Beach. The Board maintains that the contamination at the site is from leaking pipes owned and/or controlled by Tesoro. Tesoro claims that the sewer line is owned by either the County of Los Angeles or the City of Long Beach. According to the City Water Department, the sewer line in question is owned by the County. Tesoro has filed a Government Claim with the City seeking that the City pay its costs for the environmental cleanup and remediation. As of September 30, 2016, there was insufficient information to develop an estimate of potential remediation costs attributable to the City.

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. During fiscal year 2016, the Harbor received a distribution of \$3.0 million from the Joint Venture. The ICTF financial statements for the year ended June 30, 2016 can be obtained from the Harbor.

NOTE 22 – DEFERRED COMPENSATION

The City offers 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 and all amounts of compensation deferred under the Plan and all income attributable to those amounts are held in trust accounts for the exclusive benefit of the participants and their beneficiaries.

While the City has full power and authority to administer and to adopt rules and regulations for the 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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

NOTE 23 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2016, 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	\$ 482
Non-major Governmental funds	32,484
Internal Service Funds	443
Total	<u>\$ 33,409</u>
<u>Business-Type Activities</u>	
Gas Utility	\$ 839
Water	5,441
Tidelands	24,156
Harbor	78,130
Non-major business-type funds	6,068
Total	<u>\$ 114,634</u>

Self-Insurance

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

As stated in Note 15, the City is self-insured for its workers' compensation and liability claims. As claims are made against the City, they are routinely evaluated and appropriate accrued liabilities are recorded. Certain of these claims may ultimately reach the trial level and could result in judgments against the City. While the ultimate adverse effect, if any, of claims and judgments against the City cannot be estimated with certainty, it is the opinion of management, based upon consultation with the City Attorney and outside legal counsel as applicable, that such judgments against the City will not have a material adverse effect on the City's financial position beyond that already accrued for within the basic financial statements.

Potential Obligations Related to the Alameda Corridor Transportation Authority

The Alameda Corridor Use and Operating Agreement was executed by the Harbor, the Harbor Department of the City of Los Angeles (Port of Los Angeles), the Alameda Corridor Transportation Authority (ACTA), and the Burlington Northern Santa Fe and Union Pacific Railroads. The agreement provides for a payment of funds, known as a "Shortfall Advance," to be made, under certain circumstances, to ACTA by the Harbor and the Port of Los Angeles. 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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

To the extent that the revenues from use and container charges are not sufficient to meet ACTA's obligations, the Harbor and the Port of Los Angeles have agreed to advance the funds necessary to make up the difference. This obligation began after completion of the Corridor project and is limited to 40 percent of the total annual required amount, with the Harbor and the Port of Los Angeles each responsible for one-half, 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 May 25, 2016. Estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. Notice submitted by ACTA indicated no projected shortfall for the fiscal year ended June 30, 2016, the leaving the cumulative shortfall at \$4.0 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. In prior years the Harbor funded a cash reserve to satisfy claims related to the shortfall advance potential obligation.

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 \$1.5 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 \$9.6 million of the available credits. No further acquisition of environmental credits or utilization of credits has occurred during the two years ended September 30, 2016. The balance of the Environmental Mitigation Credits was \$40.2 million as of September 30, 2016.

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, 2016

NOTE 24 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources

At September 30, 2016, Deferred Outflows of Resources and Deferred Inflows of Resources are as follows:

Governmental Funds
Schedule of Deferred Outflows and Deferred Inflows
(In Thousands)

	<i>General</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>	<i>GASB 34 Conversion Adjustments</i>	<i>Total Government- wide Statements</i>
<i>Deferred Outflows of Resources:</i>					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ 1,479	\$ 1,479
Pension contributions after measurement date	-	-	-	12,292	12,292
Difference between actual and expected investment returns	-	-	-	228,665	228,665
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,436</u>	<u>\$ 242,436</u>
<i>Deferred Inflows of Resources:</i>					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 2,620	\$ 2,620
Unavailable revenue and property taxes	89,775	198,720	288,495	(198,641)	89,854
CalPERS difference between actual and expected experience	-	-	-	52,459	52,459
CalPERS change in assumptions	-	-	-	24,353	24,353
Change in pension allocation proportion	-	-	-	86	86
Total deferred inflows of resources	<u>\$ 89,775</u>	<u>\$ 198,720</u>	<u>\$ 288,495</u>	<u>\$ (119,123)</u>	<u>\$ 169,372</u>

Internal Service Funds
Schedule of Deferred Outflows and Deferred Inflows
(In Thousands)

	<i>Civic Center</i>	<i>General Services</i>	<i>Fleet Services</i>	<i>Insurance</i>	<i>Employee Benefits</i>	<i>Total Internal Service Funds</i>
<i>Deferred Outflows of Resources:</i>						
Economic loss from the refunding of debt	\$ 840	\$ -	\$ 1,196	\$ -	\$ -	\$ 2,036
Pension contributions after measurement date	53	470	210	240	496	1,469
Difference between actual and expected investment returns	829	7,329	3,286	3,768	1,968	17,180
Change in pension allocation proportion	-	44	-	-	86	130
OPEB contributions after measurement date	-	37	21	6	922	986
Total deferred outflows of resources	<u>\$ 1,722</u>	<u>\$ 7,880</u>	<u>\$ 4,713</u>	<u>\$ 4,014</u>	<u>\$ 3,472</u>	<u>\$ 21,801</u>
<i>Deferred Inflows of Resources</i>						
Difference between actual and expected investment returns	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ 45
CalPERS difference between actual and expected experience	162	1,434	643	738	385	3,362
CalPERS change in assumptions	59	523	235	270	140	1,227
Change in pension allocation proportion	215	-	40	192	-	447
Total deferred inflows of resources	<u>\$ 436</u>	<u>\$ 1,957</u>	<u>\$ 918</u>	<u>\$ 1,200</u>	<u>\$ 570</u>	<u>\$ 5,081</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

Enterprise Funds
Schedule of Deferred Outflows and Deferred Inflows
(In Thousands)

	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands</i>	<i>Tideland Oil Revenue</i>	<i>Harbor</i>	<i>Nonmajor Enterprise Funds</i>	<i>Total Enterprise Funds</i>
Deferred Outflows of Resources:							
Economic loss from the refunding of debt	\$ -	\$ 1,501	\$ 6,939	\$ -	\$ 4,667	\$ -	\$ 13,107
Pension contributions after measurement date	543	601	826	120	2,072	1,061	5,223
Difference between actual and expected investment returns	8,481	9,381	14,589	1,876	32,351	16,569	83,247
Change in pension allocation proportion	306	-	22	-	2,707	1,279	4,314
OPEB contributions after measurement date	43	43	25	10	86	61	268
Derivative instrument							
Interest rate swap	16,919	-	-	-	-	-	16,919
Total deferred outflows of resources	<u>\$ 26,292</u>	<u>\$ 11,526</u>	<u>\$ 22,401</u>	<u>\$ 2,006</u>	<u>\$ 41,883</u>	<u>\$ 18,970</u>	<u>\$ 123,078</u>
Deferred Inflows of Resources:							
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ -	\$ 3,020	\$ -	\$ 3,020
CalPERS difference between actual and expected experience	1,660	1,836	1,976	367	6,332	3,243	15,414
CalPERS change in assumptions	605	669	549	134	2,309	1,183	5,449
Change in pension allocation proportion	-	857	2,361	201	-	494	3,913
Derivative instrument							
Commodity swap	537,334	-	-	-	-	-	537,334
Total deferred inflows of resources	<u>\$ 539,599</u>	<u>\$ 3,362</u>	<u>\$ 4,886</u>	<u>\$ 702</u>	<u>\$ 11,661</u>	<u>\$ 4,920</u>	<u>\$ 565,130</u>



REQUIRED SUP-
PLEMENTARY
INFORMATION

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**Schedule of Changes in the Net Pension Liability (NPL) and Related Ratios
Miscellaneous Plan**

(Calculated as of June 30 and reported as of September 30, dollars in thousands)

Last 10 Years¹
(unaudited)

	<u>2015</u>	<u>2016</u>
Total Pension Liability (TPL)		
TPL - beginning	\$ 2,362,579	\$ 2,368,500
Service cost	37,502	37,306
Interest in the TPL	171,128	175,727
Differences between actual and expected experience	(45,118)	(29,800)
Changes in assumptions ²	(40,892)	-
Benefit payments ³	(116,699)	(120,522)
Net change in TPL	5,921	62,711
TPL - ending (a)	\$ 2,368,500	\$ 2,431,211
Plan Fiduciary Net Position		
Plan fiduciary net position - beginning	\$ 1,881,680	\$ 1,857,249
Contribution - employer	35,136	39,877
Contribution - employees	17,652	17,959
Net investment income	41,570	9,355
Administrative expenses	(2,090)	(1,132)
Benefit payments ³	(116,699)	(120,522)
Net change in fiduciary net position	(24,431)	(54,463)
Plan fiduciary net position - ending (b)	\$ 1,857,249	\$ 1,802,786
Net pension liability - ending (a)-(b)	\$ 511,251	\$ 628,425
Fiduciary net position as a percentage of the TPL	78.41%	74.15%
Covered employee payroll	\$ 239,867	\$ 250,298
NPL as percentage of covered-employee payroll	213.14%	251.07%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: the discount rate (net of administrative expense) was changed from 7.5 percent to 7.65 percent.

³ Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

**Schedule of Changes in the Net Pension Liability (NPL) and Related Ratios
Safety Plan**

(Calculated as of June 30 and reported as of September 30, dollars in thousands)

Last 10 Years¹
(unaudited)

	<u>2015</u>	<u>2016</u>
Total Pension Liability		
TPL - beginning	\$ 2,209,454	\$ 2,222,223
Service cost	34,835	34,636
Interest in the TPL	160,374	165,092
Differences between actual and expected experience	(38,807)	(27,528)
Changes in assumptions ²	(39,710)	-
Benefit payments ³	(103,922)	(107,895)
Net change in TPL	12,770	64,305
TPL - ending (a)	\$ 2,222,224	\$ 2,286,528
Plan Fiduciary Net Position		
Plan fiduciary net position - beginning	\$ 1,889,902	\$ 1,866,598
Contribution - employer	29,815	32,845
Contribution - employees	11,737	11,733
Net investment income	41,167	9,115
Administrative expenses	(2,101)	(1,138)
Benefit payments ³	(103,922)	(107,895)
Net change in fiduciary net position	(23,304)	(55,340)
Plan fiduciary net position - ending (b)	\$ 1,866,598	\$ 1,811,258
Net pension liability - ending (a)-(b)	\$ 355,626	\$ 475,270
Fiduciary net position as a percentage of the TPL	84.00%	79.21%
Covered employee payroll	\$ 155,208	\$ 159,226
NPL as percentage of covered-employee payroll	229.13%	298.49%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: the discount rate (net of administrative expense) was changed from 7.5 percent to 7.65 percent.

³ Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

Schedule of Contributions
Miscellaneous Plan

As of and for the year ended September 30, 2016 (dollars in thousands)

Last 10 Years¹
(unaudited)

	2015	2016
Actuarially Determined Contribution ²	\$ 35,136	\$ 39,877
Contributions in relation to the actuarially determined contribution ³	(35,136)	(39,877)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 239,867	\$ 246,490
Contributions as a percentage of covered-employee payroll	14.65%	16.18%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016 were from June 30, 2013 public agency valuations.

Valuation Date:	6/30/2013
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2013 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation
Retirement Age	Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007
Mortality	Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Notes

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

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

³Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

Schedule of Contributions
Safety Plan

As of and for the year ended September 30, 2016 (dollars in thousands)

Last 10 Years¹
(unaudited)

	2015	2016
Actuarially Determined Contribution ²	\$ 29,815	\$ 32,845
Contributions in relation to the actuarially determined contribution ³	(29,815)	(32,845)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 155,208	\$ 159,773
Contributions as a percentage of covered-employee payroll	19.21%	20.56%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016 were from June 30, 2013 public agency valuations.

Valuation Date:	6/30/2013
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2013 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation
Retirement Age	Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007
Mortality	Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of

Notes

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

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

³Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

PARS Retirement Enhancement Plan
Schedule of Changes in the Net Pension Liability and Related Ratios

As of and for the year ended September 30, 2016 (dollars in thousands)

Last 10 years¹
(unaudited)

Total Pension Liability (TPL)	2015	2016
TPL - beginning	\$ 5,108	\$ 5,549
Service cost	417	486
Interest in the TPL	254	276
Differences between actual and expected experience	140	(82)
Benefit payments, including refunds of employee contributions	(370)	(460)
Net changes in TPL	441	220
TPL - ending (a)	\$ 5,549	\$ 5,769
 Plan fiduciary net position		
Plan fiduciary net position - beginning	\$ 4,854	\$ 5,418
Contribution - employer	331	326
Contribution - employees	334	328
Net investment income	350	(63)
Administrative expenses	(370)	(460)
Benefit payments, including refunds of employee contributions	(81)	(87)
Net change in fiduciary net position	564	44
Plan fiduciary net position - ending (b)	\$ 5,418	\$ 5,462
Net pension liability - ending (a)-(b)	\$ 131	\$ 307
 Plan fiduciary net position as a percentage of the TPL		
	97.64%	94.68%
Covered employee payroll	\$ 11,340	\$ 10,560
NPL as a percentage of covered-employee payroll	1.16%	2.91%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation, therefore only two years of information are shown.

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2016

Schedule of Contributions - PARS Plan

As of and for the year ended September 30, 2016 (dollars in thousands)

Last 10 Years*
(unaudited)

	2015	2016
Actuarially Determined Contribution	\$ 280	\$ 273
Contributions in relation to the actuarially determined contribution	332	326
Contribution deficiency (excess)	\$ (52)	\$ (53)
Covered-employee payroll	\$ 11,340	\$ 10,560
Contributions as a percentage of covered-employee payroll	2.93%	3.09%

Notes to schedule:

Significant Actuarial Assumptions Used in Actuarially Determined Contribution for Fiscal Year 2016

Actuarial Valuation Date:	September 30, 2013
Contribution Policy	Normal Cost plus 2.37 year amortization of the 9/30/13 UAAL
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar
Amortization Period	2.37 years
Asset Valuation Method	Market value investment gains and losses spread over 5-year rolling period; not less than 80% nor more than
Future New Entrants	Closed group, no new hires

Schedule of Changes in Total OPEB Liability and Related Ratios¹

(As of September 30, dollars in thousands)

Last 10 Years¹
(unaudited)

	2016
Total OPEB liability - beginning	\$ 42,493
Service cost	\$ 2,077
Interest on total OPEB liability	1,655
Benefit payments	(1,103)
Net change in total OPEB liability	2,629
Total OPEB liability - ending	\$ 45,122
Covered-employee payroll	\$ 406,263
Total OPEB liability as a percentage of covered-employee payroll	11.1%

Notes to Schedule:

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

² Fiscal year 2016 was the first year of implementation.

See accompanying independent auditors' report.

ADDITIONAL
FINANCIAL
SECTION

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City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016
(In Thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
ASSETS				
Pooled Cash and Cash Equivalents	\$ 117,971	\$ 48,882	\$ 2,651	\$ 169,504
Non-Pooled Cash and Cash Equivalents	2,487	8,311	22,372	33,170
Receivables:				
Accounts Receivable	2,229	16	-	2,245
Due from Other Governments	24,132	3,149	-	27,281
Due from Other Funds	274	734	-	1,008
Allowance for Receivables	(1,070)	-	-	(1,070)
Other Assets	1,036	1,541	-	2,577
Advances to Other Funds	3,809	-	-	3,809
Land Held for Resale	4,215	-	-	4,215
Other Noncurrent Receivables	193,036	6,113	-	199,149
Total Assets	<u>\$348,119</u>	<u>\$ 68,746</u>	<u>\$ 25,023</u>	<u>\$ 441,888</u>
LIABILITIES				
Accounts Payable	\$ 10,647	\$ 7,519	\$ 6	\$ 18,172
Accrued Wages and Benefits Payable	1,128	140	-	1,268
Due to Other Governments	8	-	-	8
Due to Other Funds	6,112	81	-	6,193
Unearned Revenues	4,706	1,520	-	6,226
Deposits and Collections Held in Trust	1,872	113	1,236	3,221
Advances from Other Funds	3,809	-	-	3,809
Total Liabilities	<u>28,282</u>	<u>9,373</u>	<u>1,242</u>	<u>38,897</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	<u>192,656</u>	<u>6,064</u>	<u>-</u>	<u>198,720</u>
FUND BALANCES				
Nonspendable	1,036	1,541	-	2,577
Restricted	123,933	25,848	23,781	173,562
Committed	1,422	-	-	1,422
Assigned	790	25,920	-	26,710
Total Fund Balance	<u>127,181</u>	<u>53,309</u>	<u>23,781</u>	<u>204,271</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$348,119</u>	<u>\$ 68,746</u>	<u>\$ 25,023</u>	<u>\$ 441,888</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, 2016
(In Thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes:				
Property	\$ 6,044	\$ 17,631	\$ 26,365	\$ 50,040
Sales	2,510	-	-	2,510
Other Taxes	11,745	-	-	11,745
Licenses and Permits	6,266	2,721	-	8,987
Use of Money and Property	2,385	642	260	3,287
From Other Agencies	166,627	1,113	-	167,740
Charges for Services	1,968	-	-	1,968
Other Contributions	-	249	-	249
Other	4,105	1,178	-	5,283
Total Revenues	<u>201,650</u>	<u>23,534</u>	<u>26,625</u>	<u>251,809</u>
Expenditures:				
Current:				
General Government	2,122	2	-	2,124
Public Safety	16,923	-	-	16,923
Public Health	36,713	-	-	36,713
Community and Cultural	106,306	2,852	-	109,158
Public Works	37,165	-	-	37,165
Total Current Expenditures	<u>199,229</u>	<u>2,854</u>	<u>-</u>	<u>202,083</u>
Capital Improvements	-	38,629	-	38,629
Debt Service:				
Principal	-	-	18,717	18,717
Interest	-	-	16,763	16,763
Debt Administration Fees	-	-	94	94
Total Expenditures	<u>199,229</u>	<u>41,483</u>	<u>35,574</u>	<u>276,286</u>
Excess of Revenues over (under) Expenditures	<u>2,421</u>	<u>(17,949)</u>	<u>(8,949)</u>	<u>(24,477)</u>
Other Financing Sources (Uses):				
Transfers In	2,216	26,995	12,023	41,234
Transfers Out	(4,175)	(13,053)	-	(17,228)
Total Other Financing Sources (Uses)	<u>(1,959)</u>	<u>13,942</u>	<u>12,023</u>	<u>24,006</u>
Net Change in Fund Balances	462	(4,007)	3,074	(471)
Fund Balances - October 1	<u>126,719</u>	<u>57,316</u>	<u>20,707</u>	<u>204,742</u>
Fund Balances - September 30	<u>\$ 127,181</u>	<u>\$ 53,309</u>	<u>\$ 23,781</u>	<u>\$ 204,271</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, 2016
(In Thousands)

	Special Revenue					
	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	\$ 3,656	\$ 1,421	\$ 1	\$ 3,971	\$ 1,064	\$ 8,222
Non-Pooled Cash and Cash Equivalents	-	-	12	1	72	2,377
Receivables:						
Accounts Receivable	167	325	39	638	-	1
Due from Other Governments	6,703	-	6,704	7,791	-	421
Due from Other Funds	243	-	15	16	-	-
Allowance for Receivables	-	-	(379)	(478)	-	-
Other Assets-Current	-	-	153	-	-	-
Advances to Other Funds	-	-	3,809	-	-	-
Land Held for Resale	-	-	759	-	-	-
Other Noncurrent Receivables (net)	-	-	61,692	-	-	-
Total Assets	<u>\$ 10,769</u>	<u>\$ 1,746</u>	<u>\$ 72,805</u>	<u>\$ 11,939</u>	<u>\$ 1,136</u>	<u>\$ 11,021</u>
LIABILITIES						
Accounts Payable	\$ 615	\$ -	\$ 2,471	\$ 1,969	\$ 154	\$ 98
Accrued Wages	122	24	195	588	-	115
Due to Other Governments	-	-	-	-	-	8
Due to Other Funds	2,461	14	2,617	371	-	66
Unearned Revenues	3,787	306	208	388	-	17
Deposits and Collections Held in Trust	-	-	182	175	10	1,324
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	<u>6,985</u>	<u>344</u>	<u>5,673</u>	<u>3,491</u>	<u>164</u>	<u>1,628</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	-	-	61,312	-	-	-
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	153	-	-	-
Restricted	2,994	1,402	5,667	8,448	972	9,393
Committed	-	-	-	-	-	-
Assigned	790	-	-	-	-	-
Total Fund Balances	<u>3,784</u>	<u>1,402</u>	<u>5,820</u>	<u>8,448</u>	<u>972</u>	<u>9,393</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,769</u>	<u>\$ 1,746</u>	<u>\$ 72,805</u>	<u>\$ 11,939</u>	<u>\$ 1,136</u>	<u>\$ 11,021</u>

See accompanying independent auditors' report.

Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total Special Revenue Funds	
ASSETS					
\$ 41,051	\$ 14,167	\$ 31,641	\$ 12,777	\$ 117,971	Pooled Cash and Cash Equivalents
25	-	-	-	2,487	Non-Pooled Cash and Cash Equivalents
Receivables:					
11	1	7	1,040	2,229	Accounts Receivable
507	1,851	155	-	24,132	Due from Other Governments
-	-	-	-	274	Due from Other Funds
-	-	-	(213)	(1,070)	Allowance for Receivables
-	843	32	8	1,036	Other Assets-Current
-	-	-	-	3,809	Advances to Other Funds
3,456	-	-	-	4,215	Land Held for Resale
130,087	-	-	1,257	193,036	Other Noncurrent Receivables
<u>\$ 175,137</u>	<u>\$ 16,862</u>	<u>\$ 31,835</u>	<u>\$ 14,869</u>	<u>\$ 348,119</u>	Total Assets
LIABILITIES					
\$ 127	\$ 2,967	\$ 2,020	\$ 226	\$ 10,647	Accounts Payable
21	-	-	63	1,128	Accrued Wages
-	-	-	-	8	Due to Other Governments
12	514	20	37	6,112	Due to Other Funds
-	-	-	-	4,706	Unearned Revenues
26	-	-	155	1,872	Deposits and Collections Held in Trust
3,809	-	-	-	3,809	Advances from Other Funds
<u>3,995</u>	<u>3,481</u>	<u>2,040</u>	<u>481</u>	<u>28,282</u>	Total Liabilities
DEFERRED INFLOWS OF RESOURCE					
<u>130,087</u>	<u>-</u>	<u>-</u>	<u>1,257</u>	<u>192,656</u>	Deferred Inflows
FUND BALANCES (DEFICIT)					
-	843	32	8	1,036	Nonspendable
40,833	12,538	29,763	11,923	123,933	Restricted
222	-	-	1,200	1,422	Committed
-	-	-	-	790	Assigned
<u>41,055</u>	<u>13,381</u>	<u>29,795</u>	<u>13,131</u>	<u>127,181</u>	Total Fund Balances
<u>\$ 175,137</u>	<u>\$ 16,862</u>	<u>\$ 31,835</u>	<u>\$ 14,869</u>	<u>\$ 348,119</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, 2016
(In Thousands)

	Special Revenue					
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 6,044	\$ -	\$ -
Sales	-	-	-	2,510	-	-
Other Taxes	-	3,679	-	-	-	-
Licenses and Permits	-	-	2	3,205	-	-
Use of Money and Property	36	11	340	51	754	52
From Other Agencies	16,734	-	25,068	23,580	-	63,958
Charges for Services	602	-	48	1,312	-	-
Other	662	-	1,845	74	-	89
Total Revenues	18,034	3,690	27,303	36,776	754	64,099
Expenditures:						
Current:						
General Government	1,672	-	117	-	-	8
Public Safety	12,448	3,525	950	-	-	-
Public Health	237	-	-	35,050	-	-
Community and Cultural	4,935	-	24,637	-	770	65,303
Public Works	50	-	32	-	-	-
Total Current Expenditures	19,342	3,525	25,736	35,050	770	65,311
Excess of Revenues over (under) Expenditures	(1,308)	165	1,567	1,726	(16)	(1,212)
Other Financing Sources (Uses)						
Transfers In	446	-	297	393	-	-
Transfers Out	-	-	(1,806)	(202)	-	-
Total Other Financing Sources (Uses)	446	-	(1,509)	191	-	-
Net Change in Fund Balances	(862)	165	58	1,917	(16)	(1,212)
Fund Balances - October 1	4,646	1,237	5,762	6,531	988	10,605
Fund Balances - September 30	\$ 3,784	\$ 1,402	\$ 5,820	\$ 8,448	\$ 972	\$ 9,393

See accompanying independent auditors' report.

Special Revenue					
Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total Special Revenue Funds	
					Revenues:
\$ -	\$ -	\$ -	\$ -	\$ 6,044	Taxes:
-	-	-	-	2,510	Property
-	-	-	8,066	11,745	Sales
79	-	-	2,980	6,266	Other Taxes
610	115	269	147	2,385	Licenses and Permits
331	15,524	21,432	-	166,627	Use of Money and Property
-	-	-	6	1,968	From Other Agencies
1,178	-	-	257	4,105	Charges for Services
<u>2,198</u>	<u>15,639</u>	<u>21,701</u>	<u>11,456</u>	<u>201,650</u>	Other
					Total Revenues
					Expenditures:
					Current:
101	-	190	34	2,122	General Government
-	-	-	-	16,923	Public Safety
-	-	-	1,426	36,713	Public Health
2,933	-	171	7,557	106,306	Community and Cultural
-	20,669	16,414	-	37,165	Public Works
<u>3,034</u>	<u>20,669</u>	<u>16,775</u>	<u>9,017</u>	<u>199,229</u>	Total Current Expenditures
					Excess of Revenues Over
(836)	(5,030)	4,926	2,439	2,421	(Under) Expenditures
					Other Financing Sources (Uses)
975	-	-	105	2,216	Transfers In
(162)	-	-	(2,005)	(4,175)	Transfers Out
<u>813</u>	<u>-</u>	<u>-</u>	<u>(1,900)</u>	<u>(1,959)</u>	Total Other Financing Sources (Uses)
					Net Change in Fund Balances
(23)	(5,030)	4,926	539	462	
<u>41,078</u>	<u>18,411</u>	<u>24,869</u>	<u>12,592</u>	<u>126,719</u>	Fund Balances - October 1
<u>\$ 41,055</u>	<u>\$ 13,381</u>	<u>\$ 29,795</u>	<u>\$ 13,131</u>	<u>\$ 127,181</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, 2016
 (In Thousands)

	General Grants			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ (8)	\$ (2)	\$ 36	\$ 38
From Other Agencies	18,984	35,068	16,734	(18,334)
Charges for Services	(817)	(188)	602	790
Other Revenues	83	1,394	662	(732)
Transfers In	972	1,262	446	(816)
Total Sources	19,214	37,534	18,480	(19,054)
Uses:				
General Government	2,788	3,160	1,687	1,473
Public Safety	13,580	29,330	12,605	16,725
Public Health	432	643	237	406
Community and Cultural	6,156	8,136	4,935	3,201
Public Works	305	305	50	255
Total Uses	23,261	41,574	19,514	22,060
Net Change in Budgetary Fund Balance	\$ (4,047)	\$ (4,040)	\$ (1,034)	\$ 3,006
Fund Balances - October 1, Budgetary Basis	4,646	4,646	374	
Fund Balances - September 30, Budgetary Basis	\$ 599	\$ 606	\$ (660)	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (1,034)
Add: Encumbrances	172
Change in Fund Balance - September 30, GAAP Basis	(862)
Fund Balance, October 1, GAAP Basis	4,646
Fund Balance, September 30, GAAP Basis	\$ 3,784

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

Fund Balance, September 30, GAAP Basis	\$ 3,784
Less: Commitments to Grant Funded Programs	(20,610)
Add: Future Grant Funding	17,933
Total Adjustments	(2,677)
Budgetary Funds Available - September 30	\$ 1,107

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, 2016
 (In Thousands)

	Police and Fire Public Safety Oil Production Tax			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
Sources:				
Other Taxes	\$ 1,371	\$ 1,371	\$ 3,679	\$ 2,308
Use of Money and Property	(41)	(41)	14	55
Total Sources	<u>1,330</u>	<u>1,330</u>	<u>3,693</u>	<u>2,363</u>
Uses:				
General Government	400	400	-	400
Public Safety	5,211	5,519	3,525	1,994
Total Uses	<u>5,611</u>	<u>5,919</u>	<u>3,525</u>	<u>2,394</u>
Net Change in Budgetary Fund Balance	<u>\$ (4,281)</u>	<u>\$ (4,589)</u>	<u>\$ 168</u>	<u>\$ 4,757</u>
Fund Balances - October 1, Budgetary Basis	<u>1,239</u>	<u>1,239</u>	<u>1,237</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ (3,042)</u>	<u>\$ (3,350)</u>	<u>\$ 1,405</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 168</u>
Less: Change in Mark-to-Market and Other Adjustments	<u>(3)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>165</u>
Fund Balance, October 1, GAAP Basis	<u>1,237</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 1,402</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 1,402</u>
Budgetary Funds Available - September 30	<u>\$ 1,402</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, 2016
 (In Thousands)

	Community Development Grants			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Licenses and Permits	\$ (8)	\$ (8)	\$ 2	\$ 10
Use of Money and Property	(312)	(309)	\$ 340	\$ 649
From Other Agencies	34,582	44,778	25,068	(19,710)
Charges for Services	(50)	(50)	48	98
Other Revenues	5,356	5,985	1,845	(4,140)
Transfers In	(107)	23	297	274
Total Sources	<u>39,461</u>	<u>50,419</u>	<u>27,600</u>	<u>(22,819)</u>
Uses:				
General Government	24,654	24,677	117	24,560
Public Safety	1,287	909	950	(41)
Community and Cultural	18,845	29,663	25,591	4,072
Public Works	27	27	32	(5)
Transfers Out	(3,020)	(3,020)	1,806	(4,826)
Total Uses	<u>41,793</u>	<u>52,256</u>	<u>28,496</u>	<u>23,760</u>
Net Change in Budgetary Fund Balance	<u>\$ (2,332)</u>	<u>\$ (1,837)</u>	<u>\$ (896)</u>	<u>\$ 941</u>
Fund Balances - October 1, Budgetary Basis	<u>4,395</u>	<u>3,302</u>	<u>5,762</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 2,063</u>	<u>\$ 1,465</u>	<u>\$ 4,866</u>	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (896)</u>	
Add: Encumbrances			<u>954</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>58</u>	
Fund Balance, October 1, GAAP Basis			<u>5,762</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 5,820</u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 5,820</u>	
Less: Nonspendable Fund Balance			(153)	
Amounts Restricted by Long-term Advances			(3,809)	
Land Held for Resale			(759)	
Commitments to Grant Funded Programs			(21,139)	
Add: Future Grant Funding			<u>20,653</u>	
Total Adjustments			<u>(5,207)</u>	
Budgetary Funds Available - September 30			<u>\$ 613</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, 2016
 (In Thousands)

	Health			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Property Taxes	\$ 8,344	\$ 8,344	\$ 6,044	\$ (2,300)
Sales Taxes	2,500	2,500	2,510	10
Licenses and Permits	3,099	3,099	3,205	106
Use of Money and Property	30	30	51	21
From Other Agencies	43,717	47,427	23,580	(23,847)
Charges for Services	1,630	1,627	1,312	(315)
Other Revenues	1,905	2,173	74	(2,099)
Transfers In	80	1,065	393	(672)
Total Sources	<u>61,305</u>	<u>66,265</u>	<u>37,169</u>	<u>(29,096)</u>
Uses				
Public Health	61,150	66,105	35,055	31,050
Transfers Out	48	202	202	-
Total Uses	<u>61,198</u>	<u>66,307</u>	<u>35,257</u>	<u>31,050</u>
Net Change in Budgetary Fund Balance	<u>\$ 107</u>	<u>\$ (42)</u>	<u>\$ 1,912</u>	<u>\$ 1,954</u>
Fund Balances - October 1, Budgetary Basis	<u>6,531</u>	<u>6,531</u>	<u>6,531</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 6,638</u>	<u>\$ 6,489</u>	<u>\$ 8,443</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 1,912</u>
Add: Encumbrances	<u>5</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,917</u>
Fund Balance, October 1, GAAP Basis	<u>6,531</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 8,448</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 8,448</u>
Commitments to Grant Funded Programs	(26,348)
Internal Designations	(108)
Add: Future Grant Funding	<u>26,055</u>
Total Adjustments	<u>(401)</u>
Budgetary Funds Available - September 30	<u>\$ 8,047</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, 2016
 (In Thousands)

	Belmont Shore Parking Meter Revenues			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 702	\$ 702	\$ 1,456	\$ 754
Total Sources	702	702	1,456	754
Uses				
Community and Cultural	831	933	770	163
Total Uses	831	933	770	163
Net Change in Budgetary Fund Balance	\$ (129)	\$ (231)	\$ 686	\$ 917
Fund Balances - October 1, Budgetary Basis	-	-	988	
Fund Balances - September 30, Budgetary Basis	\$ (129)	\$ (231)	\$ 1,674	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 686
Change in Fund Balance - September 30, GAAP Basis	(16)
Fund Balance, October 1, GAAP Basis	988
Fund Balance, September 30, GAAP Basis	\$ 972

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

Fund Balance, September 30, GAAP Basis	\$ 972
Budgetary Funds Available - September 30	\$ 972

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, 2016
 (In Thousands)

	Housing Assistance			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Use of Money and Property	\$ 14	\$ 14	\$ 52	\$ 38
From Other Agencies	70,556	70,162	63,958	(6,204)
Other Revenues	120	514	89	(425)
Total Sources	70,690	70,690	64,099	(6,591)
Uses				
General Government	13	13	8	5
Public Health	93	93	93	-
Community and Cultural	71,940	71,940	65,303	6,637
Total Uses	72,046	72,046	65,404	6,642
Net Change in Budgetary Fund Balance	\$ (1,356)	\$ (1,356)	\$ (1,305)	\$ 51
Fund Balances - October 1, Budgetary Basis	10,605	10,605	10,605	
Fund Balances - September 30, Budgetary Basis	\$ 9,249	\$ 9,249	\$ 9,300	
 Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (1,305)	
Change in Fund Balance - September 30, GAAP Basis			(1,305)	
Fund Balance, October 1, GAAP Basis			10,605	
Fund Balance, September 30, GAAP Basis			\$ 9,300	
 Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 9,300	
Less: Commitments to Grant Funded Programs			(24)	
Add: Future Grant Funding			34	
Total Adjustments			10	
Budgetary Funds Available - September 30			\$ 9,310	

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, 2016
(In Thousands)

	Housing Development			Variance with Final Budget - Favorable (unfavorable)
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	
	<u>Original</u>	<u>Final</u>		
Sources				
Licenses and Permits	\$ 218	\$ 218	\$ 79	\$ (139)
Use of Money and Property	66	72	682	610
From Other Agencies	3,472	3,472	331	(3,141)
Other Revenues	(42)	1,148	1,178	30
Transfers In	11,444	12,596	975	(11,621)
Total Sources	<u>15,158</u>	<u>17,506</u>	<u>3,245</u>	<u>(14,261)</u>
Uses				
General Government	16,973	17,049	101	16,948
Community and Cultural	6,844	7,524	2,933	4,591
Transfers Out	791	1,206	162	1,044
Total Uses	<u>24,608</u>	<u>25,779</u>	<u>3,196</u>	<u>22,583</u>
Net Change in Budgetary Fund Balance	<u>\$ (9,450)</u>	<u>\$ (8,273)</u>	<u>\$ 49</u>	<u>\$ 8,322</u>
Fund Balances - October 1, Budgetary Basis	<u>41,078</u>	<u>41,078</u>	<u>41,078</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 31,628</u>	<u>\$ 32,805</u>	<u>\$ 41,127</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 49
Change in Fund Balance - September 30, GAAP Basis	(23)
Fund Balance, October 1, GAAP Basis	41,078
Fund Balance, September 30, GAAP Basis	<u>\$ 41,055</u>

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

Fund Balance, September 30, GAAP Basis	\$ 41,055
Less: Land Held for Resale	(3,456)
Commitments to Grant Funded Programs	(22,602)
Add: Future Grant Funding	4,352
Total Adjustments	<u>(21,706)</u>
Budgetary Funds Available - September 30	<u>\$ 19,349</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, 2016
 (In Thousands)

	Gasoline Tax			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Use of Money and Property	\$ 50	\$ 115	\$ 230	\$ 115
From Other Agencies	26,524	26,910	15,524	(11,386)
Total Sources	26,574	27,025	15,754	(11,271)
Uses				
Public Works	46,676	47,126	25,742	21,384
Total Uses	46,676	47,126	25,742	21,384
Net Change in Budgetary Fund Balance	\$ (20,102)	\$ (20,101)	\$ (9,988)	\$ 10,113
Fund Balances - October 1, Budgetary Basis	18,411	18,411	18,411	
Fund Balances - September 30, Budgetary Basis	\$ (1,691)	\$ (1,690)	\$ 8,423	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (9,988)
Less: Encumbrances	5,073
Change in Fund Balance - September 30, GAAP Basis	(5,030)
Fund Balance, October 1, GAAP Basis	18,411
Fund Balance, September 30, GAAP Basis	\$ 13,381

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

Fund Balance, September 30, GAAP Basis	\$ 13,381
Less: Nonspendable Fund Balance	(843)
Commitments to Grant Funded Programs	(23,386)
Add: Future Grant Funding	10,892
Total Adjustments	(13,337)
Budgetary Funds Available - September 30	\$ 44

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, 2016
 (In Thousands)

	Transportation			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Use of Money and Property	\$ 98	\$ 269	\$ 538	\$ 269
From Other Agencies	20,270	20,082	21,432	1,350
Total Sources	<u>20,368</u>	<u>20,351</u>	<u>21,970</u>	<u>1,619</u>
Uses				
Community and Cultural	82	82	171	(89)
Public Works	38,645	38,904	21,321	17,583
Total Uses	<u>38,727</u>	<u>38,986</u>	<u>21,492</u>	<u>17,494</u>
Net Change in Budgetary Fund Balance	<u>\$ (18,359)</u>	<u>\$ (18,635)</u>	<u>\$ 478</u>	<u>\$ 19,113</u>
Fund Balances - October 1, Budgetary Basis	24,916	24,916	24,869	
Fund Balances - September 30, Budgetary Basis	<u>\$ 6,557</u>	<u>\$ 6,281</u>	<u>\$ 25,347</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 478
Add: Encumbrances	4,717
Change in Fund Balance - September 30, GAAP Basis	<u>4,926</u>
Fund Balance, October 1, GAAP Basis	<u>24,869</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 29,795</u>

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

Fund Balance, September 30, GAAP Basis	\$ 29,795
Less: Nonspendable Fund Balance	(32)
Commitments to Projects	<u>(21,050)</u>
Total Adjustments	<u>(21,082)</u>
Budgetary Funds Available - September 30	<u>\$ 8,713</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, 2016
 (In Thousands)

