

City of Long Beach

California



Comprehensive Annual

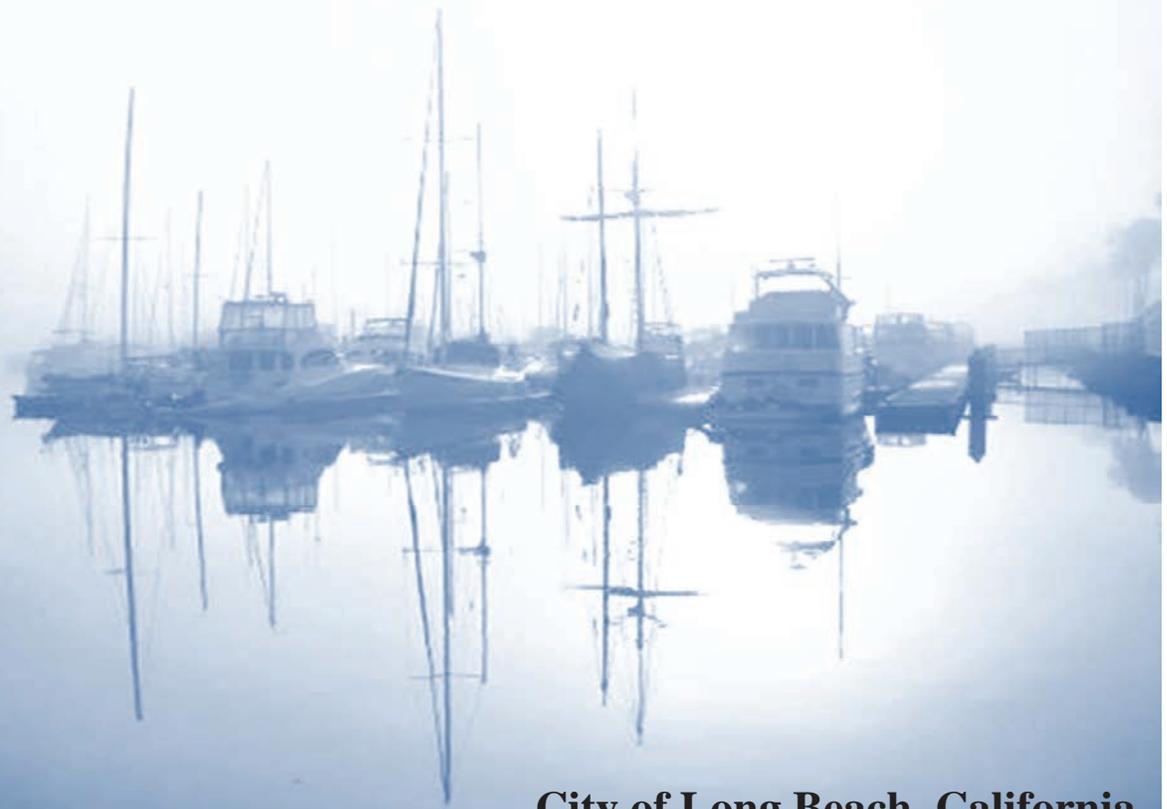
Financial Report

Fiscal Year Ended September 30, 2017

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Comprehensive Annual Financial Report



City of Long Beach, California

**For the Fiscal Year Ended
September 30, 2017**

**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, 2017

Prepared by the Department of Financial Management

John Gross
Director of Financial Management

Stephen W. Hannah
City Controller

Ruby Carrillo-Quincey
Assistant City Controller

Francine Wiegelman
Assistant City Controller

Angie Tran
Senior Accountant

Michael Carrigg
Senior Accountant

Glenda Pakingan
Senior Accountant

Lilia Hom
Senior Accountant

Vivian Li
Accountant

Kalpna Desai
Senior Accountant

Georgia Will
Accountant

Kim-Hang Nguyen
Accountant

Avneet Brar
Accounting Technician

Gretchen Monroe
Accountant

Alex Powers
Accountant

Jackie Pham
Accounting Technician

Amanda Johnson
Accountant

Reuben Belleza
Accounting Technician

Elaine Harmon
Accounting Technician

Shelby Miller
Accounting Technician

Jennifer Mota
Accounting Technician

Mandie Bentley
Accounting Technician

Elsa Castaneda
Administrative Analyst

Cathy Pingol
Senior Accountant

Cassandra Tan
Assistant City Treasurer

Fidel Aguayo
Assistant City Treasurer

Cover Photography *Long Beach Convention & Visitors Bureau*

Insert Photography by *Hartono Tai*



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City of Long Beach
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2017

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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, 2018

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, 2017. 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. As the cost of internal controls should not exceed the benefits derived from those controls, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

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

About the City and its Government

Long Beach is a Charter City, incorporated in 1897, in Southern California within the County of Los Angeles. With an estimated 480,000 residents, it is the seventh most populous city in the state. The City has a Mayor, elected at-large, and a nine-member council, elected by district, all for four-year terms. The City Auditor, Prosecutor and Attorney are elected at large and also serve four-year terms. The City has a diverse economic base including international trade, oil, aerospace, aviation, healthcare, education, and tourism.

The City continuously improves its already great livability. In 2017, the Long Beach Public Library was a recipient of the 2017 National Medal for Museum and Library Service, which celebrates institutions that respond to societal needs in innovative ways. Long Beach was also awarded a 2017 Helen Putnam Award for Excellence from the League of California Cities for the Long Beach Junior Beach Runners program, which educates on the importance of healthy eating and being active. Long Beach was 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. For the seventh consecutive year, the City was recognized as a Top 10 Digital City and earned a national CIO 100 award for 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 2017, the average response time for police priority calls was just 4.8 minutes, one of the fastest for any large city in the U.S. The City's fleet operation was ranked the 10th best government fleet in the United States; the honor recognizes performance, leadership, competitiveness, and efficiency. The City-run health department is one of only three in California achieving national accreditation through the Public Health Accreditation Board, which recognizes that a health department meets or exceeds national public health quality standards and measures. The vibrant and growing television and film industry has selected Long Beach for the filming of various shows on a regular basis including Rosewood, The Fosters, Jane the Version, Ballers, American Crime Story, Arrested Development, NCIS: LA, and A.P. Bio. Long Beach airport was ranked number 3 in the Top 10 Best Airports in America and Best for Airport Dining.

The Port of Long Beach is the world's premier green port. The City's dedication to protecting the environment is demonstrated by the amazing biodiversity and thriving marine habitat found in our Port's waters. 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 of, and to benefit from, the opportunities in our global world economy. The blend of local, national and international businesses continues to keep Long Beach thriving. During 2017, the unemployment rate in Long Beach reached its lowest level, 4.4 percent, since 1990. As the City's business community grows, the need for housing of all types also grows. To accommodate this growth, thousands of new residential projects have been approved for construction.

With an improving economy and a new voter-approved tax (Measure A) to help ensure public safety and address the City's infrastructure needs, the City has a renewed sense of optimism that is evidenced by the City's changing sky-line. Today, there are more than \$3 billion in major projects underway, including the largest bridge on the West Coast, a nearly \$1 billion Civic Center complex and hundreds of new affordable housing units. Long Beach is making continuous improvement in providing better, more efficient service to the entire community through its investment in public safety, including reestablishing Fire Engine 8 and restoring Paramedic Rescue Ambulance 12 service; increased resources for streets and infrastructure; and awards for technology, equality, city planning and more. The favorable Long Beach economy is also providing jobs, including those being created by a multitude of multi-family housing projects, the Port's Middle Harbor redevelopment, and the 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. In its efforts to reduce carbon emissions, the City installed a new Compressed Natural Gas (CNG) fueling station at the Fleet Services Yard with fully-integrated fuel compression equipment and dispensing systems. The CNG

fueling station will provide a local source of clean fuel for the new fleet of CNG-powered refuse trucks and street sweepers. The City also nearly completed the citywide LED Streetlight Retrofit Program, converting over 25,000 lights at signalized intersections and in residential and commercial districts.

The Mayor and City Council continue to emphasize economic development. Through a unique public-private partnership, the City is constructing a new Civic Center complex that is a key part of the continued revitalization of the Downtown area. The Civic Center will be highly energy efficient and a super-block of public-private development. Economic Development is a long-term effort and an important component of addressing the City's ability to continue to maintain and improve services.

The City intends to continue to use innovation and increased efficiency as a way to maintain and improve services. The 2018 budget includes several innovative changes throughout the City's organization to improve efficiency of service delivery. Some of these services include: the formation of a Transportation Mobility Bureau; new digital platforms to help improve the hiring process, response to Public Records Act requests, and manage the City's properties; and continued investment in geographic information systems (GIS), website improvements, new fiber installation, and other technology enhancements.

Long Beach continues to invest in its future, leveraging \$3 million in funding awarded by Bloomberg Philanthropies to support the Long Beach Innovation Team (i-team) in its efforts to enhance economic development. Additionally, the City will also engage in two new FUSE fellow projects; the first project will be to develop a referral network system for the City's senior population, and the second project will be to conduct a thorough analysis of the City's hiring and onboarding processes.

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 these challenges. Long Beach will continue to be "many unique neighborhoods, one great city."

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

For the tenth 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, 2016. To be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (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, 2017**

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

Monique De La Garza

Executive Director - Civil Service

Kandice Taylor-Sherwood

Chief Executive - Harbor

Mario Cordero

General Manager - Water

Christopher J. Garner

City Management

City Manager

Patrick H. West

Assistant City Manager

Tom Modica

Deputy City Manager

Kevin J. Jackson

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

John Keisler

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



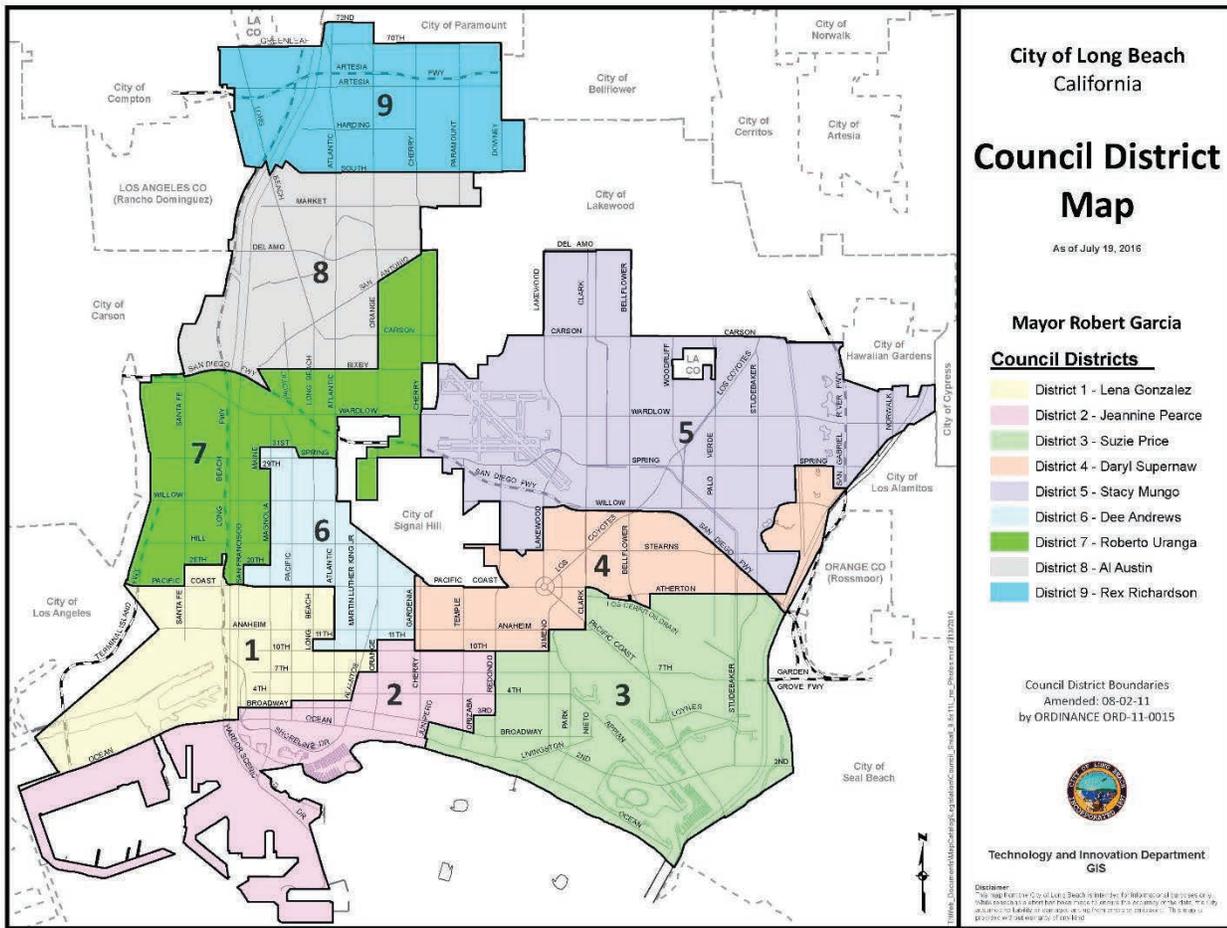
Mayor
Robert Garcia



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



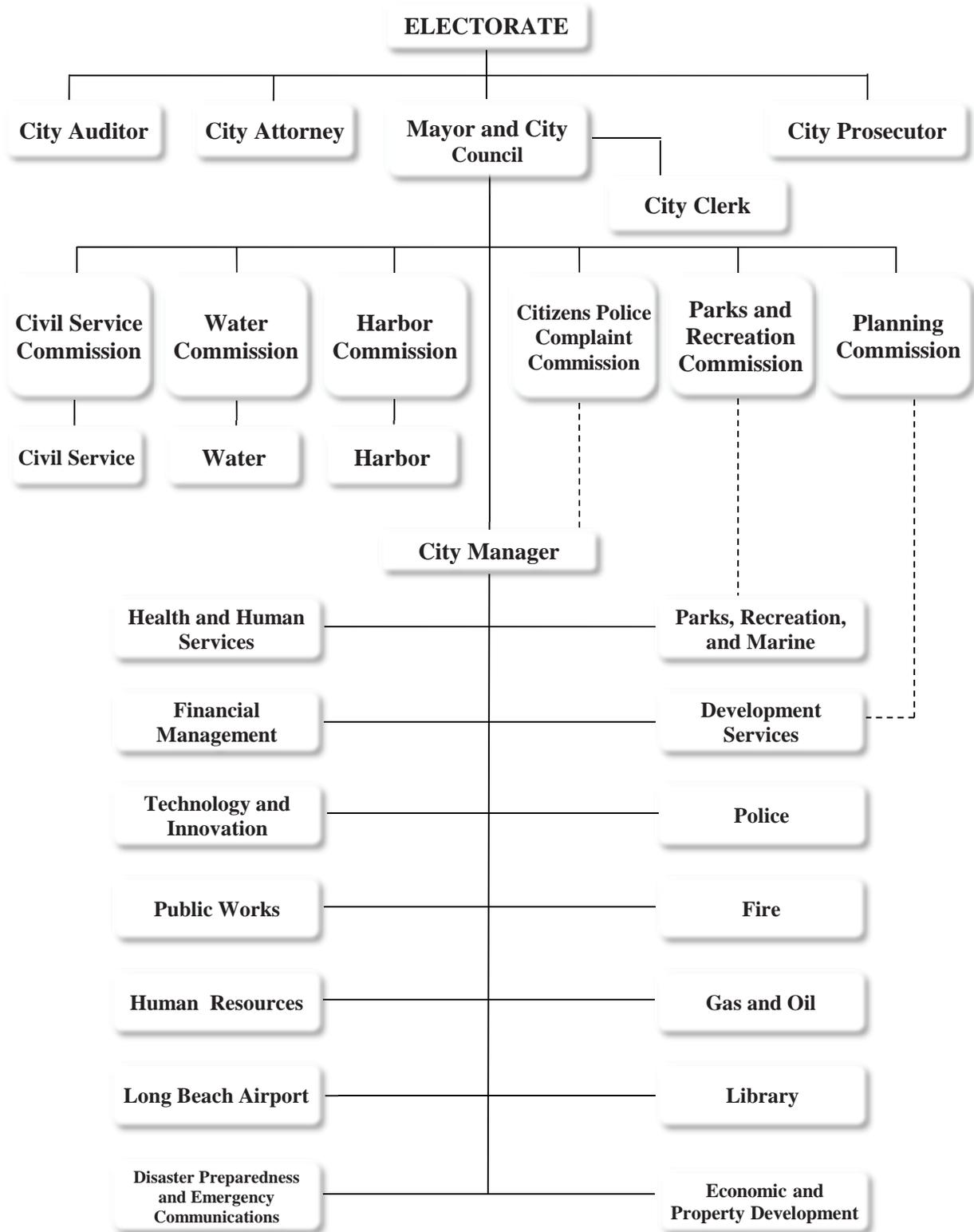
Council District 8
Al Austin



Council District 9
Rex Richardson

LONG BEACH CITY GOVERNMENT ORGANIZATIONAL CHART

As of September 30, 2017





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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the City's General Fund for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
March 26, 2018



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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, 2017

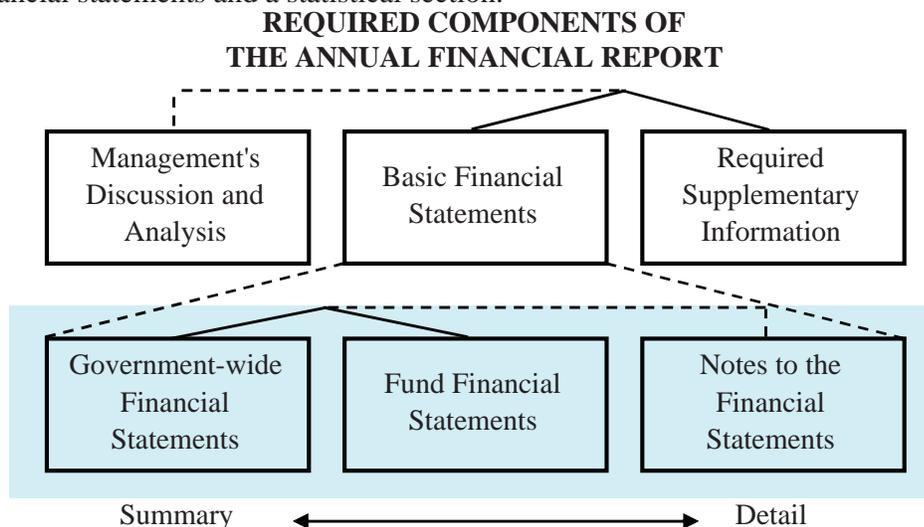
As the management team for the City of Long Beach (the City), we present to the readers of the City’s basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider this information 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 \$4.9 billion. Of this amount, \$4.7 billion represents net investment in capital assets, and \$689.1 million represents resources that are subject to restrictions on how they may be used (*restricted net position*). The City reports a deficit unrestricted net position of \$468.4 million.
- At the close of the fiscal year, the City’s governmental funds reported combined fund balances of \$324.1 million, an increase of \$9.2 million, or an increase of 2.9% percent, from the prior fiscal year end. Of these balances, \$3.1 million are nonspendable, \$184.6 million are restricted, \$66.0 million are committed, \$68.5 million are assigned, and \$1.9 million is unassigned.
- The fund balance of the General Fund was \$103.4 million. This represents a \$7.2 million decrease, or minus 6.5 percent, from the prior fiscal year. Of this balance, \$500 thousand is nonspendable, \$4.5 million is restricted, \$64.5 million is committed, \$33.4 million is assigned, and \$434 thousand is unassigned.
- The City implemented GASB Statement No. 84, Fiduciary Activities, and as a result, beginning net position balances were restated to reflect the impact. The City’s Fiduciary funds include Private Purpose Trust Funds and Custodial Funds (formerly Agency Funds). The Custodial Funds increased beginning net position by \$35.5 million, and reduced trust liabilities by the same amount. Custodial funds account for assets held by the City acting as an agent for other governmental units, private organizations, or individuals.

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, 2017 (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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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 *Custodial Funds* such as special parking and business assessment districts. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the supplemental Custodial and Private Purpose Trust fund combining statements. These activities are excluded from the City's other financial statements because the City cannot utilize these assets to finance its own operations. The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

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

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

Government-Wide Financial Analysis - Analysis of Net Position

As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. As of September 30, 2017, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$4.9 billion, an increase of \$55.1 million, or 1.1 percent, from the prior fiscal year.

Net investment in capital assets accounted for \$4.7 billion, or 95.5 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 \$102.0 million, or 2.2 percent, from the prior fiscal year. The \$86.9 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 \$49.3 million and \$13.3 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 \$689.1 million, representing 14.1 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

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through constitutional provisions or enabling legislation. This component of the City's net position decreased \$28.4 million, or minus 4.0 percent, from the prior fiscal year.

The remaining deficit balance of \$468.4 million, or minus 9.6 percent, is the net of the \$717.0 million governmental activities deficit unrestricted net position and the \$248.6 million business-type activities unrestricted net position balance. The unrestricted component of net position decreased \$18.6 million, or 4.1 percent, from the prior fiscal year.

Net Position
September 30, 2017 and 2016
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 948,268	\$ 995,770	\$ 2,531,686	\$ 2,356,785	\$ 3,479,954	\$ 3,352,555
Capital Assets	831,821	771,722	5,724,956	5,516,616	6,556,777	6,288,338
Total Assets	1,780,089	1,767,492	8,256,642	7,873,401	10,036,731	9,640,893
Deferred Outflows	300,941	264,237	122,333	123,078	423,274	387,315
Total Assets and Deferred Outflows	2,081,030	2,031,729	8,378,975	7,996,479	10,460,005	10,028,208
Liabilities:						
Current Liabilities	196,636	190,308	286,117	278,737	482,753	469,045
Noncurrent Liabilities, Net	1,640,525	1,537,565	2,631,147	2,438,732	4,271,672	3,976,297
Total Liabilities	1,837,161	1,727,873	2,917,264	2,717,469	4,754,425	4,445,342
Deferred Inflows	202,274	174,453	604,940	565,130	807,214	739,583
Total Liabilities and Deferred Inflows	2,039,435	1,902,326	3,522,204	3,282,599	5,561,639	5,184,925
Net Position:						
Net Investment in Capital Assets	361,370	346,224	4,316,371	4,229,484	4,677,741	4,575,708
Restricted	397,204	393,588	291,847	323,827	689,051	717,415
Unrestricted	(716,979)	(610,409)	248,553	160,569	(468,426)	(449,840)
Total Net Position	\$ 41,595	\$ 129,403	\$ 4,856,771	\$ 4,713,880	\$ 4,898,366	\$ 4,843,283

Key Changes in the Statement of Net Position:

The City's current and other assets increased \$127.4 million, or 3.8 percent, from the prior fiscal year. Governmental activities decreased \$47.5 million, primarily due to the early payment of the fiscal year 2018 CalPERS unfunded liability resulting in lower cash balances in the City pool. Business-type activities increased \$174.9 million mostly resulting from the \$170.3 million 2017 bond issue proceeds received by the Harbor. In addition, the increase includes a \$27.2 million increase in amounts due from other funds resulting from a change in accounting policy related to the presentation of compensated absence liabilities, and an increase of \$23.8 million in accounts receivable reflecting increases in all proprietary funds, \$17.0 million in the Harbor. These increases were offset by decreases of \$40.1 million in non-pooled investments and \$14.8 million in amounts due from other governments. The decrease in non-pooled investments consisted of decreases of \$10.3 million in the Gas Utility for the Advanced Meter Infrastructure System project, \$14.7 million in Tidelands primarily related to the Alamitos Bay Marina rebuild, and \$16.5 million in the Harbor. The decrease in amounts due from other governments resulted from a \$12.2 million decrease in the Harbor fund as year-over-year amounts due from the state related to the Gerald Desmond Bridge project declined.

Citywide, capital assets increased \$268.4 million or 4.3 percent. Governmental activities increased \$60.1 million, or 7.8 percent, and is primarily attributable to the ongoing construction of the new Civic Center

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For the Year Ended September 30, 2017 (Continued)

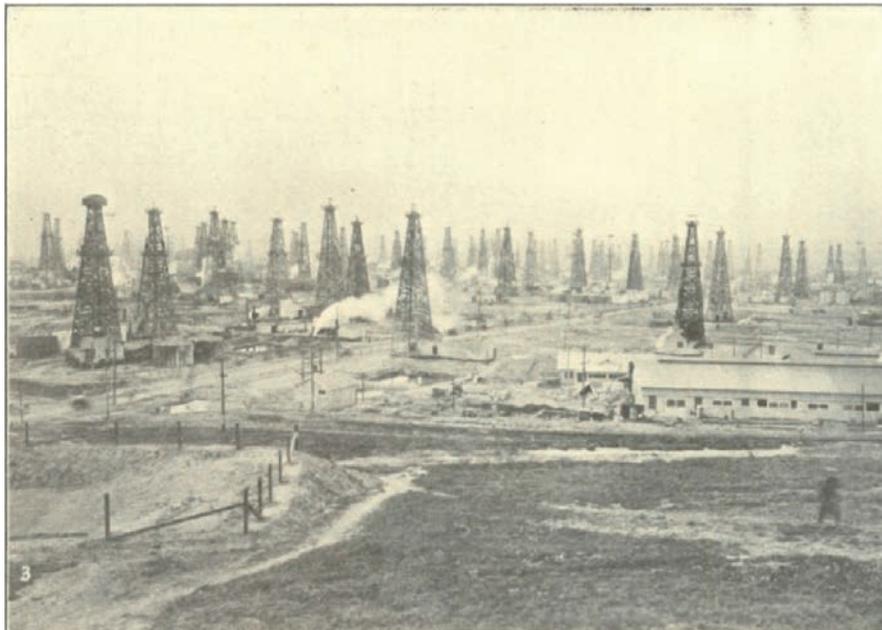
complex. Business-type activities increased \$208.3 million, or 3.8 percent. The change in business-type activities resulted from ongoing construction of the new Port of Long Beach Headquarters and improvements to the Middle Harbor and Gerald Desmond Bridge projects along with the ongoing construction of Tidelands improvements such as the Alamitos Bay Marina rebuild.

Deferred outflows increased \$36.0 million. Governmental activities deferred outflows increased \$36.7 million and business-type activities decreased \$745 thousand. 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 early payment of the fiscal year 2018 CalPERS unfunded liability.

The City's current liabilities increased \$13.7 million, or 2.9 percent. Governmental activities increased \$6.3 million, or 3.3 percent, and business-type activities increased \$7.4 million or 2.6 percent. The increase in governmental activities current liabilities resulted from increased accounts payable and a higher deferral of property tax revenue at year-end.

Noncurrent liabilities increased \$295.4 million, or 7.4 percent, City-wide. Governmental activities increased \$103.0 million, or 6.7 percent, and business-type activities increased \$192.4 million or 7.9 percent. Significant contributors to the increase in governmental activities non-current liabilities were a \$64.9 million increase in net pension liability as CalPERS missed their investment return goals, and a liability of \$59.2 million was added related to the City's commitment to the new City hall and civic center complex. Business-type activities saw an increase of \$115.3 million in bonds payable primarily resulting from the Harbor's 2017 bond issue, a \$17.2 million increase in net pension liability, a \$23.3 million increase in other long-term obligations resulting from the Harbor's investment in its new headquarters building, and a \$15.3 million increase related to the City's change in the presentation of compensated absences liabilities.

Deferred inflows increased \$67.6 million, or 9.1 percent. The change includes a \$39.8 million increase in business-type activities primarily resulting from a \$35.4 million increase in the gas commodity swap, and an increase of \$27.8 million in governmental activities mostly resulting from an increase in the change in CalPERS difference between expected and actual experience of \$32.9 million, the addition of an OPEB difference between expected and actual experience of \$6.2 million, an increase in unavailable revenues and property taxes of \$4.8 million all offset by a decrease in CalPERS related change in assumptions of \$16.9 million.



LOOKING NORTH FROM OCEAN FRONT TO SIGNAL HILL

The City of Long Beach
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Analysis of Changes in Net Position

The following table presents condensed information from the statement of activities for the fiscal years 2017 and 2016. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Changes in Net Position						
September 30, 2017 and 2016						
(In Thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 128,932	\$ 120,993	\$ 933,737	\$ 824,979	\$ 1,062,669	\$ 945,972
Operating Grants and Contributions	176,643	170,614	976	758	177,619	171,372
Capital Grants and Contributions	12,286	2,085	83,681	150,510	95,967	152,595
General Revenues:						
Taxes:						
Property	191,514	200,766	-	-	191,514	200,766
Sales	99,528	67,658	-	-	99,528	67,658
Utility Users	35,858	37,079	-	-	35,858	37,079
Other	46,837	47,746	-	-	46,837	47,746
Franchise Fees	25,912	24,911	-	-	25,912	24,911
Unrestricted Investment Earnings	3,581	13,182	7,714	10,802	11,295	23,984
Total Revenues	<u>721,091</u>	<u>685,034</u>	<u>1,026,108</u>	<u>987,049</u>	<u>1,747,199</u>	<u>1,672,083</u>
Expenses:						
Legislative and Legal	13,343	11,814	-	-	13,343	11,814
General Government	29,718	23,869	-	-	29,718	23,869
Public Safety	402,361	344,358	-	-	402,361	344,358
Public Health	49,688	46,150	-	-	49,688	46,150
Community and Cultural	173,637	155,792	-	-	173,637	155,792
Public Works	123,268	103,772	-	-	123,268	103,772
Oil Operations	9,694	6,466	-	-	9,694	6,466
Interest on Long-Term Debt	19,120	19,104	-	-	19,120	19,104
Gas	-	-	80,680	66,896	80,680	66,896
Water	-	-	96,082	93,959	96,082	93,959
Tidelands	-	-	126,123	107,313	126,123	107,313
Tideland Oil Revenue	-	-	93,200	70,949	93,200	70,949
Harbor	-	-	298,756	307,546	298,756	307,546
Non-major Enterprise Funds	-	-	176,446	162,678	176,446	162,678
Total Expenses	<u>820,829</u>	<u>711,325</u>	<u>871,287</u>	<u>809,341</u>	<u>1,692,116</u>	<u>1,520,666</u>
Increase (Decrease) in Net Position before Transfers	(99,738)	(26,291)	154,821	177,708	55,083	151,417
Transfers	11,930	16,855	(11,930)	(16,855)	-	-
Total Change in Net Position	<u>(87,808)</u>	<u>(9,436)</u>	<u>142,891</u>	<u>160,853</u>	<u>55,083</u>	<u>151,417</u>
Net Position, Beginning of Year	129,403	100,037	4,713,880	4,562,113	4,843,283	4,662,150
Adjustments for GASB 75 implementation	-	38,802	-	(9,086)	-	29,716
Net Position, End of Year	<u>\$ 41,595</u>	<u>\$ 129,403</u>	<u>\$ 4,856,771</u>	<u>\$ 4,713,880</u>	<u>\$ 4,898,366</u>	<u>\$ 4,843,283</u>

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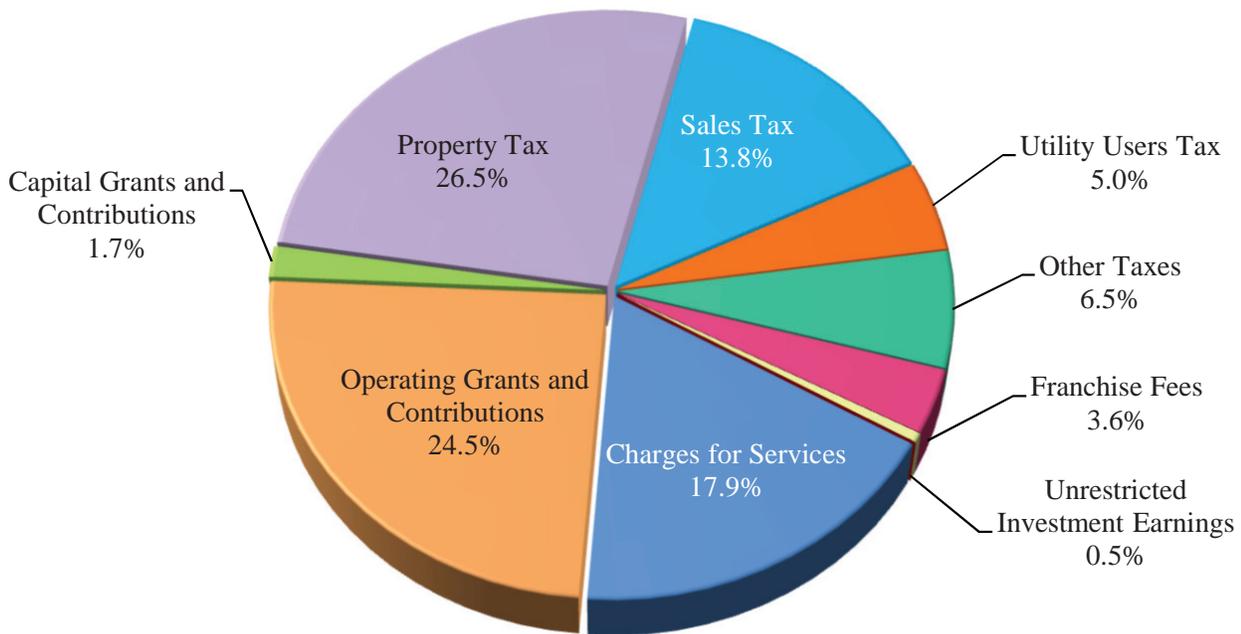
Governmental activities

Governmental activities net position decreased \$87.8 million when compared to the fiscal year 2016 financial report.