	Other Special Revenue Funds			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Other Taxes	\$ 6,300	\$ 6,300	\$ 8,066	\$ 1,766
Licenses and Permits	2,709	2,715	2,980	265
Use of Money and Property	24	24	171	147
From Other Agencies	400	400	-	(400)
Charges for Services	-	-	6	6
Other Revenues	1,565	1,602	257	(1,345)
Transfers In	1,004	1,004	105	(899)
Total Sources	<u>12,002</u>	<u>12,045</u>	<u>11,585</u>	<u>(460)</u>
Uses				
General Government	2,038	(77)	34	(111)
Public Safety	131	138	-	138
Public Health	1,522	1,515	2,941	(1,426)
Community and Cultural	7,515	11,673	7,557	4,116
Transfers Out	400	2,400	2,005	395
Total Uses	<u>11,606</u>	<u>15,649</u>	<u>12,537</u>	<u>3,112</u>
Net Change in Budgetary Fund Balance	<u>\$ 396</u>	<u>\$ (3,604)</u>	<u>\$ (952)</u>	<u>\$ 2,652</u>
Fund Balances - October 1, Budgetary Basis	<u>(2,400)</u>	<u>-</u>	<u>12,592</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ (2,004)</u>	<u>\$ (3,604)</u>	<u>\$ 11,640</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (952)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>539</u>
Fund Balance, October 1, GAAP Basis	<u>12,592</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 13,131</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 13,131</u>
Less: Nonspendable Fund Balance	(8)
Commitments to Projects	(1,364)
Internal Designations	(5,000)
Add: Future Grant Funding	<u>1,744</u>
Total Adjustments	<u>(4,628)</u>
Budgetary Funds Available - September 30	<u>\$ 8,503</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, 2016
 (In Thousands)

	<u>General Debt Service Fund</u>	<u>Successor Agency Debt Service Fund</u>	<u>Total Debt Service Funds</u>
ASSETS			
Pooled Cash and Cash Equivalents	\$ 2,651	\$ -	\$ 2,651
Non-Pooled Cash and Cash Equivalents	1,775	20,597	22,372
Total Assets	<u>\$ 4,426</u>	<u>\$ 20,597</u>	<u>\$ 25,023</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 6	\$ 6
Deposits and Collections Held in Trust	1,236	-	1,236
Total Liabilities	<u>1,236</u>	<u>6</u>	<u>1,242</u>
FUND BALANCES			
Restricted	<u>3,190</u>	<u>20,591</u>	<u>23,781</u>
Total Fund Balance	<u>3,190</u>	<u>20,591</u>	<u>23,781</u>
Total Liabilities and Fund Balances	<u>\$ 4,426</u>	<u>\$ 20,597</u>	<u>\$ 25,023</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, 2016
 (In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total Debt Service Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 26,365	\$ 26,365
Use of Money and Property	163	97	260
Total Revenues	<u>163</u>	<u>26,462</u>	<u>26,625</u>
Expenditures:			
Debt Service:			
Principal	5,177	13,540	18,717
Interest	3,807	12,956	16,763
Debt Administration Fees	8	86	94
Total Expenditures	<u>8,992</u>	<u>26,582</u>	<u>35,574</u>
Excess of Revenues over (under) Expenditures	<u>(8,829)</u>	<u>(120)</u>	<u>(8,949)</u>
Other Financing Sources (Uses):			
Transfers In	<u>11,643</u>	<u>380</u>	<u>12,023</u>
Total Other Financing Sources	<u>11,643</u>	<u>380</u>	<u>12,023</u>
Net Change in Fund Balances	2,814	260	3,074
Fund Balances - October 1	<u>376</u>	<u>20,331</u>	<u>20,707</u>
Fund Balances - September 30	<u>\$ 3,190</u>	<u>\$ 20,591</u>	<u>\$ 23,781</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, 2016
 (In Thousands)

	General Debt Service Fund			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Use of Money and Property	\$ 751	\$ 751	\$ 163	\$ (588)
Transfers In	8,479	8,879	11,643	2,764
Total Sources	9,230	9,630	11,806	2,176
Uses:				
Debt Service	9,230	8,992	8,992	-
Total Uses	9,230	8,992	8,992	-
Net Change in Budgetary Fund Balance	\$ -	\$ 638	\$ 2,814	\$ 2,176
Fund Balances - October 1, Budgetary Basis	376	376	376	
Fund Balances - September 30, Budgetary Basis	\$ 376	\$ 1,014	\$ 3,190	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 2,814	
Change in Fund Balance - September 30, GAAP Basis			2,814	
Fund Balance, October 1, GAAP Basis			376	
Fund Balance, September 30, GAAP Basis			\$ 3,190	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 3,190	
Budgetary Funds Available - September 30			\$ 3,190	

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, 2016
 (In Thousands)

	Successor Agency Debt Service Fund			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Property Taxes	\$ -	\$ -	\$ 26,365	\$ 26,365
Use of Money and Property	-	-	97	97
Transfers In	30,162	30,162	380	(29,782)
Total Sources	30,162	30,162	26,842	(3,320)
Uses:				
Debt Service	30,162	30,162	26,582	3,580
Total Uses	30,162	30,162	26,582	3,580
Net Change in Budgetary Fund Balance	\$ -	\$ -	\$ 260	\$ 260
Fund Balances - October 1, Budgetary Basis	33,375	33,375	20,331	
Fund Balances - September 30, Budgetary Basis	\$ 33,375	\$ 33,375	\$ 20,591	
 Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 260	
Change in Fund Balance - September 30, GAAP Basis			260	
Fund Balance, October 1, GAAP Basis			20,331	
Fund Balance, September 30, GAAP Basis			\$ 20,591	
 Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 20,591	
Budgetary Funds Available - September 30			\$ 20,591	

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, 2016
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
ASSETS				
Pooled Cash and Cash Equivalents	\$ 38,435	\$ 1,759	\$ 8,688	\$ 48,882
Non-Pooled Cash and Cash Equivalents	6,836	687	788	8,311
Receivables:				
Accounts Receivable	4	-	12	16
Due from Other Governments	2,197	-	952	3,149
Due from Other Funds	734	-	-	734
Other Assets	129	-	1,412	1,541
Other Noncurrent Receivables	-	-	6,113	6,113
Total Assets	<u>\$ 48,335</u>	<u>\$ 2,446</u>	<u>\$ 17,965</u>	<u>\$ 68,746</u>
LIABILITIES				
Accounts Payable	\$ 7,446	\$ (1)	\$ 74	\$ 7,519
Accrued Wages and Benefits Payable	133	-	7	140
Due to Other Funds	77	-	4	81
Unearned Revenues	1,433	-	87	1,520
Deposits and Collections Held in Trust	2	-	111	113
Total Liabilities	<u>9,091</u>	<u>(1)</u>	<u>283</u>	<u>9,373</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	-	-	6,064	6,064
FUND BALANCES				
Nonspendable	129	-	1,412	1,541
Restricted	13,195	2,447	10,206	25,848
Assigned	25,920	-	-	25,920
Total Fund Balance	<u>39,244</u>	<u>2,447</u>	<u>11,618</u>	<u>53,309</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 48,335</u>	<u>\$ 2,446</u>	<u>\$ 17,965</u>	<u>\$ 68,746</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, 2016
 (In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 17,631	\$ 17,631
Licenses and Permits	2,721	-	-	2,721
Use of Money and Property	58	7	577	642
From Other Agencies	160	-	953	1,113
Other Contributions	249	-	-	249
Other	-	-	1,178	1,178
Total Revenues	<u>3,188</u>	<u>7</u>	<u>20,339</u>	<u>23,534</u>
Expenditures:				
Current:				
General Government	-	-	2	2
Community and Cultural	603	-	2,249	2,852
Total Current Expenditures	<u>603</u>	<u>-</u>	<u>2,251</u>	<u>2,854</u>
Capital Improvements	38,627	2	-	38,629
Total Expenditures	<u>39,230</u>	<u>2</u>	<u>2,251</u>	<u>41,483</u>
Excess of Revenues Over (under) Expenditures	<u>(36,042)</u>	<u>5</u>	<u>18,088</u>	<u>(17,949)</u>
Other Financing Sources (Uses):				
Transfers In	25,577	-	1,418	26,995
Transfers Out	(1,602)	-	(11,451)	(13,053)
Total Other Financing Sources (Uses)	<u>23,975</u>	<u>-</u>	<u>(10,033)</u>	<u>13,942</u>
Net Change in Fund Balances	<u>(12,067)</u>	<u>5</u>	<u>8,055</u>	<u>(4,007)</u>
Fund Balances - October 1	51,311	2,442	3,563	57,316
Fund Balances - September 30	<u>\$ 39,244</u>	<u>\$ 2,447</u>	<u>\$ 11,618</u>	<u>\$ 53,309</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, 2016
(In Thousands)

	General Capital Projects Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Licenses and Permits	\$ 483	\$ 2,721	\$ 2,721	\$ -
Use of Money and Property	778	130	58	(72)
From Other Agencies	27,079	57,553	160	(57,393)
Charges for Services	(49)	(49)	-	49
Other Contributions	-	-	249	249
Other Revenues	(1,578)	888	-	(888)
Debt Issuance	-	2,800	-	(2,800)
Transfers In	19,426	25,778	25,577	(201)
Total Sources	46,139	89,821	28,765	(61,056)
Uses:				
General Government	22	22	-	22
Public Safety	218	218	83	135
Community and Cultural	2,668	2,668	754	1,914
Public Works	-	-	21,327	(21,327)
Capital Improvements	83,866	127,032	38,627	88,405
Transfers Out	332	1,508	1,602	(94)
Total Uses	87,106	131,448	62,393	69,055
Net Change in Budgetary Fund Balance	\$ (40,967)	\$ (41,627)	\$ (33,628)	\$ 7,999
Fund Balances - October 1, Budgetary Basis	51,311	51,311	51,311	
Fund Balances - September 30, Budgetary Basis	\$ 10,344	\$ 9,684	\$ 17,683	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (33,628)	
Add: Encumbrances			21,561	
Change in Fund Balance - September 30, GAAP Basis			(12,067)	
Fund Balance, October 1, GAAP Basis			51,311	
Fund Balance, September 30, GAAP Basis			\$ 39,244	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 39,244	
Less: Nonspendable Fund Balance			(129)	
Commitments to Ongoing Projects			(90,741)	
Internal Designation			(6,835)	
Add: Future Grant Funding			61,759	
Total Adjustments			(35,946)	
Budgetary Funds Available - September 30			\$ 3,298	

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, 2016
 (In Thousands)

Special Assessment Capital Projects Fund				
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
Sources:				
Use of Money and Property	\$ 15	\$ 15	\$ 7	\$ (8)
Total Sources	15	15	7	(8)
Uses:				
Capital Improvements	2,224	2,224	2	2,222
Total Uses	2,224	2,224	2	2,222
Net Change in Budgetary Fund Balance	\$ (2,209)	\$ (2,209)	\$ 5	\$ 2,214
Fund Balances - October 1, Budgetary Basis	2,229	2,229	2,442	
Fund Balances - September 30, Budgetary Basis	\$ 20	\$ 20	\$ 2,447	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 5	
Change in Fund Balance - September 30, GAAP Basis			5	
Fund Balance, October 1, GAAP Basis			2,442	
Fund Balance, September 30, GAAP Basis			\$ 2,447	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 2,447	
Less: Commitments to Ongoing Projects			(2,223)	
Add: Future Funding			8	
Total Adjustments			(2,215)	
Budgetary Funds Available - September 30			\$ 232	

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2016
(In Thousands)

	<u>Successor Agency Capital Projects Fund</u>			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
Sources:				
Property Taxes	\$ 44,229	\$ 44,229	\$ 17,631	\$ (26,598)
Licenses and Permits	15	15	-	(15)
Use of Money and Property From Other Agencies	800	800	577	(223)
Other Revenues	-	-	953	953
Transfers In	308	308	1,178	870
	24,768	26,186	1,418	(24,768)
Total Sources	<u>70,120</u>	<u>71,538</u>	<u>21,757</u>	<u>(49,781)</u>
Uses:				
General Government	65	-	2	(2)
Community and Cultural	77,889	79,371	2,249	77,122
Transfers Out	35,374	39,891	11,451	28,440
Total Uses	<u>113,328</u>	<u>119,262</u>	<u>13,702</u>	<u>105,560</u>
Net Change in Budgetary Fund Balance	<u>\$ (43,208)</u>	<u>\$ (47,724)</u>	<u>\$ 8,055</u>	<u>\$ 55,779</u>
Fund Balances - October 1, Budgetary Basis	<u>3,563</u>	<u>3,653</u>	<u>3,563</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ (39,645)</u>	<u>\$ (44,071)</u>	<u>\$ 11,618</u>	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ 8,055</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>8,055</u>	
Fund Balance, October 1, GAAP Basis			<u>3,563</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 11,618</u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 11,618</u>	
Less: Nonspendable Fund Balance			(1,412)	
Commitments to Ongoing Projects			(25,157)	
Add: Future Funding			<u>13,154</u>	
Total Adjustments			<u>(13,415)</u>	
Budgetary Funds Available - September 30			<u>\$ (1,797)</u>	

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, 2016
(In Thousands)

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Proprietary Funds
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 10,391	\$ 64,068	\$ 39,153	\$ 810	\$ 177,141	\$ 22,272	\$ 313,835
Non-Pooled Cash and Cash Equivalents	29	5,927	1,281	2	-	-	7,239
Receivables:							
Interest Receivable	1	33	40	-	32	1	107
Accounts Receivable	901	3,696	9,810	386	-	184	14,977
Due from Other Governments	-	3,595	102	-	-	-	3,697
Due from Other Funds	48	-	35	-	500	65	648
Allowance for Receivables	(48)	(14)	(177)	(259)	-	(114)	(612)
Inventory	90	-	-	-	-	-	90
Other Assets - Current	-	68	88	-	-	-	156
Total Current Assets	11,412	77,373	50,332	939	177,673	22,408	340,137
Noncurrent Assets:							
Restricted Noncurrent Assets:							
Non-Pooled Investments	-	8,593	10,563	-	-	-	19,156
Noncurrent Receivables							
Other Noncurrent Receivables	-	-	582	-	-	-	582
Advances to Other Funds	-	-	-	-	2,614	-	2,614
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	5,813	16,605	7,003	-	-	-	29,421
Capital Assets Net of Accumulated Depreciation	62,198	218,993	3,852	-	-	54	285,097
Total Noncurrent Assets	68,011	244,191	22,000	-	2,614	54	336,870
Total Assets	79,423	321,564	72,332	939	180,287	22,462	677,007
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows	2,026	4,598	4,635	921	-	6,790	18,970
Total Assets and Deferred Outflows	81,449	326,162	76,967	1,860	180,287	29,252	695,977
LIABILITIES							
Current Liabilities Payable from Current Assets:							
Accounts Payable	994	4,039	6,640	90	-	867	12,630
Accrued Wages	137	253	293	52	-	285	1,020
Accrued Interest Payable	26	2,213	537	-	-	-	2,776
Due to Other Funds	378	156	170	30	-	166	900
Unearned Revenues	-	296	-	-	3,114	2,346	5,756
Collections Held in Trust	-	152	842	-	-	6,789	7,783
Customers Deposits	-	-	-	-	-	6	6
Advances from Developers	55	-	-	-	-	-	55
Bonds Payable Due within One Year	460	2,625	9,805	-	-	-	12,890
Total Current Liabilities	2,050	9,734	18,287	172	3,114	10,459	43,816
Noncurrent Liabilities:							
Unearned Revenues	-	4,821	-	-	-	-	4,821
Bonds Payable	11,089	107,546	22,111	-	-	-	140,746
Net OPEB Liability	309	420	744	119	-	592	2,184
Net Pension Liability	7,277	15,583	16,645	3,312	-	20,764	63,581
Total Noncurrent Liabilities	18,675	128,370	39,500	3,431	-	21,356	211,332
Total Liabilities	20,725	138,104	57,787	3,603	3,114	31,815	255,148
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	685	1,085	1,344	359	-	1,447	4,920
Total Liabilities and Deferred Inflows	21,410	139,189	59,131	3,962	3,114	33,262	260,068
NET POSITION							
Net Investment in Capital Assets	56,462	136,183	(9,936)	-	-	54	182,763
Restricted for:							
Debt Service	84	364	925	-	-	-	1,373
Capital Projects	-	25,038	-	-	-	-	25,038
Airport	-	8,114	-	-	-	-	8,114
Subsidence	-	-	-	-	177,173	-	177,173
Unrestricted	3,493	17,274	26,847	(2,102)	-	(4,064)	41,448
Total Net Position	\$ 60,039	\$ 186,973	\$ 17,836	\$ (2,102)	\$ 177,173	\$ (4,010)	\$ 435,909

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, 2016
(In Thousands)

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
Operating Revenues:							
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,775	\$ 21,775
Fees, Concessions and Rentals	-	36,621	-	-	-	-	36,621
From Other Agencies	-	324	-	-	-	-	324
Charges for Services	18,355	-	75,546	5,568	-	1,194	100,663
Other	-	6	-	-	-	23	29
Total Operating Revenues	18,355	36,951	75,546	5,568	-	22,992	159,412
Operating Expenses:							
Personnel Services	3,968	11,381	14,226	2,527	-	12,736	44,838
Maintenance and Other Operations	9,680	19,181	53,864	3,376	-	7,761	93,862
Amortization	-	53	-	-	-	-	53
Depreciation	2,187	10,590	4,318	-	-	18	17,113
Total Operating Expenses	15,835	41,205	72,408	5,903	-	20,515	155,866
Operating Income (Loss)	2,520	(4,254)	3,138	(335)	-	2,477	3,546
Non-Operating Income (Expenses):							
Interest Income	94	579	382	10	1,971	177	3,213
Interest Expense	-	(6,618)	(1,279)	-	-	-	(7,897)
Gain (Loss) on Disposition of Capital Assets	5	(151)	-	-	-	-	(146)
Operating Grants	-	-	324	-	-	-	324
Other Income	-	2,772	91	-	-	23	2,886
Other Expense	(380)	-	-	-	-	-	(380)
Total Non-Operating Income (Expenses)	(281)	(3,418)	(482)	10	1,971	200	(2,000)
Income Before Contributions	2,239	(7,672)	2,656	(325)	1,971	2,677	1,546
Capital Grants and Contributions	-	15,489	-	-	-	21	15,510
Transfers:							
Transfers Out	-	(390)	(450)	-	-	(3,880)	(4,720)
Change in Net Position	2,239	7,427	2,206	(325)	1,971	(1,182)	12,336
Net Position - October 1	58,090	179,942	16,331	(1,665)	175,202	(2,271)	425,629
Adjustments for GASB 75 Implementation	(290)	(396)	(701)	(112)	-	(557)	(2,056)
Net Position - September 30	\$ 60,039	\$ 186,973	\$ 17,836	\$ (2,102)	\$ 177,173	\$ (4,010)	\$ 435,909