Total revenues for governmental activities (excluding transfers) increased \$36.1 million, or 5.3 percent. Contributing to this increase were increases in general revenues, such as sales taxes which increased by 47.1 percent. This was offset by a \$13.5 million or 76.4 percent decline in property taxes related to the Successor Agency Capital Projects fund, as the Agency's operations are winding down its revenue from the Redevelopment Property Tax Trust Fund (RPTTF) is also declining. Overall, program revenues increased \$24.2 million mostly due to increased operating and capital grant reimbursements. Unrestricted investment earnings decreased \$9.6 million, primarily due to lower cash balances in the City pool and fair values of the City's pooled investments. Program expenses increased \$109.5 million, or 15.4 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, 2017**



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 68.9 percent of revenues. Together, these primary sources of governmental revenues increased \$4.7 million, or 1.0 percent, from the previous year. Property tax revenues decreased \$9.3 million, however the entire decrease was due to a reduction in the Agency's RPTTF revenues. After adjusting for this amount, property tax revenues increased by \$4.2 million. Operating grants and contributions increased by \$6.0 million and capital grants and contributions increased by \$10.2 million, primarily due to increased reimbursements from grantor agencies. Charges for services increased \$7.9 million, or 6.6 percent and primarily resulted from the conveyance of Agency land held for resale.

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 For the Year Ended September 30, 2017 (Continued)

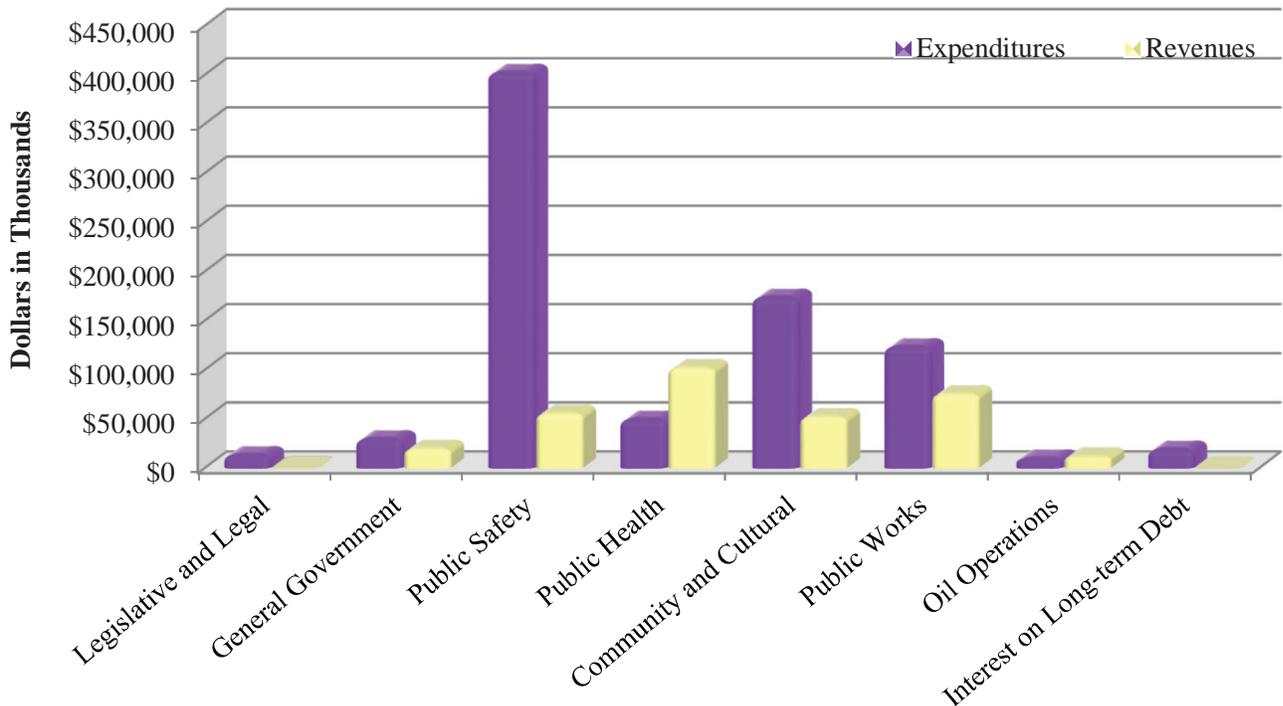
Sales tax revenues increased 47.1 percent or \$31.9 million as a result of a new voter-approved tax (Measure A). Other taxes, inclusive of transient occupancy and business license taxes, decreased a slight 1.9 percent or \$909 thousand.

Governmental activities expenses, excluding transfers, increased 15.4 percent, or \$109.5 million.

- Legislative and legal expenses increased \$1.5 million, or 12.9 percent.
- General government expenses increased \$5.8 million, or 24.5 percent. The change is primarily attributable to increased pension costs including the annual lump sum payment to CalPERS.
- Public safety expenses increased \$58.0 million, or 16.9 percent. The change is attributable to an increase in staffing levels and pension costs including the annual lump sum payment to CalPERS.
- Public health expenses increased \$3.5 million, or 7.7 percent. The change is attributable to increased pension costs including the annual lump sum payment to CalPERS.
- Community and cultural expenses increased \$17.8 million or 11.5 percent resulting from increased expenses related to housing programs such as Housing Assistance Payments (HAP) and rehabilitation loans.
- Public works expenses increased \$19.5 million or 18.8 percent. The change is attributable to increased pension costs including the annual lump sum payment to CalPERS.
- Oil operations expenses increased \$3.2 million, or 49.9 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, 2017

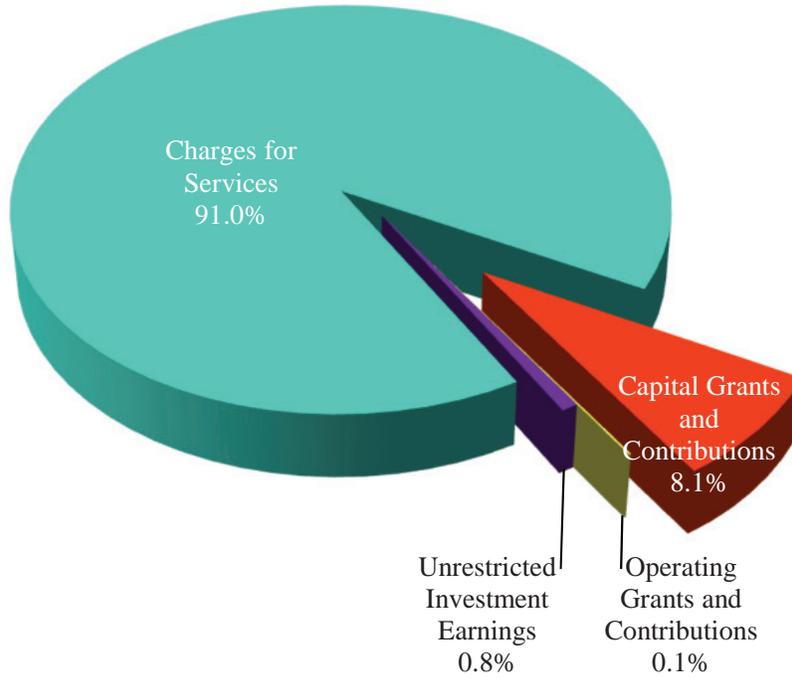


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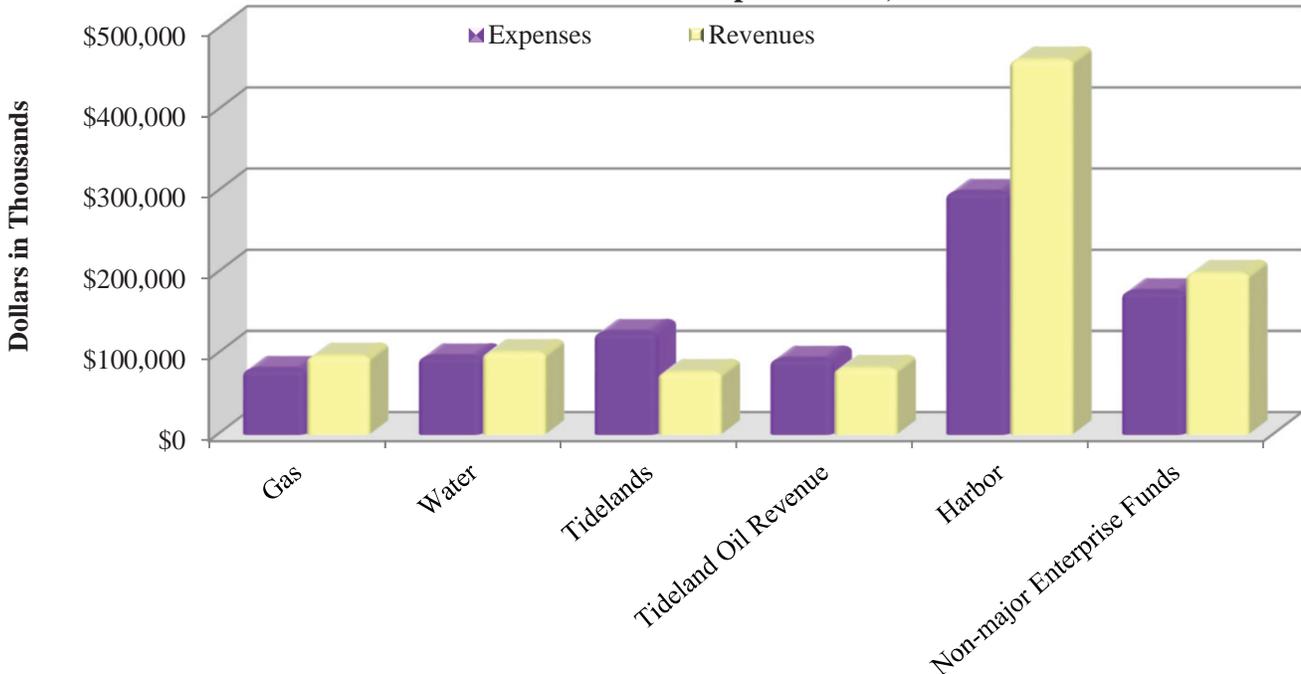
Business-type activities

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, 2017**



**Business-type Activities - Program Expenditures and Revenues
 For the Year Ended September 30, 2017**



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For the Year Ended September 30, 2017 (Continued)

Business-type activities increased net position \$142.9 million or 3.0 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 \$5.4 million, a \$7.7 million increase from the prior fiscal year primarily resulting from a gas rate increase leading to increases for gas commodity charges of \$7.6 million and gas transmission charges of \$5.4 million.
- Water Utility net position at fiscal year-end was \$282.8 million, a \$6.7 million increase over the prior fiscal year.
- Tidelands Operating net position decreased \$10.3 million, or 3.2 percent, totaling \$314.3 million at fiscal year-end. Net loss before contributions and transfers amounted to \$45.3 million. Transfers from Tidelands Oil and Harbor amounted to \$34.8 million. Harbor transferred \$19.4 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$15.4 million to fund tidelands operations and capital improvements.
- The Tidelands Oil Revenue posted a deficit net position of \$84.1 million, a deficit increase of \$26.4 million from the prior year. The change resulted from the recognition of \$29.1 million in additional oil field abandonment costs.
- Harbor's net position increased \$146.1 million, or 3.9 percent, reaching \$3.9 billion at fiscal year-end. The increase primarily resulted from operating income of \$90.2 million along with the receipt of \$73.1 million in capital grants.
- Total net position for non-major business-type activities increased \$25.8 million, or 5.9 percent, to \$461.7 million at fiscal year-end. Significant increases were reported in the Airport fund, increasing \$9.7 million due to increased fees, concessions and rentals revenues, a \$7.3 million increase in Solid Waste Management as a result of a \$7.3 million increase in charges for services revenues, and a \$5.5 million increase in the Development Services fund mostly as result of a \$6.9 million increase in permit revenues.

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, 2017, the City's governmental funds reported combined fund balances of \$324.1 million, an increase of \$9.2 million from the prior year. Further information can be found in *Note 16 – Government Activities Fund Balance*.

Governmental fund assets increased \$23.6 million, or 3.5 percent, from the prior fiscal year. Accounts receivable increased \$21.2 million, due from other funds increased \$2.2 million, and other assets increased \$7.3 million. These increases were offset by decreases of \$6.0 and \$1.1 million in pooled cash and non-pooled cash, respectively.

Governmental fund liabilities increased \$5.9 million, or 7.7 percent. Deferred revenues decreased \$1.6 million. This was offset by increases in due to other funds of \$2.5 million, and in accounts payable and wages payable of \$3.8 million and \$2.5 million. Other liabilities decreased by \$1.3 million.

Of the \$324.1 million total fund balances, \$184.6 million or 57.0 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

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Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2017 (Continued)

Restricted for Debt Service

Amounts restricted for debt service totaled \$32.1 million. Of this, \$20.9 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 \$6.0 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.
- 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, 2017, Prop H funds for police and fire amounted to \$415 thousand and \$212 thousand, respectively.
- Impact fees restricted for police and fire amounted to \$1.8 million and \$543 thousand, respectively.

Restricted for Public Health

Fund balance restricted for public health amounted to \$11.9 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$88.6 million. Restrictions include the following:

- Fund balance restricted within the Housing Fund for the provision of low-and-moderate-income housing amounted to \$37.3 million. Of this, \$3.8 million offsets advances to other funds.
- Fund balance restricted within the Housing Assistance Fund for programs to assist very low-income families, the elderly, and the disabled amounted to \$10.5 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$17.7 million.
- The Belmont Shore Parking Meter Fund has restricted \$264 thousand 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 \$3.4 million is restricted in the General Grants fund.
- Fund balance restricted within the Community Development Grant Fund amounted to \$2.4 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 \$9.3 million.
- Capital Projects Fund balance restricted for parks development amounted to \$2.4 million.

Restricted for Public Works

As of September 30, 2017, fund balance restricted for public works amounted to \$44.6 million. Restrictions include:

- General Capital Projects Fund balance restricted for traffic mitigation impact fees amounted to \$2.0 million at the close of the fiscal year.
- Gas Tax Fund balance restricted for the research, planning, construction, improvement, maintenance, and operation of public street and highways, including the mitigation of their environmental effects, totaled \$13.8 million.
- Transportation Fund balance restrictions totaled \$33.1 million and include: \$11.5 million pursuant to the provisions of Proposition A; \$15.9 million pursuant to the provisions of Proposition C; \$2.4 million pursuant to Measure R; \$3.0 million pursuant to Air Quality Management District AB2766 requirements; and \$371 thousand pursuant to Measure M. Proposition A funds are to be used exclusively to benefit public transit and may be traded with other jurisdiction in exchange for

The City of Long Beach
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For the Year Ended September 30, 2017 (Continued)

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. Measure M is a half-cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes.

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, 2017 and 2016
(In Thousands)

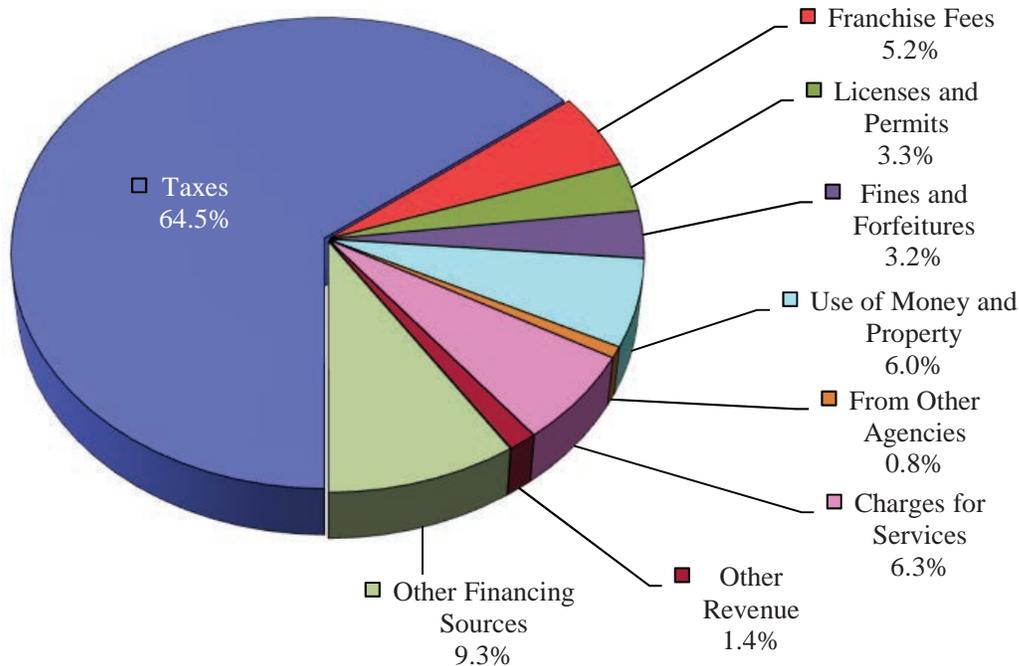
<i>Revenues and Other Financing Sources</i>	<i>Fiscal Year 2017</i>	<i>Percent of Total</i>	<i>Fiscal Year 2016</i>	<i>Percent of Total</i>
Taxes	\$ 324,145	64.5%	\$ 289,395	63.4%
Franchise Fees	25,912	5.2%	24,911	5.4%
Licenses and Permits	17,057	3.3%	16,469	3.6%
Fines and Forfeitures	16,184	3.2%	16,292	3.6%
Use of Money and Property	30,119	6.0%	37,704	8.2%
From Other Agencies	3,798	0.8%	3,040	0.7%
Charges for Services	31,663	6.3%	27,514	6.0%
Other Revenue	6,838	1.4%	7,884	1.7%
Other Financing Sources	46,525	9.3%	33,602	7.4%
	<u>\$ 502,241</u>	<u>100%</u>	<u>\$ 456,811</u>	<u>100%</u>

General Fund revenues and other financing sources increased \$45.4 million, or 9.9 percent, from the prior fiscal year. Significant year-over-year changes include:

- Taxes increased \$34.8 million, or 12.0 percent reflecting additional sales tax revenues generated from a new voter-approved tax (Measure A).
- Licenses and Permits increased \$588 thousand or 3.6 percent reflecting an improved local economy.
- Charges for services increased \$4.1 million or 15.1 percent mostly due to reimbursements for transit law enforcement services provided to L.A. Metro and for security services provided to Long Beach Transit.
- Use of money and property decreased \$7.6 million or 20.1 percent, mostly due to a land transfer in the prior year that generated \$8.0 million in one-time revenues.
- Revenues derived from other financing sources increased \$12.9 million or 38.5 percent mostly due to a \$22.2 million transfer from the Employee Benefit Fund to refund amounts collected through applied rates for pension expenses.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2017 (Continued)

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2017**



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, 2017 and 2016
(In Thousands)**

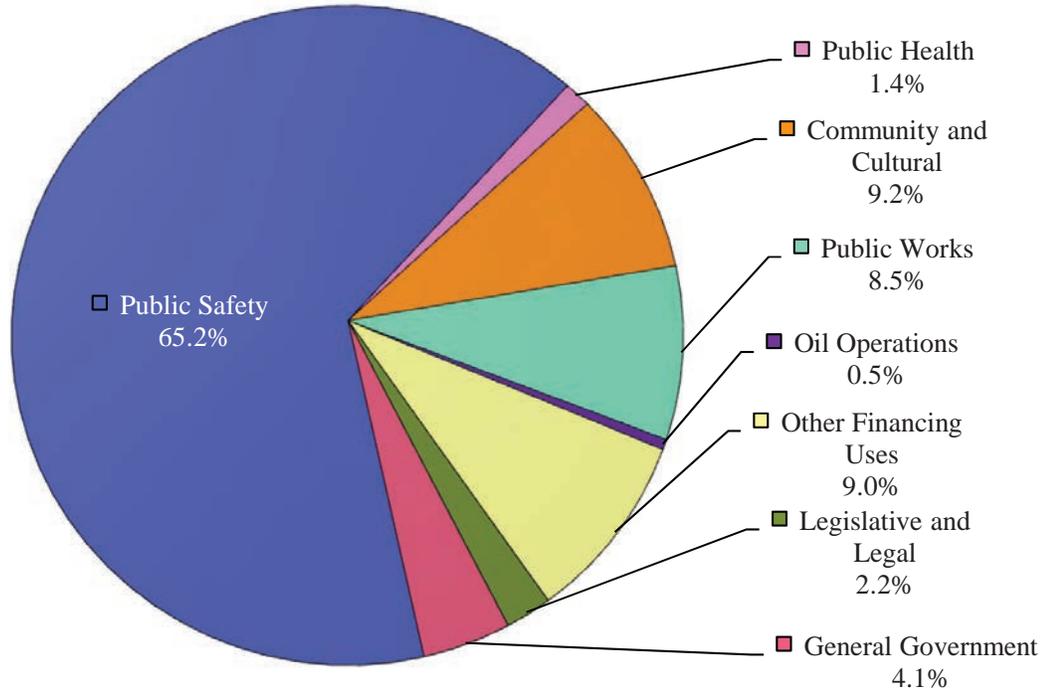
<i>Expenditures and Other Financing Uses</i>	<i>Fiscal Year 2017</i>	<i>Percent of Total</i>	<i>Fiscal Year 2016</i>	<i>Percent of Total</i>
Legislative and Legal	\$ 11,518	2.2%	\$ 11,420	2.5%
General Government	20,823	4.1%	19,669	4.3%
Public Safety	332,143	65.2%	290,142	63.3%
Public Health	6,774	1.3%	6,106	1.3%
Community and Cultural	46,781	9.2%	42,847	9.4%
Public Works	43,113	8.5%	37,415	8.2%
Oil Operations	2,563	0.5%	2,352	0.5%
Other Financing Uses	45,720	9.0%	47,967	10.5%
	\$ 509,435	100%	\$ 457,918	100%

Expenditures, including other financing uses, increased \$51.5 million, or 11.3 percent, from fiscal year 2016. Increases were reported in all departments, mostly related to the early payment of the CalPERS unfunded liability. The largest increase was in public safety which increased \$42.0 million, or 14.5 percent. This majority of the increase reflects the CalPERS unfunded liability costs, an increase in staffing

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2017 (Continued)

for both the police and fire departments, and costs related to restoring Fire Engine 8. Other notable changes include increases in community and cultural of \$3.9 million and an increase of \$5.7 million in public works as a result of increased salary, benefit and the early payment of the CalPERS unfunded liability. Offsetting these increases was a decrease of \$2.2 million in other financing uses due to lower transfers out than in the prior year.

**General Fund Expenditures and Other Financing Uses
For the Year Ended September 30, 2017**



Proprietary Funds Financial Analysis

Enterprise Funds: The combined net position of enterprise funds totaled \$4.9 billion at the close of the fiscal year. Total unrestricted net position amounted to \$287.2 million before the allocation of internal service fund activities. The total growth in net position was \$142.9 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 \$105.6 million and \$383.2 million, respectively. The Water Utility reported a total net position of \$282.8 million, an increase of \$6.7 million. Tidelands Oil Fund had a deficit net position of \$84.1 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 \$5.4 million. Other Proprietary funds reported unrestricted net position of \$54.2 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, 2017, internal service funds reported a \$154.1 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 \$109.3 million and \$157.1 million, respectively. It is the City's practice to bill City departments on a pay-as-you-go basis for functions performed by both funds, therefore, the long-term portion of related liabilities associated with these funds are not fully funded. City management believes that, over the long-term, current and future billing rates are sufficient to remediate any net position deficit. In addition, City management believes that the cash

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2017 (Continued)

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 \$41.2 million, \$19.1 million, and \$52.1 million, respectively.

Fiduciary Funds

The City maintains fiduciary funds for the assets of private purpose trust and custodial funds including the Miller Trust Fund, the Mayor's Fund for the Homeless, and various custodial funds held by the City as an agent for individuals, private organizations, and other governmental units. The private purpose trust funds are held in trust for the benefit of the Main Library Miller Room (i.e. staffing and books), and for homeless services 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 2017 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$20.4 million. The change between original and final budgeted amounts was \$8.7 million and consisted of additional appropriation for expenditures and other financing uses of \$59.6 million offset by an increase in revenue and other financing sources of \$50.9 million.

Significant changes in revenue forecasts include:

- A \$12.7 million increase in use of money and property related to the Uplands Oil fund.
- A \$5.8 million increase in charges for services related to L.A. Metro for transit law enforcement services.
- An increase of \$29.3 million for transfers in from the Employee Benefit Fund to provide funding for the early payment of the CalPERS unfunded liability.

Significant changes in the appropriations budget include:

- A \$33.2 million increase in Public Safety due to the early payment of \$14.7 million for the CalPERS unfunded liability, \$10.2 million related to the negotiated MOU salary increases, \$5.5 million for the Metropolitan Transportation Authority contract, and \$1.9 million related to mutual aid support for other agencies.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$13.2 million. This consists of an unfavorable variances in revenues and other financing sources of \$3.7 million and a favorable variance in expenditures and other financing uses of \$16.9 million.

General Fund revenues and other financing sources reflect a negative budget to actual variance of \$3.7 million. For the year, the General Fund received 99.3 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include a \$2.8 million in sales tax revenues; fines and forfeitures of \$1.0 million; \$1.9 million in other revenues; and \$8.1 million in transfers in. Significant shortfalls include \$4.7 million in utility user tax, \$6.3 million in use of money and property and \$3.0 million in charges for services.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$16.9 million. 3.3 percent of the General Fund appropriations and other financing uses went unspent. Savings occurred in general government \$3.9 million, public safety \$3.7 million, and community and cultural \$4.3 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2017 (Continued)

Capital Assets and Debt Administration

Capital assets: As of September 30, 2017, the City's capital assets held by governmental and business-type activities amounted to \$6.6 billion (net of accumulated depreciation). There was an overall increase of \$268.4 million, or 4.3 percent, in the City's capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2017 and 2016
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 237,170	\$ 238,176	\$ 1,278,658	\$ 1,014,067	\$ 1,515,828	\$ 1,252,243
Rights-of-way	81,340	81,340	212,451	212,451	293,791	293,791
Water Rights	-	-	40	40	40	40
Construction in Progress	136,255	66,689	1,420,071	1,547,329	1,556,326	1,614,018
Buildings	161,124	168,754	1,908,126	1,856,355	2,069,250	2,025,109
Improvements Other than Buildings	52,229	48,279	279,271	284,986	331,500	333,265
Infrastructure	103,393	114,814	524,618	525,333	628,011	640,147
Machinery and Equipment	7,758	9,272	18,572	22,112	26,330	31,384
Vehicles and Aircrafts	42,311	33,257	75,969	43,950	118,280	77,207
Software and Patents	10,241	11,141	7,180	9,995	17,421	21,136
Total Net Capital Assets	\$ 831,821	\$ 771,722	\$ 5,724,956	\$ 5,516,618	\$ 6,556,777	\$ 6,288,340

Governmental activities' net capital assets increased \$60.1 million, or 7.8 percent. Construction in progress increased \$69.6 million primarily attributable to the recognition of \$62.0 million for work performed on the new civic center complex. Vehicles and Aircraft increased \$9.1 million related to fleet replacements and upgrades. Improvements Other than Buildings increased \$4.0 million reflecting the completion of the new CNG refueling station. Routine depreciation charges amounted to \$34.7 million at the close of the fiscal year.

Business-type activities' net capital assets increased \$208.3 million, or 3.8 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased \$186.6 million. The increase was comprised largely of the following: Middle Harbor terminal development for \$53.6 million; Gerald Desmond Bridge replacement project for \$138.8 million; and Fire stations and Fireboats for \$11.7 million.
- Repair and replacement of aging gas pipelines and the automated metering infrastructure replacement program increased Gas Utility capitals assets \$17.1 million over the prior fiscal year, and the fund recognized \$7.2 million in depreciation.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$4.1 million.
- Routine depreciation charges decreased Solid Waste Management capital assets \$3.6 million.
- In total, Tidelands capital assets increased \$9.1 million. During the year \$21.4 million was invested into the ongoing Alamitos Bay Marina Rebuild Project. 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, 2017 (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, 2017, the City's net long-term obligations outstanding totaled \$4.5 billion. Of this amount, \$2.7 billion relates to notes, bonds, and capital leases, \$212.6 million to the new Civic Center complex, and \$1.2 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, 2017 and 2016
(In Thousands)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Totals</i>	
	2017	2016	2017	2016	2017	2016
Notes Payable	\$ 5,400	\$ 5,258	\$ 343,821	\$ 379,893	\$ 349,221	\$ 385,151
Bonds Payable	373,357	398,818	1,736,215	1,621,957	2,109,572	2,020,775
Capital Leases	27,263	30,682	16,688	18,167	43,951	48,849
Other Obligation	103,055	41,007	109,533	49,067	212,588	90,074
Total Outstanding	\$ 509,075	\$ 475,765	\$ 2,206,257	\$ 2,069,084	\$ 2,715,332	\$ 2,544,849

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

Governmental Activities

- Bonds payable decreased \$25.5 million as a result of annual principal payments and premium amortization. Additionally, a liability of \$62.0 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 \$36.1 million mostly due to the Harbor reducing its outstanding balance on the lines of credit by \$25.0 million and premium amortization.
- Bonds payable increased by \$114.3 million. The increase was due to Harbor issuing \$170.3 million in Harbor Revenue Bonds, Series 2017ABC, the proceeds of which were used to pay or reimburse costs for capital improvements at the Port. A reduction of \$86.5 million was mostly attributable to annual principal payments and premium amortization.
- Additionally, a liability of \$60.5 million was added related to the Harbor's commitment to the construction of a new headquarters building.

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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2017 (Continued)

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.