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2016
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 18,292	\$ 35,669	\$ 75,753	\$ 5,554	\$ -	\$ 25,169	\$ 160,437
Receipts from Other Governments	-	9	-	-	-	-	9
Receipts from Other Funds	-	324	8,638	-	2,179	-	11,141
Payments for Employee Salaries	(3,908)	(10,317)	(14,508)	(2,216)	-	166	(30,783)
Payments for Goods and Services	(4,309)	(17,527)	(61,873)	(2,158)	-	(11,835)	(97,702)
Payments in Lieu of Taxes	(4,575)	-	-	(1,200)	-	-	(5,775)
Other Income	(85)	1,645	91	-	-	(7,742)	(6,091)
Other Expense	-	-	-	-	-	23	23
Net Cash Provided by (Used for) Operating Activities	<u>5,415</u>	<u>9,803</u>	<u>8,101</u>	<u>(20)</u>	<u>2,179</u>	<u>5,781</u>	<u>31,259</u>
Cash Flows from Non-Capital Financing Activities:							
Operating Grants Received from Other Governments	-	77	341	-	-	23	441
Transfers In	-	-	2	-	-	-	2
Transfers Out	-	(651)	(422)	-	-	(3,880)	(4,953)
Net Cash Used for Non-Capital Financing Activities	<u>-</u>	<u>(574)</u>	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>(3,857)</u>	<u>(4,510)</u>
Cash Flows from Capital and Related Financing Activities:							
Receipt of Capital Grants	-	8,734	-	-	-	21	8,755
Proceeds from the Sale of Capital Assets	9	-	-	-	-	-	9
Proceeds from Issuance of Long-Term Obligations	9,830	-	-	-	-	-	9,830
Original issuance premium/(discount)	1,728	-	-	-	-	-	1,728
Payment of Cost of Issuance	(298)	-	-	-	-	-	(298)
Payments for Capital Acquisitions	(4,912)	(11,255)	-	-	-	-	(16,167)
Payments of Principal on Bonds Payable	(11,250)	(2,515)	(9,320)	-	-	-	(23,085)
Receipts from Passenger Facility Charges	-	5,069	-	-	-	-	5,069
Payments of Interest, Net of Amounts Capitalized	(100)	(6,750)	(1,848)	-	-	-	(8,698)
Receipt of Federal Subsidy	-	1,123	-	-	-	-	1,123
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(4,993)</u>	<u>(5,594)</u>	<u>(11,168)</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>(21,734)</u>
Cash Flows from Investing Activities:							
Proceeds from the Sale of Investments	-	841	1,066	-	-	-	1,907
Receipts of Interest	92	583	387	10	1,984	177	3,233
Net Cash Provided by Investing Activities	<u>92</u>	<u>1,424</u>	<u>1,453</u>	<u>10</u>	<u>1,984</u>	<u>177</u>	<u>5,140</u>
Net Increase (Decrease) in Cash and Cash Equivalents	514	5,059	(1,693)	(10)	4,163	2,122	10,155
Cash and Cash Equivalents - October 1	9,906	64,936	42,127	822	172,978	20,150	310,919
Cash and Cash Equivalents - September 30	<u>\$ 10,420</u>	<u>\$ 69,995</u>	<u>\$ 40,434</u>	<u>\$ 812</u>	<u>\$ 177,141</u>	<u>\$ 22,272</u>	<u>\$ 321,074</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>							
Operating Income (Loss)	\$ 2,520	(4,254)	\$ 3,138	\$ (335)	\$ -	\$ 2,477	\$ 3,546
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Activities:							
Depreciation and Amortization Expense	2,187	10,643	4,318	-	-	18	17,166
Other Income	(85)	1,649	91	-	-	-	1,655
Other Expense	23	-	-	-	-	-	23
(Increase) Decrease in Accounts Receivable, Net	(15)	(756)	529	(14)	-	225	(31)
Decrease in Amounts Due from Other Governments	-	9	81	-	-	-	90
(Increase) Decrease in Amounts Due from Other Funds	(48)	-	32	-	2,179	(19)	2,144
Increase in Inventory	(23)	-	-	-	-	-	(23)
Decrease in Other Operating Assets	-	-	36	-	-	-	36
Increase in Accounts Payable	520	1,654	149	18	-	19	2,360
Increase (Decrease) in Accrued Wages Payable	38	1,064	(282)	306	-	920	2,046
Increase in Amounts Due to Other Funds	298	-	2	5	-	166	471
Increase (Decrease) in Unearned Revenues	-	(236)	-	-	-	739	503
Increase in Collections Held in Trust	-	30	7	-	-	1,236	1,273
Total Adjustments	<u>2,895</u>	<u>14,057</u>	<u>4,963</u>	<u>315</u>	<u>2,179</u>	<u>3,304</u>	<u>27,713</u>
Net Cash Provided by Operating Activities	<u>\$ 5,415</u>	<u>\$ 9,803</u>	<u>\$ 8,101</u>	<u>\$ (20)</u>	<u>\$ 2,179</u>	<u>\$ 5,781</u>	<u>\$ 31,259</u>
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>							
Amortization of Bond Premium (Discount), Net	\$ -	\$ 53	\$ (413)	\$ -	\$ -	\$ -	\$ (360)
Accrued Capital Asset Costs	252	-	-	-	-	-	252

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, 2016
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 4,566	\$ 39,140	\$ 53,785	\$ 58,676	\$ 113,987	\$ 270,154
Non-Pooled Cash and Cash Equivalents	-	97	-	-	-	97
Receivables:						
Interest Receivable	2	1	2	3	13	21
Accounts Receivable	-	1,387	158	1	-	1,546
Due from Other Governments	-	-	40	-	-	40
Due from Other Funds	-	1,492	1	1,426	7,655	10,574
Allowance for Receivables	-	-	(131)	-	-	(131)
Deposits	-	-	-	-	6,533	6,533
Inventory	-	-	2,314	-	-	2,314
Total Current Assets	4,568	42,117	56,169	60,106	128,188	291,148
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	59,417	945	389	-	-	60,751
Capital Assets Net of Accumulated Depreciation	34,188	11,631	39,314	35	-	85,168
Other Assets-Long-Term	10,765	-	-	-	-	10,765
Total Noncurrent Assets	104,370	12,576	39,703	35	-	156,684
Total Assets	108,938	54,693	95,872	60,141	128,188	447,832
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	1,722	7,880	4,713	4,014	3,472	21,801
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,005	3,248	9,405	2,509	322	16,489
Accrued Wages and Benefits	49	403	208	311	50,573	51,544
Accrued Interest Payable	-	1	152	-	1,585	1,738
Due to Other Funds	29	233	153	181	-	596
Collections Held in Trust	-	-	-	-	7,070	7,070
Accrued Claims - Current	-	-	-	25,915	-	25,915
Environmental Remediation - Current	-	-	166	-	-	166
Obligations under Capital Leases - Current	1,645	805	-	-	-	2,450
Bonds Payable Due within One Year	-	-	-	-	5,530	5,530
Total Current Liabilities	2,728	4,690	10,084	28,916	65,080	111,498
Noncurrent Liabilities:						
Accrued Self-Insurance Claims	-	-	-	109,038	-	109,038
Environmental Remediation	-	-	2,475	-	-	2,475
Obligations under Capital Lease	20,210	963	-	-	-	21,173
Other Long Term Obligations	41,007	-	-	-	-	41,007
Bonds Payable	-	-	24,614	-	25,067	49,681
Accrued Employee Benefits	-	-	-	-	125,872	125,872
OPEB Liability	-	1,321	756	207	33,189	35,473
Net Pension Liability	3,183	28,132	12,612	14,448	7,860	66,235
Total Noncurrent Liabilities	64,400	30,416	40,457	123,693	191,988	450,954
Total Liabilities	67,128	35,106	50,541	152,609	257,068	562,452
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	436	1,957	918	1,200	570	5,081
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	31,583	10,808	16,285	35	-	58,711
Restricted for:						
Healthcare Insurance	-	-	-	-	18,608	18,608
Unrestricted	11,513	14,702	32,841	(89,689)	(144,586)	(175,219)
Total Net Position (Deficit)	\$ 43,096	\$ 25,510	\$ 49,126	\$ (89,654)	\$(125,978)	\$ (97,900)

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, 2016
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
Operating Revenues:						
Billing to Other Departments	\$ 11,161	\$ 36,884	\$ 31,982	\$ 48,044	\$ 217,055	\$ 345,126
Other	303	6,895	1,520	-	-	8,718
Total Operating Revenues	<u>11,464</u>	<u>43,779</u>	<u>33,502</u>	<u>48,044</u>	<u>217,055</u>	<u>353,844</u>
Operating Expenses:						
Personnel Services	1,596	15,922	8,156	8,618	6,012	40,304
Maintenance and Other Operations	4,159	21,585	15,875	6,586	2,775	50,980
Insurance Premiums	-	-	-	2,639	-	2,639
Self-Insured Losses	-	-	-	27,498	-	27,498
Compensated Absences	-	-	428	4,943	46,315	51,686
Employee Benefits	-	-	-	-	152,907	152,907
Amortization	80	-	81	-	-	161
Depreciation	2,612	1,580	5,307	5	-	9,504
Total Operating Expenses	<u>8,447</u>	<u>39,087</u>	<u>29,847</u>	<u>50,289</u>	<u>208,009</u>	<u>335,679</u>
Operating Income (Loss)	<u>3,017</u>	<u>4,692</u>	<u>3,655</u>	<u>(2,245)</u>	<u>9,046</u>	<u>18,165</u>
Non-Operating Income (Expenses):						
Interest Income	-	69	70	467	336	942
Interest Expense	(991)	(36)	(625)	-	(1,757)	(3,409)
Gain on Disposition of Capital Assets	-	-	190	-	-	190
Other Income	4	9	1,708	367	1,154	3,242
Other Expense	-	-	-	-	(5)	(5)
Total Non-Operating Income (Expenses)	<u>(987)</u>	<u>42</u>	<u>1,343</u>	<u>834</u>	<u>(272)</u>	<u>960</u>
Income (Loss) before Contributions and Transfers	<u>2,030</u>	<u>4,734</u>	<u>4,998</u>	<u>(1,411)</u>	<u>8,774</u>	<u>19,125</u>
Capital Grants and Contributions	184	1,086	-	-	-	1,270
Transfers:						
Transfers In	22,483	2,378	546	-	1,591	26,998
Transfers Out	-	(4,245)	(1,222)	(122)	-	(5,589)
Change in Net Position	<u>24,697</u>	<u>3,953</u>	<u>4,322</u>	<u>(1,533)</u>	<u>10,365</u>	<u>41,804</u>
Net Position (Deficit) - October 1	18,399	22,801	45,516	(87,926)	(177,296)	(178,506)
Adjustments for GASB 75 Implementation	-	(1,244)	(712)	(195)	40,953	38,802
Net Position (Deficit) - September 30	<u>\$ 43,096</u>	<u>\$ 25,510</u>	<u>\$ 49,126</u>	<u>\$ (89,654)</u>	<u>\$ (125,978)</u>	<u>\$ (97,900)</u>

See accompanying independent auditors' report.

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2016
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 303	\$ 6,895	\$ 1,512	\$ -	\$ -	\$ 8,710
Receipts from Other Funds	12,209	35,698	30,800	48,043	217,109	343,859
Payments for Employee Salaries	(1,968)	(15,975)	(7,974)	(8,316)	(5,852)	(40,085)
Payments for Goods and Services	(9,129)	(19,622)	(8,396)	(7,450)	(2,992)	(47,589)
Payments for Compensated Absences	-	-	(428)	(18,386)	(38,019)	(56,833)
Payments for Employee Benefits	-	-	-	-	(162,111)	(162,111)
Payments for Liability Claims	-	-	-	(9,723)	-	(9,723)
Payments to Other Entities	-	(885)	-	-	-	(885)
Other Income	-	-	1,668	367	1,154	3,189
Other Expense	-	-	-	-	(5)	(5)
Net Cash Provided by Operating Activities	1,415	6,111	17,182	4,535	9,284	38,527
Cash Flows from Non-Capital Financing Activities:						
Other Income	4	-	-	-	-	4
Operating Grants Received from Other Governments	-	9	-	-	-	9
Operating Subsidies Paid to Other Funds	-	(4,245)	(1,222)	(122)	-	(5,589)
Operating Subsidies Received from Other Funds	22,483	2,378	546	-	1,591	26,998
Net Cash Provided by (Used for) Non-Capital Financing Activities	22,487	(1,858)	(676)	(122)	1,591	21,422
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the Sale of Capital Assets	-	-	194	-	-	194
Receipts of Contributed Capital	184	1,086	-	-	-	1,270
Proceeds from (Payments for) Capital Acquisitions	(15,390)	375	(14,290)	(14)	-	(29,319)
Payment to Developers	(10,765)	-	-	-	-	(10,765)
Payments of Principal on Other Long-Term Obligations	(1,570)	184	(196)	-	(5,255)	(6,837)
Payments of Interest	(991)	(36)	(912)	192	(1,862)	(3,609)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(28,532)	1,609	(15,204)	178	(7,117)	(49,066)
Cash Flows from Investing Activities:						
Receipts of Interest	-	69	72	470	341	952
Net Cash Provided by (Used for) Investing Activities	-	69	72	470	341	952
Net Increase (Decrease) in Cash and Cash Equivalents	(4,630)	5,931	1,374	5,061	4,099	11,835
Cash and Cash Equivalents - October 1	9,196	33,306	52,411	53,615	109,888	258,416
Cash and Cash Equivalents - September 30	<u>\$ 4,566</u>	<u>\$ 39,237</u>	<u>\$ 53,785</u>	<u>\$ 58,676</u>	<u>\$ 113,987</u>	<u>\$ 270,251</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ 3,017	\$ 4,692	\$ 3,655	\$ (2,245)	\$ 9,046	\$ 18,165
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	2,692	1,580	5,388	5	-	9,665
Other Income	-	-	1,708	367	1,154	3,229
Other Expense	-	-	-	-	(5)	(5)
(Increase) Decrease in Accounts Receivable, Net	-	158	(8)	(1)	-	149
(Increase) in Amounts Due from Other Governments	-	-	(40)	-	-	(40)
(Increase) Decrease in Amounts Due from Other Funds	1,044	(1,344)	(1)	(155)	54	(402)
Increase in Inventory	-	-	(317)	-	-	(317)
Decrease in Other Operating Assets	-	202	-	-	-	202
Increase (Decrease) in Accounts Payable	(4,970)	1,761	7,798	1,930	(217)	6,302
Increase (Decrease) in Accrued Wages Payable	(372)	(53)	182	241	(1,495)	(1,497)
Increase (Decrease) in Amounts Due to Other Funds	4	(885)	(1,183)	61	(2)	(2,005)
Increase in Accrued Claims Payable	-	-	-	4,332	-	4,332
Decrease in Collections Held in Trust	-	-	-	-	749	749
Total Adjustments	(1,602)	1,419	13,527	6,780	238	20,362
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,415</u>	<u>\$ 6,111</u>	<u>\$ 17,182</u>	<u>\$ 4,535</u>	<u>\$ 9,284</u>	<u>\$ 38,527</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Amortization of Deferred Outflows on Debt Refunding	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Other Accrued Liabilities	41,007	-	-	-	-	41,007

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, 2016
 (In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2016
ASSETS			
Pooled Cash and Cash Equivalents	\$ 744	\$ 90	\$ 834
NET POSITION			
Held in Trust for Private Purpose Trust Funds	\$ 744	\$ 90	\$ 834

City of Long Beach
 Fiduciary Funds
 Private Purpose Trust Funds
 Combining Statement of Changes in Net Position
 Fiscal Year Ended September 30, 2016
 (In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2016
Additions:			
Use of Money and Property	\$ 2	\$ -	\$ 2
Deductions:			
Community and Cultural	21	10	31
Change in Net Position	(19)	(10)	(29)
Net Position, October 1	763	100	863
Net Position, September 30	\$ 744	\$ 90	\$ 834

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, 2016
(In Thousands)

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
<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	\$ 1,665	\$ 17	\$ 3	\$ 1,679
LIABILITIES				
Collections Held in Trust	\$ 1,665	\$ 32	\$ 18	\$ 1,679
<u>SPECIAL ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 1,011	\$ 5,763	\$ 5,563	\$ 1,211
Non-Pooled Cash and Cash Equivalents	7,042	8,086	7,673	7,455
Investments at Par - Nonpooled	2,051	1,702	2,052	1,701
Interest Receivable	10	5	10	5
Property Taxes Receivable	2	9	1	10
Accounts Receivable	1	-	1	-
Total Assets	<u>\$ 10,117</u>	<u>\$ 15,565</u>	<u>\$ 15,300</u>	<u>\$ 10,382</u>
LIABILITIES				
Due to Special Assessment Bondholders	\$ 2,155	\$ 5,125	\$ 3,329	\$ 3,951
Collections Held in Trust	7,962	3,177	4,708	6,431
Total Liabilities	<u>\$ 10,117</u>	<u>\$ 8,302</u>	<u>\$ 8,037</u>	<u>\$ 10,382</u>
<u>INTERMODAL CONTAINER TRANSFER FACILITY</u>				
<u>JOINT POWER AUTHORITY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 10,146	\$ 5,000	\$ 6,019	\$ 9,127
Interest Receivable	1	1	1	1
Accounts Receivable	-	1	1	-
Total Assets	<u>\$ 10,147</u>	<u>\$ 5,002</u>	<u>\$ 6,021</u>	<u>\$ 9,128</u>
LIABILITIES				
Collections Held in Trust	\$ 10,147	\$ 5,080	\$ 6,099	\$ 9,128
<u>EARTHQUAKE ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 743	\$ 28	\$ 10	\$ 761
Property Taxes Receivable	14	-	8	6
Total Assets	<u>\$ 757</u>	<u>\$ 28</u>	<u>\$ 18</u>	<u>\$ 767</u>
LIABILITIES				
Due to Special Assessment Bondholders	\$ 451	\$ 19	\$ 10	\$ 460
Collections Held in Trust	306	4	3	307
Total Liabilities	<u>\$ 757</u>	<u>\$ 23</u>	<u>\$ 13</u>	<u>\$ 767</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, 2016
(In Thousands)

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
<u>LOS CERRITOS WETLANDS AUTHORITY</u>				
ASSETS				
Non-Pooled Cash and Cash Equivalents	\$ 14	\$ 470	\$ 169	\$ 315
Accounts Receivable	105	304	120	289
Land	11,000	-	-	11,000
Total Assets	\$ 11,119	\$ 774	\$ 289	\$ 11,604
LIABILITIES				
Accounts Payable	\$ 35	\$ 192	\$ 76	\$ 151
Collections Held in Trust	11,084	761	392	11,453
Total Liabilities	\$ 11,119	\$ 953	\$ 468	\$ 11,604
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 2,315	\$ 10,267	\$9,939	\$ 2,643
Non-Pooled Cash and Cash Equivalents	2	3	4	1
Property Taxes Receivable	18	15	8	25
Accounts Receivable	995	1,827	2,136	686
Total Assets	\$ 3,330	\$ 12,112	\$ 12,087	\$ 3,355
LIABILITIES				
Accounts Payable	\$ 1,327	\$ 18,311	\$18,497	\$ 1,141
Collections Held in Trust	2,003	\$1,424	1,213	2,214
Total Liabilities	\$ 3,330	\$ 19,735	\$ 19,710	\$ 3,355
<u>TOTAL AGENCY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 15,969	\$ 21,075	\$ 21,534	\$ 15,510
Investments at Par - Nonpooled	2,051	1,702	2,052	1,701
Non-Pooled Cash and Cash Equivalents	7,058	8,559	7,846	7,771
Property Taxes Receivable	34	24	17	41
Accounts Receivable	1,101	2,132	2,258	975
Interest receivable	11	6	11	6
Land	11,000	-	-	11,000
Total Assets	\$ 37,224	\$ 33,498	\$ 33,718	\$ 37,004
LIABILITIES				
Accounts Payable	\$ 1,451	\$ 18,503	\$ 18,573	\$ 1,381
Due to Special Assessment Bondholders	2,606	5,144	3,339	4,411
Collections Held in Trust	33,167	10,478	12,433	31,212
Total Liabilities	\$ 37,224	\$ 34,125	\$ 34,345	\$ 37,004

See accompanying independent auditors' report.