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BASIC FINANCIAL STATEMENTS

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City of Long Beach
Statement of Net Position
September 30, 2017
(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	\$ 101,449	\$ 218,183	\$ 319,632	\$ -
Non-Pooled Cash and Cash Equivalents	38,454	38,134	76,588	43,497
Pooled Investments	166,620	358,343	524,963	-
Interest Receivable	191	316	507	-
Property Tax Receivable, Net	89,202	-	89,202	-
Accounts and Loans Receivables, Net	16,795	114,566	131,361	4,542
Due from Other Governments	66,236	55,220	121,456	-
Internal Balances	15,441	(15,441)	-	-
Inventory	2,529	6,490	9,019	1,158
Other Assets	10,247	29,080	39,327	489
Land Held for Resale	4,232	-	4,232	-
Total Current Assets:	511,396	804,891	1,316,287	49,686
Noncurrent Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	105,860	105,860	26,253
Non-Pooled Investments	-	117,584	117,584	-
Total Noncurrent Restricted Assets:	-	223,444	223,444	26,253
Other Noncurrent Assets:				
Pooled Investments	220,156	473,484	693,640	-
Other Noncurrent Receivables	205,951	5,374	211,325	-
Prepaid Gas - Long-term	-	404,320	404,320	-
Fair Value - Commodity Swap	-	572,684	572,684	-
Land and Other Capital Assets not being Depreciated	454,765	2,911,220	3,365,985	15,547
Capital Assets, net of Accumulated Depreciation	377,056	2,813,736	3,190,792	73,520
Other Assets	10,765	47,489	58,254	-
Total Other Noncurrent Assets:	1,268,693	7,228,307	8,497,000	89,067
Total Assets	1,780,089	8,256,642	10,036,731	165,006
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	300,941	122,333	423,274	12,467
LIABILITIES				
Current Liabilities:				
Accounts Payable	49,988	105,976	155,964	2,760
Accrued Wages and Benefits Payable	21,388	6,206	27,594	3,815
Accrued Interest Payable	4,711	35,336	40,047	-
Due to Other Governments	405	-	405	-
Unearned Revenue, Credits, and Other Payables	26,840	33,674	60,514	22,878
Employee Benefits and Accrued Long-Term Obligations	62,384	15,567	77,951	16,075
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	30,920	89,358	120,278	-
Total Current Liabilities	196,636	286,117	482,753	45,528
Noncurrent Liabilities:				
Fair Value - Interest Rate Swap	-	11,881	11,881	-
Unearned Revenue, Credits, and Other Payables	-	12,093	12,093	22,861
Employee Benefits and Accrued Long-Term Obligations	265,338	143,732	409,070	3,944
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	478,155	2,124,455	2,602,610	-
Net OPEB Liability	39,602	10,338	49,940	-
Net Pension Liability	857,430	328,648	1,186,078	29,705
Total Noncurrent Liabilities:	1,640,525	2,631,147	4,271,672	56,510
Total Liabilities	1,837,161	2,917,264	4,754,425	102,038
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	202,274	604,940	807,214	-
NET POSITION				
Net Investment in Capital Assets	361,370	4,316,371	4,677,741	89,068
Restricted for:				
Debt Service	32,126	23,101	55,227	-
Capital Projects	53,112	67,576	120,688	74
Public Safety	4,864	-	4,864	-
Public Health	11,940	-	11,940	-
Community and Cultural	276,409	-	276,409	-
Healthcare Insurance	18,753	-	18,753	-
Tidelands	-	14,882	14,882	-
Airport	-	8,183	8,183	-
Subsidence	-	178,105	178,105	-
Unrestricted	(716,979)	248,553	(468,426)	(13,707)
Total Net Position	\$ 41,595	\$ 4,856,771	\$ 4,898,366	\$ 75,435

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, 2017
(In Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
GOVERNMENTAL ACTIVITIES:				
Legislative and Legal	\$ 13,343	\$ 52	\$ -	\$ -
General Government	29,718	17,981	1,082	937
Public Safety	402,361	34,995	20,715	-
Public Health	49,688	8,052	94,096	-
Community and Cultural	173,637	25,801	25,387	1,069
Public Works	123,268	29,875	35,363	10,280
Oil Operations	9,694	12,176	-	-
Interest on Long-Term Debt	19,120	-	-	-
Total Governmental Activities	<u>820,829</u>	<u>128,932</u>	<u>176,643</u>	<u>12,286</u>
BUSINESS-TYPE ACTIVITIES				
Gas	80,680	97,033	-	-
Water	96,082	100,761	-	734
Tidelands	126,123	76,352	589	-
Tideland Oil Revenue	93,200	81,989	-	-
Harbor	298,756	388,834	-	73,072
Non-major Enterprise Funds	176,446	188,768	387	9,875
Total Business-Type Activities	<u>871,287</u>	<u>933,737</u>	<u>976</u>	<u>83,681</u>
Total Primary Government	<u>\$ 1,692,116</u>	<u>\$ 1,062,669</u>	<u>\$ 177,619</u>	<u>\$ 95,967</u>
COMPONENT UNIT				
Long Beach Public Transportation Company	<u>\$ 101,136</u>	<u>\$ 17,490</u>	<u>\$ 65,352</u>	<u>\$ 23,468</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
Net Position, End of Year

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transpor- tation Company
\$ (13,291)	\$ -	\$ (13,291)	\$ -
(9,718)	-	(9,718)	-
(346,651)	-	(346,651)	-
52,460	-	52,460	-
(121,380)	-	(121,380)	-
(47,750)	-	(47,750)	-
2,482	-	2,482	-
(19,120)	-	(19,120)	-
<u>(502,968)</u>	<u>-</u>	<u>(502,968)</u>	<u>-</u>
-	16,353	16,353	-
-	5,413	5,413	-
-	(49,182)	(49,182)	-
-	(11,211)	(11,211)	-
-	163,150	163,150	-
-	22,584	22,584	-
<u>-</u>	<u>147,107</u>	<u>147,107</u>	<u>-</u>
<u>(502,968)</u>	<u>147,107</u>	<u>(355,861)</u>	<u>-</u>
-	-	-	5,174
191,514	-	191,514	-
99,528	-	99,528	-
35,858	-	35,858	-
46,837	-	46,837	-
25,912	-	25,912	-
3,581	7,714	11,295	243
11,930	(11,930)	-	-
<u>415,160</u>	<u>(4,216)</u>	<u>410,944</u>	<u>243</u>
(87,808)	142,891	55,083	5,417
<u>129,403</u>	<u>4,713,880</u>	<u>4,843,283</u>	<u>70,018</u>
<u>\$ 41,595</u>	<u>\$ 4,856,771</u>	<u>\$ 4,898,366</u>	<u>\$ 75,435</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, 2017
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2017
ASSETS			
Pooled Cash and Cash Equivalents	\$ 83,114	\$ 185,805	\$ 268,919
Non-Pooled Cash and Cash Equivalents	6,095	32,119	38,214
Receivables:			
Interest Receivable	9	16	25
Property Taxes	93,430	-	93,430
Accounts Receivable	36,989	2,720	39,709
Notes and Loans Receivable	1,346	-	1,346
Due from Other Governments	31,840	34,396	66,236
Due from Other Funds	7,842	1,425	9,267
Allowance for Receivables	(27,264)	(2,943)	(30,207)
Other Assets	500	2,613	3,113
Advances to Other Funds	-	3,810	3,810
Land Held for Resale	-	4,232	4,232
Other Noncurrent Receivables	-	205,951	205,951
Total Assets	<u>\$ 233,901</u>	<u>\$ 470,144</u>	<u>\$ 704,045</u>
LIABILITIES			
Liabilities:			
Accounts Payable	\$ 13,211	\$ 23,277	\$ 36,488
Accrued Wages and Benefits Payable	10,604	1,592	12,196
Due to Other Governments	401	4	405
Due to Other Funds	5,558	8,550	14,108
Unearned Revenues	2,105	6,224	8,329
Deposits and Collections Held in Trust	3,291	2,249	5,540
Advances from Other Funds	2,114	3,810	5,924
Total Liabilities	<u>37,284</u>	<u>45,706</u>	<u>82,990</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	<u>93,236</u>	<u>203,745</u>	<u>296,981</u>
FUND BALANCES			
Nonspendable	500	2,613	3,113
Restricted	4,469	180,084	184,553
Committed	64,539	1,414	65,953
Assigned	31,947	36,582	68,529
Unassigned	1,926	-	1,926
Total Fund Balances	<u>103,381</u>	<u>220,693</u>	<u>324,074</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 233,901</u>	<u>\$ 470,144</u>	<u>\$ 704,045</u>

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, 2017
 (In Thousands)

Total governmental fund balances \$ 324,074

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

Capital assets, consisting of \$332,287 of non-depreciable assets and \$282,375 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. 614,662

Deferred outflows related to pension related items and economic losses from the refinancing of debt are not included in the governmental funds. 268,412

Deferred inflows related to pension related items are not included in the governmental fund activity. 106,292

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. (1,156,387)

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. (115,458)

Net position of governmental activities \$ 41,595

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, 2017
(In Thousands)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total September 30, 2017</u>
Revenues:			
Taxes:			
Property	\$ 155,204	\$ 36,604	\$ 191,808
Sales	97,254	2,274	99,528
Utility Users	35,858	-	35,858
Other Taxes	35,829	11,008	46,837
Franchise Fees	25,912	-	25,912
Licenses and Permits	17,057	7,869	24,926
Fines and Forfeitures	16,184	-	16,184
Use of Money and Property	30,119	3,696	33,815
From Other Agencies	3,798	184,074	187,872
Charges for Services	31,663	1,870	33,533
Contributions and Donations	-	194	194
Other	6,838	13,069	19,907
Total Revenues	<u>455,716</u>	<u>260,658</u>	<u>716,374</u>
Expenditures:			
Current:			
Legislative and Legal	11,518	4	11,522
General Government	20,823	2,462	23,285
Public Safety	332,143	21,313	353,456
Public Health	6,774	37,756	44,530
Community and Cultural	46,781	114,204	160,985
Public Works	43,113	29,990	73,103
Oil Operations	2,563	-	2,563
Total Current Expenditures	<u>463,715</u>	<u>205,729</u>	<u>669,444</u>
Capital Improvements	-	45,693	45,693
Debt Service:			
Principal	-	20,564	20,564
Interest	-	16,156	16,156
Debt Administration Fees	9	81	90
Total Expenditures	<u>463,724</u>	<u>288,223</u>	<u>751,947</u>
Excess of Revenues over (under) Expenditures	<u>(8,008)</u>	<u>(27,565)</u>	<u>(35,573)</u>
Other Financing Sources (Uses):			
Transfers In	46,525	58,458	104,983
Transfers Out	(45,720)	(14,471)	(60,191)
Total Other Financing Sources (Uses)	<u>805</u>	<u>43,987</u>	<u>44,792</u>
Net Change in Fund Balances	<u>(7,203)</u>	<u>16,422</u>	<u>9,219</u>
Fund Balances - October 1	<u>110,584</u>	<u>204,271</u>	<u>314,855</u>
Fund Balances - September 30	<u>\$ 103,381</u>	<u>\$ 220,693</u>	<u>\$ 324,074</u>

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

City of Long Beach
Reconciliation of Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2017
(In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$	9,219
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost associated with the acquisition of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay (\$15,880) is less than depreciation (\$24,569) in the current period.		(8,989)
The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) results in a decrease to net position.		(2,151)
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.		(5,159)
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.		(48,905)
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.		23,504
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.		(18,179)
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.		<u>(49,438)</u>
Change in net position of governmental activities	\$	<u><u>(87,808)</u></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, 2017
(In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Sources:				
Property Taxes	\$ 154,671	\$ 154,671	\$ 155,204	\$ 533
Sales Taxes	94,488	94,488	97,254	2,766
Utility Users Taxes	40,603	40,603	35,858	(4,745)
Other Taxes	36,648	36,648	35,829	(819)
Franchise Fees	26,734	26,734	25,912	(822)
Licenses and Permits	17,063	17,063	17,057	(6)
Fines and Forfeitures	15,182	15,182	16,184	1,002
Use of Money and Property	23,866	36,562	30,278	(6,284)
From Other Agencies	4,214	6,125	3,798	(2,327)
Charges for Services	28,923	34,696	31,663	(3,033)
Other	3,733	4,894	6,838	1,944
Transfers In	14,816	35,188	24,324	(10,864)
Total Sources	460,941	502,854	480,199	(22,655)
Uses:				
Legislative and Legal				
Mayor and City Council	5,711	5,977	5,586	391
City Attorney	2,874	2,907	2,100	807
City Clerk	3,074	3,155	3,101	54
General Government				
City Auditor	2,606	2,759	2,664	95
City Manager	3,555	3,661	3,574	87
Civil Service	2,797	2,827	2,605	222
Financial Management	12,563	13,192	9,698	3,494
Planning and Building	712	711	681	30
Public Safety				
Police	203,062	215,764	209,108	6,656
Fire	80,305	86,126	84,921	1,205
Disaster Preparedness	12,004	12,304	11,850	454
City Prosecutor	5,412	5,544	5,416	128
Planning and Building - Code Enforcement	-	10	3,601	(3,591)
Police and Fire Annuity	-	-	1,179	(1,179)
Public Health	6,454	6,943	6,728	215
Community and Cultural				
Community Development	4,770	4,986	1,091	3,895
Library	15,449	15,653	15,572	81
Parks and Recreation	28,194	28,724	28,386	338
Public Works	41,178	42,295	41,318	977
Oil Operations	1,299	2,362	2,563	(201)
Debt Service	-	-	9	(9)
Transfers Out	40,618	45,189	45,720	(531)
Total Uses	472,637	501,089	487,471	13,618
Net Change in Budgetary Fund Balance:	\$ (11,696)	\$ 1,765	\$ (7,272)	\$ (9,037)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (7,272)
Add: Encumbrances	228
Less: Change in Mark-to-Market and Other Adjustments	(159)
Change in Fund Balance - September 30, GAAP Basis	(7,203)
Fund Balance, October 1, GAAP Basis	110,584
Fund Balance, September 30, GAAP Basis	<u>\$ 103,381</u>

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

Fund Balance, September 30, GAAP Basis	\$ 103,381
Less: Nonspendable Fund Balance	(500)
Restricted for Public Safety	(2,983)
Restricted for Operations	(1,486)
Committed for Public Safety	(1,000)
Committed for Emergencies	(44,486)
Committed for Operations	(12,382)
Committed for Oil Field Abandonment	(6,671)
Assigned for Future Infrastructure	(25)
Assigned for Subsequent Year's Appropriations	(1,255)
Assigned for Unfunded Liabilities	(30,668)
Internal Designations	(124)
Total Adjustments	<u>(101,580)</u>
Budgetary Funds Available - September 30	<u>\$ 1,801</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, 2017
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 38,335	\$ 33,304	\$ 149,050	\$ 30,575
Non-Pooled Cash and Cash Equivalents	212	37	32,836	-
Receivables:				
Interest Receivable	22	11	78	-
Accounts Receivable	8,266	7,219	5,300	12,325
Due from Other Governments	-	-	43	-
Due from Other Funds	4,854	5,649	28,635	1,276
Allowance for Receivables	(214)	(263)	(422)	-
Deposits	-	-	-	-
Inventory	1,840	3,842	-	-
Prepaid Gas - Current	23,045	-	-	-
Other Assets - Current	9	2,552	-	-
Total Current Asset	<u>76,369</u>	<u>52,351</u>	<u>215,520</u>	<u>44,176</u>
Noncurrent Assets:				
Restricted Noncurrent assets:				
Non-Pooled Cash and Cash Equivalents	-	2,655	-	-
Non-Pooled Investments	21,482	-	16,381	-
Noncurrent Receivables:				
Other Noncurrent Receivables (net)	-	-	-	-
Advances to Other Funds	-	-	-	-
Fair Value - Commodity Swap	572,684	-	-	-
Capital Assets:				
Land and Other Capital Assets not being Depreciated	4,139	31,652	66,659	-
Capital Assets net of Accumulated Depreciation	162,550	275,705	308,486	12,532
Prepaid Gas - Long Term	404,320	-	-	-
Other Assets - Long-Term	-	69	-	-
Total Noncurrent Assets	<u>1,165,175</u>	<u>310,081</u>	<u>391,526</u>	<u>12,532</u>
Total Assets	<u>1,241,544</u>	<u>362,432</u>	<u>607,046</u>	<u>56,708</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	<u>22,027</u>	<u>12,963</u>	<u>23,125</u>	<u>2,196</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>
\$ 461,926	\$ 336,820	\$ 1,050,010	\$ 219,306
1	5,048	38,134	240
99	106	316	11
68,979	15,891	117,980	1,822
54,105	1,072	55,220	-
-	7,700	48,114	18,233
(1,905)	(610)	(3,414)	(103)
-	-	-	7,134
731	77	6,490	2,529
-	-	23,045	-
3,320	154	6,035	-
<u>587,256</u>	<u>366,258</u>	<u>1,341,930</u>	<u>249,172</u>
103,205	-	105,860	-
58,371	21,350	117,584	-
5,374	-	5,374	-
1,300	2,114	3,414	-
-	-	572,684	-
2,771,073	37,697	2,911,220	122,478
1,780,917	273,546	2,813,736	94,681
-	-	404,320	-
47,420	-	47,489	10,765
<u>4,767,660</u>	<u>334,707</u>	<u>6,981,681</u>	<u>227,924</u>
<u>5,354,916</u>	<u>700,965</u>	<u>8,323,611</u>	<u>477,096</u>
42,088	19,934	122,333	32,529

(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, 2017
(In Thousands)

(Continued)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
LIABILITIES				
Current Liabilities Payable from Current Assets:				
Accounts Payable	2,804	10,479	12,654	7,661
Accrued Wages	698	750	865	154
Accrued Interest Payable	10,878	449	3,924	-
Due to Other Funds	626	1,016	380	3,722
Unearned Revenues	1,690	-	1,952	-
Collections Held in Trust	-	-	185	1,313
Customers Deposits	3,084	1,073	-	-
Advances from Developers	-	696	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Environmental Remediation - Current	-	-	-	-
Due to State of California	-	-	-	7,556
Compensated Absences	1,385	1,757	1,223	232
Obligations Under Capital Leases - Current	1,512	-	34	-
Bonds Payable Due Within One Year	8,925	2,815	7,900	-
Other Long-Term Obligations - Current	-	-	26	-
Total Current Liabilities	<u>31,602</u>	<u>19,035</u>	<u>29,143</u>	<u>20,638</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	1,300	-
Unearned Revenues	-	-	4,663	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	112,700
Environmental Remediation	-	-	-	-
Site Restoration	-	1,000	-	-
Due to State of California	-	-	-	-
Fair Value - Interest Rate Swap	11,881	-	-	-
Compensated Absences	4,305	4,256	2,196	919
Obligations Under Capital Leases	14,806	-	336	-
Other Long-Term Obligations	-	-	391	-
Bonds Payable	594,707	24,009	220,111	-
Net OPEB Liability	1,706	1,702	965	365
Net Pension Liability	34,505	39,341	50,310	7,580
Total Noncurrent Liabilities	<u>661,910</u>	<u>70,308</u>	<u>280,272</u>	<u>121,564</u>
Total Liabilities	<u>693,512</u>	<u>89,343</u>	<u>309,415</u>	<u>142,202</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	<u>575,499</u>	<u>3,288</u>	<u>6,422</u>	<u>753</u>
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	150,371	284,413	185,184	12,531
Restricted for:				
Debt Service	-	1,700	8,538	-
Capital Projects	-	-	163	-
Insurance	-	-	-	-
Tidelands	-	-	14,882	-
Airport	-	-	-	-
Subsidence	-	-	-	-
Unrestricted	<u>(155,811)</u>	<u>(3,349)</u>	<u>105,567</u>	<u>(96,582)</u>
Total Net Position (Deficit)	<u>\$ (5,440)</u>	<u>\$ 282,764</u>	<u>\$ 314,334</u>	<u>\$ (84,051)</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
Harbor	Other Proprietary Funds	Total Proprietary Funds	Activities Internal Service Funds
62,553	9,825	105,976	13,500
2,209	1,530	6,206	9,192
17,375	2,710	35,336	1,347
20,210	1,042	26,996	34,510
7,935	6,038	17,615	-
-	9,597	11,095	7,960
-	6	4,163	-
-	105	801	-
5,000	-	5,000	27,679
-	-	-	212
-	-	7,556	-
3,532	2,438	10,567	34,419
-	-	1,546	2,623
47,190	13,400	80,230	6,588
-	-	26	-
<u>166,004</u>	<u>46,691</u>	<u>313,113</u>	<u>138,030</u>
-	-	1,300	-
2,751	4,679	12,093	-
-	-	-	128,441
-	-	112,700	-
3,800	-	3,800	-
-	-	1,000	-
-	-	-	2,301
-	-	11,881	-
8,800	5,756	26,232	105,645
-	-	15,142	19,551
452,937	-	453,328	103,055
690,346	126,812	1,655,985	42,815
3,250	2,350	10,338	39,602
129,893	67,019	328,648	72,731
<u>1,291,777</u>	<u>206,616</u>	<u>2,632,447</u>	<u>514,141</u>
<u>1,457,781</u>	<u>253,307</u>	<u>2,945,560</u>	<u>652,171</u>
<u>13,086</u>	<u>5,892</u>	<u>604,940</u>	<u>11,585</u>
3,491,506	192,366	4,316,371	69,574
12,092	771	23,101	-
39,351	28,062	67,576	-
-	-	-	18,753
-	-	14,882	-
-	8,183	8,183	-
-	178,105	178,105	-
383,188	54,213	287,226	(242,458)
<u>\$ 3,926,137</u>	<u>\$ 461,700</u>	<u>4,895,444</u>	<u>\$ (154,131)</u>
		(38,673)	
		<u>\$ 4,856,771</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, 2017
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
Operating Revenues:				
Licenses and Permits	\$ -	\$ -	\$ 306	\$ -
Fines and Forfeitures	-	-	213	-
Fees, Concessions, and Rentals	86	-	43,537	77,775
From Other Agencies	-	-	127	-
Charges for Services	95,456	97,383	31,618	4,211
Other	1,181	-	503	-
Total Operating Revenues	96,723	97,383	76,304	81,986
Operating Expenses:				
Personnel Services	19,465	21,316	31,014	3,586
Purchases of Gas and Water	5,152	25,375	-	-
Maintenance and Other Operations	15,842	33,436	65,762	6,912
Rental Expense	-	-	-	-
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	53,408
Amortization	-	-	500	-
Depreciation	7,200	11,694	19,939	-
Total Operating Expenses	47,659	91,821	117,215	63,906
Operating Income (Loss)	49,064	5,562	(40,911)	18,080
Non-Operating Income (Expenses):				
Interest Income	938	301	2,558	-
Interest Expense	(30,689)	(376)	(7,550)	-
Gain (Loss) on Disposition of Capital Assets	(378)	(94)	-	-
Oil Field Abandonment Costs	-	-	-	(29,100)
Operating Grants	-	-	589	-
Other Income	310	3,378	48	3
Other Expense	(678)	(2,698)	(13)	-
Total Non-Operating Income (Expenses)	(30,497)	511	(4,368)	(29,097)
Income (Loss) Before Contributions and Transfers	18,567	6,073	(45,279)	(11,017)
Capital Grants and Contributions	-	734	-	-
Transfers:				
Transfers In	215	-	34,988	27
Transfers Out	(11,075)	(73)	(13)	(15,364)
Change in Net Position	7,707	6,734	(10,304)	(26,354)
Net Position (Deficit) - October 1	(13,147)	276,030	324,638	(57,697)
Net Position (Deficit) - September 30	\$ (5,440)	\$ 282,764	\$ 314,334	\$ (84,051)

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
\$ -	\$ 28,633	\$ 28,939	\$ -
-	13	226	-
378,218	46,297	545,913	-
-	325	452	-
-	110,472	339,140	350,720
2,792	39	4,515	7,329
<u>381,010</u>	<u>185,779</u>	<u>919,185</u>	<u>358,049</u>
57,804	49,853	183,038	48,103
-	-	30,527	-
84,545	98,177	304,674	56,644
-	557	557	-
-	-	-	3,290
-	-	-	40,970
-	-	-	55,084
-	-	-	170,027
-	-	53,408	-
-	-	500	80
148,445	17,005	204,283	10,102
<u>290,794</u>	<u>165,592</u>	<u>776,987</u>	<u>384,300</u>
<u>90,216</u>	<u>20,187</u>	<u>142,198</u>	<u>(26,251)</u>
1,706	2,211	7,714	654
(5,883)	(7,761)	(52,259)	(4,048)
42	(348)	(778)	585
-	-	(29,100)	-
-	387	976	-
7,824	2,989	14,552	4,485
(1,127)	(854)	(5,370)	(87)
<u>2,562</u>	<u>(3,376)</u>	<u>(64,265)</u>	<u>1,589</u>
92,778	16,811	77,933	(24,662)
73,072	9,875	83,681	1,293
-	387	35,617	3,022
(19,740)	(1,282)	(47,547)	(35,884)
146,110	25,791	149,684	(56,231)
<u>3,780,027</u>	<u>435,909</u>	<u>4,745,760</u>	<u>(97,900)</u>
<u>\$ 3,926,137</u>	<u>\$ 461,700</u>	<u>4,895,444</u>	<u>\$ (154,131)</u>
		149,684	
		(6,793)	
		<u>\$ 142,891</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, 2017
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>	<u>Tidelands Oil Revenue</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 89,396	\$ 96,519	\$ 49,985	\$ -
Receipts from Oil Companies	-	-	-	80,425
Receipts from Other Governments	-	-	14,568	-
Receipts from Other Funds	-	-	701	-
Payments for Employee Salaries	(11,624)	(18,921)	(24,677)	(3,393)
Payments for Goods and Services	(24,558)	(54,382)	(61,524)	(8,650)
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Entities	-	-	-	(52,242)
Payments in Lieu of Taxes	-	(6,161)	-	-
Other Income	23,237	-	551	3
Other Expense	(685)	562	(13)	(29,100)
Net Cash Provided by (Used for) Operating Activities	<u>75,766</u>	<u>17,617</u>	<u>(20,409)</u>	<u>(12,957)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Income	-	-	-	-
Operating Grants Received from Other Governments	-	-	-	-
Proceeds from Issuance of Bonds	215	-	-	-
Receipts for Oil Well Abandonment Reserve	-	-	-	29,100
Receipts from Prepayment of Gas Supply	3,552	-	-	-
Payments of Principal on Bonds Payable	(8,120)	-	-	-
Payments of Interest	(31,025)	-	-	-
Transfers In	-	-	51,711	27
Transfers Out	(11,075)	(73)	(13,294)	(15,364)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(46,453)</u>	<u>(73)</u>	<u>38,417</u>	<u>13,763</u>
Cash Flows from Capital and Related Financing Activities:				
Receipt of Capital Grants	-	-	-	-
Proceeds from the Sale of Capital Assets	-	24	-	-
Proceeds from Issuance of Bonds	-	-	-	-
Payment of Cost of Issuance	-	-	-	-
Receipts of Contributed Capital	-	750	-	-
Receipts from Passenger Facility Charges	-	-	-	-
Payments for Capital Acquisitions	(18,974)	(14,880)	(26,748)	-
Payments of Principal on Bonds Payable	-	(2,730)	(6,930)	-
Payments of Principal on Other Long-Term Obligations	(1,479)	-	(25)	-
Payments of Interest, Net of Amounts Capitalized	(718)	(1,165)	(11,577)	-
Receipt of Federal Subsidy	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(21,171)</u>	<u>(18,001)</u>	<u>(45,280)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	(572)	-	-	-
Payments for Investments	-	-	(1,660)	-
Payment from Joint Venture (Note 21)	-	-	-	-
Receipts of Interest	936	85	2,553	-
Net Cash Provided by (Used for) Investing Activities	<u>364</u>	<u>85</u>	<u>893</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,506	(372)	(26,379)	806
Cash and Cash Equivalents - October 1	30,041	36,368	208,265	29,769
Cash and Cash Equivalents - September 30	<u>38,547</u>	<u>\$ 35,996</u>	<u>\$ 181,886</u>	<u>\$ 30,575</u>

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

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
Harbor	Other Proprietary Funds	Total Proprietary Funds	
\$ 364,427	\$ 183,781	\$ 784,108	\$ 6,998
-	-	80,425	-
-	-	14,568	-
-	6,517	7,218	345,810
(57,992)	(26,170)	(142,777)	(35,235)
(85,040)	(107,260)	(341,414)	(65,870)
-	-	-	(70,748)
-	-	-	(160,969)
-	-	-	(13,891)
-	-	(52,242)	119
-	(5,734)	(11,895)	-
3,984	(8,172)	19,603	2,931
-	(9)	(29,245)	(6)
<u>225,379</u>	<u>42,953</u>	<u>328,349</u>	<u>9,139</u>
-	-	-	1,466
-	680	680	47
-	-	215	-
-	-	29,100	-
-	-	3,552	-
-	-	(8,120)	-
-	-	(31,025)	-
-	387	52,125	(35,884)
(18,724)	(1,520)	(60,050)	3,022
<u>(18,724)</u>	<u>(453)</u>	<u>(13,523)</u>	<u>(31,349)</u>
85,257	5,062	90,319	-
42	-	66	592
200,731	-	200,731	-
(624)	(21)	(645)	-
-	-	750	1,293
-	7,178	7,178	-
(252,056)	(13,763)	(326,421)	21,706
(44,905)	(12,891)	(67,456)	-
(25,000)	-	(26,504)	(48,114)
(43,525)	(7,950)	(64,935)	(4,636)
-	1,122	1,122	-
<u>(80,080)</u>	<u>(21,263)</u>	<u>(185,795)</u>	<u>(29,159)</u>
15,566	(2,194)	12,800	-
-	-	(1,660)	-
2,000	-	2,000	-
1,708	1,751	7,033	665
<u>19,274</u>	<u>(443)</u>	<u>20,173</u>	<u>665</u>
145,849	20,794	149,204	(50,704)
419,283	321,074	1,044,800	270,250
<u>\$ 565,132</u>	<u>\$ 341,868</u>	<u>\$ 1,194,004</u>	<u>\$ 219,546</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
<u>RECONCILIATION OF OPERATING</u>	Utility	Utility	Operating	Oil
<u>INCOME (LOSS) TO NET CASH PROVIDED BY</u>				Revenue
<u>(USED FOR) OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ 49,064	\$ 5,562	\$ (40,911)	\$ 18,080
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	7,200	11,694	20,439	-
Other Income	23,237	564	638	3
Other Expense	(678)	2,216	(13)	(29,100)
Increase in Accounts Receivable, Net	(2,637)	(963)	(407)	(1,245)
Decrease in Amounts Due to Other Governments	-	-	(12,874)	(1,219)
(Increase) Decrease in Amounts Due from Other Governments	-	(13)	(15)	-
Increase in Amounts Due from Other Funds	(4,824)	-	-	-
(Increase) Decrease in Inventory	10	(344)	-	-
(Increase) Decrease in Other Assets	(3,912)	-	37	-
Increase (Decrease) in Accounts Payable	(118)	(256)	6,486	(1,738)
Increase in Accrued Wages Payable	7,815	217	6,337	183
Increase (Decrease) in Amounts Due to Other Funds	181	(1,173)	-	2,395
Decrease in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Unearned Revenues	364	-	(110)	(225)
Increase (Decrease) in Collections Held in Trust	64	113	(16)	(91)
Total Adjustments	26,702	12,055	20,502	(31,037)
Net Cash Provided by (Used for) Operating Activities	\$ 75,766	\$ 17,617	\$ (20,409)	\$ (12,957)

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Contributed Capital Assets	\$ -	\$ 289	\$ -	\$ -
Amortization of Bond Premium (Discount), Net	22,927	-	(1,090)	-
Accrued Capital Asset Costs	-	1,436	-	-
Accrued Oilfield Abandonment Costs	-	-	-	29,100
Amortization of Deferred Outflows on Debt Refunding	-	-	485	-
Amortization of Deferred Inflows on Debt Refunding	-	-	-	-
Other Accrued Liabilities	-	-	-	-
Accrued Transfers	-	-	-	-

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
\$ 90,216	\$ 20,187	\$ 142,198	\$ (26,251)
148,445	17,005	204,783	10,182
-	830	25,272	2,891
3,984	232	(23,359)	(6)
(16,467)	(183)	(21,902)	(304)
-	-	(14,093)	-
-	89	61	40
-	(6,220)	(11,044)	(7,659)
(51)	13	(372)	(215)
-	(6)	(3,881)	-
(4,177)	(2,797)	(2,600)	(2,989)
9,037	11,215	34,804	(22,538)
(1,893)	134	(356)	33,931
(3,600)	-	(3,600)	21,167
(115)	640	554	-
-	1,814	1,884	890
135,163	22,766	186,151	35,390
\$ 225,379	\$ 42,953	\$ 328,349	\$ 9,139

\$ -	\$ -	\$ 289	\$ -
18,799	(413)	40,223	-
52,638	117	54,191	-
-	-	29,100	-
792	-	1,277	80
(1,024)	-	(1,024)	-
60,465	-	60,465	103,055
19,000	-	19,000	-

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, 2017
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 847	\$ 16,219
Non-pooled Investments	-	2,026
Non-Pooled Cash and Cash Equivalents	-	7,389
Property Taxes Receivable	-	34
Interest Receivable	-	4
Accounts Receivable	-	1,782
Prepaid Expense	-	8
Land	-	11,000
	<u>847</u>	<u>38,462</u>
LIABILITIES:		
Accounts Payable	-	2,527
Collections Held in Trust	-	28
	<u>-</u>	<u>2,555</u>
NET POSITION:		
Held in Trust for Private Purpose Trust Funds	<u>\$ 847</u>	<u>\$ 35,907</u>

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2017
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions	\$ 39	\$ 4,912
Taxes	-	11,844
Grants	-	75
Use of Money and Property	2	85
Miscellaneous Revenue	-	473
	<u>41</u>	<u>17,389</u>
DEDUCTIONS:		
Administrative Expense	28	44
Payments to Other Governments	-	4,424
Payments to Bond Holders	-	2,606
Payments to Others	-	9,905
	<u>28</u>	<u>16,979</u>
Change in Net Position	13	410
Net Position, October 1, as adjusted	<u>834</u>	<u>35,497</u>
Net Position, September 30	<u>\$ 847</u>	<u>\$ 35,907</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

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, 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, 2017

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

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

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.



CITY HALL, LONG BEACH, CALIFORNIA

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide, proprietary, fiduciary private purpose trust and custodial fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and an expense is recorded when a liability is incurred, 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, 2017

- 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, 2017

Fiduciary Funds include private trust and custodial funds. Private trust funds account for assets and activities restricted to a specific purpose in accordance with a trust agreement. These include the Miller Library and Mayor's Fund for the Homeless, from which both principal and interest may be spent for the purposes outlined in the trusts. Custodial funds account for assets held by the City as an agent for individuals, private organizations, and other governmental units. The City's Custodial funds include Los Cerritos Wetlands Authority, which holds land and cash for the protection and restoration of the Los Cerritos Wetlands area, and Special Assessment Districts that issue various debts for the benefit of Long Beach area property owners.

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, 2017

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, historically, benefits for City employees have been paid and compensated leave balances at year-end have been reported in the City's Employee Benefits Internal Service Fund (EBF). For the fiscal year ended September 30, 2017, a proprietary fund liability is now accrued for leave benefits in the respective fund's statement of net position, and the EBF accrues leave benefits for governmental fund employees. 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 compensated absences benefits and accrued OPEB liability in the accompanying financial statements. Amounts associated with governmental funds have been recorded in the City's Employee Benefits Fund (EBF)

As of September 30, 2017, the City has recorded compensated absence and OPEB liabilities in the following categories and funds (in thousands):

<i>Recorded In</i>	<i>Reported as</i>				<i>Total</i>
	<u><i>Compensated Absences</i></u>		<u><i>OPEB</i></u>		
	<i>Vacation</i>	<i>Sick</i>	<i>Liability</i>		
<i>City EBF Fund</i>	\$ 31,076	\$ 100,275	\$ 37,028		\$ 168,379
<i>Other IS Funds</i>	1,744	6,969	2,574		11,287
<i>Enterprise Funds</i>	8,806	27,993	10,338		47,137
<i>Total</i>	<u>\$ 41,626</u>	<u>\$ 135,237</u>	<u>\$ 49,940</u>		<u>\$ 226,803</u>

These liabilities are being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds. Annually, the difference between burden rate collections and each category's actual expense is returned to both Enterprise and internal service 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.

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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.

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.

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

Consistent with the City's adopted Fund Balance Policy, assignments may be designated for a purpose by the City Council or, if delegated, the Council's designee who, for the purpose of this disclosure, is the City Manager. It is a policy goal of the City to maintain an overall unrestricted fund balance of no less than two months or 16.7 percent of General Fund expenditures. This percentage includes committed, assigned, and unassigned balances.

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

Budgetary Principles

The City Council adopted the fiscal year 2017 budget prior to September 30, 2017 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.

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to result from oil operations. As of September 30, 2017, the reserve balance within the Subsidence Fund is \$178.1 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, 2017, total loan to the City's General Fund and interest retained amounts to \$2.6 million.

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Implementation of New Accounting Pronouncements

Application of the following Statements was effective for the City's fiscal year ended September 30, 2017:

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. See note 25 for additional information regarding this statement.

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. As of September 30, 2017, the statement did not have a material impact to the City's financial statements.

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. As of September 30, 2017, the statement did not have a material impact to the City's financial statements.

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 were effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, or September 30, 2017. The application of this statement did not have a material impact the presentation of the City's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The purpose of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities with the focus of the criteria being on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The statement changes the way agency funds are presented for financial statement purposes and renames those funds as custodial funds to clarify their relationship with the

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custodial government. The City has chosen to implement the provisions of this statement for fiscal year 2017. The implementation resulted in a \$35.5 million shift of amounts previously reported as collections held in trust into net position as Statement No. 84 requires liabilities to beneficiaries to be reported when an event has occurred that has compels the City to disburse the related fiduciary resources.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. As of September 30, 2017, the statement did not have a material impact to the City's financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for the in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. As of September 30, 2017, the statement is not applicable.

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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The purpose of this Statement is to address the accounting and financial reporting for a legally enforceable liability associated with the retirement of a tangible capital asset (Asset Retirement Obligations or ARO). This Statement establishes criteria for (1) determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources, (2) requires that recognition occur when the liability is both incurred and reasonably estimable, and (3) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019

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.

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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	\$ 268,919	\$ -	\$ 219,306	\$ (386,776)	\$ 101,449
Non-Pooled Cash and Cash Equivalents	38,214	-	240	-	38,454
Pooled Investments	-	-	-	166,620	166,620
Interest Receivable	25	155	11	-	191
Property Taxes Receivable, Net	93,430	-	-	(4,228)	89,202
Accounts Receivable	39,709	-	1,822	(41,531)	-
Notes and Loans Receivable	1,346	-	-	(1,346)	-
Due from Other Governments	66,236	-	-	-	66,236
Due from Other Funds	9,267	-	18,233	(27,500)	-
Allowance for Receivables	(30,207)	-	(103)	30,310	-
Accounts and Loans Receivables, Net	-	-	-	16,795	16,795
Internal Balances	-	-	-	15,441	15,441
Deposits	-	-	7,134	(7,134)	-
Inventory	-	-	2,529	-	2,529
Other Assets	3,113	-	-	7,134	10,247
Advances to Other Funds	3,810	-	-	(3,810)	-
Land Held for Resale	4,232	-	-	-	4,232
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	220,156	220,156
Other Noncurrent Receivables	205,951	-	-	-	205,951
Capital Assets:					
Nondepreciable	-	332,287	122,478	-	454,765
Depreciable, Net	-	282,375	94,681	-	377,056
Other Noncurrent Assets	-	-	10,765	-	10,765
Total Assets	<u>704,045</u>	<u>614,817</u>	<u>477,096</u>	<u>(15,869)</u>	<u>1,780,089</u>
Deferred Outflows of Resources	-	268,412	32,529	-	300,941
Total Assets and Deferred Outflows of Resources	<u>\$ 704,045</u>	<u>\$ 883,229</u>	<u>\$ 509,625</u>	<u>\$ (15,869)</u>	<u>\$ 2,081,030</u>

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	Total Governmental Funds (Page 28)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 25)
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 36,488	\$ -	\$ 13,500	\$ -	\$ 49,988
Accrued Wages and Benefits Payable	12,196	-	9,192	-	21,388
Accrued Interest Payable	-	3,364	1,347	-	4,711
Due to Other Governments	405	-	-	-	405
Due to Other Funds	14,108	-	34,510	(48,618)	-
Unearned Revenue	8,329	5,011	-	13,500	26,840
Deposits and Collections Held in Trust	5,540	-	7,960	(13,500)	-
Advances from Other Funds	5,924	-	-	(5,924)	-
Long-term Liabilities Due Within One Year:					
Bonds Payable	-	19,617	6,588	(26,205)	-
Capital Leases Payable	-	2,092	2,623	(4,715)	-
Environmental Remediation	-	74	212	(286)	-
Accrued Self Insurance Claims Payable	-	-	27,679	(27,679)	-
Total Employee Benefits and Accrued LT Obligations	-	-	34,419	27,965	62,384
Total LT Debt and Other LT Obligations	-	-	-	30,920	30,920
Long-term Liabilities Due Beyond One Year:					
Bonds Payable	-	304,338	42,815	(347,153)	-
Notes Payable	-	5,399	-	(5,399)	-
Capital Leases Payable	-	2,997	19,551	(22,548)	-
Other Long-term Obligation	-	-	103,055	(103,055)	-
Police and Fire Annuities Payable	-	7,634	-	(7,634)	-
Estimated Oil Field Abandonment Costs Payable	-	20,982	-	(20,982)	-
Environmental Remediation	-	335	2,301	(2,636)	-
Accrued Self Insurance Claims Payable	-	-	128,441	(128,441)	-
Employee Benefits Payable	-	-	105,645	(105,645)	-
Net OPEB Liability	-	-	39,602	-	39,602
Net Pension Liability	-	784,699	72,731	-	857,430
Total Employee Benefits and Accrued LT Obligations	-	-	-	265,338	265,338
Total LT Debt and Other LT Obligations	-	-	-	478,155	478,155
Total Liabilities	<u>82,990</u>	<u>1,156,542</u>	<u>652,171</u>	<u>(54,542)</u>	<u>1,837,161</u>
Deferred Inflows of Resources	<u>296,981</u>	<u>-</u>	<u>11,585</u>	<u>(106,292)</u>	<u>202,274</u>
Fund Balance / Net Position					
Total Fund Balance / Net Position	<u>324,074</u>	<u>(273,313)</u>	<u>(154,131)</u>	<u>144,965</u>	<u>41,595</u>
Total Liabilities, Deferred Inflows and Fund Balance / Net Position	<u>\$ 704,045</u>	<u>\$ 883,229</u>	<u>\$ 509,625</u>	<u>\$ (15,869)</u>	<u>\$ 2,081,030</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	\$ 374,031	\$ -	\$ -	\$ (294)	\$ 373,737
Franchise Fees	25,912	-	-	-	25,912
Licenses and Permits	24,926	-	-	(24,926)	-
Fines and Forfeitures	16,184	-	-	(16,184)	-
Use of Money and Property /					
Unrestricted Investment Earnings	33,815	-	654	(30,888)	3,581
From Other Agencies	187,872	-	-	(187,872)	-
Charges for Services	33,533	-	-	(33,533)	-
Other Contributions	194	-	-	(194)	-
Other	19,907	-	-	(19,907)	-
Program Revenue:					
Charges for Services	-	-	7,329	121,603	128,932
Operating Grants and Contributions	-	-	-	176,643	176,643
Capital Grants and Contributions	-	-	-	12,286	12,286
Other Financing Sources :					
Transfers, Net	44,792	-	(32,862)	-	11,930
Total Revenues	761,166	-	(24,879)	(3,266)	733,021
Expenditures / Expenses:					
Current:					
Legislative and Legal	11,522	1,085	736	-	13,343
General Government	23,285	2,801	3,632	-	29,718
Public Safety	353,456	36,262	12,643	-	402,361
Public Health	44,530	4,539	619	-	49,688
Community and Cultural	160,985	8,981	1,764	1,907	173,637
Public Works	73,103	49,047	1,118	-	123,268
Oil Operations	2,563	7,131	-	-	9,694
Capital Improvements					
Capital Improvements	45,693	(45,693)	-	-	-
Debt Service:					
Principal	20,564	(20,564)	-	-	-
Interest on Long-Term Debt	16,156	(1,084)	4,048	-	19,120
Debt Administration Fees	90	(90)	-	-	-
Total Expenditures / Expenses	751,947	42,415	24,560	1,907	820,829
Net Change in Fund Balances	\$ 9,219	\$ (42,415)	\$ (49,439)	\$ (5,173)	\$ (87,808)

Note: Amounts reflected in the Internal Service Funds column are net of all eliminations and allocations to business-type activities.

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NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2017 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Cash and investments in Pool	\$ 1,555,301
Non-pooled cash and investments	309,447
Total cash and investments	\$ 1,864,748

Cash and investments as of September 30, 2017 consist of the following:

Cash and deposits	\$ 182,286
Deposits in transit	10,031
Investments	1,672,431
Total cash and investments	\$ 1,864,748

A breakdown of cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2017 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	\$ 101,449	\$ 218,183	\$ 17,065	\$ 336,697
Non-pooled Cash and Cash Equivalents	38,455	38,134	7,389	83,978
Pool Investments	166,620	358,343	-	524,963
Non-pooled Investments	-	-	2,026	2,026
Noncurrent Pooled Investments	220,156	473,484	-	693,640
Restricted Assets:				
Non-pooled Cash and Cash Equivalents	-	105,860	-	105,860
Non-pooled Investments	-	117,584	-	117,584
Total Deposits and Investments	\$ 526,680	\$ 1,311,588	\$ 26,480	\$ 1,864,748

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, 2017. 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%	5%
Negotiable Certificates of Deposit	5 years *	30%	10%
Time Certificates of Deposit	5 years *	100%	10%
Repurchase Agreements	90 days	100%	None
Reverse Repurchase Agreements	92 days	20%	None
Securities Lending Program	92 days	20%	None
Medium-Term Notes	5 years *	30%	5%
Money Market 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
Supranational Bonds	N/A	30%	5%

* Maximum maturity of five (5) years unless a longer maturity is approved by the City Council, either specifically or as part of an investment program, at least three (3) months prior to purchase.

Disclosures Relating to Interest Rate Risk

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

The following schedule indicates the interest rate risk of the City's investments as of September 30, 2017 (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	\$ 200	-
U.S. Treasury notes	413,592	1.59
Federal agency securities	801,989	1.65
Local Agency Investment Fund (LAIF)	149,043	-
Subtotal Pool	1,364,824	
Cash and deposits	180,446	N/A
Deposits in transit	10,031	N/A
Total Pool	<u>\$ 1,555,301</u>	
Non-pooled cash and investments		
Money market funds	\$ 185,342	-
U.S. Treasury notes	100,783	1.40
Guaranteed investment contracts	21,482	20.14
Subtotal Non-pooled	307,607	
Cash and deposits	1,840	N/A
Total non-pooled cash and investments	<u>\$ 309,447</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, 2017 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	\$ 200	\$ -	\$ 200	\$ -	\$ -
U.S. Treasury notes	N/A	413,592	-	-	413,592	-
Federal agency securities	N/A	801,989	-	-	801,989	-
Local Agency Investment Fund (LAIF)	N/A	149,043	-	-	-	149,043
Subtotal Pool		1,364,824	-	200	1,215,581	149,043
Cash and deposits	N/A	180,446	-	-	-	180,446
Deposits in transit	N/A	10,031	-	-	-	10,031
Total Pool		<u>\$ 1,555,301</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,215,581</u>	<u>\$ 339,520</u>
Non-pooled cash and investments						
Cash and deposits	N/A	\$ 1,840	\$ -	\$ -	\$ -	\$ 1,840
Money market funds	AAA	185,342	-	-	-	185,342
U.S. Treasury notes	N/A	100,783	-	100,783	-	-
Guaranteed Investment Contracts	N/A	21,482	-	-	-	21,482
Total non-pooled cash and investments		<u>\$ 309,447</u>	<u>\$ -</u>	<u>\$ 100,783</u>	<u>\$ -</u>	<u>\$ 208,664</u>

Concentration of Credit Risk

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

<i>Issuer</i>	<i>Investment Type</i>	<i>Reported Amount</i>
U.S. Treasury	U.S. Treasury bills and notes	\$ 413,592
Federal National Mtg Assn	Federal agency securities	344,773
Federal Home Loan Bank	Federal agency securities	245,597
Federal Home Loan Mtg Corp	Federal agency securities	176,016
Local Agency Investment Fund (LAIF)	Local agency securities	149,043

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

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risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. All securities owned by the City are deposited in trust for safekeeping with a custodial bank different from the City's primary bank.

As of September 30, 2017, the City reported deposits of \$191 million, collateralized in compliance with California Government Code, \$9.3 million for checks outstanding.

Fair Value Hierarchy

The City has the following recurring fair value measurements as of September 30, 2017:

- U.S. Treasury Notes totaling \$514.4 million and Federal Agencies securities totaling \$802.0 million, are classified in Level 2 of the fair value hierarchy, as the valuation uses a market-based model which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices. These prices are obtained from various pricing sources by our custodian bank.
- Local Agency Investment Funds (LAIF) totaling \$149.0 million is measured at fair value, however, the investment is not required to be leveled.
- Money Market Funds and Guaranteed Investment Contracts totaling \$185.5 million and \$21.5 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, 2017 (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	\$ 514,375		\$ 514,375	\$ -
Federal agency securities	801,989	-	801,989	-
Total investments at fair value	<u>1,316,364</u>	<u>\$ -</u>	<u>\$1,316,364</u>	<u>\$ -</u>
Other Investments at Fair Value				
Local Agency Investment Fund (LAIF)	149,043			
Other Investments at Cost or Contract Value				
Money market funds	185,542			
Guaranteed investment contracts	<u>21,482</u>			
Total investments	<u>\$1,672,431</u>			

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NOTE 5 – RECEIVABLES

Receivables at September 30, 2017 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 \$155 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 ¹	\$ 9	\$ 16	\$ 11	\$ 36
Taxes	93,430	-	-	93,430
Accounts, Unrestricted	36,989	2,720	1,822	41,531
Notes and Loans	1,346	-	-	1,346
Due from Other Governments	31,840	34,396	-	66,236
Other Noncurrent Receivables	-	205,951	-	205,951
Total Receivables	163,614	243,083	1,833	408,530
Less Allowance for Receivables	(27,264)	(2,943)	(103)	(30,310)
Net Receivables	<u>\$ 136,350</u>	<u>\$ 240,140</u>	<u>\$ 1,730</u>	<u>\$ 378,220</u>

¹ Excludes \$155 thousand for Build America Subsidy

	<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	\$ 22	\$ 11	\$ 78	\$ -	\$ 99	\$ 106	\$ 316
Accounts, Unrestricted	8,266	7,219	5,300	12,325	68,979	15,891	117,980
Due from Other Governments	-	-	43	-	54,105	1,072	55,220
Other Noncurrent Receivables	-	-	-	-	5,374	-	5,374
Total Receivables	8,288	7,230	5,421	12,325	128,557	17,069	178,890
Less Allowance for Receivables	(214)	(263)	(422)	-	(1,905)	(610)	(3,414)
Net Receivables	<u>\$8,074</u>	<u>\$6,967</u>	<u>\$4,999</u>	<u>\$12,325</u>	<u>\$126,652</u>	<u>\$16,459</u>	<u>\$175,476</u>

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NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2017 is as follows (in thousands):

	<i>Receivable - Due to:</i>								
	<i>Nonmajor</i>				<i>Nonmajor</i>			<i>Internal</i>	<i>Total</i>
	<i>General</i>	<i>Gov'tal Funds</i>	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands</i>	<i>Tidelands Oil</i>	<i>Proprietary Funds</i>	<i>Service Funds</i>	<i>Due from</i>
Payable- Due from:									
General	\$ -	\$ 536	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 4,522	\$ 5,558
Nonmajor Gov'tal	7,163	711	-	-	-	-	-	676	8,550
Gas Utility	329	-	-	-	-	-	-	297	626
Water Utility	318	-	-	-	-	-	-	698	1,016
Tidelands	8	3	-	-	-	-	-	369	380
Tidelands Oil	-	-	-	-	3,656	-	-	66	3,722
Harbor	20	30	-	35	19,051	-	2	1,072	20,210
Nonmajor Proprietary	4	13	-	-	-	-	-	1,025	1,042
Internal Service	-	132	4,854	5,614	5,928	1,276	7,198	9,508	34,510
Total Due to	<u>\$ 7,842</u>	<u>\$ 1,425</u>	<u>\$ 4,854</u>	<u>\$ 5,649</u>	<u>\$ 28,635</u>	<u>\$ 1,276</u>	<u>\$ 7,700</u>	<u>\$ 18,233</u>	<u>\$ 75,614</u>

	<i>Receivable - Advances from:</i>			
	<i>Nonmajor Govern- mental</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Total Advances to</i>
	Payable - Advances to:			
General	\$ -	\$ -	\$ 2,114	\$ 2,114
Nonmajor Governmental	3,810	-	-	3,810
Tidelands	-	1,300	-	1,300
Total Advances from	<u>\$ 3,810</u>	<u>\$ 1,300</u>	<u>\$ 2,114</u>	<u>\$ 7,224</u>

Due to / Due from Other Funds

The General Fund has provided \$7.2 million to non-major governmental funds. Of this amount, \$1.8 million was provided to the Health Fund and \$1.6 million was provided to various grant funds to cover operating expenses prior to receipt of reimbursements. In addition, the General Fund provided the General Grants Fund \$3.2 million for temporary cash flow in order to cover expenses for the Homeland Security Grant.

As of September 30, 2017, \$3.7 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund. This is comprised of approximately \$2.9 million in net oil profits and \$800 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 2017 operating revenues is \$19.1 million and will be paid in fiscal year 2018.

The Employee Benefits Fund, as part of a change in accounting policy which resulted in the distribution of accrued paid time off liabilities to the owner proprietary funds, recoded a due to other funds of \$33.8 million.

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Advances from Other Funds

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

The Subsidence Fund advanced interest earnings on reserves to the General fund in the amount of \$4.1 million in both fiscal years 2005 and 2006. In fiscal year 2007, the General Fund started repayment of \$500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2017 is \$2.6 million, of which \$2.1 million is long-term and \$500 thousand is current.

In fiscal year 2001, The Company entered into a \$4.0 million zero interest loan agreement with the City for the acquisition of 26 parcels of land 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, 2017.

Interfund Transfers

The City regularly executes transfers from one fund to another, such as for the reimbursement of services. At September 30, 2017, interfund transfers are as follows (in thousands):

	<i>Transfers To:</i>							
	<i>Nonmajor</i>		<i>Tidelands</i>	<i>Tidelands</i>	<i>Gas</i>	<i>Nonmajor</i>		<i>Total</i>
	<i>General</i>	<i>Funds</i>				<i>Operating</i>	<i>Oil</i>	
	<i>Funds</i>	<i>Operating</i>	<i>Oil</i>	<i>Gas</i>	<i>Funds</i>	<i>Funds</i>	<i>Out</i>	
Transfers Out of:								
General	\$ -	\$ 44,078	\$ -	\$ -	\$ -	\$ -	\$ 1,642	\$ 45,720
Nonmajor Governmental	3,125	11,288	-	-	-	6	52	14,471
Gas	9,850	1,187	-	-	-	-	38	11,075
Water	-	-	-	-	-	-	73	73
Tidelands	-	-	-	-	-	-	13	13
Tideland Oil Revenue	-	-	15,349	-	-	-	15	15,364
Harbor	-	48	19,400	-	-	-	292	19,740
Nonmajor Proprietary	-	935	-	-	-	-	347	1,282
Internal Service Funds	33,550	922	239	27	215	381	550	35,884
Total Transfers In	<u>\$ 46,525</u>	<u>\$ 58,458</u>	<u>\$ 34,988</u>	<u>\$ 27</u>	<u>\$ 215</u>	<u>\$ 387</u>	<u>\$ 3,022</u>	<u>\$ 143,622</u>

Significant transfers include the following:

The General Fund transferred a total of \$44.1 million to non-major governmental funds in fiscal year 2017. Of this \$10.0 million was transferred to the General Debt Service Fund for debt service payments and fiscal agent fees and \$33.6 million was transferred to the General Capital Projects Fund for ongoing projects.

The Employee Benefits Internal Service Fund transferred \$22.2 million to the General Fund to refund amounts collected through applied rates for pension expenses. These expenses are also recorded as period expenditures in the General Fund.

Non-major governmental funds transferred \$11.3 million to other non-major governmental funds. Significant transfers include the Agency transferring \$2.5 million to the Capital Projects Fund and \$7.6 million to the Debt Service fund for current and future debts service payments.

The Harbor transferred \$19.0 million to the Tidelands Fund as allowed by the City Charter. The Tidelands Oil Revenue Fund transferred \$4.8 million under the optimized water flood program and an additional \$10.5 million in accordance with Measure D to the Tidelands Fund. The Gas Utility Fund transferred \$9.8 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, 2017 is as follows (in thousands):

<i>Governmental Activities:</i>	<i>Balance at October 1, 2016</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30, 2017</i>
Capital Assets not being Depreciated:					
Land	\$ 238,176	\$ 1,144	\$ (1,408)	\$ (742)	\$ 237,170
Rights-of-way	81,340	-	-	-	81,340
Construction In Progress	66,689	80,288	(4,850)	(5,872)	136,255
Total Capital Assets not being Depreciated	<u>386,205</u>	<u>81,432</u>	<u>(6,258)</u>	<u>(6,614)</u>	<u>454,765</u>
Capital Assets being Depreciated:					
Buildings	318,875	-	-	496	319,371
Improvements Other than Buildings	111,878	4,429	(15)	4,599	120,891
Infrastructure	426,420	-	(202)	777	426,995
Machinery and Equipment	60,858	529	(1,416)	-	59,971
Vehicles and Aircraft	111,890	15,154	(11,403)	-	115,641
Software and Patents	23,655	233	(236)	-	23,652
Total Capital Assets being Depreciated	<u>1,053,576</u>	<u>20,345</u>	<u>(13,272)</u>	<u>5,872</u>	<u>1,066,521</u>
Less Accumulated Depreciation for:					
Buildings	(150,121)	(8,126)	-	-	(158,247)
Improvements Other than Buildings	(63,599)	(5,077)	14	-	(68,662)
Infrastructure	(311,606)	(12,198)	202	-	(323,602)
Machinery and Equipment	(51,586)	(2,042)	1,415	-	(52,213)
Vehicles and Aircraft	(78,633)	(6,093)	11,396	-	(73,330)
Software and Patents	(12,514)	(1,133)	236	-	(13,411)
Total Accumulated Depreciation	<u>(668,059)</u>	<u>(34,669)</u>	<u>13,263</u>	<u>-</u>	<u>(689,465)</u>
Total Capital Assets being Depreciated, Net	<u>385,517</u>	<u>(14,324)</u>	<u>(9)</u>	<u>5,872</u>	<u>377,056</u>
Governmental Activities Capital Assets, Net	<u>\$ 771,722</u>	<u>\$ 67,108</u>	<u>\$ (6,267)</u>	<u>\$ (742)</u>	<u>\$ 831,821</u>

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

General Government	\$ 61
Public Safety	4,225
Public Health	454
Community and Cultural	5,982
Public Works	13,845
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	<u>10,102</u>
Total governmental activities depreciation	<u>\$ 34,669</u>

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Capital asset activity for business-type activities for the year ended September 30, 2017 is as follows (in thousands):

<i>Business-type Activities:</i>	<i>Balance at October 1, 2016</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30, 2017</i>
Capital Assets not being Depreciated:					
Land	\$ 1,014,067	\$ 99	\$ -	\$ 264,492	\$ 1,278,658
Rights-of-way	212,451	-	-	-	212,451
Water Rights	40	-	-	-	40
Construction In Progress	1,547,329	416,794	(7,364)	(536,688)	1,420,071
Total Capital Assets not being Depreciated	<u>2,773,887</u>	<u>416,893</u>	<u>(7,364)</u>	<u>(272,196)</u>	<u>2,911,220</u>
Capital Assets being Depreciated:					
Buildings	3,538,187	-	(637)	192,210	3,729,760
Improvements Other than Buildings	589,062	-	(3,384)	17,686	603,364
Infrastructure	1,305,357	-	(2,706)	30,762	1,333,413
Machinery and Equipment	88,124	3,242	(292)	-	91,074
Vehicles and Aircraft	64,586	2,462	(847)	32,280	98,481
Software and Patents	23,649	21	-	-	23,670
Total Capital Assets being Depreciated	<u>5,608,965</u>	<u>5,725</u>	<u>(7,866)</u>	<u>272,938</u>	<u>5,879,762</u>
Less Accumulated Depreciation for:					
Buildings	(1,681,834)	(140,218)	418	-	(1,821,634)
Improvements Other than Buildings	(304,076)	(20,688)	671	-	(324,093)
Infrastructure	(780,024)	(31,055)	2,284	-	(808,795)
Machinery and Equipment	(66,012)	(6,770)	280	-	(72,502)
Vehicles and Aircraft	(20,636)	(2,716)	840	-	(22,512)
Software and Patents	(13,654)	(2,836)	-	-	(16,490)
Total Accumulated Depreciation	<u>(2,866,236)</u>	<u>(204,283)</u>	<u>4,493</u>	<u>-</u>	<u>(3,066,026)</u>
Total Capital Assets being Depreciated, Net	<u>2,742,729</u>	<u>(198,558)</u>	<u>(3,373)</u>	<u>272,938</u>	<u>2,813,736</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,516,616</u>	<u>\$ 218,335</u>	<u>\$ (10,737)</u>	<u>\$ 742</u>	<u>\$ 5,724,956</u>

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

Gas	\$ 7,200
Tidelands	19,939
Harbor	148,445
Water	11,694
Non-major Business-type Funds:	
Sewer	2,323
Solid Waste Management	3,609
Airport	11,055
Development Services	18
Total Business-type Activities Depreciation	<u>\$204,283</u>

Capitalized Interest

The Harbor, Airport, Tidelands, Gas Utility, Water Utility and Sewer Utility capitalized interest of \$20.6 million, \$50 thousand, \$2.3 million, \$389 thousand, \$776 thousand, and \$195 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, 2017 are as follows (in thousands).

	<i>Balance at October 1, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at September 30, 2017</i>	<i>Due Within One Year</i>
<u>Governmental Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 127,591	\$ -	\$ (9,946)	\$ 117,645	\$ 11,675
Tax Allocation Bonds	253,876	-	(14,181)	239,695	14,530
Plus (Less) Unamortized Amounts:					
Premium	17,486	-	(1,354)	16,132	-
Discount	(135)	-	20	(115)	-
Total Bonds Payable	398,818	-	(25,461)	373,357	26,205
Notes, Loans and LOC Payable	5,258	142	-	5,400	-
Capital Leases	30,682	1,290	(4,709)	27,263	4,715
Police and Fire Annuities	10,574	-	(2,940)	7,634	-
Estimated Oil Field Abandonment Costs	14,000	6,980	-	20,980	-
Environmental Remediation	3,070	271	(418)	2,923	286
Accrued Self-Insured Claims	134,953	31,270	(10,103)	156,120	27,679
Accrued Employee Benefits	125,872	35,462	(21,269)	140,065	34,419
Net OPEB Liability	35,473	4,129	-	39,602	-
Net Pension Liability	792,549	64,881	-	857,430	-
Other LT Obligations-Civic Center	41,007	62,048	-	103,055	-
Total, Governmental Activities	<u>\$ 1,592,256</u>	<u>\$ 206,473</u>	<u>\$ (64,900)</u>	<u>\$ 1,733,829</u>	<u>\$ 93,304</u>
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 1,539,905	\$ 170,255	\$ (75,575)	\$ 1,634,585	\$ 80,230
Plus (Less) Unamortized Amounts:					
Premium	82,127	30,476	(10,916)	101,687	-
Discount	(75)	-	18	(57)	-
Total Bonds Payable	1,621,957	200,731	(86,473)	1,736,215	80,230
Notes, Loans and LOC Payable	350,442	-	(25,025)	325,417	26
Premium	29,451	-	(11,047)	18,404	-
Total Notes, Loans and Lines of Credit Payable	379,893	-	(36,072)	343,821	26
Capital Leases	18,167	-	(1,479)	16,688	1,546
Due to State of California	8,775	53,408	(54,627)	7,556	7,556
Estimated Oil Field Abandonment Costs	83,600	29,100	-	112,700	-
Fair Value of Derivative	16,919	11,881	(16,919)	11,881	-
Environmental Remediation	-	3,800	-	3,800	-
Accrued Claims Liability	8,600	5,000	(8,600)	5,000	5,000
Accrued Employee Benefits	9,324	27,475	-	36,799	10,567
Net OPEB Liability	9,649	689	-	10,338	-
Net Pension Liability	311,453	17,195	-	328,648	-
Other LT Obligations - Port Headquarters	49,067	259,087	(198,621)	109,533	-
Site Restoration	1,000	-	-	1,000	-
Total, Business-Type Activities	<u>\$ 2,518,404</u>	<u>\$ 608,366</u>	<u>\$ (402,791)</u>	<u>\$ 2,723,979</u>	<u>\$ 104,925</u>

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NOTE 9 – BONDS PAYABLE

At September 30, 2017, 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, 2017</i>
GOVERNMENTAL ACTIVITIES					
LEASE REVENUE BONDS:					
2006 Parks and Open Spaces	11/07/06	05/01/31	4.00% - 5.00%	\$ 24,320	\$ 24,320
2012A LBBFA	11/28/12	08/01/31	4.00% - 5.00%	32,969	32,969
2012B LBBFA	11/28/12	08/01/18	1.10% - 5.00%	15,120	1,485
2016 Courthouse Demolition	01/13/16	08/01/26	2.00% - 5.00%	13,150	12,080
Premium/Discount				-	4,933
Subtotal, General City Bonds				85,559	75,787
TAX ALLOCATION BONDS:					
1992 Downtown Project	12/01/92	11/01/17	5.50% - 6.00%	81,020	4,105
1992 West Long Beach Industrial Project	12/01/92	11/01/17	5.50% - 6.00%	36,470	1,850
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.25% - 5.50%	21,860	12,055
2002B Downtown Project	12/05/02	11/01/22	2.25% - 5.50%	25,920	22,615
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	5,130
2005C North Long Beach Project	02/01/06	08/01/31	3.25% - 5.50%	27,145	21,225
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	6,325
2015AB SA	06/23/15	08/01/40	4.00% - 5.00%	155,820	144,155
Premium/Discount				-	8,472
Subtotal, Tax Allocation Bonds				389,115	248,167
INTERNAL SERVICE FUND BONDS:					
2002 Pension Obligation	08/15/02	09/01/21	5.18%	76,550	25,130
2012A LBBFA IS	11/28/12	08/01/31	4.00% - 5.00%	21,661	21,661
Premium/Discount				-	2,612
Subtotal, Internal Service Fund Bonds				98,211	49,403
Total, Governmental Activities				\$ 572,885	\$ 373,357

(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, 2017</i>
BUSINESS-TYPE ACTIVITIES					
ENTERPRISE FUND BONDS:					
Gas Utility Fund:					
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.50%	\$ 635,665	\$ 522,660
2007B Natural Gas Purchase	10/18/07	11/15/33	4.90% - 5.07%	251,695	69,005
Premium/Discount				-	11,967
Subtotal, Gas Utility Bonds				<u>887,360</u>	<u>603,632</u>
Tidelands Fund:					
2012 Aquarium	03/14/12	11/01/30	3.50% - 5.00%	102,580	81,585
2015 Marina	06/03/15	05/15/45	4.00% - 5.00%	114,015	114,015
2016 Rainbow	07/26/16	08/01/23	3.00% - 5.00%	19,115	16,255
Premium/Discount				-	16,156
Subtotal, Tidelands Bonds				<u>235,710</u>	<u>228,011</u>
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.00% - 6.00%	206,330	32,260
2010A Harbor	04/22/10	05/15/25	0.40% - 5.00%	200,835	124,245
2010B Harbor	05/12/10	05/15/27	3.00% - 5.00%	158,085	127,530
2014B Harbor	04/24/14	05/15/27	3.00% - 5.00%	20,570	17,180
2015A Harbor	04/16/15	05/15/23	4.00% - 5.00%	44,845	43,430
2015B Harbor	04/16/15	05/15/25	5.00%	20,130	20,130
2015C Harbor	07/15/15	05/15/32	5.00%	66,085	66,085
2015D Harbor	07/15/15	05/15/42	5.00%	66,865	66,865
2017A Harbor	06/15/17	05/15/40	5.00%	101,610	101,610
2017B Harbor	06/15/17	05/15/43	5.00%	25,985	25,985
2017C Harbor	06/15/17	05/15/47	5.00%	42,660	42,660
Premium/Discount				-	69,556
Subtotal, Harbor Bonds				<u>954,000</u>	<u>737,536</u>
Water Utility Fund:					
2010A Water	09/15/10	05/01/24	3.00% - 5.00%	22,740	17,645
2012 Water	08/30/12	05/01/27	2.00% - 5.00%	9,850	7,265
Premium/Discount				-	1,914
Subtotal, Water Utility Bonds				<u>32,590</u>	<u>26,824</u>
Non-Major Enterprise Funds:					
2003 SERRF	11/12/03	12/01/18	4.00% - 5.375%	120,235	21,215
2009A Airport	12/08/09	06/01/22	4.00% - 5.00%	9,795	7,600
2009C Airport	12/08/09	06/01/39	7.00% - 7.80%	44,890	44,890
2010A Airport	11/23/10	06/01/40	4.00% - 5.00%	48,435	43,695
2010B Airport	11/23/10	06/01/40	3.00% - 5.00%	12,965	11,405
2016 Sewer	08/24/16	05/01/36	4.00% - 5.00%	9,830	9,370
Premium/Discount				-	2,037
Subtotal, Non-Major Enterprise Bonds				<u>246,150</u>	<u>140,212</u>
Total, Business-Type				<u>2,355,810</u>	<u>1,736,215</u>
Grand Total, Primary Government Bonds Payable				<u>\$ 2,928,695</u>	<u>\$ 2,109,572</u>

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Governmental Funds

Debt service requirements 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>
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	5,343	16,120	-	1,612	23,075	12,219	35,294
2023 - 2027	28,933	61,605	-	9,427	99,965	45,787	145,752
2028 - 2032	16,816	45,980	-	5,424	68,220	25,290	93,510
2033 - 2037	-	36,725	-	-	36,725	10,384	47,109
2038 - 2040	-	18,085	-	-	18,085	1,961	20,046
Subtotal	70,854	239,695	25,130	21,661	357,340	157,421	514,761
Premium / Discount	4,933	8,472	(47)	2,659	16,017	-	16,017
Totals	\$ 75,787	\$ 248,167	\$ 25,083	\$ 24,320	\$373,357	\$157,421	\$530,778

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 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.