OTHER
SUPPLEMENTARY
INFORMATION

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City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2016
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
ASSETS				
Pooled Cash and Cash Equivalents	\$ 95,840	\$ 9,533	\$ -	\$ 105,373
Non-Pooled Cash and Cash Equivalents	6,115	-	-	6,115
Receivables:				
Property Taxes	90,005	-	-	90,005
Accounts Receivable	37,675	986	-	38,661
Notes and Loans Receivable	1,446	-	-	1,446
Due from Other Governments	18,984	-	-	18,984
Due from Other Funds	6,091	-	-	6,091
Allowance for Receivables	(28,243)	-	-	(28,243)
Other Assets	102	-	-	102
Total Assets	<u>\$ 228,015</u>	<u>\$ 10,519</u>	<u>-</u>	<u>\$ 238,534</u>
LIABILITIES				
Accounts Payable	\$ 14,351	\$ 178	\$ -	\$ 14,529
Accrued Wages and Benefits Payable	8,457	-	-	8,457
Due to Other Governments	297	-	-	297
Due to Other Funds	5,401	-	-	5,401
Unearned Revenues	3,680	-	-	3,680
Deposits and Collections Held in Trust	3,197	-	-	3,197
Advances from Other Funds	2,614	-	-	2,614
Total Liabilities	<u>37,997</u>	<u>178</u>	<u>-</u>	<u>38,175</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows (Note 24)	89,775	-	-	89,775
FUND BALANCES				
Nonspendable	102	-	-	102
Restricted	4,498	-	-	4,498
Committed	53,986	9,582	-	63,568
Assigned	38,482	-	-	38,482
Unassigned	3,175	759	-	3,934
Total Fund Balances	<u>100,243</u>	<u>10,341</u>	<u>-</u>	<u>110,584</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 228,015</u>	<u>\$ 10,519</u>	<u>\$ -</u>	<u>\$ 238,534</u>

City of Long Beach
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2016
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
Revenues:				
Taxes:				
Property	\$ 151,167	\$ -	\$ -	\$ 151,167
Sales	65,148	-	-	65,148
Utility Users	37,079	-	-	37,079
Other Taxes	36,001	-	-	36,001
Franchise Fees	24,911	-	-	24,911
Licenses and Permits	16,469	-	-	16,469
Fines and Forfeitures	16,292	-	-	16,292
Use of Money and Property	26,805	10,899	-	37,704
From Other Agencies	3,040	-	-	3,040
Charges for Services	27,514	-	-	27,514
Other	7,884	-	-	7,884
Total Revenues	<u>412,310</u>	<u>10,899</u>	<u>-</u>	<u>423,209</u>
Expenditures:				
Legislative and Legal	11,420	-	-	11,420
General Government	19,669	-	-	19,669
Public Safety	290,142	-	-	290,142
Public Health	6,106	-	-	6,106
Community and Cultural	42,847	-	-	42,847
Public Works	37,415	-	-	37,415
Oil Operations	-	2,352	-	2,352
Total Current Expenditures	<u>407,599</u>	<u>2,352</u>	<u>-</u>	<u>409,951</u>
Debt Service:				
Debt Administration Fees	340	-	-	340
Total Expenditures	<u>407,939</u>	<u>2,352</u>	<u>-</u>	<u>410,291</u>
Excess of Revenues over Expenditures	<u>4,371</u>	<u>8,547</u>	<u>-</u>	<u>12,918</u>
Other Financing Sources (Uses):				
Debt Issuance	13,150	-	-	13,150
Discount on Debt Issuance	1,045	-	-	1,045
Transfers In	27,571	-	(8,164)	19,407
Transfers Out	(47,722)	(8,409)	8,164	(47,967)
Total Other Financing Sources (Uses)	<u>(5,956)</u>	<u>(8,409)</u>	<u>-</u>	<u>(14,365)</u>
Net Change in Fund Balances	(1,585)	138	-	(1,447)
Fund Balances - October 1	101,828	10,203	-	112,031
Fund Balances - September 30	<u>\$ 100,243</u>	<u>\$ 10,341</u>	<u>\$ -</u>	<u>\$ 110,584</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, 2016
(In Thousands)

	Final Amended Budget			Actual on Budgetary Basis		Combined Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)	
	General	Uplands	Eliminations	Combined	General			Uplands
Sources:								
Property Taxes	\$ 148,876	\$ -	\$ -	\$ 148,876	\$ 151,167	\$ -	\$ 151,167	\$ 2,291
Sales Taxes	58,500	-	-	58,500	65,148	-	65,148	6,648
Utility Users Taxes	39,332	-	-	39,332	37,079	-	37,079	(2,253)
Other Taxes	32,234	-	-	32,234	36,001	-	36,001	3,767
Franchise Fees	27,053	-	-	27,053	24,911	-	24,911	(2,142)
Licenses and Permits	16,332	-	-	16,332	16,469	-	16,469	137
Fines and Forfeitures	15,783	-	-	15,783	16,292	-	16,292	509
Use of Money and Property	23,146	14,218	-	37,364	26,964	10,899	37,863	499
From Other Agencies	5,027	-	-	5,027	3,040	-	3,040	(1,987)
Charges for Services	25,881	-	-	25,881	27,514	-	27,514	1,633
Other	6,034	-	-	6,034	7,884	-	7,884	1,850
Proceeds from Long-term Debt	14,196	-	-	14,196	14,195	-	14,195	(1)
Transfers In	31,731	-	(12,275)	19,456	19,407	-	19,407	(49)
Total Sources	444,125	14,218	(12,275)	446,068	446,071	10,899	456,970	10,902
Uses:								
Current:								
Legislative and Legal								
Mayor and City Council	5,838	-	-	5,838	5,353	-	5,353	485
City Attorney	2,431	-	-	2,431	2,067	-	2,067	364
City Clerk	5,143	-	-	5,143	4,006	-	4,006	1,137
General Government								
City Auditor	2,698	-	-	2,698	2,575	-	2,575	123
City Manager	3,522	-	-	3,522	3,180	-	3,180	342
Civil Service	2,637	-	-	2,637	2,611	-	2,611	26
Financial Management	12,572	-	-	12,572	10,457	-	10,457	2,115
Planning and Building	1,036	-	-	1,036	1,007	-	1,007	29
Public Safety								
Police	198,412	-	-	198,412	192,781	-	192,781	5,631
Fire	76,126	-	-	76,126	74,839	-	74,839	1,287
Disaster Preparedness	12,041	-	-	12,041	11,818	-	11,818	223
City Prosecutor	5,285	-	-	5,285	5,183	-	5,183	102
Planning and Building-Code Enforcement	3,901	-	-	3,901	3,716	-	3,716	185
Police and Fire Annuity	-	-	-	-	2,120	-	2,120	(2,120)
Public Health	6,172	-	-	6,172	6,106	-	6,106	66
Community and Cultural								
Development Services	948	-	-	948	796	-	796	152
Library	15,117	-	-	15,117	15,088	-	15,088	29
Parks and Recreation	27,246	-	-	27,246	26,964	-	26,964	282
Public Works	39,056	-	-	39,056	37,415	-	37,415	1,641
Oil Operations	-	2,324	-	2,324	-	2,352	2,352	(28)
Debt Service:	-	-	-	-	340	-	340	(340)
Transfers Out	46,944	12,520	(12,275)	47,189	47,722	245	47,967	(778)
Total Uses	467,125	14,844	(12,275)	469,694	456,144	2,597	458,741	10,953
Net Change in Budgetary Fund Balance:	\$ (23,000)	\$ (626)	\$ -	\$ (23,626)	\$ (10,073)	\$ 8,302	\$ (1,771)	\$ 21,855

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

	General	Uplands	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ (10,073)	\$ 8,302	\$ (1,771)
Add: Encumbrances	483	-	483
Less: Change in Mark-to-Market and Other Adjustments	(159)	-	(159)
Adjust for: Eliminations	8,164	(8,164)	-
Change in Fund Balance - September 30, GAAP Basis	(1,585)	138	(1,447)
Fund Balance, October 1, GAAP Basis	101,828	10,203	112,031
Fund Balance, September 30, GAAP Basis	\$ 100,243	\$ 10,341	\$ 110,584

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

	General	Uplands	Combined
Fund Balance, September 30, GAAP Basis	\$ 100,243	\$ 10,341	\$ 110,584
Less: Nonspendable Fund Balance	(102)	-	(102)
Restricted for Public Safety	(3,012)	-	(3,012)
Restricted for Operations	(1,486)	-	(1,486)
Committed for Public Safety	(1,000)	-	(1,000)
Committed for Emergencies	(43,986)	-	(43,986)
Committed for Operations	(9,000)	(3,382)	(12,382)
Committed for Oil Field Abandonment	-	(6,200)	(6,200)
Assigned for Future Infrastructure	(25)	-	(25)
Assigned for Subsequent Year's Appropriations	(9,911)	-	(9,911)
Assigned for Unfunded Liabilities	(28,546)	-	(28,546)
Total Adjustments	(97,068)	(9,582)	(106,650)
Budgetary Funds Available - September 30	\$ 3,175	\$ 759	\$ 3,934

City of Long Beach
Insurance Fund
Combining Schedule of Net Position
September 30, 2016
(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 30,334	\$ 28,342	\$ 58,676
Receivables:			
Accounts Receivable	1	-	1
Interest Receivable	2	1	3
Due from Other Funds	1,426	-	1,426
Total Current Assets	<u>31,763</u>	<u>28,343</u>	<u>60,106</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets Net of Accumulated Depreciation	21	14	35
Total Noncurrent Assets	<u>21</u>	<u>14</u>	<u>35</u>
Total Assets	<u>31,784</u>	<u>28,357</u>	<u>60,141</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	<u>2,676</u>	<u>1,338</u>	<u>4,014</u>
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	153	2,356	2,509
Accrued Wages and Benefits	237	74	311
Due to Other Funds	138	43	181
Accrued Claims - Current	19,502	6,413	25,915
Total Current Liabilities	<u>20,030</u>	<u>8,886</u>	<u>28,916</u>
Noncurrent Liabilities:			
Accrued Self-Insurance Claims	94,849	14,189	109,038
Net OPEB Liability	137	70	207
Net Pension Liability	11,484	2,964	14,448
Total Noncurrent Liabilities	<u>106,470</u>	<u>17,223</u>	<u>123,693</u>
Total Liabilities	<u>126,500</u>	<u>26,109</u>	<u>152,609</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	<u>611</u>	<u>589</u>	<u>1,200</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	22	13	35
Unrestricted	<u>(92,673)</u>	<u>2,984</u>	<u>(89,689)</u>
Total Net Position (Deficit)	<u>\$ (92,651)</u>	<u>\$ 2,997</u>	<u>\$ (89,654)</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, 2016
(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
Operating Revenues:			
Billing to Other Departments	\$ 32,321	\$ 15,723	\$ 48,044
Total Operating Revenues	<u>32,321</u>	<u>15,723</u>	<u>48,044</u>
Operating Expenses:			
Personnel Services	7,880	738	8,618
Maintenance and Other Operations	3,787	2,799	6,586
Insurance Premiums	-	2,639	2,639
Self-Insured Losses	16,535	10,963	27,498
Compensated Absences	4,943	-	4,943
Depreciation	4	1	5
Total Operating Expenses	<u>33,149</u>	<u>17,140</u>	<u>50,289</u>
Operating Income (Loss)	<u>(828)</u>	<u>(1,417)</u>	<u>(2,245)</u>
Non-Operating Income (Expenses):			
Interest Income	231	236	467
Other Income	149	218	367
Total Non-Operating Income	<u>380</u>	<u>454</u>	<u>834</u>
Income (Loss) Before Contributions and Transfers	<u>(448)</u>	<u>(963)</u>	<u>(1,411)</u>
Transfers:			
Transfers Out	(24)	(98)	(122)
Change in Net Position	(472)	(1,061)	(1,533)
Net Position (Deficit) - October 1	(92,050)	4,124	(87,926)
Adjustments for GASB 75 Implementation	(129)	(66)	(195)
Net Position (Deficit) - September 30	<u>\$ (92,651)</u>	<u>\$ 2,997</u>	<u>\$ (89,654)</u>

City of Long Beach
Fleet Services Fund
Combining Schedule of Net Position (Deficit)
September 30, 2016
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 4,244	\$ 47,969	\$ 154	\$ 1,418	\$ -	\$ 53,785
Receivables:						
Interest Receivable	2	-	-	-	-	2
Accounts Receivable	147	11	-	-	-	158
Due from Other Governments	-	-	-	40	-	40
Due from Other Funds	1	-	-	-	-	1
Allowance for Receivables	(131)	-	-	-	-	(131)
Inventory	2,314	-	-	-	-	2,314
Total Current Assets	<u>6,577</u>	<u>47,980</u>	<u>154</u>	<u>1,458</u>	<u>-</u>	<u>56,169</u>
Noncurrent Assets:						
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	-	-	-	389	-	389
Capital Assets Net of Accumulated Depreciation	39,314	-	-	-	-	39,314
Total Noncurrent Assets	<u>39,314</u>	<u>-</u>	<u>-</u>	<u>389</u>	<u>-</u>	<u>39,703</u>
Total Assets	<u>45,891</u>	<u>47,980</u>	<u>154</u>	<u>1,847</u>	<u>-</u>	<u>95,872</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	<u>3,517</u>	<u>-</u>	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>4,713</u>
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	958	7,627	-	820	-	9,405
Accrued Wages and Benefits	184	24	-	-	-	208
Accrued Interest Payable	-	-	152	-	-	152
Due to Other Funds	1,688	(1,565)	-	30	-	153
Environmental Remediation - Current	184	-	-	(18)	-	166
Total Current Liabilities	<u>3,014</u>	<u>6,086</u>	<u>152</u>	<u>832</u>	<u>-</u>	<u>10,084</u>
Noncurrent Liabilities:						
Environmental Remediation	2,535	-	-	(60)	-	2,475
Bonds Payable	-	-	24,614	-	-	24,614
Net OPEB Liability	756	-	-	-	-	756
Net Pension Liability	12,612	-	-	-	-	12,612
Total Noncurrent Liabilities	<u>15,903</u>	<u>-</u>	<u>24,614</u>	<u>(60)</u>	<u>-</u>	<u>40,457</u>
Total Liabilities	<u>18,917</u>	<u>6,086</u>	<u>24,766</u>	<u>772</u>	<u>-</u>	<u>50,541</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	<u>918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918</u>
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	39,314	-	(23,418)	389	-	16,285
Unrestricted	(9,741)	41,894	2	686	-	32,841
Total Net Position (Deficit)	<u>\$ 29,573</u>	<u>\$ 41,894</u>	<u>\$ (23,416)</u>	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 49,126</u>

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, 2016
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
Operating Revenues:						
Billing to Other Departments	\$ 19,595	\$ 11,685	\$ -	\$ 702	\$ -	\$ 31,982
Other	1,520	-	-	-	-	1,520
Total Operating Revenues	<u>21,115</u>	<u>11,685</u>	<u>-</u>	<u>702</u>	<u>-</u>	<u>33,502</u>
Operating Expenses:						
Personnel Services	7,195	955	-	6	-	8,156
Maintenance and Other Operations	(3,232)	17,555	-	1,552	-	15,875
Compensated Absences	428	-	-	-	-	428
Amortization	-	-	81	-	-	81
Depreciation	5,307	-	-	-	-	5,307
Total Operating Expenses	<u>9,698</u>	<u>18,510</u>	<u>81</u>	<u>1,558</u>	<u>-</u>	<u>29,847</u>
Operating Income (Loss)	<u>11,417</u>	<u>(6,825)</u>	<u>(81)</u>	<u>(856)</u>	<u>-</u>	<u>3,655</u>
Non-Operating Income (Expenses):						
Interest Income	69	-	1	-	-	70
Interest Expense	(912)	-	287	-	-	(625)
Gain (Loss) on Disposition of Capital Assets	(3)	193	-	-	-	190
Other Income	1,211	457	-	40	-	1,708
Total Non-Operating Income (Expenses)	<u>365</u>	<u>650</u>	<u>288</u>	<u>40</u>	<u>-</u>	<u>1,343</u>
Income (Loss) Before Contributions and Transfers	<u>11,782</u>	<u>(6,175)</u>	<u>207</u>	<u>(816)</u>	<u>-</u>	<u>4,998</u>
Transfers:						
Transfers In	546	-	-	-	-	546
Transfers Out	(1,222)	-	-	-	-	(1,222)
Change in Net Position	11,106	(6,175)	207	(816)	-	4,322
Net Position (Deficit) - October 1	18,467	48,069	(23,623)	1,891	712	45,516
Adjustments for GASB 75 Implementation	-	-	-	-	(712)	(712)
Net Position (Deficit) - September 30	<u>\$ 29,573</u>	<u>\$ 41,894</u>	<u>\$(23,416)</u>	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 49,126</u>

TIDELANDS FUND

The Tideland Operating fund is used to account for the various business-type operations that the City oversees in the Tidelands Trust area. These operations include the Long Beach Convention and Entertainment Center, Queen Mary, Rainbow Harbor Area, marinas, beach maintenance, and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats.

The City has issued revenue bonds to finance the purchase of the Aquarium of the Pacific and the Rainbow Harbor Area infrastructure improvements. Each of the revenue bonds is accounted for in the City's Tidelands Fund.