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Business-Types Funds

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

Year Ending	<i>Enterprise Funds</i>							
	<i>Major Funds</i>				<i>Non</i>			
	<i>Gas</i>				<i>Major</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
<i>Utility</i>	<i>Tidelands</i>	<i>Harbor</i>	<i>Water</i>	<i>Funds</i>				
2018	\$ 8,925	\$ 7,900	\$ 47,190	\$ 2,815	\$ 13,400	\$ 80,230	\$ 82,139	\$ 162,369
2019	10,290	8,315	45,965	2,930	14,105	81,605	79,156	160,761
2020	11,905	8,805	37,300	3,050	3,375	64,435	75,190	139,625
2021	13,990	9,345	39,110	3,170	3,535	69,150	71,968	141,118
2022	16,040	9,850	41,065	3,300	3,700	73,955	68,476	142,431
2023 - 2027	109,950	44,840	190,620	9,645	21,200	376,255	282,463	658,718
2028 - 2032	126,110	47,385	67,950	-	26,885	268,330	197,286	465,616
2033 - 2037	217,700	23,530	65,985	-	33,485	340,700	131,613	472,313
2038 - 2042	76,755	30,025	81,435	-	18,490	206,705	39,477	246,182
2043 - 2047	-	21,860	51,360	-	-	73,220	10,176	83,396
Subtotal	591,665	211,855	667,980	24,910	138,175	1,634,585	1,037,944	2,672,529
Premium / Discount	11,967	16,156	69,556	1,914	2,037	101,630	-	101,630
Totals	\$ 603,632	\$ 228,011	\$ 737,536	\$ 26,824	\$ 140,212	\$ 1,736,215	\$ 1,037,944	\$ 2,774,159

New Debt Issuance – Harbor Revenue Bonds

On June 15, 2017, the Harbor Fund issued \$170.3 million in Harbor Revenue Bonds, Series 2017ABC (the “Bonds”) to (a) pay and/or reimburse the Harbor Department for capital expenditures at the Port of Long Beach (the “Port”), (b) refund and repay all of the outstanding Series B Subordinate Revolving Obligations, the proceeds of which were used to pay for capital expenditures at the Port, and (c) pay the costs of issuing the Series 2017 Bonds.

The Bonds bear 5.0 percent interest rate per annum payable in May and November of each year, commencing in May of 2017. Principal payments are due every May commencing in 2026, with bond terms maturing through the year 2047. The Bonds are secured by a pledge of and lien upon Revenues of the Board of Harbor.

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, 2017, total principal and interest requirement for the bonds is \$361.8 million (\$239.7 million for principal and \$122.1 million for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$26.6 million.

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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, 2017, 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:	\$790,000 – \$31,905,000
• Aggregate Outstanding at September 30, 2017:	\$54,480,000

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.

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 Underground) issued \$1.1 million of Limited Obligation Improvement Bonds. The Bonds were issued under the provisions of the City Code, and where applicable, the Improvement Bond Act of 1915, 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.

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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, 2017, 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, 2017</u>
Carnival Bonds	2030	\$ 30,000	\$ 24,195
Grisham Housing Bonds Series A	2035	<u>10,245</u>	<u>1,109</u>
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 25,304</u>

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

At September 30, 2017, 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, 2017</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
Successor Agency Fund:					
Los Angeles County	01/21/92		3.75%	\$ 5,400	\$ 5,400
OTHER LONG-TERM OBLIGATIONS:					
Civic Center Fund:					
New Civic Center Complex	N/A	N/A	N/A	-	103,055
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	7,634
Total, Governmental Activities				<u>\$ 43,000</u>	<u>\$ 116,089</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	\$ 412
Southern Calif Edison Project 2417	04/06/12	10/20/21	0.0%	13	5
Total Tidelands Fund				<u>713</u>	<u>417</u>
Harbor Fund:					
Harbor Short Term Note 2014c	06/12/14	11/15/18	Variable	325,000	325,000
Premium/Discount				-	18,404
Total Harbor Fund				<u>325,000</u>	<u>343,404</u>
OTHER LONG-TERM OBLIGATIONS:					
Harbor Fund					
Port Headquarters	N/A	N/A	N/A	-	109,533
Total, Business-Type Activities				<u>\$ 325,713</u>	<u>\$ 453,354</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, 2017 totaled \$5.4 million.

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

<i>Year ending</i>	<i>Governmental Activities</i>			
	<i>Successor Agency</i>	<i>Annual Debt Service Requirements</i>		
		<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023 - 2027	-	-	-	-
2028 - 2032	5,400	5,400	-	5,400
Total	<u>\$ 5,400</u>	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ 5,400</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 \$1.2 million for the fiscal year ended September 30, 2017. Program benefits are funded on a *pay-as-you-go* basis and the Program has no assets.

At September 30, 2017, the program liability was \$7.6 million, and the change in the Program's accrued liability is as follows (in thousands):

Accrued Program Liability at October 1, 2016	\$ 10,574
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(2,940)
Estimated Change in Annualized Value of Benefits	<u>-</u>
Accrued Program Liability at September 30, 2017	<u>\$ 7,634</u>

The number of program participants diminishes each year, and there were 20 total participants as of September 30, 2017. 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):

<i>Year Ending</i>	<i>Number of Participants</i>	<i>Annuity Benefits Paid</i>	<i>Accrued Program Liability</i>
2013	43	\$ 3,067	\$ 14,183
2014	38	2,826	12,514
2015	31	2,400	11,213
2016	24	2,120	10,574
2017	20	1,180	7,634

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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):

<i>Year ending</i>	<i>Business-Type Activities</i>				
	<i>Principal Payments</i>		<i>Annual Debt Service Requirements</i>		
	<i>Tidelands</i>	<i>Harbor</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018	\$ 26	\$ -	\$ 26	\$ 15,662	\$ 15,688
2019	27	325,000	325,027	7,839	332,866
2020	28	-	28	16	44
2021	28	-	28	15	43
2022	29	-	29	14	43
2023 - 2027	163	-	163	49	212
2028 - 2032	116	-	116	11	127
Subtotal	417	325,000	325,417	23,606	349,023
Premium / Discount	-	18,404	18,404	-	18,404
Totals	\$ 417	\$ 343,404	\$ 343,821	\$ 23,606	\$ 367,427

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 harbormaster's office. The total amount authorized and issued was \$700 thousand, with an interest rate of 4.50%. The amount outstanding at September 30, 2017 was \$412 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, 2017 was \$5 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 for 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 in November 2018.

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.

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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 \$9.2 million 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, 2017, the City and Harbor have recorded construction-in-progress and a corresponding long-term obligation of \$103.1 million and \$109.5 million, 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	
2018	\$ -	\$ -	\$ -
2019	2,550	1,382	3,932
2020	10,422	5,660	16,082
2021	10,649	5,796	16,445
2022	10,881	5,935	16,816
2023 - 2027	58,070	31,883	89,953
2028 - 2032	64,681	35,897	100,578
2033 - 2037	72,046	40,416	112,462
2038 - 2042	80,249	45,504	125,753
2043 - 2047	89,385	51,233	140,618
2048 - 2052	99,563	57,683	157,246
2053 - 2057	110,899	64,946	175,845
2058 - 2061	76,717	45,324	122,041
Totals	<u>\$ 686,112</u>	<u>\$ 391,659</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, 2017</i>
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Fund:					
City Light and Power (a)	05/29/96	10/31/19	8.73%	\$ 20,968	\$ 4,807
Digital X-Ray (b)	03/30/12	03/15/19	2.06%	311	70
Tasers and Accessories (c)	08/26/14	08/26/19	3.53%	1,012	212
Total General Fund				22,291	5,089
Internal Service Funds:					
Civic Center Fund:					
Civic Center Projects (d)	08/13/10	04/01/27	4.30%	31,450	20,210
Total Civic Center Fund				31,450	20,210
General Services Fund:					
2014 PC and Equip (e)	11/14/13	11/15/17	1.80%	939	40
2015 PC and Equip (f)	11/26/14	12/15/18	1.93%	900	289
2016 PC and Equip (g)	11/23/15	10/23/19	1.34%	1,200	633
2017 PC and Equip (h)	10/03/16	10/03/20	1.50%	1,290	1,002
Total General Services Fund				4,329	1,964
Total Governmental Activities Leases				\$ 58,070	\$ 27,263
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Gas Utility Fund:					
Utility Customer Information Software (i)	09/15/11	09/15/18	2.06%	\$ 3,025	\$ 459
Advanced Metering Infrastructure (j)	08/03/15	05/01/30	2.40%	18,000	\$ 15,859
Tidelands Fund:					
Convention Center (k)	10/01/05	10/01/25	4.99%	649	\$ 370
Total Business-type Activities Leases				\$ 21,674	\$ 16,688

- (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 October 2019.
- (b) 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.
- (c) 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.
- (d) 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.

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- (e) 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.
- (f) 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.
- (g) 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 October 2019.
- (h) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in October 2016. The lease is payable in monthly installments of \$28 thousand through October 2020.

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

<i>Governmental Activities</i>						
<i>Year ending</i>	<i>Principal Payments by Fund</i>			<i>Annual Debt Service Requirements</i>		
	<i>General</i>	<i>Civic Center</i>	<i>General Services</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018	\$ 2,092	\$ 1,730	\$ 893	\$ 4,715	\$ 1,206	\$ 5,921
2019	2,997	1,810	688	5,495	948	6,443
2020	-	1,900	355	2,255	700	2,955
2021	-	1,990	28	2,018	614	2,632
2022	-	2,085	-	2,085	528	2,613
2023 - 2027	-	10,695	-	10,695	1,185	11,880
Totals	\$ 5,089	\$20,210	\$ 1,964	\$ 27,263	\$ 5,181	\$ 32,444

- (i) 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.
- (j) 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.
- (k) 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>
2018	\$ 1,512	\$ 34	\$ 1,546	\$ 396	\$ 1,942
2019	1,078	35	1,113	364	1,477
2020	1,104	37	1,141	336	1,477
2021	1,131	39	1,170	307	1,477
2022	1,158	41	1,199	278	1,477
2023 - 2027	6,227	184	6,411	927	7,338
2028 - 2032	4,108	-	4,108	174	4,282
Totals	\$ 16,318	\$ 370	\$ 16,688	\$ 2,782	\$ 19,470

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, 2017 (in thousands):

<u>Year ending</u>	<u>Total</u>
2017	\$ 5,678
2018	4,929
2019	4,637
2020	3,948
2021	3,268
2022 - 2026	10,666
2027 - 2031	9,713
2032 - 2036	10,443
2037 - 2041	734
Total	\$ 54,016

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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>
2018	\$ 359,126
2019	358,045
2020	358,353
2021	379,609
2022	350,151
2023 - 2027	1,448,216
2028 - 2032	559,977
2033 - 2037	492,864
2038 - 2042	1,224,841
2043 - 2047	66,035
2048 - 2052	65,387
2053 - 2057	28,868
2058 - 2062	26,726
2063 - 2067	27,372
2068 - 2072	10,122
2073 - 2077	7,644
2078 - 2082	7,321
2083 - 2087	1,799
Total	<u>\$ 5,772,456</u>



WHERE LONG BEACH GOT ITS NAME

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NOTE 12 – DERIVATIVE INSTRUMENTS

At September 30, 2017, 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.	114.8 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%	2.304%	1.410%
11/15/2026	25,175	4.930%	2.324%	1.430%
11/15/2027	24,630	4.955%	2.344%	1.450%
11/15/2033	5	5.067%	2.444%	1.550%
	<u>\$ 69,005</u>	4.931% ²	2.325% 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, 2017, 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 \$16.9 million at October 1, 2016. During the current period, ending September 30, 2017, the fair value increased \$5.0 million to a negative fair value of \$11.9 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 \$537.3 million at October 1, 2016. During the current period, fair value increased \$35.4 million to a fair value of \$572.7 million as of September 30, 2017. 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, 2016</i>	<i>Change in Fair Value</i>	<i>Fair Value, September 2017</i>
<i>Interest Rate Swap</i>			
11/15/2025	\$ (4,299)	\$ 1,297	\$ (3,002)
11/15/2026	(6,140)	1,828	(4,312)
11/15/2027	(6,478)	1,912	(4,566)
11/15/2033	(2)	1	(1)
	(16,919)	5,038	(11,881)
<i>Commodity Swap</i>			
9/30/2037	537,334	35,350	572,684
Total	\$ 520,415	\$ 40,388	\$ 560,803

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, 2017, the interest rate swap counterparty was rated Baa1 by Moody's Investor Services. As of September 30, 2017, the commodity swap counterparty was rated AA- by Standard & Poor's and A1 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, 2017, 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>
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	-	3,403	214	3,617
2023 - 2027	69,000	11,339	874	12,213
2028 - 2032	-	1	18	19
2033 - 2034	5	-	-	-
Total	\$ 69,005	\$ 28,355	\$ 2,096	\$ 30,451

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, 2017, are summarized in the following table:

<i>Miscellaneous</i>			
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50 - 55	50 - 55	52 - 62
Required Contribution Rates			
Employee	8.0%	8.0%	6.5%
Employer	20.586%	20.586%	20.586%
Percentage of Eligible Compensation			
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%
<i>Safety</i>			
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 55	3.0% @ 50	2.7% @ 57
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50 - 55	50	50 - 57
Required Contribution Rates			
Employee	9.0%	9.0%	12.3%
Employer	30.784%	30.784%	30.784%
Percentage of Eligible Compensation			
Monthly benefits	2.4% to 3.0%	3.00%	2.0% to 2.7%

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Employees Covered – Based on the June 30, 2014 funding valuation report, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	3,210	1,189
Inactive employees or beneficiaries currently receiving benefits	4,003	1,670
Inactive employees entitled to but not yet receiving benefits	3,327	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, 2017 (measurement date), using the actuarial valuation report as of June 30, 2016 rolled forward using standard update procedures. At September 30, 2017 the City reported net pension liability of \$1.2 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, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
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 Scale BB. For more details on this table, refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2017 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 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term 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	47.00%	4.90%	5.38%
Global Fixed Income	19.00	0.80	2.27
Inflation Sensitive	6.00	0.60	1.39
Private Equity	12.00	6.60	6.63
Real Estate	11.00	2.80	5.21
Infrastructure and Forestland	3.00	3.90	5.36
Liquidity	2.00	(2.20)	(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 July 1, 2016	\$ 2,431,211	\$ 1,802,786	\$ 628,425
Changes in the year:			
Service Cost	42,500	-	42,500
Interest on Total Pension Liability	177,096	-	177,096
Differences between Actual and Expected Experience	(56,898)	-	(56,898)
Changes in Assumptions	144,164	-	144,164
Contribution - Employer	-	45,864	(45,864)
Contribution - Employee	-	17,793	(17,793)
Net Investment Income	-	198,457	(198,457)
Administrative Expenses	-	(2,662)	2,662
Net Plan to Plan Resource Movement	-	(39)	39
Benefit Payments, including Refunds of Employee Contributions	(125,722)	(125,722)	-
Net changes	181,140	133,691	47,449
Balance at June 30, 2017	\$ 2,612,351	\$ 1,936,477	\$ 675,874

<i>Safety Plan</i>	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
Balance at July 1, 2016	\$ 2,286,528	\$ 1,811,258	\$ 475,270
Changes in the year:			
Service Cost	38,622	-	38,622
Interest on Total Pension Liability	166,486	-	166,486
Differences between Actual and Expected Experience	(61,909)	-	(61,909)
Changes in Assumptions	139,900	-	139,900
Contribution - Employer	-	39,371	(39,371)
Contribution - Employee	-	12,802	(12,802)
Net Investment Income	-	198,577	(198,577)
Administrative Expenses	-	(2,674)	2,674
Net Plan to Plan Resource Movement	-	39	(39)
Benefit Payments, including Refunds of Employee Contributions	(110,713)	(110,713)	-
Net Changes	172,386	137,402	34,984
Balance at June 30, 2017	\$ 2,458,914	\$ 1,948,660	\$ 510,254

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

<u>Net Pension Liability/ (Asset)</u>	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease (6.15%)	\$ 1,021,942	\$ 848,981
Current Discount Rate (7.15%)	675,874	510,255
1% Increase (8.15%)	390,141	232,703

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, 2017, the City recognized pension expense of \$105.6 million and \$93.5 million for the Miscellaneous and Safety Plan respectively.

At September 30, 2017, the City reported pension related deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

	<u>Miscellaneous Plan:</u>		<u>Safety Plan:</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Pension Contributions Subsequent to the Measurement Date</i>	36,205		26,529	-	\$ 62,734	\$ -
<i>Differences Between Actual and Expected Experience</i>	-	(45,091)	-	(67,172)	-	(112,263)
<i>Changes in Assumptions</i>	92,677	-	102,089	(9,164)	194,766	(9,164)
<i>Net Differences between Projected and Actual Earnings on Plan Investments</i>	60,120	-	61,900	-	122,020	-
Total	<u>\$ 189,002</u>	<u>\$ (45,091)</u>	<u>\$ 190,518</u>	<u>\$ (76,336)</u>	<u>\$ 379,520</u>	<u>\$ (121,427)</u>

The \$62.7 million reported as a deferred outflow of resources relates to contributions made by the City subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>Miscellaneous Plan:</u>		<u>Safety Plan:</u>		<u>Total</u>	
<u>Year Ending September 30</u>	<u>Amount</u>	<u>Year Ending September 30</u>	<u>Amount</u>	<u>Year Ending September 30</u>	<u>Amount</u>
2018	54,137	2018	27,826	2018	\$ 81,963
2019	56,418	2019	47,394	2019	103,812
2020	11,575	2020	26,703	2020	38,278
2021	(14,424)	2021	(14,270)	2021	(28,694)
2022	-	2022	-	2022	-
Total	<u>\$ 107,706</u>	Total	<u>\$ 87,653</u>	Total	<u>\$ 195,359</u>

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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, 2016, the following employees were covered by the benefit terms of the Plan:

Active employees	1,047
Inactive employees or beneficiaries currently receiving benefits	-
Inactive Employees entitled to but not yet receiving benefits	2,038

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, 2016, the City’s contribution rate was 3.6% of earnings.

PARS Net Pension Liability (Asset)

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, 2016
Measurement Date	September 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	4.25%
Inflation	2.75%
Payroll Growth	4.75%
Projected Salary Increase	4.75%
Investment Rate of Return ^a	4.25%
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 4.25 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	96.6%	4.47%	4.20%
Cash	3.4	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 (Asset)

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
Balance at October 1, 2016	\$ 5,769	\$ 5,462	\$ 307
Changes in the year:			
Service Cost	479	-	479
Interest on Total Pension Liability	282	-	282
Differences between Actual and Expected Experience	(208)	-	(208)
Change of Assumptions	133	-	133
Contribution - Employer	-	370	(370)
Contribution - Employee	-	310	(310)
Net Investment Income	-	455	(455)
Benefit Payments, including Refunds	(636)	(636)	-
Administrative Expenses	-	(92)	92
Net changes	50	407	(357)
Balance at September 30, 2017	\$ 5,819	\$ 5,869	\$ (50)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability (asset) of the City for the Plan as of the measurement date, calculated using the discount rate of 4.25 percent, compared to a discount rate that is 1 percentage point lower (3.25%) or 1 percentage point higher (5.25%). Amounts shown below (in thousands):

	<i>Discount Rate -1% (3.25%)</i>	<i>Current Discount Rate (4.25%)</i>	<i>Discount Rate + 1% (5.25%)</i>
Net Pension Liability (Asset)	\$415	(\$50)	(\$387)

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, 2017, the City recognized pension expense of \$209 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	\$ -	\$ (13)
Employer Contributions made Subsequent to the Measurement Date	390	-
Total	\$ 390	\$ (13)

The \$390 thousand reported as deferred outflows of resources relates to contributions made by the City subsequent to the measurement date of September 30, 2016 which will be recognized as a reduction of the net pension liability in the year ended September 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):

<i>Measurement Period ending September 30:</i>	<i>Deferred Outflows / (Inflows)</i>
2018	4
2019	24
2020	(41)
2021	-
Thereafter	-
Total	(13)



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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 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 plan premium out of pocket. At September 30, 2017, the count of employees covered by the benefit terms was:

Inactive employees currently receiving benefits	1,188
Active employees	<u>4,219</u>
Total	<u><u>5,407</u></u>

Total OPEB Liability

At September 30, 2017, the City’s total OPEB liability was \$49.9 million. The total OPEB liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	September 30, 2016	
Measurement Date	September 30, 2016	
Actuarial Cost Method	Entry Age	
Actuarial Assumptions:		
Inflation	2.75%	
Discount Rate	3.10%	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll Increases	Aggregate	3.00%
	Merit	CalPERS 1997-2011 Experience Study
Health Care Cost Trend Rates	7.5% for 2019, decreasing to 4% for 2026 and later	
Mortality, Withdrawal, Disability, Retirement	CalPERS 1997-2011 Experience Study	

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Changes in the Total OPEB Liability (in thousands)

Balance at October 1, 2016		\$ 45,122
Service Cost	\$ 2,145	
Interest on total OPEB liability	1,754	
Difference between Expected and Actual Experience	(8,920)	
Change in Assumptions	11,093	
Benefit Payments	<u>(1,254)</u>	
Net Change		<u>4,818</u>
Balance at September 30, 2017		<u><u>\$ 49,940</u></u>

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 (2.10 percent) or 1-percentage-point higher (4.10 percent) than the current discount rate (in thousands):

	<i>1 Percent Decrease (2.10 %)</i>	<i>Discount Rate (3.10 %)</i>	<i>1 Percent Increase (4.10 %)</i>
Total OPEB Liability	\$ 55,113	\$ 49,940	\$ 45,240

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent for non-Medicare plans or 5.5 percent decreasing to 4.0 percent for Medicare plans) or 1-percentage point higher (8.5 percent decreasing to 4.0 percent for non-Medicare plans or 7.5 percent decreasing to 4.0 percent for Medicare plans) than the current healthcare cost trend rates:

	<i>1 Percent Decrease (6.5%)</i>	<i>Healthcare Cost Trend Rate (7.5 %)</i>	<i>1 Percent Increase (8.5 %)</i>
Total OPEB Liability	\$ 44,110	\$ 49,940	\$ 56,801

OPEB Expense and Deferred Outflows and Deferred Inflows Related to OPEB

For the year ended September 30, 2017, the City recognized an OPEB expense of \$4.2 million. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Amounts paid subsequent to measurement date	\$ 806	\$ -
Difference between expected and actual experience	-	7,845
Change in assumptions	9,756	-
	<u>\$ 10,562</u>	<u>\$ 7,845</u>

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The \$0.8 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, 2018.

Amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense over the next five years as follows (in thousands):

<i>Year Ending</i> <i>September 30</i>	<i>Amount</i> <i>to be</i> <i>Recognized</i>
2018	\$ 262
2019	262
2020	262
2021	262
2022	262
2023-2027	601
Total	<u>\$ 1,911</u>

NOTE 15 – SELF-INSURANCE PROGRAMS

The City has adopted separate insurance programs for workers' compensation and general liability claims. The City is self-insured for workers' compensation and general liability for the first \$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, 2017, the City accrued non-discounted estimates totaling \$156.1 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 \$27.7 million and a long-term liability of \$128.4 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2017 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, 2017 and 2016 is as follows (in thousands):

	<i>Workers'</i> <i>Compensation</i> <i>Claims</i>	<i>General</i> <i>Liability</i> <i>Claims</i>	<i>Total</i>
Balance at October 1, 2015	\$ 111,259	\$ 19,362	\$ 130,621
Additions	16,535	10,963	27,498
Payments	(13,443)	(9,723)	(23,166)
Balance at September 30, 2016	114,351	20,602	134,953
Additions	18,595	12,675	31,270
Payments	(3,197)	(6,906)	(10,103)
Balance at September 30, 2017	<u>\$ 129,749</u>	<u>\$ 26,371</u>	<u>\$ 156,120</u>

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NOTE 16 – GOVERNMENTAL FUND BALANCES

As of September 30, 2017, 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	\$ 500	\$ 2,613	\$ 3,113
Subtotal	<u>500</u>	<u>2,613</u>	<u>3,113</u>
Restricted for:			
Debt Service	-	32,126	32,126
Public Safety	2,983	1,881	4,864
Public Health	-	11,940	11,940
Community and Cultural	-	82,063	82,063
Other Purposes - Operating Reserve	1,486	-	1,486
Public Works	-	52,074	52,074
Subtotal	<u>4,469</u>	<u>180,084</u>	<u>184,553</u>
Committed to:			
Public Safety	1,000	-	1,000
Community and Cultural	-	1,414	1,414
Other Purposes - Emergency Reserve	44,486	-	44,486
Other Purposes - Operating Reserve	12,382	-	12,382
Oil Abandonment	6,671	-	6,671
Subtotal	<u>64,539</u>	<u>1,414</u>	<u>65,953</u>
Assigned to:			
Subsequent Year's Appropriations	1,254	-	1,254
Unfunded Liabilities and Commitments	30,668	-	30,668
Infrastructure Reserve	25	-	25
Community and Cultural	-	769	769
Public Works	-	35,813	35,813
Subtotal	<u>31,947</u>	<u>36,582</u>	<u>68,529</u>
Unassigned	<u>1,926</u>	<u>-</u>	<u>1,926</u>
Total Fund Balances	<u>\$ 103,381</u>	<u>\$ 220,693</u>	<u>\$ 324,074</u>

Fund Deficits

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$5.4 million as of September 30, 2017. This deficit resulted from the recognition of a net pension liability of \$34.5 million, compensated absences of \$5.7 million, and a Net OPEB liability of \$1.7 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 \$84.1 million as of September 30, 2017. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability, which increased by \$29.1 million during the fiscal year. City 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 \$2.2 million as of September 30, 2017. This deficit primarily resulted from the recognition of a net pension liability of \$3.4 million. City management believes that the cash position of the fund is sufficient to support ongoing operations.

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The Insurance and Employee Benefits Internal Service Funds reflect deficit net positions of \$109.3 million and \$157.1 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 believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, from other funds and has made reasonable adjustments to amounts charged to City departments to ensure that adequate cash positions are maintained.

NOTE 17 – OIL ABANDONMENT LIABILITY

Tideland Oil Revenues

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

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. The use of the funds retained by the City are restricted for tidelands-related purposes to include the City's marinas, beaches, waterways, and convention center.

Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2017, the State's total estimated abandonment cost liability is \$836.2 million decreasing by \$1.3 million from fiscal year 2016. 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, 2017, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$836.2 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2017, the Tidelands Fund recorded an estimated oil field abandonment cost liability of \$112.7 million increasing by \$29.1 million from fiscal year 2016. 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 results in the City recording a proportionate share of oil field abandonment costs currently estimated at \$21.0 million of which \$7.0 million has been funded in the Upland Oil Fund as of September 30, 2017.

Subsidence

In accordance with State law, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of \$40.0 million, plus accrued interest, was originally set aside for this purpose. At present, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2017, the reserve balance within the Subsidence Fund is \$178.1 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of \$500 thousand for up to 20 years. This action was taken to mitigate the impact of the City in making a \$5 million contributions to the State in both fiscal years 2005 and 2006. At September 30, 2017, total loan to the City's General Fund and interest retained amounts to \$2.6 million.

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NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS

BKK Sites

Victoria Golf Course: Between 1947 and 1949, the City disposed of municipal waste in a landfill owned by BKK Corp located in Carson, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control (DTSC) has identified the City as a potentially responsible party (PRP) under the 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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.

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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, 2017, the remaining liability for the monitoring was \$355 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, 2017, 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 and/or operated LUST sites by the LA Board. All of the tanks have since been removed. The sites are located at Fire Station 7, Fire Station 10, Fire Station 11, and Fire Station 17. The LA Board has directed that these sites be evaluated for remediation and continued monitoring activities. On June 10, 2016, the City submitted Remedial Action Plans (RAPs) for Fire Station 10 and Fire Station 11. As of September 30, 2017, the City remains under a Board order to continue monitoring the sites. The estimated related liability for the future remediation is \$2.2 million. For its monitoring and remediation efforts, the City submitted claims for reimbursable remediation cost to the State UST Cleanup Fund of \$2.6 million. As of September 30, 2017, the City obtained a partial reimbursement of costs related to the closed sites amounting to \$1.4 million.

Unauthorized LUST Release – 2929 East Willow Street

In November of 2014, the LA Board named the City as a responsible party for potential remediation related to an unauthorized LUST site located at 2929 East Willow Street. The LA Board has directed that this site be evaluated for remediation and continued monitoring activities. On July 27, 2017, the Water Board approved the City's revised work plan for groundwater investigation at the site and work started in October 2017. As of September 30, 2017, the City was under a LA Board order to continue monitoring the site. The estimated related liability for the future remediation is \$270 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.

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September 30, 2017

Harbor Warehouse

In July of 2017, the Harbor, as result of a hazardous building materials survey of a warehouse, identified the presence of environmentally sensitive materials requiring abatement activities if the facility is to remain in use. The estimated cost of abatement stands at \$3.8 million and a remediation liability for this amount has been recognized for the year ended September 30, 2017. There is no reasonable expectation of any recovery associated with these remediation efforts.

NOTE 19 – INVESTMENT IN JOINT VENTURES

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The City's Harbor Department and the Port of Los Angeles (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 2017, the Harbor received a distribution of \$2.0 million from the Joint Venture. The ICTF financial statements for the year ended June 30, 2017 can be obtained from the Harbor.

NOTE 20 – 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.

NOTE 21 – GAS UTILITY FUND

The Gas Utility Fund is comprised of the Gas Operating and LBBFA Gas Prepay Functions and is used to account for the activities associated with the distribution of natural gas to the City's customers. The Gas Prepay Function was formed to account for the 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:

The City of Long Beach
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September 30, 2017

Gas Utility Fund
Consolidated Schedule of Net Position
September 30, 2017
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (Credit)</i>	<i>Total Gas Utility Fund</i>
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 38,211	\$ 124	\$ 38,335	\$ -	\$ 38,335
Non-Pooled Cash and Cash Equivalents	1	211	212	-	212
Receivables:					
Interest Receivable	5	17	22	-	22
Accounts Receivable	6,560	2,559	9,119	(853)	8,266
Due from Other Funds	5,460	-	5,460	(606)	4,854
Allowance for Receivables	(214)	-	(214)	-	(214)
Inventory	1,840	-	1,840	-	1,840
Prepaid Gas - Current	-	23,045	23,045	-	23,045
Other Assets	9	-	9	-	9
Total Current Assets	<u>51,872</u>	<u>25,956</u>	<u>77,828</u>	<u>(1,459)</u>	<u>76,369</u>
Noncurrent Assets:					
Restricted Noncurrent assets:					
Non-Pooled Investments	-	21,482	21,482	-	21,482
Noncurrent Receivables:					
Fair Value - Commodity Swap	-	572,684	572,684	-	572,684
Capital Assets:					
Land and Other Assets Not Being Depreciated	4,139	-	4,139	-	4,139
Capital Assets Net of Accumulated Depreciation	162,550	-	162,550	-	162,550
Prepaid Gas - Long-term	-	404,320	404,320	-	404,320
Total Noncurrent Assets	<u>166,689</u>	<u>998,486</u>	<u>1,165,175</u>	<u>-</u>	<u>1,165,175</u>
Total Assets	<u>218,561</u>	<u>1,024,442</u>	<u>1,243,003</u>	<u>(1,459)</u>	<u>1,241,544</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	<u>10,146</u>	<u>11,881</u>	<u>22,027</u>	<u>-</u>	<u>22,027</u>
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	3,639	18	3,657	(853)	2,804
Accrued Wages	698	-	698	-	698
Accrued Interest Payable	159	10,719	10,878	-	10,878
Due to Other Funds	626	606	1,232	(606)	626
Unearned Revenues	1,690	-	1,690	-	1,690
Customers Deposits	3,084	-	3,084	-	3,084
Compensated Absences	1,385	-	1,385	-	1,385
Obligations under Capital Leases - Current	1,512	-	1,512	-	1,512
Bonds Payable Due within One Year	-	8,925	8,925	-	8,925
Total Current Liabilities	<u>12,793</u>	<u>20,268</u>	<u>33,061</u>	<u>(1,459)</u>	<u>31,602</u>
Noncurrent Liabilities:					
Fair Value - Interest Rate Swap	-	11,881	11,881	-	11,881
Compensated Absences	4,305	-	4,305	-	4,305
Obligations under Capital Leases	14,806	-	14,806	-	14,806
Bonds Payable	-	594,707	594,707	-	594,707
Net Pension Liability	34,505	-	34,505	-	34,505
Net OPEB Liability	1,706	-	1,706	-	1,706
Total Noncurrent Liabilities	<u>55,322</u>	<u>606,588</u>	<u>661,910</u>	<u>-</u>	<u>661,910</u>
Total Liabilities	<u>68,115</u>	<u>626,856</u>	<u>694,971</u>	<u>(1,459)</u>	<u>693,512</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	<u>2,815</u>	<u>572,684</u>	<u>575,499</u>	<u>-</u>	<u>575,499</u>
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	150,371	-	150,371	-	150,371
Unrestricted	7,406	(163,217)	(155,811)	-	(155,811)
Total Net Position (Deficit)	<u>\$ 157,777</u>	<u>\$ (163,217)</u>	<u>\$ (5,440)</u>	<u>\$ -</u>	<u>\$ (5,440)</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

Gas Utility Fund
Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2017
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (credit)</i>	<i>Total Gas Utility Fund</i>
Operating Revenues:					
Fees, Concessions and Rentals	\$ 86	\$ -	\$ 86	\$ -	\$ 86
Charges for Services	95,456	13,023	108,479	13,023	95,456
Other	1,181	-	1,181	-	1,181
Total Revenues	<u>96,723</u>	<u>13,023</u>	<u>109,746</u>	<u>13,023</u>	<u>96,723</u>
Operating Expenses:					
Personnel Services	19,463	2	19,465	-	19,465
Purchases of Gas	22,091	(3,916)	18,175	(13,023)	5,152
Maintenance and Other Operations	15,821	21	15,842	-	15,842
Depreciation	7,200	-	7,200	-	7,200
Total Operating Expenses	<u>64,575</u>	<u>(3,893)</u>	<u>60,682</u>	<u>(13,023)</u>	<u>47,659</u>
Operating Income	<u>32,148</u>	<u>16,916</u>	<u>49,064</u>	<u>-</u>	<u>49,064</u>
Non-Operating Income (Expense):					
Interest Income	288	650	938	-	938
Interest Expense	(318)	(30,371)	(30,689)	-	(30,689)
Loss on Disposition of Capital Assets	(378)	-	(378)	-	(378)
Other Income	310	-	310	-	310
Other Expense	-	(678)	(678)	-	(678)
Total Non-Operating Income (Expense)	<u>(98)</u>	<u>(30,399)</u>	<u>(30,497)</u>	<u>-</u>	<u>(30,497)</u>
Income before Contributions and Transfers	32,050	(13,483)	18,567	-	18,567
Transfers:					
Transfers In	215	-	215	-	215
Transfers Out	(11,075)	-	(11,075)	-	(11,075)
Change in Net Position	21,190	(13,483)	7,707	-	7,707
Net Position (Deficit), October 1	<u>136,587</u>	<u>(149,734)</u>	<u>(13,147)</u>	<u>-</u>	<u>(13,147)</u>
Net Position (Deficit), September 30	<u>\$ 157,777</u>	<u>\$ (163,217)</u>	<u>\$ (5,440)</u>	<u>\$ -</u>	<u>\$ (5,440)</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

Gas Utility Fund
Consolidated Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2017
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 89,396	\$ 13,324	\$ (13,324)	\$ 89,396
Payments for Employee Salaries	(11,622)	(2)	-	(11,624)
Payments for Goods and Services	(37,862)	(20)	13,324	(24,558)
Other Income	310	22,927	-	23,237
Other Expense	-	(685)	-	(685)
Net Cash Provided by Operating Activities	<u>40,222</u>	<u>35,544</u>	<u>-</u>	<u>75,766</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers In	215	-	-	215
Receipts from Prepayment of Gas Supply	-	3,552	-	3,552
Payments of Principal on Bonds Payable	-	(8,120)	-	(8,120)
Payments of Interest	-	(31,025)	-	(31,025)
Transfers Out	(11,075)	-	-	(11,075)
Net Cash Used for Non-Capital Financing Activities	<u>(10,860)</u>	<u>(35,593)</u>	<u>-</u>	<u>(46,453)</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(18,974)	-	-	(18,974)
Payments of Principal on Other Long-Term Obligations	(1,479)	-	-	(1,479)
Payments of Interest, Net of Amounts Capitalized	(718)	-	-	(718)
Net Cash Used for Capital and Related Financing Activities	<u>(21,171)</u>	<u>-</u>	<u>-</u>	<u>(21,171)</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	(572)	-	(572)
Receipts of Interest	292	644	-	936
Net Cash Provided by Investing Activities	<u>292</u>	<u>72</u>	<u>-</u>	<u>364</u>
Net Decrease in Cash and Cash Equivalents	8,483	23	-	8,506
Cash and Cash Equivalents - October 1	29,729	312	-	30,041
Cash and Cash Equivalents - September 30	<u>\$ 38,212</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 38,547</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Operating Income	\$ 32,148	\$ 16,916	\$ -	\$ 49,064
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	7,200	-	-	7,200
Other Income	310	22,927	-	23,237
Other Expense	-	(678)	-	(678)
(Increase) Decrease in Accounts Receivable, Net	(2,938)	301	-	(2,637)
Increase in Amounts Due from Other Funds	(4,817)	(7)	-	(4,824)
Decrease in Inventory	10	-	-	10
(Increase) Decrease in Other Operating Assets/Gas Prepay	4	(3,916)	-	(3,912)
Increase (Decrease) in Accounts Payable	(119)	1	-	(118)
Increase in Accrued Wages Payable	7,815	-	-	7,815
Increase in Amounts Due to Other Funds	181	-	-	181
Increase in Unearned Revenues	364	-	-	364
Increase in Collections Held in Trust	64	-	-	64
Total Adjustments	<u>8,074</u>	<u>18,628</u>	<u>-</u>	<u>26,702</u>
Net Cash Provided by Operating Activities	<u>\$ 40,222</u>	<u>\$ 35,544</u>	<u>\$ -</u>	<u>\$ 75,766</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Amortization of Bond Premium (Discount), Net	\$ -	\$ 22,927	-	\$ 22,927

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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 22 – 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 receivable with a balance at September 30, 2017 of \$123 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.