Summary financial information for the consolidated Tidelands Enterprise Fund is presented on following pages (in thousands) as of September 30, 2016:



City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Consolidated Schedule of Net Position
September 30, 2016
(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	\$ 144,637	\$ 6,571	\$ 2,530	\$ 5,292	\$ 159,030	\$ -	\$ 159,030
Non-Pooled Cash and Cash Equivalents	10,157	39,059	-	19	49,235	-	49,235
Receivables:							
Interest Receivable	48	25	-	1	74	-	74
Accounts Receivable	4,138	435	141	192	4,906	-	4,906
Due from Other Governments	17	11	-	-	28	-	28
Due from Other Funds	20,166	-	75	5	20,246	(79)	20,167
Allowance for Receivables	(7)	(422)	-	(5)	(434)	-	(434)
Other Assets	131	-	-	37	168	-	168
Total Current Assets	179,287	45,679	2,746	5,541	233,253	(79)	233,174
Noncurrent Assets:							
Non-Pooled Investments	7,516	7,205	-	-	14,721	-	14,721
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	43,277	11,334	-	11,110	65,721	-	65,721
Capital Assets Net of Accumulated Depreciation	146,268	101,917	8,757	43,364	300,306	-	300,306
Total Noncurrent Assets	197,061	120,456	8,757	54,474	380,748	-	380,748
Total Assets	376,348	166,135	11,503	60,015	614,001	(79)	613,922
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows	17,498	4,315	-	588	22,401	-	22,401
LIABILITIES							
Current Liabilities payable from Current Assets:							
Accounts Payable	4,559	1,887	169	629	7,244	-	7,244
Accrued Wages	453	208	-	29	690	-	690
Accrued Interest Payable	1,730	2,113	-	88	3,931	-	3,931
Due to Other Funds	342	120	-	16	478	79	399
Unearned Revenues	216	1,709	-	79	2,004	-	2,004
Collections Held in Trust	97	50	25	-	172	-	172
Obligations under Capital Leases - Current	34	-	-	-	34	-	34
Bonds Payable Due Within One Year	4,070	-	-	2,860	6,930	-	6,930
Other Long Term Obligation - Current	2	-	-	23	25	-	25
Total Current Liabilities	11,503	6,087	194	3,724	21,508	79	21,429
Noncurrent Liabilities:							
Advances from Other Funds	1,300	-	-	-	1,300	-	1,300
Unearned Revenues	4,750	-	-	-	4,750	-	4,750
Obligations under Capital Leases	336	-	-	-	336	-	336
Other Long Term Obligations	5	-	-	412	417	-	417
Bonds Payable	89,809	121,031	-	18,868	229,708	-	229,708
Net OPEB Liability	503	413	-	-	916	-	916
Net Pension Liability	31,715	14,487	-	1,741	47,943	-	47,943
Total Noncurrent Liabilities	128,418	135,931	-	21,021	285,370	-	285,370
Total Liabilities	139,921	142,018	194	24,745	306,878	79	306,799
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	3,523	1,163	-	200	4,886	-	4,886
NET POSITION							
Net Investment in Capital Assets	110,346	25,919	8,757	32,416	177,438	-	177,438
Restricted for:							
Debt Service	8,433	51	-	-	8,484	-	8,484
Capital Projects	1,545	-	800	282	2,627	-	2,627
Tidelands	7,637	2,093	-	-	9,730	-	9,730
Unrestricted	122,441	(794)	1,752	2,960	126,359	-	126,359
Total Net Position	\$ 250,402	\$ 27,269	\$ 11,309	\$ 35,658	\$ 324,638	\$ -	\$ 324,638

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, 2016
(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Total
Operating Revenues:							
Licenses and Permits	\$ 173	\$ -	\$ -	\$ 145	\$ 318	\$ -	\$ 318
Fines and Forfeitures	205	-	-	-	205	-	205
Fees, Concessions, and Rentals	9,123	20,149	489	12,932	42,693	2,285	40,408
From Other Agencies	-	126	-	-	126	-	126
Charges for Services	26,011	63	-	-	26,074	-	26,074
Other	53	20	-	1	74	-	74
Total Revenues	35,565	20,358	489	13,078	69,490	2,285	67,205
Operating Expenses:							
Personnel Services	20,721	9,434	-	951	31,106	-	31,106
Maintenance and Other Operations	34,559	5,179	446	10,585	50,769	(2,285)	48,484
Amortization	485	-	-	(58)	427	-	427
Depreciation	9,874	5,473	419	3,710	19,476	-	19,476
Total Operating Expenses	65,639	20,086	865	15,188	101,778	(2,285)	99,493
Operating Income (Loss)	(30,074)	272	(376)	(2,110)	(32,288)	-	(32,288)
Non-Operating Income (Expense):							
Interest Income	1,490	207	8	83	1,788	-	1,788
Interest Expense	(2,740)	(4,300)	-	(1,077)	(8,117)	-	(8,117)
Operating Grants	434	-	-	-	434	-	434
Other Expense	-	(10)	-	(434)	(444)	-	(444)
Total Non-Operating Income (Expense)	(816)	(4,103)	8	(1,428)	(6,339)	-	(6,339)
Income (Loss) before Contributions and Transfers	(30,890)	(3,831)	(368)	(3,538)	(38,627)	-	(38,627)
Transfers:							
Transfers In	27,714	-	1,702	4,000	33,416	5,702	27,714
Transfers Out	(5,702)	-	-	-	(5,702)	(5,702)	-
Change in Net Position	(8,878)	(3,831)	1,334	462	(10,913)	-	(10,913)
Net Position, October 1	259,754	31,489	9,975	35,196	336,414	-	336,414
Adjustments for GASB 75 Implementation	(474)	(389)	-	-	(863)	-	(863)
Net Position, September 30	\$250,402	\$ 27,269	\$ 11,309	\$ 35,658	\$324,638	\$ -	\$ 324,638

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area
Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2016
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Consolidated Tidelands Total
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 14,342	\$ 20,515	\$ 294	\$ 13,135	\$ -	\$ 48,286
Receipts from Other Funds	23,698	-	-	-	-	23,698
Receipts from Other Governments	425	115	-	-	-	540
Payments for Employee Salaries	(19,607)	(8,765)	-	(1,201)	-	(29,573)
Payments for Goods and Services	(35,958)	(5,348)	(554)	(10,577)	-	(52,437)
Other Income	53	20	-	1	-	74
Other Expense	-	(10)	-	(2)	-	(12)
Net Cash Provided by (Used for) Operating Activities	(17,047)	6,527	(260)	1,356	-	(9,424)
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments						
Transfers In	27,714	142	1,702	3,995	5,702	39,255
Transfers Out	(5,453)	10	-	(243)	(5,702)	(11,388)
Net Cash Provided by Non-Capital Financing Activities	22,261	152	1,702	3,752	-	27,867
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Bonds	-	-	-	19,115	-	19,115
Original Issuance of Premium	-	-	-	2,674	-	2,674
Payment of Cost of Issuance	-	-	-	(292)	-	(292)
Redemption of Premium	-	-	-	(25,405)	-	(25,405)
Changes Related to Capital Acquisitions	(7,052)	(17,955)	-	(46)	-	(25,053)
Payments of Principal on Bonds Payable	(3,915)	-	-	(3,015)	-	(6,930)
Payments of Principal on Other Long-Term Obligations	(47)	-	-	(23)	-	(70)
Payments of Interest, Net of Amounts Capitalized	(4,250)	(5,353)	-	(1,628)	-	(11,231)
Net Cash Used for Capital and Related Financing Activities	(15,264)	(23,308)	-	(8,620)	-	(47,192)
Cash Flows from Investing Activities:						
Payments for Investments	738	766	-	4,260	-	5,764
Payments of Interest, Net of Amounts Capitalized	1,501	210	8	98	-	1,817
Net Cash Provided by Investing Activities	2,239	976	8	4,358	-	7,581
Net Increase (Decrease) in Cash and Cash Equivalents	(7,811)	(15,653)	1,450	846	-	(21,168)
Cash and Cash Equivalents - October 1	162,605	61,283	1,080	4,465	-	229,433
Cash and Cash Equivalents - September 30	\$ 154,794	\$ 45,630	\$ 2,530	\$ 5,311	\$ -	\$ 208,265
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>						
Operating Income (Loss)	\$ (30,074)	\$ 272	\$ (376)	\$ (2,110)	\$ -	\$ (32,288)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	10,359	5,473	419	3,652	-	19,903
Other Income	434	-	-	1	-	435
Other Expense	-	(10)	-	(2)	-	(12)
Increase (Decrease) in Accounts Receivable, Net	1,557	27	(119)	16	-	1,481
Increase (Decrease) in Amounts Due from Other Funds	943	-	(75)	-	-	868
Increase (Decrease) in Amounts Due from Other Governments	(9)	(11)	-	-	-	(20)
Increase in Other Operating Assets	-	-	-	(37)	-	(37)
Increase (Decrease) in Accounts Payable	(1,399)	(169)	(108)	45	-	(1,631)
Increase (Decrease) in Accrued Wages Payable	1,114	669	-	(250)	-	1,533
Increase (Decrease) in Unearned Revenues	15	276	(1)	-	-	290
Increase in Collections Held in Trust	13	-	-	41	-	54
Total Adjustments	13,027	6,255	116	3,466	-	22,864
Net Cash Provided by (Used for) Operating Activities	\$ (17,047)	\$ 6,527	\$ (260)	\$ 1,356	\$ -	\$ (9,424)



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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.

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These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

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

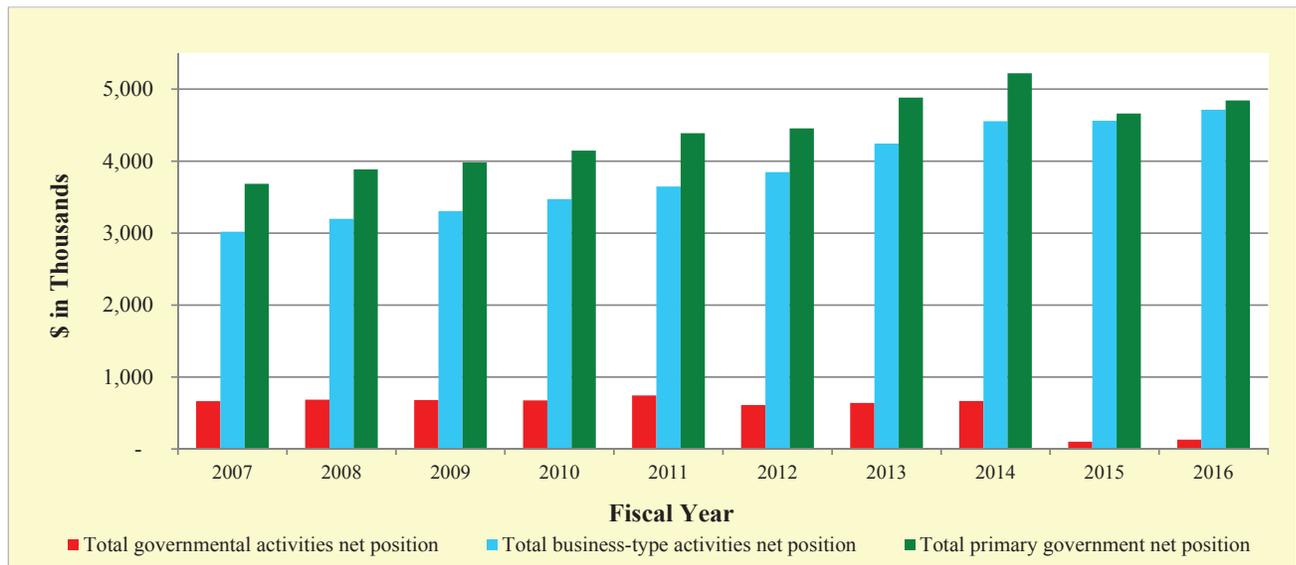


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City of Long Beach
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net Investment in capital assets	\$ 215,097	\$ 217,866	\$ 203,709	\$ 170,432	\$ 215,317	\$ 237,998	\$ 242,105	\$ 245,780	\$ 344,839	\$ 346,224
Restricted	291,468	285,937	289,658	346,412	631,729	470,723	458,167	473,181	351,055	393,588
Unrestricted	157,870	182,007	185,296	157,316	(104,327)	(100,337)	(61,528)	(53,167)	(595,857)	(610,409)
Total governmental activities net position	664,435	685,810	678,663	674,160	742,719	608,384	638,744	665,794	100,037	129,403
Business-type activities:										
Net Investment in capital assets	1,684,580	1,875,911	1,954,565	2,184,850	2,547,605	2,769,461	3,547,110	3,698,447	3,829,779	4,229,484
Restricted	366,018	359,364	367,477	603,007	289,999	289,864	297,694	439,163	494,526	323,827
Unrestricted	969,574	964,333	982,105	683,114	809,277	787,926	399,890	418,151	237,808	160,569
Total business-type activities net position	3,020,172	3,199,608	3,304,147	3,470,971	3,646,881	3,847,251	4,244,694	4,555,761	4,562,113	4,713,880
Primary government										
Net Investment in capital assets	1,899,677	2,093,777	2,158,274	2,355,282	2,762,922	3,007,459	3,789,215	3,944,227	4,174,618	4,575,708
Restricted	657,486	645,301	657,135	949,419	921,728	760,587	755,861	912,344	845,581	717,415
Unrestricted	1,127,444	1,146,340	1,167,401	840,430	704,950	687,589	338,362	364,984	(358,049)	(449,840)
Total primary government net position	\$3,684,607	\$3,885,418	\$3,982,810	\$4,145,131	\$4,389,600	\$4,455,635	\$4,883,438	\$5,221,555	\$4,662,150	\$4,843,283

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 12,911	\$ 13,210	\$ 12,866	\$ 11,527	\$ 10,106	\$ 10,998	\$ 10,957	\$ 12,001	\$ 10,632	\$ 11,814
General Government	13,376	16,871	16,292	19,792	22,653	22,128	23,342	21,378	22,400	23,869
Public Safety	276,391	294,916	302,025	291,399	284,986	290,542	303,872	296,817	307,116	344,358
Public Health	47,189	48,330	47,134	44,731	44,428	42,712	41,966	41,877	43,710	46,150
Community and Cultural	207,566	227,274	227,772	258,512	193,886	331,170	173,239	153,206	165,501	155,792
Public Works	67,794	83,232	95,354	91,375	89,942	92,058	102,979	114,303	104,744	103,772
Oil Operations	8,175	8,630	8,004	6,923	7,318	9,256	7,101	4,869	3,961	6,466
Interest on Long-Term Debt	36,187	38,418	35,831	32,744	35,273	28,492	26,941	24,945	22,738	19,104
Total Governmental Activities Expenses	669,589	730,881	745,278	757,003	688,592	827,356	690,397	669,396	680,802	711,325
Business-type Activities:										
Gas	89,021	137,263	90,364	77,531	84,003	77,157	82,693	80,651	68,414	66,896
Water	68,704	70,571	76,895	71,442	82,050	81,377	89,767	93,297	102,501	93,959
Tidelands	111,156	123,258	124,711	117,071	124,830	100,602	96,881	111,074	121,547	107,313
Tideland Oil Revenue	199,542	486,759	178,636	276,850	393,317	390,602	362,144	327,087	81,565	70,949
Harbor	247,860	242,822	225,991	218,262	217,335	193,773	195,335	233,410	236,186	307,546
Non-major Enterprise Funds	126,623	136,140	136,465	132,917	144,018	144,677	150,188	156,466	157,368	162,678
Total Business-Type Activities Expenses	842,906	1,196,813	833,062	894,073	1,045,553	988,188	977,008	1,001,985	767,581	809,341
Total Primary Government Expenses	1,512,495	1,927,694	1,578,340	1,651,076	1,734,145	1,815,544	1,667,405	1,671,381	1,448,383	1,520,666
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	119	801	264	862	104	714	61	163	224	1,804
General Government	13,406	14,049	14,679	14,968	16,501	17,521	16,093	16,459	16,545	17,955
Public Safety	40,326	42,516	37,078	40,072	35,110	34,617	32,371	34,659	38,961	38,050
Public Health	7,099	7,599	9,644	8,422	8,725	9,538	11,856	8,498	8,178	7,284
Community and Cultural	26,131	28,905	26,322	26,186	20,825	13,978	14,656	12,168	15,084	17,051
Public Works	17,722	19,382	25,803	25,985	21,072	26,876	25,011	25,963	25,246	27,949
Oil Operations	22,612	32,956	19,011	25,556	31,552	39,156	39,869	36,942	19,414	10,900
Operating Grants and Contributions	169,190	172,478	172,281	185,899	198,198	175,647	171,937	183,789	164,621	170,614
Capital Grants and Contributions	16,908	7,424	3,595	10,395	7,588	6,147	10,778	8,530	3,780	2,085
Total Governmental Activities Program Revenues	\$ 313,513	\$ 326,110	\$ 308,677	\$ 338,345	\$ 339,675	\$ 324,194	\$ 322,632	\$ 327,171	\$ 292,053	\$ 293,692

(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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type activities:										
Charges for Services:										
Gas	\$ 100,421	\$ 123,580	\$ 113,910	\$ 80,605	\$ 88,240	\$ 83,633	\$ 87,141	\$ 82,293	\$ 77,398	\$ 79,826
Water	70,258	72,527	81,380	87,151	88,576	87,073	93,036	101,345	101,158	98,677
Tidelands	83,085	81,511	83,245	82,948	83,018	56,726	59,929	64,318	67,894	67,205
Tideland Oil Revenue	214,157	522,956	143,336	295,680	449,819	452,863	397,301	362,783	99,401	53,630
Harbor	370,832	382,119	336,930	341,744	345,389	333,887	346,244	362,752	363,309	363,343
Non-major Enterprise Funds	134,288	142,139	143,751	141,803	150,318	160,226	164,661	166,829	160,799	162,298
Operating Grants and Contributions	2,116	1,241	1,213	597	2,723	1,413	1,105	921	753	758
Capital Grants and Contributions	24,580	14,984	25,210	32,001	26,406	26,552	259,188	182,021	140,618	150,510
Total Business-Type Activities										
Program Revenues	999,737	1,341,057	928,975	1,062,529	1,234,489	1,202,373	1,408,605	1,323,262	1,011,330	976,247
Total Primary Government										
Program Revenues	1,313,250	1,667,167	1,237,652	1,400,874	1,574,164	1,526,567	1,731,237	1,650,433	1,303,383	1,269,939
Net Revenues (expenses):										
Governmental Activities	(356,076)	(404,771)	(436,601)	(418,658)	(348,917)	(503,162)	(367,765)	(342,225)	(388,749)	(417,633)
Business-Type Activities	156,831	144,244	95,913	168,456	188,936	214,185	431,597	321,277	243,749	166,906
Total Net Expenses	(199,245)	(260,527)	(340,688)	(250,202)	(159,981)	(288,977)	63,832	(20,948)	(145,000)	(250,727)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	162,342	173,184	196,402	180,262	218,570	179,746	203,770	183,719	180,989	-
Sales	55,848	55,261	51,585	53,144	60,159	60,414	63,443	59,097	64,177	-
Utility Users	41,694	41,028	39,901	39,240	38,739	37,097	38,026	38,691	38,419	200,766
Other	65,206	73,715	61,250	62,889	43,254	43,360	46,446	41,504	45,517	67,658
Franchise Fees	-	-	-	-	24,184	23,143	25,243	26,175	25,915	37,079
Grants and Contributions not										
Restricted to Specific Programs	44,086	46,330	48,364	46,058	-	-	150	-	-	47,746
Unrestricted Investment Earnings	23,374	24,357	14,712	7,837	10,291	4,349	3,417	3,688	6,061	24,911
Gain (Loss) on Sales of Capital Assets	649	(49)	(1,024)	8,539	-	-	-	-	-	-
Capital Asset Transfers	(257)	(1,142)	(1,337)	(101)	1,266	5,090	4,786	2,365	-	-
Transfers	28,625	13,462	19,601	16,287	21,601	15,628	21,490	14,210	21,661	-
Total Governmental Activities	421,567	426,146	429,454	414,155	418,064	368,827	406,771	369,449	382,739	378,160
Business-type Activities:										
Unrestricted Investment Earnings	62,329	47,512	26,890	14,554	9,253	6,903	5,557	6,365	8,887	-
Loss on Sales of Capital Assets	-	-	-	-	-	-	-	-	-	-
Capital Asset Transfers	257	1,142	1,337	101	(1,266)	(5,090)	(4,786)	(2,365)	-	-
Transfers	(28,625)	(13,462)	(19,601)	(16,287)	(21,601)	(15,628)	(21,490)	(14,210)	(21,661)	-
Total Business-type Activities	33,961	35,192	8,626	(1,632)	(13,614)	(13,815)	(20,719)	(10,210)	(12,774)	-
Total Primary Government	455,528	461,338	438,080	412,523	404,450	355,012	386,052	359,239	369,965	378,160
Change in Net Position										
Government activities	65,491	21,375	(7,147)	(4,503)	69,147	(134,335)	39,006	27,224	(6,010)	(39,473)
Business-type Activities	190,792	179,436	104,539	166,824	175,322	200,370	410,878	311,067	230,975	166,906
Total Primary Government	\$ 256,283	\$ 200,811	\$ 97,392	\$ 162,321	\$ 244,469	\$ 66,035	\$ 449,884	\$ 338,291	\$ 224,965	\$ 127,433

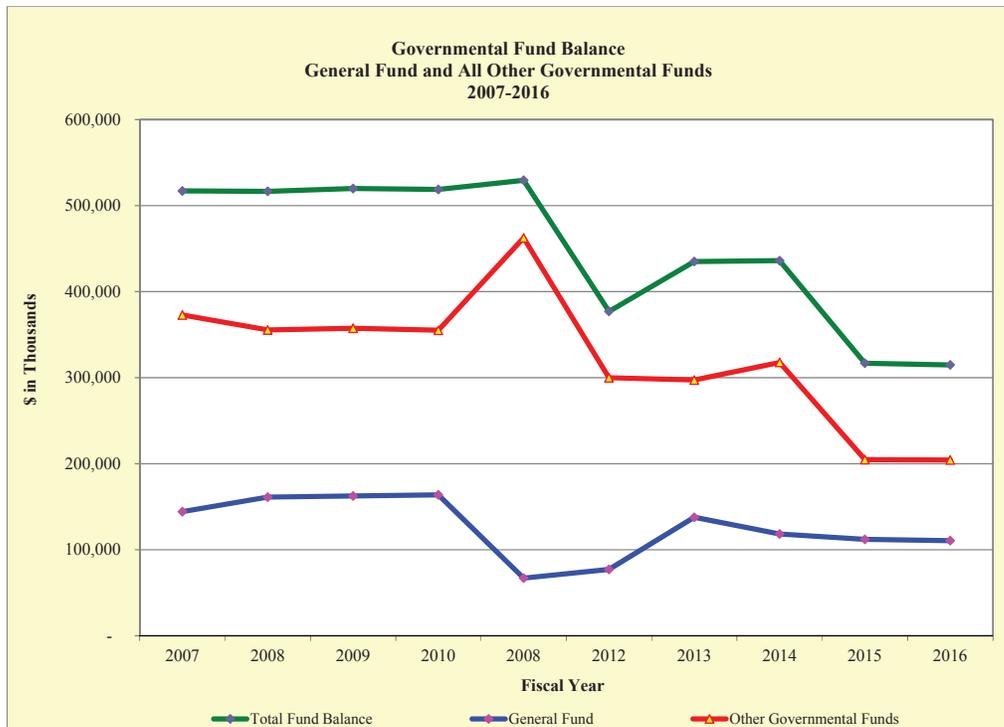
Note: With the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions, effective fiscal year 2010, the presentation of some financial data have changed in compliance with the aforementioned GASB standard.

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 114,254	\$ 115,088	\$ 116,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	29,960	46,042	45,899	-	-	-	-	-	-	-
* Nonspendable	-	-	-	104,591	2,083	2,008	2,043	6	2	102
* Restricted	-	-	-	8,673	675	2,929	2,311	4,266	4,308	4,498
* Committed	-	-	-	1,486	4,108	5,394	5,711	61,079	62,598	63,568
* Assigned	-	-	-	3,798	59,445	61,935	119,542	49,531	42,953	38,482
* Unassigned	-	-	-	45,155	682	4,857	8,130	3,397	2,170	3,934
Total General Fund	144,214	161,130	162,468	163,703	66,993	77,123	137,737	118,279	112,031	110,584
Other Governmental Funds:										
Reserved	389,518	390,061	424,108	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	57,974	56,166	56,848	-	-	-	-	-	-	-
Capital Project Funds	(74,598)	(90,741)	(123,512)	-	-	-	-	-	-	-
* Nonspendable	-	-	-	24,902	1,654	45	8,009	8,012	2,846	2,577
* Restricted	-	-	-	514,588	489,841	320,310	293,567	289,497	173,096	173,562
* Committed	-	-	-	2,594	161	1,362	1,362	1,362	1,422	1,422
* Assigned	-	-	-	41,581	10,664	10,791	24,433	36,476	39,197	26,710
* Unassigned	-	-	-	(228,576)	(39,867)	(32,643)	(30,112)	(17,646)	(11,819)	-
Total Other Governmental Funds	372,894	355,486	357,444	355,089	462,453	299,865	297,259	317,701	204,742	204,271
Total All Governmental Funds	\$ 517,108	\$ 516,616	\$ 519,912	\$ 518,792	\$ 529,446	\$ 376,988	\$ 434,996	\$ 435,980	\$ 316,773	\$ 314,855

* 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 Fund to a subset of the General Fund.



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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes:										
Property	\$ 162,449	\$ 172,741	\$ 195,128	\$ 216,922	\$ 218,593	\$ 181,041	\$ 214,816	\$ 183,885	\$ 179,999	\$ 201,207
Sales	55,848	55,261	51,585	53,144	60,159	60,414	63,443	59,097	64,177	67,658
Utility Users	41,694	41,028	39,901	39,240	38,739	37,097	38,026	38,691	38,419	37,079
Other Taxes	65,205	73,715	61,250	42,465	43,254	43,360	46,446	41,504	45,517	47,746
Franchise Fees	-	-	-	24,040	24,184	23,143	25,243	26,175	25,915	24,911
Licenses and Permits	32,240	33,899	32,239	24,864	24,812	24,278	19,941	22,341	23,329	25,456
Fines and Forfeitures	17,644	18,509	19,501	17,042	16,193	17,762	16,394	16,166	15,988	16,292
Use of Money and Property	59,516	71,586	47,841	47,526	56,415	58,398	58,441	56,687	41,816	40,991
From Other Agencies	230,838	228,427	227,060	195,940	208,167	184,470	181,039	191,423	166,988	170,780
Charges for Services	26,168	27,609	30,742	26,264	28,549	28,586	28,292	29,042	28,428	29,482
Other Contributions	-	-	-	2,898	-	-	1,385	341	556	249
Other	13,711	17,587	11,667	13,599	25,256	19,544	18,577	10,693	17,615	13,167
Total Revenues	705,313	740,362	716,914	703,944	744,321	678,093	712,043	676,045	648,747	675,018
Expenditures:										
Legislative and Legal	13,602	12,481	11,649	10,806	9,683	10,316	9,673	11,373	9,604	11,420
General Government	15,765	16,081	11,993	15,480	20,035	17,441	17,785	17,951	18,116	21,793
Public Safety	279,382	285,366	290,615	291,618	289,538	285,807	288,979	300,519	297,901	307,065
Public Health	47,409	47,383	45,181	37,644	43,665	41,449	39,297	41,273	42,108	42,819
Community and Cultural	209,946	253,432	238,090	264,171	263,625	289,597	185,378	158,122	237,433	152,005
Public Works	42,586	50,221	53,358	46,002	44,178	60,368	65,484	66,498	70,921	74,580
Oil Operations	8,171	8,625	6,888	6,718	7,173	9,146	4,722	4,309	3,512	2,352
Total Current Expenditures	616,861	673,589	657,774	672,439	677,897	714,124	611,318	600,045	679,595	612,034
Capital Improvements	40,790	25,328	27,721	38,956	29,630	17,183	26,199	36,427	27,139	38,629
Loss on Disposition of Land Held for Resale	9,184	4,459	1,526	9,524	519	79,111	-	-	-	-
Debt Service:										
Principal	15,451	15,819	17,456	13,804	13,475	14,379	16,358	18,836	18,601	18,717
Interest	27,349	30,477	28,300	24,847	28,984	23,298	23,776	21,044	22,499	16,763
Debt Administration Fees	81	397	259	195	391	494	542	57	178	434
Total Expenditures	709,716	750,069	733,036	759,765	750,896	848,589	678,193	676,409	748,012	686,577
(Deficiency) of Revenues over (under) Expenditures	(4,403)	(9,707)	(16,122)	(55,821)	(6,575)	(170,496)	33,850	(364)	(99,265)	(11,559)
Other Financing Sources (Uses):										
Other Deferred Payments	291	-	-	-	-	-	-	-	-	-
Debt Issuance	25,748	280	311	34,417	297	753	54,186	1,012	155,820	13,150
Premium (Discount) on Debt Issuance	(122)	-	-	-	-	-	-	-	6,700	1,045
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(57,611)	-	(179,330)	-
Reconveyance of Land	-	(13,296)	(3,677)	(41)	-	-	-	-	-	-
Cost of Issuance	-	-	-	-	-	-	-	-	(1,505)	-
Land Transfers	-	-	-	-	(6,233)	-	-	-	-	-
Transfers In	91,967	84,353	60,163	56,406	271,094	409,802	114,615	106,128	91,363	60,641
Transfers Out	(57,560)	(62,122)	(37,379)	(36,306)	(247,930)	(392,317)	(87,032)	(105,577)	(92,990)	(65,195)
Total Other Financing Sources	60,324	9,215	19,418	54,476	17,228	18,238	24,158	1,563	(19,942)	9,641
Net Change in Fund Balances	\$ 55,921	\$ (492)	\$ 3,296	\$ (1,345)	\$ 10,653	\$ (152,258)	\$ 58,008	\$ 1,199	\$ (119,207)	\$ (1,918)
Debt Service as a Percentage of										
Noncapital Expenditures	6.4%	6.4%	6.5%	5.4%	5.9%	4.5%	6.2%	6.2%	5.7%	5.5%

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.

Debt Service as a Percentage of Noncapital Expenditures calculated as follows:
$$\frac{\text{(Principle + Interest)}}{\text{(Total Expenditures - Capital Improvements)}}$$

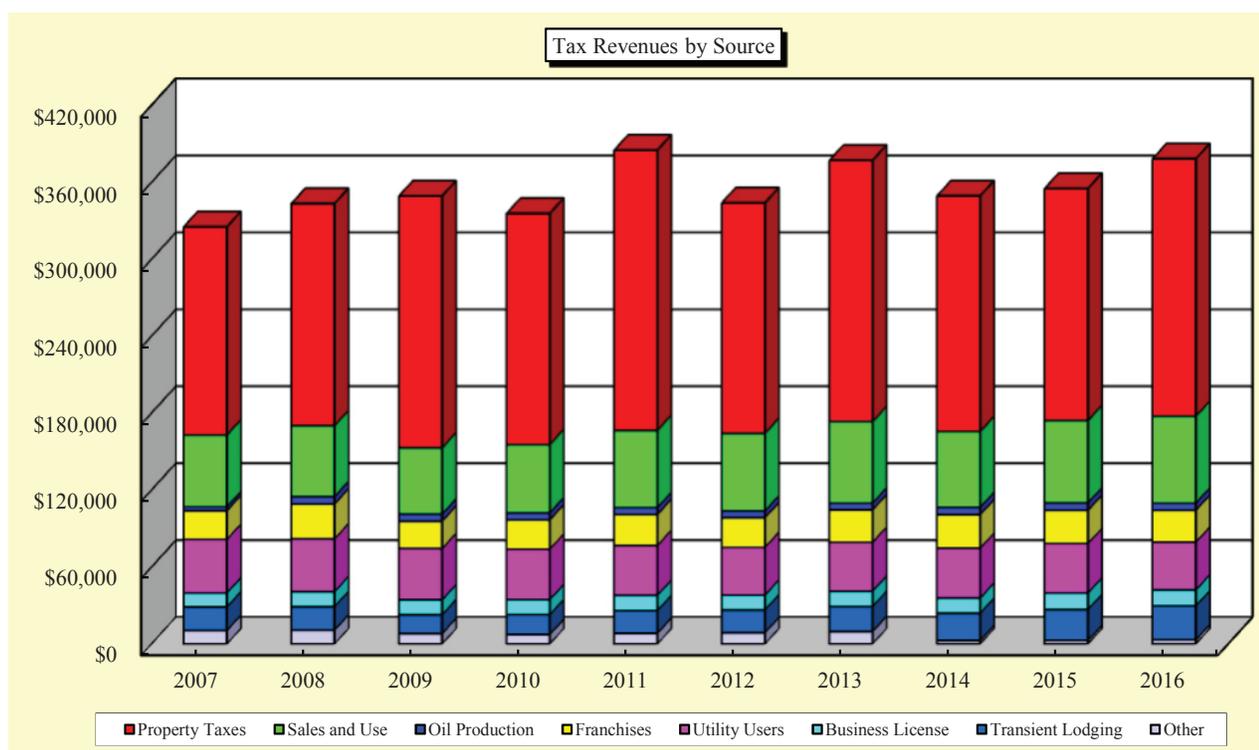
See accompanying independent auditors' report.

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
2007	\$162,342	\$ 55,848	\$ 3,123	\$ 22,340	\$ 41,694	\$ 10,909	\$ 18,309	\$ 10,524	\$325,089
2008	173,184	55,261	5,767	27,147	41,028	11,681	18,324	10,796	343,188
2009	196,402	51,585	5,557	21,274	39,901	11,647	14,635	8,137	349,138
2010	180,262	53,144	5,517	22,844	39,240	11,686	15,461	7,381	335,535
2011	218,570	60,159	5,331	24,184	38,739	11,956	17,603	8,364	384,906
2012	179,746	60,414	5,259	23,143	37,097	11,537	17,759	8,805	343,760
2013	203,770	63,443	5,301	25,243	38,026	11,981	19,451	9,713	376,928
2014	183,719	59,097	5,653	26,175	38,691	11,862	21,265	2,724	349,186
2015	180,989	64,177	5,787	25,915	38,419	12,934	23,999	2,798	355,018
2016	200,766	67,658	5,582	24,911	37,079	12,512	26,382	3,271	378,161

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
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%
2015	48,648,554	3,029,600	(1,572,403)	50,105,751	1.00%
2016	49,939,578	2,959,078	(1,424,373)	51,474,283	1.00%

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	
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
2015	1.000000	-	0.146881	0.040174	0.003500	1.190555
2016	1.000000	-	0.129709	0.035755	0.003500	1.168964

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 2016		Fiscal Year 2007	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
The Boeing Company	\$ 285,974	0.61 %	\$ 344,164	0.95 %
Tesoro Logistics Operations LLC	238,095	0.50		
Legacy Partners II LB World Trade LLC	165,990	0.35		
2009 CUSA Community Owner LLC	146,874	0.31		
John Hancock Life Insurance	138,207	0.29		
AGNL Clinic LP	137,939	0.29		
Terra Funding Shoreline Square	101,367	0.21		
Noble Utah Long Beach LLC	98,382	0.21		
Lyon West Gateway LLC	82,642	0.18		
City Place Long Beach LLC	77,670	0.16	73,068	0.20
TABC Inc.	77,048	0.16		
Comninet Freeway LP	72,112	0.15		
Alamitos Bay Partnership	61,456	0.13	53,229	0.15
HEI Long Beach LLC	59,011	0.13	54,958	0.15
Sunstone Ocean LLC	58,423	0.12	56,240	0.16
California Broadcast Center LLC	51,491	0.11		
Pacific Castle	50,278	0.11		
Southwood Gardens LLC	50,186	0.11		
DP3 Sub 1&2 LLC	49,692	0.11		
Avanath Northpointe LP	49,399	0.10		
AES Alamitos LLC			267,600	0.74
Camden Realty Inc.			137,302	0.38
Greit One World Trade Center LP			118,239	0.33
Trizechahn Centers, Inc.			87,006	0.24
GRE Shoreline Square LP			84,048	0.23
1900 Ocean Partners Holding LLC et.al.			71,887	0.20
350 Ocean Garage I & II LLC			70,589	0.20
Hughes Aircraft Company			67,256	0.19
EQR Bay Hill LLC/EQR California LLC			64,735	0.18
Arco Terminal Services Corp.			63,639	0.18
200 Oceangate LLC			62,400	0.17
Danari Broadway & Ocean LLC			50,474	0.14
Essex Portfolio LP			50,431	0.14
ASN City Place LLC			46,402	0.13
California Drive In Theatres Inc			45,171	0.13
	<u>\$2,052,236</u>	<u>4.34 %</u>	<u>\$1,868,838</u>	<u>5.19 %</u>

Source: California Municipal Statistics, Inc.

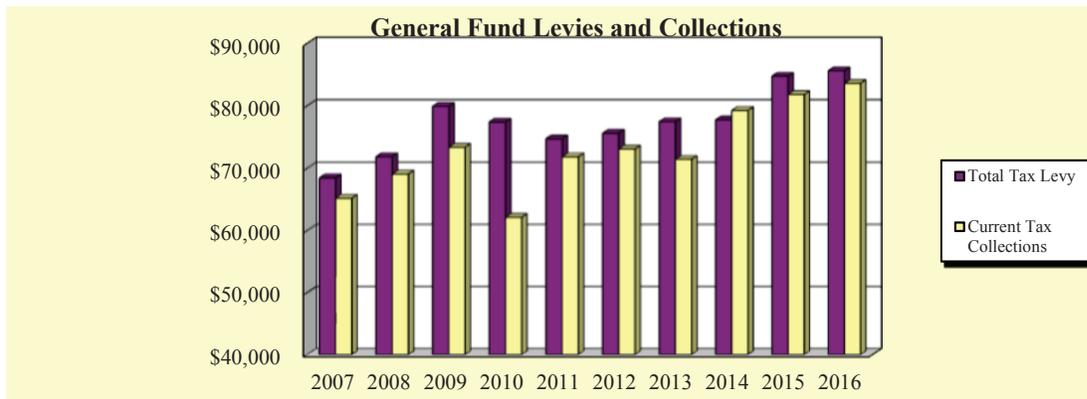
See accompanying independent auditors' report.

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

Fiscal Year-end	General Fund ¹							
	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections ³	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
2007	\$ 68,468	\$ 65,199	95.2%	\$ 5,986	\$ 71,185	104.0%	\$ 11,447	16.7%
2008	71,836	69,073	96.2%	6,844	75,917	105.7%	11,369	15.8%
2009	79,915	73,358	91.8%	5,817	79,175	99.1%	13,760	17.2%
2010	77,388	62,124	80.3%	4,261	66,385	85.8%	11,857	15.3%
2011	74,707	71,823	96.1%	4,658	76,481	102.4%	11,251	15.1%
2012	75,613	73,073	96.6%	3,285	76,358	101.0%	10,698	14.1%
2013	77,436	71,429	92.2%	3,049	74,478	96.2%	10,147	13.1%
2014 ²	77,740	79,255	101.9%	3,975	83,230	107.1%	4,458	5.7%
2015	84,726	81,798	96.5%	4,061	85,859	101.3%	5,449	6.4%
2016	85,609	83,582	97.6%	2,821	86,403	100.9%	5,605	6.5%

Redevelopment/Successor Agency								
2007	\$ 87,382	\$ 79,431	90.9%	\$ 11,833	\$ 91,264	104.4%	\$ -	0.0%
2008	102,167	88,792	86.9%	8,033	96,825	94.8%	-	0.0%
2009	111,336	106,358	95.5%	9,595	115,953	104.2%	-	0.0%
2010	102,771	99,231	96.6%	5,281	104,512	101.7%	-	0.0%
2011	99,318	74,660	75.2%	2,810	77,470	78.0%	-	0.0%
2012	98,891	59,989	60.7%	884	60,873	61.6%	-	0.0%
2013	102,702	65,387	63.7%	-	65,387	63.7%	-	0.0%
2014	106,760	53,226	49.9%	-	53,226	49.9%	-	0.0%
2015	122,477	44,903	36.7%	-	44,903	36.7%	-	0.0%
2016	137,809	63,963	46.4%	-	63,963	46.4%	-	0.0%

Total City Tax Levy								
2007	#####	\$ 144,630	92.8%	\$ 17,819	\$ 162,449	104.2%	\$ 11,447	7.3%
2008	174,003	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	161,355	89.6%	9,542	170,897	94.9%	11,857	6.6%
2011	174,025	146,483	84.2%	7,468	153,951	88.5%	11,251	6.5%
2012	174,504	133,062	76.3%	4,169	137,231	78.6%	10,698	6.1%
2013	180,138	136,816	76.0%	3,049	139,865	77.6%	10,147	5.6%
2014	184,500	132,481	71.8%	3,975	136,456	74.0%	4,458	2.4%
2015	207,203	126,701	61.1%	4,061	130,762	63.1%	5,449	2.6%
2016	223,418	147,545	66.0%	2,821	150,366	67.3%	5,605	2.5%



- Notes:
- 1 Restated prior years Total Tax Levy and Current Tax Collections to separate the General Fund revenue, which include only One percent basic levy only, from City levy for Successor Agency.
 - 2 In FY 2014, a reduction to Prior Years Levies were due to write off of receivables more than 30 years old per County of Los Angeles Auditor-Controller.
 - 3 Excludes motor vehicle and vehicle license fees in-lieu taxes, interests, penalties and Los Angeles County administrative cost.