The City of Long Beach
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Solid Waste Management Fund
Consolidating Schedule of Net Position (Deficit)
September 30, 2017
(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	\$ 13,296	\$ 25,984	\$ 1	\$ 39,281	\$ -	\$ 39,281
Non-Pooled Cash and Cash Equivalents	3	-	43	46	-	46
Receivables:						
Interest Receivable	3	-	46	49	-	49
Accounts Receivable	2,685	7,025	371	10,081	(371)	9,710
Due from Other Governments	-	12	-	12	-	12
Due from Other Funds	2,668	99	-	2,767	-	2,767
Capital Leases Receivable - Current	-	-	10,330	10,330	(10,330)	-
Allowance for Receivables	(104)	(28)	-	(132)	-	(132)
Other Assets-Current	-	95	-	95	-	95
Total Current Assets	18,551	33,187	10,791	62,529	(10,701)	51,828
Noncurrent Assets:						
Restricted Noncurrent assets:						
Non-Pooled Investments	-	-	11,806	11,806	-	11,806
Noncurrent Receivables:						
Capital Lease Receivable	-	-	10,885	10,885	(10,885)	-
Capital Assets:						
Land and Capital Assets not being Depreciated	483	6,520	-	7,003	-	7,003
Capital Assets Net of Accumulated Depreciation	40	202	-	242	-	242
Total Noncurrent Assets	523	6,722	22,691	29,936	(10,885)	19,051
Total Assets	19,074	39,909	33,482	92,465	(21,586)	70,879
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	4,764	383	93	5,240	(93)	5,147
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,005	4,029	-	5,034	371	4,663
Accrued Wages	446	13	-	459	-	459
Accrued Interest Payable	-	-	371	371	-	371
Due to Other Funds	190	6	-	196	-	196
Collections Held in Trust	784	64	-	848	-	848
Compensated Absences	724	53	-	777	-	777
Obligations under Capital Leases - Current	-	10,330	-	10,330	10,330	-
Bonds Payable Due within One Year	-	-	10,330	10,330	-	10,330
Total Current Liabilities	3,149	14,495	10,701	28,345	10,701	17,644
Noncurrent Liabilities:						
Deferred Credits and Other Deferred Liabilities	-	93	-	93	93	-
Compensated Absences	1,546	303	-	1,849	-	1,849
Obligations under Capital Leases	-	10,885	-	10,885	10,885	-
Bonds Payable	-	-	11,367	11,367	-	11,367
Net OPEB Liability	632	115	-	747	-	747
Net Pension Liability	16,565	985	-	17,550	-	17,550
Total Noncurrent Liabilities	18,743	12,381	11,367	42,491	10,978	31,513
Total Liabilities	21,892	26,876	22,068	70,836	21,679	49,157
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	1,559	127	-	1,686	-	1,686
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	523	(14,493)	11,417	(2,553)	-	(2,553)
Restricted for:						
Debt Service	-	-	90	90	-	90
Unrestricted	(136)	27,782	-	27,646	-	27,646
Total Net Position (Deficit)	\$ 387	\$ 13,289	\$ 11,507	\$ 25,183	\$ -	\$ 25,183

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

Solid Waste Management Fund
Consolidating Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2017
(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>			
Operating Revenues:						
Fees, Concessions, and Rentals	\$ -	\$ -	\$ 640	\$ 640	\$ 640	\$ -
Charges for Services	42,582	48,640	-	91,222	8,419	82,803
Total Operating Revenues	<u>42,582</u>	<u>48,640</u>	<u>640</u>	<u>91,862</u>	<u>9,059</u>	<u>82,803</u>
Operating Expenses:						
Personnel Services	14,937	819	-	15,756	-	15,756
Maintenance and Other Operations	28,548	35,184	-	63,732	(8,419)	55,313
Rental Expense	-	1,197	-	1,197	(640)	557
Amortization	-	(80)	80	-	-	-
Depreciation	7	3,602	-	3,609	-	3,609
Total Operating Expenses	<u>43,492</u>	<u>40,722</u>	<u>80</u>	<u>84,294</u>	<u>(9,059)</u>	<u>75,235</u>
Operating Income (Loss)	<u>(910)</u>	<u>7,918</u>	<u>560</u>	<u>7,568</u>	<u>-</u>	<u>7,568</u>
Non-Operating Income (Expenses):						
Interest Income	137	181	18	336	-	336
Interest Expense	(73)	-	(227)	(300)	-	(300)
Operating Grants	387	-	-	387	-	387
Other Income	3	42	-	45	-	45
Other Expenses	-	(11)	-	(11)	-	(11)
Total Non-Operating Income (Expenses)	<u>454</u>	<u>212</u>	<u>(209)</u>	<u>457</u>	<u>-</u>	<u>457</u>
Income (Loss) before Contributions and Transfers	<u>(456)</u>	<u>8,130</u>	<u>351</u>	<u>8,025</u>	<u>-</u>	<u>8,025</u>
Transfers:						
Transfers In	127	4	-	131	-	131
Transfers Out	(801)	(8)	-	(809)	-	(809)
Change in Net Position	<u>(1,130)</u>	<u>8,126</u>	<u>351</u>	<u>7,347</u>	<u>-</u>	<u>7,347</u>
Net Position (Deficit) - October 1	<u>1,517</u>	<u>5,163</u>	<u>11,156</u>	<u>17,836</u>	<u>-</u>	<u>17,836</u>
Net Position (Deficit) - September 30	<u>\$ 387</u>	<u>\$ 13,289</u>	<u>\$ 11,507</u>	<u>\$ 25,183</u>	<u>\$ -</u>	<u>\$ 25,183</u>

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

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	\$ 42,203	\$ 40,828	\$ -	\$ 83,031	\$ -	\$ 83,031
Receipts from Capital Lease	-	-	807	807	(807)	-
Receipts from Other Funds	(2,238)	8,430	-	6,192	-	6,192
Payments for Employee Salaries	(11,812)	(414)	-	(12,226)	-	(12,226)
Payments for Goods and Services	(28,589)	(38,492)	-	(67,081)	807	(66,274)
Other Income	3	42	-	45	-	45
Other Expense	-	(11)	-	(11)	-	(11)
Net Cash Provided by (Used for) Operating Activities	(433)	10,383	807	10,757	-	10,757
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	387	-	-	387	-	387
Transfers In	127	4	-	131	-	131
Transfers Out	(774)	(8)	-	(782)	-	(782)
Net Cash Used for Non-Capital Financing Activities	(260)	(4)	-	(264)	-	(264)
Cash Flows from Capital and Related Financing Activities:						
Financing Activities:						
Payments for Capital Acquisitions	-	1	-	1	-	1
Payments of Principal on Bonds Payable	-	-	(9,805)	(9,805)	-	(9,805)
Payments of Principal on Other Long-Term Obligations	-	(9,805)	-	(9,805)	9,805	-
Payments of Interest	(73)	-	(806)	(879)	-	(879)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(73)	(9,804)	(10,611)	(20,488)	9,805	(10,683)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	(1,243)	(1,243)	-	(1,243)
Principal Received under Capital Lease	-	-	9,805	9,805	(9,805)	-
Receipts of Interest	139	180	7	326	-	326
Net Cash Provided by (Used for) Investing Activities	139	180	8,569	8,888	(9,805)	(917)
Net Increase (Decrease) in Cash and Cash Equivalents	(627)	755	(1,235)	(1,107)	-	(1,107)
Cash and Cash Equivalents - October 1	13,926	25,229	1,279	40,434	-	40,434
Cash and Cash Equivalents - September 30	<u>\$ 13,299</u>	<u>\$ 25,984</u>	<u>\$ 44</u>	<u>\$ 39,327</u>	<u>\$ -</u>	<u>\$ 39,327</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)	\$ (910)	\$ 7,918	\$ 560	\$ 7,568	\$ -	\$ 7,568
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	7	3,522	80	3,609	-	3,609
Other Income	3	42	-	45	-	45
Other Expense	-	(11)	-	(11)	-	(11)
(Increase) Decrease in Accounts Receivable, Net	10	627	167	804	(167)	637
Decrease in Amounts Due from Other Governments	-	90	-	90	-	90
Increase in Amounts Due from Other Funds	(2,633)	(99)	-	(2,732)	-	(2,732)
Increase in Other Assets	-	(6)	-	(6)	-	(6)
Increase (Decrease) in Accounts Payable	(41)	(2,104)	-	(2,145)	167	(1,978)
Increase in Accrued Wages Payable	3,125	405	-	3,530	-	3,530
Decrease in Amounts Due to Other Funds	-	(1)	-	(1)	-	(1)
Increase in Collections Held in Trust	6	-	-	6	-	6
Total Adjustments	477	2,465	247	3,189	-	3,189
Net Cash Provided by (Used for) Operating Activities	<u>\$ (433)</u>	<u>\$ 10,383</u>	<u>\$ 807</u>	<u>\$ 10,757</u>	<u>\$ -</u>	<u>\$ 10,757</u>

The City of Long Beach
The Notes to the Basic Financial Statements
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NOTE 23 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2017, 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	\$ 229
Non-major Governmental funds	19,862
Internal Service Funds	<u>275</u>
Total	<u>\$ 20,366</u>
<u>Business-Type Activities</u>	
Gas Utility	\$ 916
Water	8,879
Tidelands	19,306
Harbor	74,478
Non-major business-type funds	<u>3,335</u>
Total	<u>\$ 106,914</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. User fee and container charges paid by the railroads are used to pay debt service on ACTA financing, to establish and maintain a reserve account, and to pay ACTA's reasonable expenses relating to administration of the rail corridor.

To the extent that the revenues from use and container charges are not sufficient to meet ACTA's obligations, the Harbor and the Port of Los Angeles have agreed to advance the funds necessary to make up the difference. This obligation began after completion of the Corridor project and is limited to 40 percent of the total annual required amount, with the Harbor and the Port of Los Angeles each responsible for one-half of the required amount.

The City of Long Beach
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On May 24, 2016 ACTA issued Series 2016 Bonds to restructured a portion of its debt. This potentially helped reduced the frequency and amount of future Shortfall Advances. Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. Reimbursement could begin as soon as 2018. The most recent Notice date March 24, 2017 indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2018.

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 contributed a total of \$50.8 million to federal and state regulatory agencies, \$39.4 million in fiscal year 1997 and \$11.4 million in fiscal 2006, to secure environmental mitigation credits that would allow the Harbor to complete land fill projects. 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.

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. As of September 30, 2017, the Harbor has utilized a total of \$11.4 million of environmental credits for completed land fill as part of capital projects within the port boundaries to date, of which \$1.8 million incurred in fiscal year 2017. No other environmental credit has been acquired. The existing \$39.4 million or 238 credits will be partially used in completing the Middle Harbor project that is currently underway and estimated to complete in fiscal year 2020; and other remaining credits will be used in future projects.

Pike Public Improvements

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

Pipeline Permit Fee Settlement

In November 2017, the City entered into a settlement agreement which limits the City's ability to collect pipeline permit fees from its associated Water and Sewer Utilities. As part of the settlement, the City will return \$12 million from its General Fund to the Water and Sewer Utilities, allocated at 57 percent and 43 percent respectively, in four equal annual payments of \$3 million beginning in fiscal year 2018. The settlement has resulted in reduced customer rates for the affected utilities.

The City of Long Beach
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NOTE 24 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources

At September 30, 2017, 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 Adjusted Governmental Funds</i>
<i>Deferred Outflows of Resources:</i>					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ 1,339	\$ 1,339
Pension contributions after measurement date	-	-	-	41,270	41,270
CalPERS Difference between actual and expected investment returns	-	-	-	85,502	85,502
CalPERS change in assumptions	-	-	-	138,141	138,141
Change in pension allocation proportion	-	-	-	2,160	2,160
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,412</u>	<u>\$ 268,412</u>
<i>Deferred Inflows of Resources:</i>					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 2,504	\$ 2,504
Unavailable revenue and property taxes	93,236	203,745	296,981	(202,328)	94,653
CalPERS change in assumptions	-	-	-	8,713	8,713
CalPERS difference between actual and expected experience	-	-	-	83,852	83,852
Change in pension allocation proportion	-	-	-	967	967
Total deferred inflows of resources	<u>\$ 93,236</u>	<u>\$ 203,745</u>	<u>\$ 296,981</u>	<u>\$ (106,292)</u>	<u>\$ 190,689</u>



The City of Long Beach
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City of Long Beach
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	\$ 760	\$ -	\$ 1,115	\$ -	\$ -	\$ 1,875
Pension contributions after measurement date	171	1,676	769	845	828	4,289
CalPERS Difference between actual and expected investment returns	283	2,781	1,278	1,403	728	6,473
CalPERS change in assumptions	437	4,288	1,970	2,162	1,123	9,980
Change in pension allocation proportion	-	510	388	111	69	1,078
OPEB contributions after measurement date	-	24	14	5	595	638
OPEB Change in Assumptions	-	300	175	64	7,657	8,196
Total deferred outflows of resources	<u>\$ 1,651</u>	<u>\$ 9,579</u>	<u>\$ 5,709</u>	<u>\$ 4,590</u>	<u>\$ 11,000</u>	<u>\$ 32,529</u>
<i>Deferred Inflows of Resources</i>						
PARS Difference between actual and expected investment returns	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 13
CalPERS difference between actual and expected experience	212	2,087	958	1,053	546	4,856
Change in pension allocation proportion	210	-	18	80	-	308
OPEB difference between actual and expected experience	-	232	133	40	5,816	6,221
Change in OPEB allocation proportion	-	-	-	-	187	187
Total deferred inflows of resources	<u>\$ 422</u>	<u>\$ 2,319</u>	<u>\$ 1,109</u>	<u>\$ 1,173</u>	<u>\$ 6,562</u>	<u>\$ 11,585</u>



The City of Long Beach
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City of Long Beach
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	\$ -	\$ 1,303	\$ 6,439	\$ -	\$ 3,875	\$ -	\$ 11,617
Pension contributions after measurement date	1,848	2,108	2,655	406	6,958	3,590	17,565
CalPERS change in assumptions	4,731	5,395	8,476	1,039	17,811	9,193	46,645
CalPERS Difference between actual and expected investment returns	3,070	3,499	5,286	674	11,554	5,962	30,045
Change in pension allocation proportion	136	298	36	-	1,203	656	2,329
OPEB contributions after measurement date	28	27	16	6	52	39	168
OPEB change in assumptions	333	333	217	71	635	494	2,083
Derivative instrument							
Interest rate swap	11,881	-	-	-	-	-	11,881
Total deferred outflows of resources	<u>\$ 22,027</u>	<u>\$ 12,963</u>	<u>\$ 23,125</u>	<u>\$ 2,196</u>	<u>\$ 42,088</u>	<u>\$ 19,934</u>	<u>\$ 122,333</u>
Deferred Inflows of Resources:							
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ -	\$ 1,997	\$ -	\$ 1,997
CalPERS change in assumptions	-	-	450	-	-	1	451
CalPERS difference between actual and expected experience	2,302	2,624	4,984	505	8,666	4,474	23,555
Change in pension allocation proportion	243	381	769	170	1,766	963	4,292
OPEB difference between actual and expected experience	268	268	152	57	510	369	1,624
Change in OPEB allocation proportion	2	15	67	21	147	85	337
Derivative instrument							
Commodity swap	572,684	-	-	-	-	-	572,684
Total deferred inflows of resources	<u>\$ 575,499</u>	<u>\$ 3,288</u>	<u>\$ 6,422</u>	<u>\$ 753</u>	<u>\$ 13,086</u>	<u>\$ 5,892</u>	<u>\$ 604,940</u>



The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

NOTE 25 - TAX ABATEMENTS

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

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

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

Retail Sales Tax Incentive Program (RSTIP)

The RSTIP was established by the City Council in March 1992, to encourage large-scale retail development, improve retail sales tax productivity, and stimulate private investment in the retail section on the City's economy.

Used as a business retention or attraction tool, the program allows either a developer or end user seeking to complete a commercial project, to request economic incentives from the City. The City undertakes an analysis, including determining if the business has the ability to generate retail sales in excess of \$5 million annually, and if the project has an economic need. When such criteria are met, the City may choose to participate in a sales tax sharing agreement. Generally, the agreements rebate 50% (active agreements range between 50% to 75%) of sales tax revenue generated by the business and received by the City, in excess of the first \$50 thousand or the existing sales tax base, whichever is higher. The agreement would continue for the period of time necessary to offset construction or improvement costs to a new or expanded project, not to exceed 15 years.

During the fiscal year, the City had nine active agreements. Depending on available financial information, the sales tax abatement amounts were derived from payments made during the fiscal year, accrual estimates based on sales tax history, or actual sales tax abatements for the fiscal year. For the year ended September 30, 2017, sales tax abatements totaled \$4.4 million.

Transient Occupancy Tax (TOT) Incentive Agreement

A TOT incentive agreement was authorized by the City Council in June 2007 to assist in the revitalization of the City's south waterfront area, support the City's development of the downtown area, and to promote these areas as a destination for conventions and visitors. TOT is paid through the occupancy of a hotel or other guest room. The tax is collected by the hotel operator from each guest with room payment and subsequently remitted to the City. The City's current TOT rate is 12%.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

The City participates in TOT sharing agreements whereby it will rebate up to 25% of TOT tax revenue generated by the business and received by the City, or \$150 thousand annually plus interest, whichever is lower until the initial amount of financial assistance funded costs associated with site improvements is fully settled.

The program is available for new hotels with desired location, design, operational characteristics, a minimum of 100 rooms, a projected minimum TOT generation of \$500 thousand and an identified financial gap. The amount of TOT to be shared will not exceed 25% of the net incremental growth on the hotel's TOT received by the City. The amount of transient occupancy taxes abated totaled \$193 thousand in fiscal year 2017.

Mills Act Property Tax Incentive Program

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

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

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

For fiscal year 2017, the City had agreements for which re-assessments were completed by the County Assessor's office with a total property tax valuation of \$76.0 million, and an estimated tax abatement of \$84 thousand.

NOTE 26 – SUBSEQUENT EVENTS

City of Long Beach 2017 Tidelands Revenue Bonds

On November 1, 2017, the City issued \$10.2 million Series 2017A Revenue Bonds and \$17.7 million Series 2017B Taxable Revenue Bonds. The Series 2017A Bonds are being issued to (a) pay the costs of certain capital improvements to the Aquarium of the Pacific, and (b) pay a portion of the costs of issuance of the Series 2017 Bonds. The Series 2017B Bonds are being issued to (a) pay or reimburse the costs of certain capital improvements to the Queen Mary, and (b) pay a portion of the costs of issuance of the Series 2017 Bonds. Payment for this debt begins in November 2018 and continues through November 2027.

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>	<u>2017</u>
Total Pension Liability (TPL)			
TPL - beginning	\$2,362,579	\$2,368,500	\$2,431,211
Service cost	37,502	37,306	42,500
Interest in the TPL	171,128	175,727	177,096
Differences between actual and expected experience	(45,118)	(29,800)	(56,898)
Changes in assumptions ²	(40,892)	-	144,164
Benefit payments ³	(116,699)	(120,522)	(125,722)
Net change in TPL	5,921	62,711	181,140
TPL - ending (a)	\$2,368,500	\$2,431,211	\$2,612,351
Plan Fiduciary Net Position			
Plan fiduciary net position - beginning	\$1,881,680	\$1,857,249	\$1,802,786
Net Plan to Plan Resource Movement	-	-	(39)
Contribution - employer	35,136	39,877	45,864
Contribution - employees	17,652	17,959	17,793
Net investment income	41,570	9,355	198,457
Administrative expenses	(2,090)	(1,132)	(2,662)
Benefit payments ³	(116,699)	(120,522)	(125,722)
Net change in fiduciary net position	(24,431)	(54,463)	133,691
Plan fiduciary net position - ending (b)	\$1,857,249	\$1,802,786	\$1,936,477
Net pension liability - ending (a)-(b)	\$ 511,251	\$ 628,425	\$ 675,874
Fiduciary net position as a percentage of the TPL	78.41%	74.15%	74.13%
Covered payroll	\$ 239,867	\$ 250,298	\$ 256,466
NPL as percentage of covered payroll	213.14%	251.07%	263.53%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent.

³ Benefit payments include refunds of employee contributions

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>	<u>2017</u>
Total Pension Liability			
TPL - beginning	\$ 2,209,454	\$ 2,222,223	\$ 2,286,528
Service cost	34,835	34,636	38,622
Interest in the TPL	160,374	165,092	166,486
Differences between actual and expected experience	(38,807)	(27,528)	(61,909)
Changes in assumptions ²	(39,710)	-	139,900
Benefit payments ³	(103,922)	(107,895)	(110,713)
Net change in TPL	12,770	64,305	172,386
TPL - ending (a)	\$ 2,222,224	\$ 2,286,528	\$ 2,458,914
 Plan Fiduciary Net Position			
Plan fiduciary net position - beginning	\$ 1,889,902	\$ 1,866,598	\$ 1,811,258
Net Plan to Plan Resource Movement	-	-	39
Contribution - employer	29,815	32,845	39,371
Contribution - employees	11,737	11,733	12,802
Net investment income	41,167	9,115	198,577
Administrative expenses	(2,101)	(1,138)	(2,674)
Benefit payments ³	(103,922)	(107,895)	(110,713)
Net change in fiduciary net position	(23,304)	(55,340)	137,402
Plan fiduciary net position - ending (b)	\$ 1,866,598	\$ 1,811,258	\$ 1,948,660
Net pension liability - ending (a)-(b)	\$ 355,626	\$ 475,270	\$ 510,254
 Fiduciary net position as a percentage of the TPL	84.00%	79.21%	79.25%
Covered payroll	\$ 155,208	\$ 159,226	\$ 173,037
NPL as percentage of covered payroll	229.13%	298.49%	294.88%

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 7.65 percent to 7.15 percent.

³ Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

The City of Long Beach
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September 30, 2017

Schedule of Contributions
Miscellaneous Plan

As of and for the year ended September 30, 2017 (dollars in thousands)

Last 10 Years¹
(unaudited)

	2015	2016	2017
Actuarially Determined Contribution ²	\$ 35,136	\$ 39,877	\$ 45,864
Contributions in relation to the actuarially determined contribution ³	(35,136)	(39,877)	(45,864)
Contribution deficiency (excess) ⁴	\$ -	\$ -	\$ -
Covered payroll	\$ 239,897	\$ 246,490	\$ 258,248
Contributions as a percentage of covered payroll	14.65%	16.18%	17.76%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017 were from June 30, 2014 public agency valuations.

Valuation Date:	6/30/2014
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2014 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 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 and administrative expenses, including inflation
Retirement Age	Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011
Mortality	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB 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, 2017

Schedule of Contributions
Safety Plan

As of and for the year ended September 30, 2017 (dollars in thousands)

Last 10 Years¹
(unaudited)

	2015	2016	2017
Actuarially Determined Contribution ²	\$ 29,815	\$ 32,845	\$ 39,371
Contributions in relation to the actuarially determined contribution ³	(29,815)	(32,845)	(39,371)
Contribution deficiency (excess) ⁴	\$ -	\$ -	\$ -
Covered payroll	\$155,208	\$159,773	\$177,401
Contributions as a percentage of covered payroll	19.21%	20.56%	22.19%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017 were from June 30, 2014 public agency valuations.

Valuation Date:	6/30/2014
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2014 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 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 and administrative expenses, including inflation
Retirement Age	Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011
Mortality	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Notes

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

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

³Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

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

As of and for the year ended September 30, 2017 (dollars in thousands)

Last 10 years¹
(unaudited)

Total Pension Liability (TPL)	2015	2016	2017
TPL - beginning	\$ 5,108	\$ 5,549	\$ 5,769
Service cost	417	486	479
Interest in the TPL	254	276	282
Differences between actual and expected experience	140	(82)	(208)
Changes in assumptions	-	-	133
Benefit payments, including refunds of employee contributions	(370)	(460)	(636)
Net changes in TPL	441	220	50
TPL - ending (a)	\$ 5,549	\$ 5,769	\$ 5,819
Plan fiduciary net position			
Plan fiduciary net position - beginning	\$ 4,854	\$ 5,418	\$ 5,462
Contribution - employer	331	326	370
Contribution - employees	334	328	310
Net investment income	350	(63)	455
Administrative expenses	(370)	(460)	(636)
Benefit payments, including refunds of employee contributions	(81)	(87)	(91)
Net change in fiduciary net position	564	44	408
Plan fiduciary net position - ending (b)	\$ 5,418	\$ 5,462	\$ 5,870
Net pension liability (Asset) - ending (a)-(b)	\$ 131	\$ 307	\$ (51)
Plan fiduciary net position as a percentage of the TPL	97.64%	94.68%	100.88%
Covered payroll	\$11,340	\$10,560	\$11,136
NPL as a percentage of covered payroll	1.16%	2.91%	-0.46%

Notes to Schedule:

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

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

Schedule of Contributions - PARS Plan

As of and for the year ended September 30, 2017 (dollars in thousands)

Last 10 Years¹
(unaudited)

	2015	2016	2017
Actuarially Determined Contribution	\$ 280	\$ 273	\$ 370
Contributions in relation to the actuarially determined contribution	332	326	370
Contribution deficiency (excess)	\$ (52)	\$ (53)	\$ -
Covered payroll	\$11,340	\$10,560	\$11,136
Contributions as a percentage of covered payroll	2.93%	3.09%	3.32%

Notes to schedule:

Significant Actuarial Assumptions Used in Actuarially Determined Contribution for Fiscal Year 2017

Actuarial Valuation Date:	September 30, 2014
Contribution Policy	Normal Cost plus 1 year amortization of the 9/30/15 UAAL
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar
Amortization Period	1 year
Asset Valuation Method	Market value investment gains and losses spread over 5-year rolling period; not less than 80% nor more than 120% of market value
Future New Entrants	Closed group, no new hires

Notes to Schedule:

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

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2017

Schedule of Changes in Total OPEB Liability and Related Ratios¹

(As of September 30, dollars in thousands)

Last 10 Years²
(unaudited)

	<i>2016</i>	<i>2017</i>
Total OPEB liability - beginning	\$ 42,493	\$ 45,122
Service cost	2,077	2,145
Interest on total OPEB liability	1,655	1,754
Difference between expected and actual experience	-	(8,920)
Changes of assumptions	-	11,093
Benefit payments	(1,103)	(1,254)
Net change in total OPEB liability	2,629	4,818
Total OPEB liability - ending	\$ 45,122	\$ 49,940
Covered payroll	\$ 406,263	\$ 435,649
Total OPEB liability as a percentage of covered payroll	11.1%	11.5%

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.



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ADDITIONAL
FINANCIAL
SECTION

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City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Pooled Cash and Cash Equivalents	\$122,371	\$ 4,068	\$ 59,366	\$ 185,805
Non-Pooled Cash and Cash Equivalents	1,590	28,373	2,156	32,119
Receivables:				
Interest Receivable	9	-	7	16
Accounts Receivable	2,714	-	6	2,720
Due from Other Governments	28,034	-	6,362	34,396
Due from Other Funds	204	617	604	1,425
Allowance for Receivables	(2,943)	-	-	(2,943)
Other Assets	1,121	-	1,492	2,613
Advances to Other Funds	3,810	-	-	3,810
Land Held for Resale	4,232	-	-	4,232
Other Noncurrent Receivables	200,018	-	5,933	205,951
Total Assets	<u>\$361,160</u>	<u>\$ 33,058</u>	<u>\$ 75,926</u>	<u>\$ 470,144</u>
LIABILITIES				
Accounts Payable	\$ 13,080	\$ -	\$ 10,197	\$ 23,277
Accrued Wages and Benefits Payable	1,308	-	284	1,592
Due to Other Governments	4	-	-	4
Due to Other Funds	7,693	-	857	8,550
Unearned Revenues	4,830	-	1,394	6,224
Deposits and Collections Held in Trust	1,304	932	13	2,249
Advances from Other Funds	3,810	-	-	3,810
Total Liabilities	<u>32,029</u>	<u>932</u>	<u>12,745</u>	<u>45,706</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	197,833	-	5,912	203,745
FUND BALANCES				
Nonspendable	1,121	-	1,492	2,613
Restricted	127,994	32,126	19,964	180,084
Committed	1,414	-	-	1,414
Assigned	769	-	35,813	36,582
Total Fund Balance	<u>131,298</u>	<u>32,126</u>	<u>57,269</u>	<u>220,693</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$361,160</u>	<u>\$ 33,058</u>	<u>\$ 75,926</u>	<u>\$ 470,144</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, 2017
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes:				
Property	\$ 5,723	\$ 26,722	\$ 4,159	\$ 36,604
Sales	2,274	-	-	2,274
Other Taxes	11,008	-	-	11,008
Licenses and Permits	6,710	-	1,159	7,869
Use of Money and Property	2,241	832	623	3,696
From Other Agencies	171,669	-	12,405	184,074
Charges for Services	1,670	-	200	1,870
Other Contributions	-	-	194	194
Other	5,550	-	7,519	13,069
Total Revenues	206,845	27,554	26,259	260,658
Expenditures:				
Current:				
Legislative and Legal	4	-	-	4
General Government	2,438	-	24	2,462
Public Safety	21,313	-	-	21,313
Public Health	37,756	-	-	37,756
Community and Cultural	110,516	-	3,688	114,204
Public Works	29,990	-	-	29,990
Total Current Expenditures	202,017	-	3,712	205,729
Capital Improvements	-	-	45,693	45,693
Debt Service:				
Principal	-	20,564	-	20,564
Interest	-	16,156	-	16,156
Debt Administration Fees	-	81	-	81
Total Expenditures	202,017	36,801	49,405	288,223
Excess of Revenues over (under) Expenditures	4,828	(9,247)	(23,146)	(27,565)
Other Financing Sources (Uses):				
Transfers In	2,353	17,592	38,513	58,458
Transfers Out	(3,064)	-	(11,407)	(14,471)
Total Other Financing Sources (Uses)	(711)	17,592	27,106	43,987
Net Change in Fund Balances	4,117	8,345	3,960	16,422
Fund Balances - October 1	127,181	23,781	53,309	204,271
Fund Balances - September 30	\$ 131,298	\$ 32,126	\$ 57,269	\$ 220,693

See accompanying independent auditors' report.

NONMAJOR SPECIAL REVENUE FUNDS

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

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

The Police and Fire Public Safety Oil Production Act Fund accounts for the special tax assessed to oil producers on a per barrel basis and the associated police and fire expenditures that the revenue supports.

The Community Development Grants Fund accounts for U. S. Departments of Housing and Urban Development (HUD), Labor, Education, and others for economic and community development programs. The fund includes activities for neighborhood improvement programs that target low and moderate-income areas of the city, workforce development strategies, business assistance efforts, and support for youth development.

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

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

The Housing 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 receipt and expenditure of gasoline tax funds apportioned under the State Streets and Highways code, as well as other sources, including U.S. Department of Transportation, and Federal Highway Administration Grants, dedicated to street improvements. Expenditures may be made for any street-related purpose on the City's system of streets, including maintenance.

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, 2017
(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	\$ -	\$ 620	\$ 215	\$ 8,536	\$ 303	\$ 10,005
Non-Pooled Cash and Cash Equivalents	-	-	12	1	-	1,545
Receivables:						
Interest Receivable	-	-	-	-	-	-
Accounts Receivable	434	296	29	743	-	-
Due from Other Governments	12,278	-	4,644	7,280	-	372
Due from Other Funds	63	11	-	1	-	-
Allowance for Receivables	-	-	(2,185)	(514)	-	-
Other Assets-Current	-	-	197	-	-	-
Advances to Other Funds	-	-	3,810	-	-	-
Land Held for Resale	-	-	1,076	-	-	-
Other Noncurrent Receivables (net)	-	-	65,022	-	-	-
Total Assets	<u>\$ 12,775</u>	<u>\$ 927</u>	<u>\$ 72,820</u>	<u>\$ 16,047</u>	<u>\$ 303</u>	<u>\$ 11,922</u>
LIABILITIES						
Accounts Payable	\$ 648	\$ -	\$ 1,642	\$ 2,317	\$ 29	\$ 196
Accrued Wages	159	7	223	675	-	129
Due to Other Governments	-	-	-	-	-	4
Due to Other Funds	3,764	3	1,567	2,123	-	55
Unearned Revenues	4,052	290	118	351	-	14
Deposits and Collections Held in Trust	-	-	-	168	10	984
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	<u>8,623</u>	<u>300</u>	<u>3,550</u>	<u>5,634</u>	<u>39</u>	<u>1,382</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	-	-	62,837	-	-	-
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	197	-	-	-
Restricted	3,383	627	6,236	10,413	264	10,540
Committed	-	-	-	-	-	-
Assigned	769	-	-	-	-	-
Total Fund Balances	<u>4,152</u>	<u>627</u>	<u>6,433</u>	<u>10,413</u>	<u>264</u>	<u>10,540</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 12,775</u>	<u>\$ 927</u>	<u>\$ 72,820</u>	<u>\$ 16,047</u>	<u>\$ 303</u>	<u>\$ 11,922</u>

See accompanying independent auditors' report.

Special Revenue					
Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total Special Revenue Funds	
					ASSETS
\$ 37,871	\$ 12,105	\$ 39,576	\$ 13,140	\$ 122,371	Pooled Cash and Cash Equivalents
32	-	-	-	1,590	Non-Pooled Cash and Cash Equivalents
					Receivables:
4	1	4	-	9	Interest Receivable
1	-	-	1,211	2,714	Accounts Receivable
556	2,740	164	-	28,034	Due from Other Governments
-	-	-	129	204	Due from Other Funds
-	-	-	(244)	(2,943)	Allowance for Receivables
1	840	81	2	1,121	Other Assets-Current
-	-	-	-	3,810	Advances to Other Funds
3,156	-	-	-	4,232	Land Held for Resale
133,579	-	-	1,417	200,018	Other Noncurrent Receivables
<u>\$ 175,200</u>	<u>\$ 15,686</u>	<u>\$ 39,825</u>	<u>\$ 15,655</u>	<u>\$ 361,160</u>	Total Assets
					LIABILITIES
\$ 282	\$ 980	\$ 6,583	\$ 403	\$ 13,080	Accounts Payable
22	5	6	82	1,308	Accrued Wages
-	-	-	-	4	Due to Other Governments
10	16	28	127	7,693	Due to Other Funds
-	-	-	5	4,830	Unearned Revenues
26	-	-	116	1,304	Deposits and Collections Held in Trust
3,810	-	-	-	3,810	Advances from Other Funds
<u>4,150</u>	<u>1,001</u>	<u>6,617</u>	<u>733</u>	<u>32,029</u>	Total Liabilities
					DEFERRED INFLOWS OF RESOURCES
133,579	-	-	1,417	197,833	Deferred Inflows
					FUND BALANCES (DEFICIT)
1	840	81	2	1,121	Nonspendable
37,256	13,845	33,127	12,303	127,994	Restricted
214	-	-	1,200	1,414	Committed
-	-	-	-	769	Assigned
<u>37,471</u>	<u>14,685</u>	<u>33,208</u>	<u>13,505</u>	<u>131,298</u>	Total Fund Balances
<u>\$ 175,200</u>	<u>\$ 15,686</u>	<u>\$ 39,825</u>	<u>\$ 15,655</u>	<u>\$ 361,160</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, 2017
(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	\$ -	\$ -	\$ -	\$ 5,723	\$ -	\$ -
Sales	-	-	-	2,274	-	-
Other Taxes	-	3,390	-	-	-	-
Licenses and Permits	-	-	-	3,374	-	-
Use of Money and Property	110	8	667	8	764	71
From Other Agencies	20,755	-	21,900	24,647	-	69,290
Charges for Services	248	-	-	1,408	-	-
Other	939	-	2,291	69	-	593
Total Revenues	<u>22,052</u>	<u>3,398</u>	<u>24,858</u>	<u>37,503</u>	<u>764</u>	<u>69,954</u>
Expenditures:						
Current:						
Legislative and Legal	4	-	-	-	-	-
General Government	1,293	-	81	-	-	6
Public Safety	17,121	4,192	-	-	-	-
Public Health	125	-	-	36,137	-	-
Community and Cultural	3,431	-	23,166	-	460	68,867
Public Works	227	-	-	-	-	-
Total Expenditures	<u>22,201</u>	<u>4,192</u>	<u>23,247</u>	<u>36,137</u>	<u>460</u>	<u>68,873</u>
Excess of Revenues over (under) Expenditures	<u>(149)</u>	<u>(794)</u>	<u>1,611</u>	<u>1,366</u>	<u>304</u>	<u>1,081</u>
Other Financing Sources (Uses)						
Transfers In	623	19	302	647	-	66
Transfers Out	(106)	-	(1,300)	(48)	(1,012)	-
Total Other Financing Sources (Uses)	<u>517</u>	<u>19</u>	<u>(998)</u>	<u>599</u>	<u>(1,012)</u>	<u>66</u>
Net Change in Fund Balances	368	(775)	613	1,965	(708)	1,147
Fund Balances - October 1	3,784	1,402	5,820	8,448	972	9,393
Fund Balances - September 30	<u>\$ 4,152</u>	<u>\$ 627</u>	<u>\$ 6,433</u>	<u>\$ 10,413</u>	<u>\$ 264</u>	<u>\$ 10,540</u>

See accompanying independent auditors' report.

Special Revenue					
Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total Special Revenue Funds	
					Revenues:
\$ -	\$ -	\$ -	\$ -	\$ 5,723	Taxes:
-	-	-	-	2,274	Property
-	-	-	7,618	11,008	Sales
149	-	-	3,187	6,710	Other Taxes
406	24	80	103	2,241	Licenses and Permits
339	12,190	22,548	-	171,669	Use of Money and Property
-	-	-	14	1,670	From Other Agencies
1,496	-	-	162	5,550	Charges for Services
2,390	12,214	22,628	11,084	206,845	Other
					Total Revenues
					Expenditures:
					Current:
-	-	-	-	4	Legislative and Legal
77	-	906	75	2,438	General Government
-	-	-	-	21,313	Public Safety
-	-	-	1,494	37,756	Public Health
6,442	-	(150)	8,300	110,516	Community and Cultural
-	10,910	18,453	400	29,990	Public Works
6,519	10,910	19,209	10,269	202,017	Total Expenditures
					Excess of Revenues Over (Under) Expenditures
(4,129)	1,304	3,419	815	4,828	
					Other Financing Sources (Uses)
565	-	-	131	2,353	Transfers In
(20)	-	(6)	(572)	(3,064)	Transfers Out
545	-	(6)	(441)	(711)	Total Other Financing Sources (Uses)
(3,584)	1,304	3,413	374	4,117	Net Change in Fund Balances
41,055	13,381	29,795	13,131	127,181	Fund Balances - October 1
\$ 37,471	\$ 14,685	\$ 33,208	\$ 13,505	\$ 131,298	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, 2017
 (In Thousands)

	General Grants			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Use of Money and Property	\$ (8)	\$ (4)	\$ 110	\$ 114
From Other Agencies	17,717	29,233	20,755	(8,478)
Charges for Services	(685)	(685)	248	933
Other Revenues	80	1,437	939	(498)
Transfers In	972	1,350	623	(727)
Total Sources	18,076	31,331	22,675	(8,656)
Uses:				
Legislative and Legal	-	-	4	(4)
General Government	2,389	2,692	1,322	1,370
Public Safety	13,603	23,049	17,544	5,505
Public Health	432	1,030	186	844
Community and Cultural	3,816	4,621	3,431	1,190
Public Works	305	519	227	292
Transfers Out	-	-	106	(106)
Total Uses	20,545	31,911	22,820	9,091
Net Change in Budgetary Fund Balance	(2,469)	(580)	(145)	\$ 435
Fund Balances - October 1, GAAP Basis	3,784	3,784	374	
Fund Balances - September 30, Budgetary Basis	\$ 1,315	\$ 3,204	\$ 229	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (145)
Add: Encumbrances	513
Change in Fund Balance - September 30, GAAP Basis	368
Fund Balance, October 1, GAAP Basis	3,784
Fund Balance, September 30, GAAP Basis	\$ 4,152

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

Fund Balance, September 30, GAAP Basis	\$ 4,152
Less: Commitments to Grant Funded Programs	(15,559)
Add: Future Grant Funding	15,541
Total Adjustments	(18)
Budgetary Funds Available - September 30	\$ 4,134

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, 2017
 (In Thousands)

	Police and Fire Public Safety Oil Production Tax			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Other Taxes	\$ 1,593	\$ 1,593	\$ 3,390	\$ 1,797
Use of Money and Property	(41)	(41)	11	52
Transfers In	-	-	19	19
Total Sources	1,552	1,552	3,420	1,868
Uses:				
General Government	400	400	-	400
Public Safety	6,052	6,171	4,192	1,979
Total Uses	6,452	6,571	4,192	2,379
Net Change in Budgetary Fund Balance	(4,900)	(5,019)	(772)	\$ 4,247
Fund Balances - October 1, GAAP Basis	1,402	1,402	1,402	
Fund Balances - September 30, Budgetary Basis	\$ (3,498)	\$ (3,617)	\$ 630	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (772)
Less: Change in Mark-to-Market and Other Adjustments	(3)
Change in Fund Balance - September 30, GAAP Basis	(775)
Fund Balance, October 1, GAAP Basis	1,402
Fund Balance, September 30, GAAP Basis	\$ 627

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

Fund Balance, September 30, GAAP Basis	\$ 627
Budgetary Funds Available - September 30	\$ 627

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, 2017
(In Thousands)

	Community Development Grants			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
Sources:				
Licenses and Permits	\$ (10)	\$ (10)	\$ -	\$ 10
Use of Money and Property	(420)	(420)	667	1,087
From Other Agencies	36,193	41,011	21,900	(19,111)
Charges for Services	(97)	(97)	-	97
Other Revenues	5,742	5,715	2,291	(3,424)
Transfers In	(274)	(44)	302	346
Total Sources	<u>41,134</u>	<u>46,155</u>	<u>25,160</u>	<u>(20,995)</u>
Uses:				
General Government	26,401	26,448	81	26,367
Public Safety	-	(288)	-	(288)
Community and Cultural	19,626	24,914	23,957	957
Public Works	100	102	-	102
Transfers Out	(3,230)	(3,230)	1,300	(4,530)
Total Uses	<u>42,897</u>	<u>47,946</u>	<u>25,338</u>	<u>22,608</u>
Net Change in Budgetary Fund Balance	(1,763)	(1,791)	(178)	<u>\$ 1,613</u>
Fund Balances - October 1, GAAP Basis	<u>5,820</u>	<u>5,820</u>	<u>5,820</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 4,057</u>	<u>\$ 4,029</u>	<u>\$ 5,642</u>	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (178)</u>	
Add: Encumbrances			<u>791</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>613</u>	
Fund Balance, October 1, GAAP Basis			<u>5,820</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 6,433</u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 6,433</u>	
Less: Nonspendable Fund Balance			(197)	
Amounts Restricted by Long-term Advances			(3,810)	
Land Held for Resale			(1,076)	
Commitments to Grant Funded Programs			(20,380)	
Add: Future Grant Funding			<u>19,870</u>	
Total Adjustments			<u>(5,593)</u>	
Budgetary Funds Available - September 30			<u>\$ 840</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, 2017
 (In Thousands)

	Health			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Property Taxes	\$ 5,800	\$ 5,800	\$ 5,723	\$ (77)
Sales Taxes	2,500	2,500	2,274	(226)
Licenses and Permits	3,099	3,099	3,374	275
Use of Money and Property	30	30	8	(22)
From Other Agencies	44,330	47,320	24,647	(22,673)
Charges for Services	1,380	1,317	1,408	91
Other Revenues	3,858	6,329	69	(6,260)
Transfers In	57	(711)	647	1,358
Total Sources	<u>61,054</u>	<u>65,684</u>	<u>38,150</u>	<u>(27,534)</u>
Uses				
Public Health	61,375	66,165	36,137	30,028
Transfers Out	48	48	48	-
Total Uses	<u>61,423</u>	<u>66,213</u>	<u>36,185</u>	<u>30,028</u>
Net Change in Budgetary Fund Balance	(369)	(529)	1,965	<u>\$ 2,494</u>
Fund Balances - October 1, GAAP Basis	<u>8,448</u>	<u>8,448</u>	<u>8,448</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 8,079</u>	<u>\$ 7,919</u>	<u>\$ 10,413</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 1,965</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,965</u>
Fund Balance, October 1, GAAP Basis	<u>8,448</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 10,413</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 10,413</u>
Commitments to Grant Funded Programs	(31,638)
Internal Designations	(108)
Add: Future Grant Funding	<u>30,304</u>
Total Adjustments	<u>(1,442)</u>
Budgetary Funds Available - September 30	<u>\$ 8,971</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, 2017
 (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	\$ 764	\$ 62
Total Sources	702	702	764	62
Uses				
Community and Cultural Transfers Out	831	1,843	460	1,383
	-	(1,012)	1,012	(2,024)
Total Uses	831	831	1,472	(641)
Net Change in Budgetary Fund Balance	(129)	(129)	(708)	\$ (579)
Fund Balances - October 1, GAAP Basis	972	972	972	
Fund Balances - September 30, Budgetary Basis	\$ 843	\$ 843	\$ 264	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (708)
Change in Fund Balance - September 30, GAAP Basis	(708)
Fund Balance, October 1, GAAP Basis	972
Fund Balance, September 30, GAAP Basis	\$ 264

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

Fund Balance, September 30, GAAP Basis	\$ 264
Budgetary Funds Available - September 30	\$ 264

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, 2017
(In Thousands)

	Housing Assistance			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Use of Money and Property	\$ 34	\$ 34	\$ 71	\$ 37
From Other Agencies	69,274	69,930	69,290	(640)
Other Revenues	71	71	593	522
Transfers In	-	66	66	-
Total Sources	<u>69,379</u>	<u>70,101</u>	<u>70,020</u>	<u>(81)</u>
Uses				
General Government	14	14	6	8
Public Health	93	93	-	93
Community and Cultural	69,997	70,052	68,867	1,185
Total Uses	<u>70,104</u>	<u>70,159</u>	<u>68,873</u>	<u>1,286</u>
Net Change in Budgetary Fund Balance	(725)	(58)	1,147	<u>\$ 1,205</u>
Fund Balances - October 1, GAAP Basis	<u>9,393</u>	<u>9,393</u>	<u>9,393</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 8,668</u>	<u>\$ 9,335</u>	<u>\$ 10,540</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 1,147</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,147</u>
Fund Balance, October 1, GAAP Basis	<u>9,393</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 10,540</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 10,540</u>
Less: Commitments to Grant Funded Programs	(511)
Add: Future Grant Funding	<u>572</u>
Total Adjustments	<u>61</u>
Budgetary Funds Available - September 30	<u>\$ 10,601</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, 2017
(In Thousands)

	Housing Development			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Licenses and Permits	\$ 218	\$ 218	\$ 149	\$ (69)
Use of Money and Property	(12)	66	406	340
From Other Agencies	3,141	3,472	339	(3,133)
Other Revenues	81	(42)	1,496	1,538
Transfers In	2,757	1,690	565	(1,125)
Total Sources	6,185	5,404	2,955	(2,449)
Uses				
General Government	21,650	21,721	77	21,644
Community and Cultural	13,518	13,467	6,442	7,025
Transfers Out	1,044	1,044	20	1,024
Total Uses	36,212	36,232	6,539	29,693
Net Change in Budgetary Fund Balance	(30,027)	(30,828)	(3,584)	\$ 27,244
Fund Balances - October 1, GAAP Basis	41,055	41,055	41,055	
Fund Balances - September 30, Budgetary Basis	\$ 11,028	\$ 10,227	\$ 37,471	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (3,584)
Change in Fund Balance - September 30, GAAP Basis	(3,584)
Fund Balance, October 1, GAAP Basis	41,055
Fund Balance, September 30, GAAP Basis	\$ 37,471

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

Fund Balance, September 30, GAAP Basis	\$ 37,471
Less: Nonspendable Fund Balance	(1)
Less: Land Held for Resale	(3,156)
Commitments to Grant Funded Programs	(29,251)
Add: Future Grant Funding	2,471
Total Adjustments	(29,937)
Budgetary Funds Available - September 30	\$ 7,534

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, 2017
 (In Thousands)

	Gasoline Tax			Variance with Final Budget - Favorable (unfavorable)
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	
	<u>Original</u>	<u>Final</u>		
Sources				
Use of Money and Property	\$ 50	\$ 50	\$ 24	\$ (26)
From Other Agencies	<u>25,777</u>	<u>26,677</u>	<u>12,190</u>	<u>(14,487)</u>
Total Sources	<u>25,827</u>	<u>26,727</u>	<u>12,214</u>	<u>(14,513)</u>
Uses				
Public Works	<u>41,180</u>	<u>42,081</u>	<u>12,868</u>	<u>29,213</u>
Total Uses	<u>41,180</u>	<u>42,081</u>	<u>12,868</u>	<u>29,213</u>
Net Change in Budgetary Fund Balance	(15,353)	(15,354)	(654)	<u>\$ 14,700</u>
Fund Balances - October 1, GAAP Basis	<u>13,381</u>	<u>13,381</u>	<u>13,381</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ (1,972)</u>	<u>\$ (1,973)</u>	<u>\$ 12,727</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (654)</u>
Less: Encumbrances	<u>1,958</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,304</u>
Fund Balance, October 1, GAAP Basis	<u>13,381</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 14,685</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 14,685</u>
Less: Nonspendable Fund Balance	(840)
Commitments to Grant Funded Programs	(23,275)
Add: Future Grant Funding	<u>10,683</u>
Total Adjustments	<u>(13,432)</u>
Budgetary Funds Available - September 30	<u>\$ 1,253</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, 2017
 (In Thousands)

	Transportation			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Use of Money and Property	\$ 56	\$ 56	\$ 80	\$ 24
From Other Agencies	21,317	21,317	22,548	1,231
Total Sources	21,373	21,373	22,628	1,255
Uses				
Community and Cultural	82	82	(150)	232
Public Works	38,818	40,648	22,969	17,679
Transfers Out	-	-	6	(6)
Total Uses	38,900	40,730	22,825	17,905
Net Change in Budgetary Fund Balance	(17,527)	(19,357)	(197)	\$ 19,160
Fund Balances - October 1, GAAP Basis	29,795	29,795	29,795	
Fund Balances - September 30, Budgetary Basis	\$ 12,268	\$ 10,438	\$ 29,598	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (197)
Add: Encumbrances	3,610
Change in Fund Balance - September 30, GAAP Basis	3,413
Fund Balance, October 1, GAAP Basis	29,795
Fund Balance, September 30, GAAP Basis	\$ 33,208

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

Fund Balance, September 30, GAAP Basis	\$ 33,208
Less: Nonspendable Fund Balance	(81)
Commitments to Projects	(24,446)
Add: Future Grant Funding	19
Total Adjustments	(24,508)
Budgetary Funds Available - September 30	\$ 8,700

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, 2017
 (In Thousands)

	Other Special Revenue Funds			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Other Taxes	\$ 8,350	\$ 8,350	\$ 7,618	\$ (732)
Licenses and Permits	2,814	2,814	3,187	373
Use of Money and Property	24	24	103	79
From Other Agencies	400	400	-	(400)
Charges for Services	-	-	14	14
Other Revenues	1,565	1,597	162	(1,435)
Transfers In	1,004	1,032	131	(901)
Total Sources	14,157	14,217	11,215	(3,002)
Uses				
General Government	3,002	(36)	75	(111)
Public Safety	353	366	-	366
Public Health	1,625	1,621	1,494	127
Community and Cultural	6,891	9,483	8,300	1,183
Public Works	-	400	400	-
Transfers Out	-	441	572	(131)
Total Uses	11,871	12,275	10,841	1,434
Net Change in Budgetary Fund Balance	2,286	1,942	374	\$ (1,568)
Fund Balances - October 1, GAAP Basis	13,131	13,131	13,131	
Fund Balances - September 30, Budgetary Basis	\$ 15,417	\$ 15,073	\$ 13,505	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 374
Change in Fund Balance - September 30, GAAP Basis	374
Fund Balance, October 1, GAAP Basis	13,131
Fund Balance, September 30, GAAP Basis	\$ 13,505

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

Fund Balance, September 30, GAAP Basis	\$ 13,505
Less: Nonspendable Fund Balance	(2)
Commitments to Projects	(1,561)
Internal Designations	(5,000)
Add: Future Grant Funding	2,096
Total Adjustments	(4,467)
Budgetary Funds Available - September 30	\$ 9,038

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, 2017
 (In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total Debt Service Funds
ASSETS			
Pooled Cash and Cash Equivalents	\$ 4,063	\$ 5	\$ 4,068
Non-Pooled Cash and Cash Equivalents	7,484	20,889	28,373
Due from Other Funds	617	-	617
Total Assets	<u>\$ 12,164</u>	<u>\$ 20,894</u>	<u>\$ 33,058</u>
LIABILITIES			
Deposits and Collections Held in Trust	<u>\$ 932</u>	<u>\$ -</u>	<u>\$ 932</u>
Total Liabilities	<u>932</u>	<u>-</u>	<u>932</u>
FUND BALANCES			
Restricted	<u>11,232</u>	<u>20,894</u>	<u>32,126</u>
Total Fund Balance	<u>11,232</u>	<u>20,894</u>	<u>32,126</u>
Total Liabilities and Fund Balances	<u>\$ 12,164</u>	<u>\$ 20,894</u>	<u>\$ 33,058</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, 2017
 (In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total Debt Service Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 26,722	\$ 26,722
Use of Money and Property	712	120	832
Total Revenues	<u>712</u>	<u>26,842</u>	<u>27,554</u>
Expenditures:			
Debt Service:			
Principal	6,384	14,180	20,564
Interest	3,836	12,320	16,156
Debt Administration Fees	9	72	81
Total Expenditures	<u>10,229</u>	<u>26,572</u>	<u>36,801</u>
Excess of Revenues over (under) Expenditures	<u>(9,517)</u>	<u>270</u>	<u>(9,247)</u>
Other Financing Sources (Uses):			
Transfers In	<u>17,559</u>	<u>33</u>	<u>17,592</u>
Total Other Financing Sources	<u>17,559</u>	<u>33</u>	<u>17,592</u>
Net Change in Fund Balances	8,042	303	8,345
Fund Balances - October 1	<u>3,190</u>	<u>20,591</u>	<u>23,781</u>
Fund Balances - September 30	<u><u>\$ 11,232</u></u>	<u><u>\$ 20,894</u></u>	<u><u>\$ 32,126</u></u>

See accompanying independent auditors' report.

City of Long Beach
 Nonmajor Debt Service Funds
 Schedule of Sources, Uses, and Changes in Funds Available
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended September 30, 2017
 (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	\$ 626	\$ 626	\$ 712	\$ 86
Transfers In	9,731	16,407	17,559	1,152
Total Sources	10,357	17,033	18,271	1,238
Uses:				
Debt Service	10,600	10,229	10,229	-
Total Uses	10,600	10,229	10,229	-
Net Change in Budgetary Fund Balance	(243)	6,804	8,042	\$ 1,238
Fund Balances - October 1, GAAP Basis	3,190	3,190	3,190	
Fund Balances - September 30, Budgetary Basis	\$ 2,947	\$ 9,994	\$ 11,232	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 8,042	
Change in Fund Balance - September 30, GAAP Basis			8,042	
Fund Balance, October 1, GAAP Basis			3,190	
Fund Balance, September 30, GAAP Basis			\$ 11,232	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 11,232	
Less: Internal Designation			(4,288)	
Budgetary Funds Available - September 30			\$ 6,944	

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, 2017
 (In Thousands)

	Successor Agency Debt Service Fund			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Property Taxes	\$ -	\$ -	\$ 26,722	\$ 26,722
Use of Money and Property	-	-	120	120
Transfers In	30,162	30,162	33	(30,129)
Total Sources	<u>30,162</u>	<u>30,162</u>	<u>26,875</u>	<u>(3,287)</u>
Uses:				
Debt Service	28,797	28,797	26,572	2,225
Total Uses	<u>28,797</u>	<u>28,797</u>	<u>26,572</u>	<u>2,225</u>
Net Change in Budgetary Fund Balance	1,365	1,365	303	<u>\$ (1,062)</u>
Fund Balances - October 1, GAAP Basis	<u>20,591</u>	<u>20,591</u>	<u>20,591</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 21,956</u>	<u>\$ 21,956</u>	<u>\$ 20,894</u>	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 303</u>
Change in Fund Balance - September 30, GAAP Basis	<u>303</u>
Fund Balance, October 1, GAAP Basis	<u>20,591</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 20,894</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 20,894</u>
Budgetary Funds Available - September 30	<u>\$ 20,894</u>

See accompanying independent auditors' report.



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NONMAJOR CAPITAL PROJECTS FUND

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

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

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

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

City of Long Beach
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2017
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
ASSETS				
Pooled Cash and Cash Equivalents	\$ 40,708	\$ 1,648	\$ 17,010	\$ 59,366
Non-Pooled Cash and Cash Equivalents	676	688	792	2,156
Receivables:				
Interest Receivable	2	-	5	7
Accounts Receivable	-	-	6	6
Due from Other Governments	6,362	-	-	6,362
Due from Other Funds	604	-	-	604
Other Assets	117	-	1,375	1,492
Other Noncurrent Receivables	-	-	5,933	5,933
Total Assets	<u>\$ 48,469</u>	<u>\$ 2,336</u>	<u>\$ 25,121</u>	<u>\$ 75,926</u>
LIABILITIES				
Accounts Payable	\$ 10,049	\$ 121	\$ 27	\$ 10,197
Accrued Wages and Benefits Payable	281	-	3	284
Due to Other Funds	855	-	2	857
Unearned Revenues	1,352	-	42	1,394
Deposits and Collections Held in Trust	2	-	11	13
Total Liabilities	<u>12,539</u>	<u>121</u>	<u>85</u>	<u>12,745</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	-	-	5,912	5,912
FUND BALANCES				
Nonspendable	117	-	1,375	1,492
Restricted	-	2,215	17,749	19,964
Assigned	35,813	-	-	35,813
Total Fund Balance	<u>35,930</u>	<u>2,215</u>	<u>19,124</u>	<u>57,269</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 48,469</u>	<u>\$ 2,336</u>	<u>\$ 25,121</u>	<u>\$ 75,926</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, 2017
 (In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 4,159	\$ 4,159
Licenses and Permits	1,159	-	-	1,159
Use of Money and Property	93	-	530	623
From Other Agencies	11,468	-	937	12,405
Charges for Services	200	-	-	200
Other Contributions	194	-	-	194
Other	1,028	-	6,491	7,519
Total Revenues	<u>14,142</u>	<u>-</u>	<u>12,117</u>	<u>26,259</u>
Expenditures:				
Current:				
General Government	-	-	24	24
Community and Cultural	1,904	-	1,784	3,688
Total Current Expenditures	<u>1,904</u>	<u>-</u>	<u>1,808</u>	<u>3,712</u>
Capital Improvements	45,461	232	-	45,693
Total Expenditures	<u>47,365</u>	<u>232</u>	<u>1,808</u>	<u>49,405</u>
Excess of Revenues Over (under) Expenditures	<u>(33,223)</u>	<u>(232)</u>	<u>10,309</u>	<u>(23,146)</u>
Other Financing Sources (Uses):				
Transfers In	38,509	-	4	38,513
Transfers Out	(8,600)	-	(2,807)	(11,407)
Total Other Financing Sources (Uses)	<u>29,909</u>	<u>-</u>	<u>(2,803)</u>	<u>27,106</u>
Net Change in Fund Balances	(3,314)	(232)	7,506	3,960
Fund Balances - October 1	<u>39,244</u>	<u>2,447</u>	<u>11,618</u>	<u>53,309</u>
Fund Balances - September 30	<u>\$ 35,930</u>	<u>\$ 2,215</u>	<u>\$ 19,124</u>	<u>\$ 57,269</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, 2017
 (In Thousands)

	General Capital Projects Fund			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Licenses and Permits	\$ 415	\$ 723	\$ 1,159	\$ 436
Use of Money and Property	1,399	1,408	93	(1,315)
From Other Agencies	52,120	57,715	11,468	(46,247)
Charges for Services	(49)	(49)	200	249
Other Contributions	-	-	194	194
Other Revenues	707	2,442	1,028	(1,414)
Transfers In	41,165	46,985	38,509	(8,476)
Total Sources	95,757	109,224	52,651	(56,573)
Uses:				
General Government	22	22	-	22
Public Safety	218	218	74	144
Community and Cultural	2,668	2,668	2,545	123
Capital Improvements	107,111	125,166	57,376	67,790
Transfers Out	332	8,593	8,600	(7)
Total Uses	110,351	136,667	68,595	68,072
Net Change in Budgetary Fund Balance	(14,594)	(27,443)	(15,944)	\$ 11,499
Fund Balances - October 1, GAAP Basis	39,244	39,244	39,244	
Fund Balances - September 30, Budgetary Basis	\$ 24,650	\$ 11,801	\$ 23,300	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (15,944)	
Add: Encumbrances			12,630	
Change in Fund Balance - September 30, GAAP Basis			(3,314)	
Fund Balance, October 1, GAAP Basis			39,244	
Fund Balance, September 30, GAAP Basis			\$ 35,930	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 35,930	
Less: Nonspendable Fund Balance			(117)	
Commitments to Ongoing Projects			(92,405)	
Internal Designation			(300)	
Add: Future Grant Funding			61,334	
Total Adjustments			(31,488)	
Budgetary Funds Available - September 30			\$ 4,442	

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, 2017
 (In Thousands)

	Special Assessment Capital Projects Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ 15	\$ 7	\$ -	\$ (7)
Total Sources	15	7	-	(7)
Uses:				
Capital Improvements	2,224	2,224	232	1,992
Total Uses	2,224	2,224	232	1,992
Net Change in Budgetary Fund Balance	(2,209)	(2,217)	(232)	\$ 1,985
Fund Balances - October 1, GAAP Basis	2,447	2,447	2,447	
Fund Balances - September 30, Budgetary Basis	\$ 238	\$ 230	\$ 2,215	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (232)
Change in Fund Balance - September 30, GAAP Basis	(232)
Fund Balance, October 1, GAAP Basis	2,447
Fund Balance, September 30, GAAP Basis	\$ 2,215

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

Fund Balance, September 30, GAAP Basis	\$ 2,215
Less: Commitments to Ongoing Projects	(1,995)
Add: Future Funding	19
Total Adjustments	(1,976)
Budgetary Funds Available - September 30	\$ 239

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, 2017
 (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	\$ 4,159	\$ (40,070)
Licenses and Permits	15	15	-	(15)
Use of Money and Property	768	768	530	(238)
From Other Agencies	(1)	-	937	937
Other Revenues	281	281	6,491	6,210
Transfers In	13,311	13,315	4	(13,311)
Total Sources	<u>58,603</u>	<u>58,608</u>	<u>12,121</u>	<u>(46,487)</u>
Uses:				
General Government	111	57	24	33
Community and Cultural	76,061	76,119	1,784	74,335
Transfers Out	35,284	35,284	2,807	32,477
Total Uses	<u>111,456</u>	<u>111,460</u>	<u>4,615</u>	<u>106,845</u>
Net Change in Budgetary Fund Balance	(52,853)	(52,852)	7,506	<u>\$ 60,358</u>
Fund Balances - October 1, GAAP Basis	<u>11,618</u>	<u>11,618</u>	<u>11,618</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ (41,235)</u>	<u>\$ (41,234)</u>	<u>\$ 19,124</u>	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ 7,506</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>7,506</u>	
Fund Balance, October 1, GAAP Basis			<u>11,618</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 19,124</u>	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			<u>\$ 19,124</u>	
Less: Nonspendable Fund Balance			(1,375)	
Commitments to Ongoing Projects			(20,964)	
Add: Future Funding			<u>12,379</u>	
Total Adjustments			<u>(9,960)</u>	
Budgetary Funds Available - September 30			<u>\$ 9,164</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 Airport Fund is used to account for the operations, maintenance and facility improvements of the Airport.