See accompanying independent auditors' report.

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

Fiscal Year-end	Governmental Activities					Total Governmental Activities
	Revenue Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	
2007	\$ 162,865	\$ 83,635	\$ 340,813	\$ 10,734	\$ 39,481	\$ 637,528
2008	159,260	77,275	332,562	8,888	32,992	610,977
2009	152,430	70,340	323,890	9,057	27,227	582,944
2010	116,120	62,775	347,740	8,415	54,159	589,209
2011	113,420	54,520	337,557	8,560	49,712	563,769
2012	111,415	50,205	326,852	8,118	46,064	542,654
2013	93,410	45,675	315,399	7,102	41,869	503,455
2014	99,084	40,822	309,160	6,137	38,150	493,353
2015	95,189	35,837	276,934	5,117	33,978	447,055
2016	105,349	30,597	262,871	5,258	30,682	434,757

Fiscal Year-end	Business-type Activities				Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	
2007	\$ 1,312,585	\$ 9,175	\$ 119,641	\$ 3,767	\$ 1,445,168
2008	2,012,545	8,350	132,395	1,237	2,154,527
2009	1,728,770	7,480	117,597	565	1,854,412
2010	1,714,810	-	73,797	541	1,789,148
2011	1,709,685	-	56,687	3,541	1,769,913
2012	1,640,665	-	54,488	3,109	1,698,262
2013	1,564,045	-	147,020	2,667	1,713,732
2014	1,534,901	-	515,995	2,215	2,053,111
2015	1,696,772	-	499,248	19,752	2,215,772
2016	1,620,885	-	379,893	18,167	2,018,945

Fiscal Year-end	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2007	\$ 2,082,696	2.843%	\$ 4,479
2008	2,765,504	2.890%	5,970
2009	2,437,356	2.759%	5,273
2010	2,378,357	2.796%	5,140
2011	2,333,682	2.917%	5,048
2012	2,240,916	3.019%	4,813
2013	2,217,187	3.156%	4,741
2014	2,546,464	3.307%	5,425
2015	2,662,827	3.430%	5,623
2016	2,453,702	3.573%	5,175

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.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data. Restated prior years due to the data's annual revision.

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)		
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
2015	35,837	276,934	20,331	292,440	57%	617.51
2016	30,597	262,870	20,591	272,876	52%	575.52

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, 2016 (In Thousands)

2015-16 Assessed Valuation: \$50,926,611

<u>DIRECT DEBT:</u>		<u>Outstanding</u>	<u>Exclusions</u>	<u>Outstanding</u>
City of Long Beach				
Lease Revenue Bonds		\$ 74,752	\$ -	\$ 74,752
Tax Allocation Bonds		30,597	-	30,597
Notes Payable		262,871	-	262,871
Capital Leases		5,258	-	5,258
Pension Obligations		30,597	-	30,597
Total Direct Debt		<u>\$ 404,075</u>	<u>\$ -</u>	<u>\$ 404,075</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>			
Cerritos Community College District	0.357 %	\$ 260,737	\$ 259,806	\$ 931
Coast Community College District	0.001	505,845	505,840	5
Compton Community College District	2.732	73,356	71,352	2,004
Long Beach Community College District	85.734	479,586	68,417	411,169
Los Angeles Community College District	0.056	3,907,885	3,905,697	2,188
ABC Unified School District	1.091	32,695	32,338	357
Compton Unified School District	0.023	44,184	44,174	10
Long Beach Unified School District	86.735	716,246	102,173	614,073
Los Angeles Unified School District	0.069	10,063,790	10,056,846	6,944
Paramount Unified School District	9.637	112,764	101,897	10,867
Los Angeles County Flood Control District	4.076	12,630	12,115	515
Metropolitan Water District	2.078	92,865	90,935	1,930
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1)		<u>\$ 16,302,583</u>	<u>\$ 15,251,590</u>	<u>\$ 1,050,993</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.996 %	\$ 1,998,482	\$ 1,918,623	\$ 79,859
Los Angeles County Superintendent of Schools Certificates of Participation	3.996	7,205	6,917	288
Compton Unified School District Certificates of Participation	0.023	20,490	20,485	5
Los Alamitos Unified School District Certificates of Participation	0.010	40,465	40,461	4
Los Angeles Unified School District Certificates of Participation	0.069	272,425	272,237	188
Paramount Unified School District Certificates of Participation	9.637	28,900	26,115	2,785
County Sanitation District No. 1 Certificates of Participation	1.264	10,918	10,780	138
County Sanitation District No. 2 Certificates of Participation	0.193	16,858	16,825	33
County Sanitation District No. 3 Certificates of Participation	86.134	12,810	1,776	11,034
County Sanitation District No. 8 Certificates of Participation	2.674	6,666	6,488	178
County Sanitation District No. 19 Certificates of Participation	29.014	3,037	2,156	881
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,418,256</u>	<u>\$ 2,322,863</u>	<u>\$ 95,393</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000 %	\$ 253,650	\$ -	\$ 253,650
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$ 18,974,489	\$ 17,574,453	\$ 1,400,036
Less: Los Angeles County General Fund Obligations supported by landfill revenues		-	-	-
Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts)		13,526	13,517	9
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 18,960,963</u>	<u>\$ 17,560,936</u>	<u>\$ 1,400,027</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u>\$ 19,365,038</u>	<u>\$ 17,560,936</u>	<u>\$ 1,804,102</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				
	2007	2008	2009	2010	2011
Assessed valuation	\$39,877,469	\$43,345,421	\$46,621,743	\$45,466,275	\$44,589,625
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	9,969,367	10,836,355	11,655,436	11,366,569	11,147,406
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,495,405	1,625,453	1,748,315	1,704,985	1,672,111
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

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	
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
2015	77,098	30,845	46,253	83	46,336	6,840	31,725	38,565	1.2
2016	79,526	28,135	51,391	(949)	50,442	7,150	31,375	38,525	1.3

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

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
2015	99,475	91,395	8,080	1,561	9,641	2,510	1,390	3,900	2.5
2016	97,650	81,086	16,564	(237)	16,327	2,630	1,264	3,894	4.2

Solid Waste Management Fund
SERRF Authority Revenue Bond Coverage
Last Ten Fiscal Years (3)
(In Thousands)

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
2015	80,176	68,626	11,550	609	12,159	8,860	2,311	11,171	1.1
2016	75,546	68,090	7,456	797	8,253	9,320	1,849	11,169	0.7

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	
2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-
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
2015	33,811	27,842	5,969	3,134	9,103	2,420	6,844	9,264	1.0
2016	36,951	30,562	6,389	3,200	9,589	2,515	6,750	9,265	1.0

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

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
2015	32,660	23,719	8,941	1,592	10,533	-	912	912	11.5
2016	33,502	24,459	9,043	1,968	11,011	-	912	912	12.1

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

2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	20,358	14,613	5,745	197	5,942	-	5,352	5,352	1.1

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	
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	-
2015	10,997	11,589	(592)	85	(507)	2,900	1,353	4,253	-
2016	13,078	11,536	1,542	(351)	1,191	3,015	1,607	4,622	-

Tidelands Operating Segment
Revenue Bond Coverage
Last Ten Fiscal Years (3)
(In Thousands)

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	-
2015	38,858	69,007	(30,149)	1,630	(28,519)	3,780	4,374	8,164	-
2016	35,565	55,280	(19,715)	1,924	(17,791)	3,915	4,229	8,144	-

Harbor Fund
Revenue Bond Coverage
Last Ten Fiscal Years (4)
(In Thousands)

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
2015	355,450	130,013	225,437	44,386	269,823	145,215	26,558	171,773	1.6
2016	360,660	143,873	216,787	2,712	219,499	45,360	27,666	73,026	3.0

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)
2007	465,017	\$ 13,222	\$ 28,434	90,663	5.6
2008	463,250	13,387	28,898	88,186	8.2
2009	462,211	12,752	27,589	87,509	12.8
2010	462,685	12,938	27,964	86,283	13.9
2011	462,257	13,486	29,173	84,812	13.4
2012	465,576	14,058	30,196	83,691	12.2
2013	467,646	14,757	31,556	82,256	10.3
2014	469,428	15,525	33,072	81,155	8.6
2015	473,577	16,242	34,296	79,709	6.8
2016	474,140	16,939	35,725	77,812	5.7

Sources:

- (1) California Department of Finance
- (2) Bureau of Economic Analysis (BEA)
Personal income and per capita personal income are based on percentage change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistic Area). The BEA's report does not have personal income and per capita personal income available for 2015, so an average of the last five years was used.
- (3) California Department of Education Educational Demographic Unit. Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.
- (4) Average annual rate reported by California Employment Development Department (EDD).

See accompanying independent auditors' report.

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

Ranking	Employer	Fiscal Year 2016		Fiscal Year 2007		
		Number of Employees (1)	Percentage of Total City Employment (2)	Ranking	Number of Employees (1)	Percentage of Total City Employment (2)
1	Long Beach Unified School District	12,213	4.98%	1	13,044	5.61%
2	Long Beach Memorial Medical Center	5,138	2.10%	5	5,000	2.15%
3	City of Long Beach	5,122	2.09%	3	5,763	2.48%
4	California State University Long Beach (CSULB)	3,057	1.25%	4	5,605	2.41%
5	Veteran Affairs Medical Center	2,950	1.20%	6	2,000	0.86%
6	Long Beach City College	2,695	1.10%	8	1,636	0.70%
7	The Boeing Company	2,039	0.83%	2	6,455	2.78%
8	CSULB Research Foundation	1,677	0.68%			
9	Molina Healthcare Inc	1,488	0.61%			
10	St. Mary Medical Center	1,480	0.60%	10	1,480	0.64%
	United States Postal Service			7	1,800	0.77%
	Verizon			9	1,500	0.65%

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2007 and 2016

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 Ten Fiscal Years

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Legislative and Legal	148	144	138	138	133	130	129	130	130	122
General Government ⁽¹⁾	451	522	506	483	438	424	382	398	415	513
Public Safety	2,127	2,120	2,022	1,927	1,826	1,796	1,765	1,757	1,843	1,698
Public Health	405	390	337	322	311	262	263	249	257	252
Community and Cultural ⁽¹⁾	1,194	1,219	1,107	1,131	1,094	1,038	1,020	1,046	1,121	1,006
Public Works	373	298	326	321	336	287	273	275	258	263
Gas	181	185	181	178	195	194	202	201	198	201
Water	229	212	208	219	216	225	223	217	220	224
Airport	98	88	61	60	57	96	88	88	91	97
Solid Waste Management	135	184	209	200	205	189	177	181	183	177
Towing	42	38	35	32	34	29	22	26	26	26
Tideland Oil Revenue	35	34	31	22	22	19	15	15	15	16
Harbor	345	378	409	433	445	466	469	491	529	527
Total	5,763	5,812	5,570	5,466	5,312	5,155	5,028	5,074	5,286	5,122

(1) Restated 2013 and 2014 as Library Services was included as part of General Government and should have been classified as Community and Cultural.

Source: City of Long Beach, Department of Financial Management as of September 30, 2016

See accompanying independent auditors' report.



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

Function	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Public Safety:					
Police priority one calls response time in minutes	4.3	4.4	4.1	4.00	4.20
Violent crime rate - per 1,000 residents	6.82	6.53	6.51	6.42	5.90
Fire on-scene arrival for emergency calls within six minutes	73.9%	71.6%	70.5%	67.7%	62.9%
Public Health:					
Percentage of beach days that are safe for swimming in summer	93%	87%	80%	83%	85%
Homeless population ratio vs. total population (1)	0.93%	0.80%	0.80%	0.79%	0.93%
Community and Cultural:					
Public library computer session log-ons	348,982	437,211	420,100	385,514	330,375
Parks, recreation programs - youth and teen attendance	646,035	726,812	652,953	699,391	744,103
Public Works:					
Number of trees trimmed	34,342	25,682	19,300	21,618	19,986
Curbs and alleys swept in miles	176,542	163,298	154,152	142,000	151,743
Sidewalk repaired in square feet	363,089	260,742	203,805	348,394	179,641
Storm drain catch basins cleaned	4,744	5,800	3,122	163,618	3,550
Gas:					
Gas consumption in sales dollars-total	\$ 92,323,000	\$ 101,834,000	\$ 71,294,000	\$ 67,674,000	\$ 78,663,000
Gas consumption in cubic feet (In 000's)	10,924,000	10,122,000	9,137,000	8,902,000	9,388,000
Average daily gas consumption (MCF)	29,928	27,655	25,034	24,389	25,721
Gas mains installed/replaced/relocated in feet (2)	80,096	69,026	91,217	61,855	66,567
Gas meters installed/removed/replaced	7,352	7,416	7,290	8,713	7,150
Water:					
Water daily demand in thousand gallons	60,969	55,302	50,688	50,653	50,910
Water annual demand in thousand gallons	22,253,636	20,185,133	18,501,135	18,488,492	18,581,979
Available supply total in thousand gallons	24,253,546	22,346,927	20,523,106	20,687,237	20,604,243
Sewer:					
Sewer mains cleaned in miles	361	365	424	547	470
Sewer mains and laterals repaired in number of jobs	270	278	215	182	259
Airport:					
Number of commercial passengers enplaned	1,446,120	1,439,598	1,466,499	1,460,041	1,532,442
Number of commercial passengers deplaned	1,434,463	1,438,407	1,464,412	1,461,890	1,549,164
Number of aircraft landings and take offs	399,622	354,727	302,672	317,328	302,763
Solid Waste Management:					
Number of refuse tons collected	199,995	201,816	217,349	209,289	194,462
Number of recycling tons collected	178,773	195,291	197,104	193,820	180,160
SERRF tons of refuse received	502,558	485,207	488,999	485,207	460,906
SERRF energy sold to So Cal Edison megawatt-hours	241,839	229,664	226,866	229,664	208,663
Harbor:					
Number of container movements in twenty-foot equivalent units	7,361,881	6,736,756	5,282,385	5,936,066	6,298,840
Cargo in thousands of metric revenue tons	173,037	162,910	135,255	147,357	154,417
Number of ship calls	5,653	5,140	4,933	4,826	4,758

Source: City Departments

(1) The homeless population count is biannual.

See accompanying independent auditors' report.

Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Function
					Public Safety:
4.35	4.35	4.69	4.90	4.60	Police priority one calls response time in minutes
6.18	5.85	4.37	4.28	5.79	Violent crime rate - per 1,000 residents
60.8%	55.1%	50.0%	46.3%	43.4%	Fire on-scene arrival for emergency calls within six minutes
					Public Health:
91%	94%	97%	95%	94%	Percentage of beach days that are safe for swimming in summer
0.93%	0.93%	0.75%	0.51%	0.51%	Homeless population ratio vs. total population (1)
					Community and Cultural:
331,028	N/A	N/A	222,360	218,717	Public library computer session log-ons
745,052	636,796	760,641	779,641	835,358	Parks, recreation programs - youth and teen attendance
					Public Works:
28,021	24,668	23,500	23,839	19,500	Number of trees trimmed
156,537	150,804	156,302	153,527	154,300	Curbs and alleys swept in miles
481,497	382,536	551,597	363,476	333,039	Sidewalk repaired in square feet
3,800	3,004	5,771	5,800	5,800	Storm drain catch basins cleaned
					Gas:
\$ 70,193,000	\$ 68,229,000	\$ 72,544,000	\$ 62,281,000	\$ 64,382,000	Gas consumption in sales dollars-total
9,135,000	9,092,000	8,183,000	7,689,000	8,542,000	Gas consumption in cubic feet (In 000's)
24,959	24,910	22,421	21,065	23,404	Average daily gas consumption (MCF)
84,594	108,646	110,900	40,589	22,556	Gas mains installed/replaced/relocated in feet
8,664	6,093	3,529	4,440	29,873	Gas meters installed/removed/replaced
					Water:
52,260	53,079	52,389	47,441	46,417	Water daily demand in thousand gallons
19,074,861	19,373,993	19,122,012	17,315,820	16,942,297	Water annual demand in thousand gallons
21,330,532	21,538,947	21,019,736	19,000,372	19,412,932	Available supply total in thousand gallons
					Sewer:
414	535	498	492	405	Sewer mains cleaned in miles
261	241	213	224	215	Sewer mains and laterals repaired in number of jobs
					Airport:
1,643,383	1,497,503	1,433,273	1,276,679	1,327,001	Number of commercial passengers enplaned
1,634,345	1,492,430	1,426,830	1,273,232	1,325,537	Number of commercial passengers deplaned
287,699	284,193	325,527	300,184	295,007	Number of aircraft landings and take offs
					Solid Waste Management:
187,505	187,146	182,452	173,895	187,432	Number of refuse tons collected
172,143	169,264	169,420	161,997	158,852	Number of recycling tons collected
474,689	470,510	459,160	447,535	417,169	SERRF tons of refuse received
220,867	226,592	223,658	200,994	158,400	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
5,857,218	6,647,975	6,817,590	7,087,699	6,946,255	Number of container movements in twenty-foot equivalent units
145,144	162,257	165,526	164,274	161,322	Cargo in thousands of metric revenue tons
3,993	3,425	2,752	2,676	2,227	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 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Public Safety:					
Number of police stations	1	1	1	1	1
Number of police substations (full facility)	3	3	3	3	3
Number of police storefront stations	4	4	3	3	3
Number of fire stations	23	23	23	23	23
Community and Cultural:					
Number of parks	116	150	155	159	160
Parks and golf courses in acres	2,873	3,061	3,063	3,120	3,120
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	972,499	977,197	916,504	889,669	888,975
Number of library circulations	1,458,862	1,695,540	1,562,913	1,644,125	1,561,713
Public Works:					
Street in miles	815	815	815	815	823
Storm drain lines in miles	180	181	181	180	180
Number of street lights (1)	31,582	31,000	31,000	31,000	31,000
Gas:					
Gas mains in miles (2)	921	920	931	930	929
Water:					
Water mains in miles	905	904	908	909	911
Number of fire hydrants	6,489	6,507	6,525	6,529	6,603
Number of water services	N/A	95,432	95,424	95,398	95,629
Sewer:					
Sanitary sewers in miles	711	711	712	712	712
Number of manholes	16,055	16,078	16,129	16,135	16,147
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	32	34	36
Storm drain pump stations	N/A	N/A	20	20	20
Solid Waste Management:					
Number of waste-to-energy facilities	1	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	Function				
2012	2013	2014	2015	2016	
					Public Safety:
1	1	1	1	1	Number of police stations
3	3	3	3	3	Number of police substations (full facility)
-	-	-	-	-	Number of police storefront stations
23	23	23	23	23	Number of fire stations
					Community and Cultural:
162	161	162	164	168	Number of parks
3,124	3,121	3,123	3,122	3,124	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
818,390	782,571	798,809	808,957	851,614	Number of library holdings (books, videos, tapes)
1,551,997	1,391,825	1,391,617	1,205,523	1,233,309	Number of library circulations
					Public Works:
823	823	823	823	823	Street in miles
180	180	180	180	180	Storm drain lines in miles
31,000	31,550	31,550	31,337	32,283	Number of street lights (1)
					Gas:
929	930	928	929	929	Gas mains in miles (2)
					Water:
911	912	912	912	912	Water mains in miles
6,594	6,589	6,604	6,631	6,894	Number of fire hydrants
95,643	95,607	95,999	95,775	95,749	Number of water services
					Sewer:
712	714	714	714	714	Sanitary sewers in miles
16,148	16,158	16,170	15,129	15,127	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	23	23	22	Storm drain pump stations
					Harbor:
34	37	37	37	39	Sanitary sewer pump stations
23	21	23	23	22	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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