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

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

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

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

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Net Position
September 30, 2017
(In Thousands)

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 11,481	\$ 73,594	\$ 39,281	\$ 597	\$ 178,088	\$ 33,779	\$ 336,820
Non-Pooled Cash and Cash Equivalents	8	4,992	46	2	-	-	5,048
Receivables:							
Interest Receivable	-	40	49	-	17	-	106
Accounts Receivable	937	4,200	9,710	370	-	674	15,891
Due from Other Governments	-	1,060	12	-	-	-	1,072
Due from Other Funds	906	2,194	2,767	651	500	682	7,700
Allowance for Receivables	(48)	(94)	(132)	(200)	-	(136)	(610)
Inventory	77	-	-	-	-	-	77
Other Assets - Current	-	59	95	-	-	-	154
Total Current Assets	13,361	86,045	51,828	1,420	178,605	34,999	366,258
Noncurrent Assets:							
Restricted Noncurrent Assets:							
Non-Pooled Investments	-	9,544	11,806	-	-	-	21,350
Noncurrent Receivables							
Advances to Other Funds	-	-	-	-	2,114	-	2,114
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	4,416	26,278	7,003	-	-	-	37,697
Capital Assets Net of Accumulated Depreciation	65,465	207,804	242	-	-	35	273,546
Total Noncurrent Assets	69,881	243,626	19,051	-	2,114	35	334,707
Total Assets	83,242	329,671	70,879	1,420	180,719	35,034	700,965
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows	2,136	4,906	5,147	975	-	6,770	19,934
LIABILITIES							
Current Liabilities Payable from Current Assets:							
Accounts Payable	702	3,228	4,663	78	-	1,154	9,825
Accrued Wages	216	326	459	71	-	458	1,530
Accrued Interest Payable	165	2,174	371	-	-	-	2,710
Due to Other Funds	191	155	196	30	-	470	1,042
Unearned Revenues	-	344	-	-	2,614	3,080	6,038
Collections Held in Trust	-	277	848	-	-	8,472	9,597
Customers Deposits	-	-	-	-	-	6	6
Advances from Developers	105	-	-	-	-	-	105
Compensated Absences	71	695	777	196	-	699	2,438
Bonds Payable Due within One Year	330	2,740	10,330	-	-	-	13,400
Total Current Liabilities	1,780	9,939	17,644	375	2,614	14,339	46,691
Noncurrent Liabilities:							
Unearned Revenues	-	4,679	-	-	-	-	4,679
Compensated Absences	827	1,228	1,849	333	-	1,519	5,756
Bonds Payable	10,624	104,821	11,367	-	-	-	126,812
Net OPEB Liability	332	507	747	135	-	629	2,350
Net Pension Liability	7,385	16,606	17,550	3,377	-	22,101	67,019
Total Noncurrent Liabilities	19,168	127,841	31,513	3,845	-	24,249	206,616
Total Liabilities	20,948	137,780	49,157	4,220	2,614	38,588	253,307
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	841	1,263	1,686	392	-	1,710	5,892
NET POSITION							
Net Investment in Capital Assets	58,927	135,957	(2,553)	-	-	35	192,366
Restricted for:							
Debt Service	302	379	90	-	-	-	771
Capital Projects	-	28,062	-	-	-	-	28,062
Airport	-	8,183	-	-	-	-	8,183
Subsidence	-	-	-	-	178,105	-	178,105
Unrestricted	4,360	22,953	27,646	(2,217)	-	1,471	54,213
Total Net Position	\$ 63,589	\$ 195,534	\$ 25,183	\$ (2,217)	\$ 178,105	\$ 1,506	\$ 461,700

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, 2017
(In Thousands)

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
Operating Revenues:							
Licenses and Permits	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 28,628	\$ 28,633
Fines and Forfeitures	-	13	-	-	-	-	13
Fees, Concessions and Rentals	-	46,297	-	-	-	-	46,297
From Other Agencies	-	325	-	-	-	-	325
Charges for Services	19,949	6	82,803	5,305	-	2,409	110,472
Other	-	37	-	-	-	2	39
Total Operating Revenues	19,949	46,678	82,803	5,310	-	31,039	185,779
Operating Expenses:							
Personnel Services	3,763	12,138	15,756	2,257	-	15,939	49,853
Maintenance and Other Operations	9,225	21,112	55,313	3,200	-	9,327	98,177
Rental Expense	-	-	557	-	-	-	557
Depreciation	2,323	11,055	3,609	-	-	18	17,005
Total Operating Expenses	15,311	44,305	75,235	5,457	-	25,284	165,592
Operating Income (Loss)	4,638	2,373	7,568	(147)	-	5,755	20,187
Non-Operating Income (Expenses):							
Interest Income	95	598	336	6	932	244	2,211
Interest Expense	(335)	(6,964)	(300)	-	-	(162)	(7,761)
Gain (Loss) on Disposition of Capital Assets	(20)	(328)	-	-	-	-	(348)
Operating Grants	-	-	387	-	-	-	387
Other Income	15	2,929	45	-	-	-	2,989
Other Expense	(843)	-	(11)	-	-	-	(854)
Total Non-Operating Income (Expenses)	(1,088)	(3,765)	457	6	932	82	(3,376)
Income Before Contributions	3,550	(1,392)	8,025	(141)	932	5,837	16,811
Capital Grants and Contributions	-	9,871	-	-	-	4	9,875
Transfers:							
Transfers In	-	113	131	26	-	117	387
Transfers Out	-	(31)	(809)	-	-	(442)	(1,282)
Change in Net Position	3,550	8,561	7,347	(115)	932	5,516	25,791
Net Position - October 1	60,039	186,973	17,836	(2,102)	177,173	(4,010)	435,909
Net Position - September 30	\$ 63,589	\$ 195,534	\$ 25,183	\$ (2,217)	\$ 178,105	\$ 1,506	\$ 461,700

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2017
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>	<u>Sewer</u>	<u>Airport</u>	<u>Solid Waste Management</u>	<u>Towing</u>	<u>Subsidence</u>	<u>Development Services</u>	<u>Total Nonmajor Proprietary Funds</u>
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 19,887	\$ 43,878	\$ 83,031	\$ 4,616	\$ -	\$ 32,369	\$ 183,781
Receipts from Other Funds	-	325	6,192	-	-	-	6,517
Payments for Employee Salaries	(3,429)	(9,170)	(12,226)	(1,649)	-	304	(26,170)
Payments for Goods and Services	(4,972)	(21,914)	(66,274)	(2,209)	-	(11,891)	(107,260)
Payments in Lieu of Taxes	(4,731)	-	-	(1,003)	-	-	(5,734)
Other Income	(1,021)	1,844	45	-	-	(9,040)	(8,172)
Other Expense	-	-	(11)	-	-	2	(9)
Net Cash Provided by (Used for) Operating Activities	<u>5,734</u>	<u>14,963</u>	<u>10,757</u>	<u>(245)</u>	<u>-</u>	<u>11,744</u>	<u>42,953</u>
Cash Flows from Non-Capital Financing Activities:							
Operating Grants Received from Other Governments	-	293	387	-	-	-	680
Transfers In	-	113	131	26	-	117	387
Transfers Out	-	(296)	(782)	-	-	(442)	(1,520)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>110</u>	<u>(264)</u>	<u>26</u>	<u>-</u>	<u>(325)</u>	<u>(453)</u>
Cash Flows from Capital and Related Financing Activities:							
Receipt of Capital Grants	-	5,058	-	-	-	4	5,062
Payment of Cost of Issuance	(21)	-	-	-	-	-	(21)
Payments for Capital Acquisitions	(3,948)	(9,817)	1	-	-	1	(13,763)
Payments of Principal on Bonds Payable	(460)	(2,626)	(9,805)	-	-	-	(12,891)
Receipts from Passenger Facility Charges	-	7,178	-	-	-	-	7,178
Payments of Interest, Net of Amounts Capitalized	(269)	(6,640)	(879)	-	-	(162)	(7,950)
Receipt of Federal Subsidy	-	1,122	-	-	-	-	1,122
Net Cash Used for Capital and Related Financing Activities	<u>(4,698)</u>	<u>(5,725)</u>	<u>(10,683)</u>	<u>-</u>	<u>-</u>	<u>(157)</u>	<u>(21,263)</u>
Cash Flows from Investing Activities:							
Proceeds from the Sale of Investments	-	(951)	(1,243)	-	-	-	(2,194)
Receipts of Interest	33	194	326	6	947	245	1,751
Net Cash Provided by (Used for) Investing Activities	<u>33</u>	<u>(757)</u>	<u>(917)</u>	<u>6</u>	<u>947</u>	<u>245</u>	<u>(443)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,069	8,591	(1,107)	(213)	947	11,507	20,794
Cash and Cash Equivalents - October 1	10,420	69,995	40,434	812	177,141	22,272	321,074
Cash and Cash Equivalents - September 30	<u>\$ 11,489</u>	<u>\$ 78,586</u>	<u>\$ 39,327</u>	<u>\$ 599</u>	<u>\$ 178,088</u>	<u>\$ 33,779</u>	<u>\$ 341,868</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 4,638	2,373	\$ 7,568	\$ (147)	\$ -	\$ 5,755	\$ 20,187
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Activities:							
Depreciation and Amortization Expense	2,323	11,055	3,609	-	-	18	17,005
Other Income	(1,021)	1,806	45	-	-	-	830
Other Expense	243	-	(11)	-	-	-	232
(Increase) Decrease in Accounts Receivable, Net	(36)	(273)	637	(43)	-	(468)	(183)
(Increase) Decrease in Amounts Due from Other Governments	-	(1)	90	-	-	-	89
(Increase) in Amounts Due from Other Funds	(26)	(2,194)	(2,732)	(651)	-	(617)	(6,220)
Increase in Inventory	13	-	-	-	-	-	13
Decrease in Other Operating Assets	-	-	(6)	-	-	-	(6)
Increase (Decrease) in Accounts Payable	(292)	(802)	(1,978)	(12)	-	287	(2,797)
Increase in Accrued Wages Payable	91	2,968	3,530	578	-	4,048	11,215
Increase (Decrease) in Amounts Due to Other Funds	(199)	-	(1)	30	-	304	134
Increase (Decrease) in Unearned Revenues	-	(94)	-	-	-	734	640
Increase in Collections Held in Trust	-	125	6	-	-	1,683	1,814
Total Adjustments	1,096	12,590	3,189	(98)	-	5,989	22,766
Net Cash Provided by Operating Activities	<u>\$ 5,734</u>	<u>\$ 14,963</u>	<u>\$ 10,757</u>	<u>\$ (245)</u>	<u>\$ -</u>	<u>\$ 11,744</u>	<u>\$ 42,953</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Amortization of Bond Premium (Discount), Net	\$ -	\$ -	\$ (413)	\$ -	\$ -	\$ -	\$ (413)
Accrued Capital Asset Costs	117	-	-	-	-	-	117

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, 2017
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 2,773	\$ 38,467	\$ 43,053	\$ 58,211	\$ 76,802	\$ 219,306
Non-Pooled Cash and Cash Equivalents	-	240	-	-	-	240
Receivables:						
Interest Receivable	1	1	1	1	7	11
Accounts Receivable	1	1,360	460	1	-	1,822
Due from Other Funds	275	4,675	1,985	4,158	7,140	18,233
Allowance for Receivables	-	-	(103)	-	-	(103)
Deposits	-	-	-	-	7,134	7,134
Inventory	-	-	2,529	-	-	2,529
Total Current Assets	3,050	44,743	47,925	62,371	91,083	249,172
Noncurrent Assets:						
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	121,465	1,013	-	-	-	122,478
Capital Assets Net of Accumulated Depreciation	31,614	10,451	52,585	31	-	94,681
Other Assets-Long-Term	10,765	-	-	-	-	10,765
Total Noncurrent Assets	163,844	11,464	52,585	31	-	227,924
Total Assets	166,894	56,207	100,510	62,402	91,083	477,096
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	1,651	9,579	5,709	4,590	11,000	32,529
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	437	3,808	7,555	1,472	228	13,500
Accrued Wages and Benefits	50	494	332	399	7,917	9,192
Accrued Interest Payable	-	2	152	-	1,193	1,347
Due to Other Funds	22	344	141	245	33,758	34,510
Collections Held in Trust	-	-	-	-	7,960	7,960
Compensated Absences	-	1,282	647	415	32,075	34,419
Accrued Claims - Current	-	-	-	27,679	-	27,679
Environmental Remediation - Current	-	-	212	-	-	212
Obligations under Capital Leases - Current	1,730	893	-	-	-	2,623
Bonds Payable Due within One Year	-	-	773	-	5,815	6,588
Total Current Liabilities	2,239	6,823	9,812	30,210	88,946	138,030
Noncurrent Liabilities:						
Compensated Absences	-	3,716	2,172	481	99,276	105,645
Accrued Self-Insurance Claims	-	-	-	128,441	-	128,441
Environmental Remediation	-	-	2,301	-	-	2,301
Obligations under Capital Lease	18,480	1,071	-	-	-	19,551
Other Long Term Obligations	103,055	-	-	-	-	103,055
Bonds Payable	-	-	23,547	-	19,268	42,815
OPEB Liability	-	1,477	849	248	37,028	39,602
Net Pension Liability	3,186	31,270	14,366	15,773	8,136	72,731
Total Noncurrent Liabilities	124,721	37,534	43,235	144,943	163,708	514,141
Total Liabilities	126,960	44,357	53,047	175,153	252,654	652,171
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	422	2,319	1,109	1,173	6,562	11,585
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	30,575	9,740	29,228	31	-	69,574
Restricted for:						
Insurance	-	-	-	-	18,753	18,753
Unrestricted	10,588	9,370	22,835	(109,365)	(175,886)	(242,458)
Total Net Position (Deficit)	\$ 41,163	\$ 19,110	\$ 52,063	\$(109,334)	\$(157,133)	\$(154,131)

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, 2017
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
Operating Revenues:						
Billing to Other Departments	\$ 9,419	\$ 36,109	\$ 33,955	\$ 42,219	\$ 229,018	\$ 350,720
Other	279	4,466	2,584	-	-	7,329
Total Operating Revenues	9,698	40,575	36,539	42,219	229,018	358,049
Operating Expenses:						
Personnel Services	1,278	19,971	10,936	6,218	9,700	48,103
Maintenance and Other Operations	8,264	22,923	16,012	6,857	2,588	56,644
Insurance Premiums	-	-	-	3,290	-	3,290
Self-Insured Losses	-	-	-	40,970	-	40,970
Compensated Absences	-	-	393	5,182	49,509	55,084
Employee Benefits	-	-	-	-	170,027	170,027
Amortization	80	-	-	-	-	80
Depreciation	2,574	1,269	6,254	5	-	10,102
Total Operating Expenses	12,196	44,163	33,595	62,522	231,824	384,300
Operating Income (Loss)	(2,498)	(3,588)	2,944	(20,303)	(2,806)	(26,251)
Non-Operating Income (Expenses):						
Interest Income	-	14	1	441	198	654
Interest Expense	(942)	(265)	(900)	(183)	(1,758)	(4,048)
Gain on Disposition of Capital Assets	-	-	585	-	-	585
Other Income	16	47	1,531	700	2,191	4,485
Other Expense	-	(1)	(81)	-	(5)	(87)
Total Non-Operating Income (Expenses)	(926)	(205)	1,136	958	626	1,589
Income (Loss) before Contributions and Transfers	(3,424)	(3,793)	4,080	(19,345)	(2,180)	(24,662)
Capital Grants and Contributions	190	1,103	-	-	-	1,293
Transfers:						
Transfers In	1,301	198	90	66	1,367	3,022
Transfers Out	-	(3,908)	(1,233)	(401)	(30,342)	(35,884)
Change in Net Position	(1,933)	(6,400)	2,937	(19,680)	(31,155)	(56,231)
Net Position (Deficit) - October 1	43,096	25,510	49,126	(89,654)	(125,978)	(97,900)
Net Position (Deficit) - September 30	\$ 41,163	\$ 19,110	\$ 52,063	\$ (109,334)	\$ (157,133)	\$ (154,131)

See accompanying independent auditors' report.

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2017
(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	\$ 278	\$ 4,466	\$ 2,254	\$ -	\$ -	\$ 6,998
Receipts from Other Funds	9,146	32,953	31,959	42,219	229,533	345,810
Payments for Employee Salaries	(1,306)	(12,933)	(7,032)	(4,407)	(9,557)	(35,235)
Payments for Goods and Services	(8,832)	(22,363)	(18,077)	(13,916)	(2,682)	(65,870)
Payments for Compensated Absences	-	-	(393)	(11,094)	(59,261)	(70,748)
Payments for Employee Benefits	-	-	-	-	(160,969)	(160,969)
Payments for Liability Claims	-	-	-	(13,891)	-	(13,891)
Payments to Other Entities	-	119	-	-	-	119
Other Income	-	-	40	700	2,191	2,931
Other Expense	-	(1)	-	-	(5)	(6)
Net Cash Provided by (Used for) Operating Activities	(714)	2,241	8,751	(389)	(750)	9,139
Cash Flows from Non-Capital Financing Activities:						
Other Income	16	-	1,450	-	-	1,466
Operating Grants Received from Other Governments	-	47	-	-	-	47
Operating Subsidies Paid to Other Funds	-	(3,908)	(1,233)	(401)	(30,342)	(35,884)
Operating Subsidies Received from Other Funds	1,301	198	90	66	1,367	3,022
Net Cash Provided by (Used for) Non-Capital Financing Activities	1,317	(3,663)	307	(335)	(28,975)	(31,349)
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the Sale of Capital Assets	-	-	592	-	-	592
Receipts of Contributed Capital	190	1,103	-	-	-	1,293
Proceeds from (Payments for) Capital Acquisitions	41,007	(157)	(19,143)	(1)	-	21,706
Payments of Principal on Other Long-Term Obligations	(42,652)	196	(128)	-	(5,530)	(48,114)
Payments of Interest	(942)	(264)	(1,113)	(183)	(2,134)	(4,636)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,397)	878	(19,792)	(184)	(7,664)	(29,159)
Cash Flows from Investing Activities:						
Receipts of Interest	1	14	3	443	204	665
Net Cash Provided by (Used for) Investing Activities	1	14	3	443	204	665
Net Decrease in Cash and Cash Equivalents	(1,793)	(530)	(10,731)	(465)	(37,185)	(50,704)
Cash and Cash Equivalents - October 1	4,566	39,237	53,784	58,676	113,987	270,250
Cash and Cash Equivalents - September 30	\$ 2,773	\$ 38,707	\$ 43,053	\$ 58,211	\$ 76,802	\$ 219,546
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (2,498)	\$ (3,588)	\$ 2,944	\$ (20,303)	\$ (2,806)	\$ (26,251)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	2,654	1,269	6,254	5	-	10,182
Other Income	-	-	-	700	2,191	2,891
Other Expense	-	(1)	-	-	(5)	(6)
(Increase) Decrease in Accounts Receivable, Net	(1)	27	(330)	-	-	(304)
Decrease in Amounts Due from Other Governments	-	-	40	-	-	40
(Increase) Decrease in Amounts Due from Other Funds	(275)	(3,183)	(1,984)	(2,732)	515	(7,659)
Increase in Inventory	-	-	(215)	-	-	(215)
Increase (Decrease) in Accounts Payable	(568)	560	(1,850)	(1,037)	(94)	(2,989)
Increase (Decrease) in Accrued Wages Payable	(28)	7,038	3,904	1,747	(35,199)	(22,538)
Increase (Decrease) in Amounts Due to Other Funds	2	119	(12)	64	33,758	33,931
Increase in Accrued Claims Payable	-	-	-	21,167	-	21,167
Increase in Collections Held in Trust	-	-	-	-	890	890
Total Adjustments	1,784	5,829	5,807	19,914	2,056	35,390
Net Cash Provided by (Used for) Operating Activities	\$ (714)	\$ 2,241	\$ 8,751	\$ (389)	\$ (750)	\$ 9,139
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Amortization of Deferred Outflows on Debt Refunding	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Other Accrued Liabilities	103,055	-	-	-	-	103,055

See accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds, comprised of Private Purpose Trust and Custodial Funds, are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units, private organizations, or individuals.

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

Private Purpose Trust Funds are used to account for trust monies, wherein the principal and interest of the trust can be expended by the City in accordance with the terms of the trust agreement.

The Miller Library and Miller Museum Funds are used to account for bequests from Lorraine Miller Collins. The principal and interest on the trusts are to be used to maintain and purchase materials for the Miller Special Collections room in the City's Main Library.

The Mayor's Fund for the Homeless is used to account for donations from the public for use in assisting the City's homeless population.

City of Long Beach
Combining Statement of Fiduciary Net Position
Custodial Funds
September 30, 2017
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
ASSETS:				
Pooled Cash and Cash Equivalents	\$ 90	\$ 1,683	\$ 1,460	\$ 9,465
Non-pooled Investments	-	-	2,026	-
Non-Pooled Cash and Cash Equivalents	-	-	7,145	-
Property Taxes Receivable, Net	-	-	1	-
Interest Receivable	-	-	4	-
Accounts Receivable	-	-	-	-
Prepaid Expense	-	-	-	-
Land	-	-	-	-
Total Assets	<u>90</u>	<u>1,683</u>	<u>10,636</u>	<u>9,465</u>
LIABILITIES:				
Accounts Payable	90	-	6	-
Collections Held in Trust	-	-	-	-
Total Liabilities	<u>90</u>	<u>-</u>	<u>6</u>	<u>-</u>
NET POSITION:				
Held in Trust for Private Purpose Trust Funds	<u>\$ -</u>	<u>\$ 1,683</u>	<u>\$ 10,630</u>	<u>\$ 9,465</u>

City of Long Beach
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended September 30, 2017
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
ADDITIONS:				
Contributions	\$ -	\$ -	\$ 576	\$ 4,321
Taxes	-	-	2,313	-
Grants	-	-	-	-
Use of Money and Property	-	4	9	16
Miscellaneous Revenue	-	-	-	-
Total Additions	<u>-</u>	<u>4</u>	<u>2,898</u>	<u>4,337</u>
DEDUCTIONS:				
Administrative Expense	-	-	44	-
Payments to Other Governments	-	-	-	4,000
Payments to Bond Holders	-	-	2,606	-
Payments to Others	-	-	-	-
Total Deductions	<u>-</u>	<u>-</u>	<u>2,650</u>	<u>4,000</u>
Change in Net Position	<u>-</u>	<u>4</u>	<u>248</u>	<u>337</u>
Net Position, October 1, as adjusted	<u>-</u>	<u>1,679</u>	<u>10,382</u>	<u>9,128</u>
Net Position, September 30	<u>\$ -</u>	<u>\$ 1,683</u>	<u>\$ 10,630</u>	<u>\$ 9,465</u>

See accompanying independent auditors' report.

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ 765	\$ -	\$ 2,756	\$ 16,219	ASSETS:
-	-	-	2,026	Pooled Cash and Cash Equivalents
-	244	-	7,389	Non-pooled Investments
5	-	28	34	Non-Pooled Cash and Cash Equivalents
-	-	-	4	Property Taxes Receivable
-	199	1,583	1,782	Interest Receivable
-	8	-	8	Accounts Receivable
-	11,000	-	11,000	Prepaid Expense
770	11,451	4,367	38,462	Land
-	-	-	-	Total Assets
-	123	2,308	2,527	LIABILITIES:
-	-	28	28	Accounts Payable
-	123	2,336	2,555	Collections Held in Trust
-	-	-	-	Total Liabilities
\$ 770	\$ 11,328	\$ 2,031	\$ 35,907	NET POSITION:
				Held in Trust for Private Purpose Trust Funds

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ -	\$ 15	\$ -	\$ 4,912	ADDITIONS:
-	-	9,531	11,844	Contributions
-	75	-	75	Taxes
3	53	-	85	Grants
-	46	427	473	Use of Money and Property
3	189	9,958	17,389	Miscellaneous Revenue
-	-	-	44	Total Additions
-	-	424	4,424	DEDUCTIONS:
-	-	-	2,606	Administrative Expense
-	315	9,590	9,905	Payments to Other Governments
-	315	10,014	16,979	Payments to Bond Holders
3	(126)	(56)	410	Payments to Others
767	11,454	2,087	35,497	Total Deductions
\$ 770	\$ 11,328	\$ 2,031	\$ 35,907	Change in Net Position
				Net Position, October 1, as adjusted
				Net Position, September 30

See accompanying independent auditors' report.

City of Long Beach
 Fiduciary Funds
 Private Purpose Trust Funds
 Combining Statement of Net position
 September 30, 2017
 (In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2017</u>
ASSETS			
Pooled Cash and Cash Equivalents	\$ 718	\$ 129	\$ 847
NET POSITION			
Held in Trust for Private Purpose Trust Funds	<u>\$ 718</u>	<u>\$ 129</u>	<u>\$ 847</u>

City of Long Beach
 Fiduciary Funds
 Private Purpose Trust Funds
 Combining Statement of Changes in Net Position
 Fiscal Year Ended September 30, 2017
 (In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2016</u>
Additions:			
Contributions	\$ -	\$ 39	\$ 39
Use of Money and Property	<u>2</u>	<u>-</u>	<u>2</u>
Deductions:			
Administrative Expense	<u>28</u>	<u>-</u>	<u>28</u>
Change in Net Position	(26)	39	13
Net Position, October 1	<u>744</u>	<u>90</u>	<u>834</u>
Net Position, September 30	<u>\$ 718</u>	<u>\$ 129</u>	<u>\$ 847</u>

See accompanying independent auditors' report.

**OTHER
SUPPLEMENTARY
INFORMATION**

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City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2017
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
ASSETS				
Pooled Cash and Cash Equivalents	\$ 74,254	\$ 8,860	\$ -	\$ 83,114
Non-Pooled Cash and Cash Equivalents	6,095	-	-	6,095
Receivables:				
Interest Receivable	9	-	-	9
Property Taxes	93,430	-	-	93,430
Accounts Receivable	36,014	975	-	36,989
Notes and Loans Receivable	1,346	-	-	1,346
Due from Other Governments	31,840	-	-	31,840
Due from Other Funds	7,842	731	(731)	7,842
Allowance for Receivables	(27,264)	-	-	(27,264)
Other Assets	500	-	-	500
Total Assets	<u>\$ 224,066</u>	<u>\$ 10,566</u>	<u>(731)</u>	<u>\$ 233,901</u>
LIABILITIES				
Accounts Payable	\$ 12,999	\$ 212	\$ -	\$ 13,211
Accrued Wages and Benefits Payable	10,604	-	-	10,604
Due to Other Governments	401	-	-	401
Due to Other Funds	6,289	-	(731)	5,558
Unearned Revenues	2,105	-	-	2,105
Deposits and Collections Held in Trust	3,291	-	-	3,291
Advances from Other Funds	2,114	-	-	2,114
Total Liabilities	<u>37,803</u>	<u>212</u>	<u>(731)</u>	<u>37,284</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows (Note 24)	93,236	-	-	93,236
FUND BALANCES				
Nonspendable	500	-	-	500
Restricted	4,469	-	-	4,469
Committed	54,486	10,053	-	64,539
Assigned	31,947	-	-	31,947
Unassigned	1,625	301	-	1,926
Total Fund Balances	<u>93,027</u>	<u>10,354</u>	<u>-</u>	<u>103,381</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 224,066</u>	<u>\$ 10,566</u>	<u>\$ (731)</u>	<u>\$ 233,901</u>

City of Long Beach
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2017
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
Revenues:				
Taxes:				
Property	\$ 155,204	\$ -	\$ -	\$ 155,204
Sales	97,254	-	-	97,254
Utility Users	35,858	-	-	35,858
Other Taxes	35,829	-	-	35,829
Franchise Fees	25,912	-	-	25,912
Licenses and Permits	17,057	-	-	17,057
Fines and Forfeitures	16,184	-	-	16,184
Use of Money and Property	17,943	12,176	-	30,119
From Other Agencies	3,798	-	-	3,798
Charges for Services	31,663	-	-	31,663
Other	6,838	-	-	6,838
Total Revenues	443,540	12,176	-	455,716
Expenditures:				
Legislative and Legal	11,518	-	-	11,518
General Government	20,823	-	-	20,823
Public Safety	332,143	-	-	332,143
Public Health	6,774	-	-	6,774
Community and Cultural	46,781	-	-	46,781
Public Works	43,113	-	-	43,113
Oil Operations	-	2,563	-	2,563
Total Current Expenditures	461,152	2,563	-	463,715
Debt Service:				
Debt Administration Fees	9	-	-	9
Total Expenditures	461,161	2,563	-	463,724
Excess of Revenues over Expenditures	(17,621)	9,613	-	(8,008)
Other Financing Sources (Uses):				
Transfers In	56,087	-	(9,562)	46,525
Transfers Out	(45,682)	(9,600)	9,562	(45,720)
Total Other Financing Sources (Uses)	10,405	(9,600)	-	805
Net Change in Fund Balances	(7,216)	13	-	(7,203)
Fund Balances - October 1	100,243	10,341	-	110,584
Fund Balances - September 30	\$ 93,027	\$ 10,354	\$ -	\$ 103,381

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, 2017
(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	\$ 154,671	\$ -	\$ -	\$ 154,671	\$ 155,204	\$ -	\$ 155,204	\$ 533
Sales Taxes	94,488	-	-	94,488	97,254	-	97,254	2,766
Utility Users Taxes	40,603	-	-	40,603	35,858	-	35,858	(4,745)
Other Taxes	36,648	-	-	36,648	35,829	-	35,829	(819)
Franchise Fees	26,734	-	-	26,734	25,912	-	25,912	(822)
Licenses and Permits	17,063	-	-	17,063	17,057	-	17,057	(6)
Fines and Forfeitures	15,182	-	-	15,182	16,184	-	16,184	1,002
Use of Money and Property	24,945	11,617	-	36,562	18,102	12,176	30,278	(6,284)
From Other Agencies	6,125	-	-	6,125	3,798	-	3,798	(2,327)
Charges for Services	34,696	-	-	34,696	31,663	-	31,663	(3,033)
Other	4,894	-	-	4,894	6,838	-	6,838	1,944
Transfers In	44,951	-	(9,763)	35,188	24,324	-	24,324	(10,864)
Total Sources	501,000	11,617	(9,763)	502,854	468,023	12,176	480,199	(22,655)
Uses:								
Current:								
Legislative and Legal								
Mayor and City Council	5,977	-	-	5,977	5,586	-	5,586	391
City Attorney	2,907	-	-	2,907	2,100	-	2,100	807
City Clerk	3,155	-	-	3,155	3,101	-	3,101	54
General Government								
City Auditor	2,759	-	-	2,759	2,664	-	2,664	95
City Manager	3,661	-	-	3,661	3,574	-	3,574	87
Civil Service	2,827	-	-	2,827	2,605	-	2,605	222
Financial Management	13,192	-	-	13,192	9,698	-	9,698	3,494
Planning and Building	711	-	-	711	681	-	681	30
Public Safety								
Police	215,764	-	-	215,764	209,108	-	209,108	6,656
Fire	86,126	-	-	86,126	84,921	-	84,921	1,205
Disaster Preparedness	12,304	-	-	12,304	11,850	-	11,850	454
City Prosecutor	5,544	-	-	5,544	5,416	-	5,416	128
Planning and Building-Code Enforcement	10	-	-	10	3,601	-	3,601	(3,591)
Police and Fire Annuity	-	-	-	-	1,179	-	1,179	(1,179)
Public Health	6,943	-	-	6,943	6,728	-	6,728	215
Community and Cultural								
Development Services	4,986	-	-	4,986	1,091	-	1,091	3,895
Library	15,653	-	-	15,653	15,572	-	15,572	81
Parks and Recreation	28,724	-	-	28,724	28,386	-	28,386	338
Public Works	42,295	-	-	42,295	41,318	-	41,318	977
Oil Operations	-	2,362	-	2,362	-	2,563	2,563	(201)
Debt Service:	-	-	-	-	9	-	9	(9)
Transfers Out	45,151	9,801	(9,763)	45,189	45,682	38	45,720	(531)
Total Uses	498,689	12,163	(9,763)	501,089	484,870	2,601	487,471	13,618
Net Change in Budgetary Fund Balance:	\$ 2,311	\$ (546)	\$ -	\$ 1,765	\$ (16,847)	\$ 9,575	\$ (7,272)	\$ (9,037)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

	General	Uplands	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ (16,847)	\$ 9,575	\$ (7,272)
Add: Encumbrances	228	-	228
Less: Change in Mark-to-Market and Other Adjustments	(159)	-	(159)
Adjust for: Eliminations	9,562	(9,562)	-
Change in Fund Balance - September 30, GAAP Basis	(7,216)	13	(7,203)
Fund Balance, October 1, GAAP Basis	100,243	10,341	110,584
Fund Balance, September 30, GAAP Basis	\$ 93,027	\$ 10,354	\$ 103,381

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

	General	Uplands	Combined
Fund Balance, September 30, GAAP Basis	\$ 93,027	\$ 10,354	\$ 103,381
Less: Nonspendable Fund Balance	(500)	-	(500)
Restricted for Public Safety	(2,983)	-	(2,983)
Restricted for Operations	(1,486)	-	(1,486)
Committed for Public Safety	(1,000)	-	(1,000)
Committed for Emergencies	(44,486)	-	(44,486)
Committed for Operations	(9,000)	(3,382)	(12,382)
Committed for Oil Field Abandonment	-	(6,671)	(6,671)
Assigned for Future Infrastructure	(25)	-	(25)
Assigned for Subsequent Year's Appropriations	(1,255)	-	(1,255)
Assigned for Unfunded Liabilities	(30,668)	-	(30,668)
Internal Designations	(124)	-	(124)
Total Adjustments	(91,527)	(10,053)	(101,580)
Budgetary Funds Available - September 30	\$ 1,500	\$ 301	\$ 1,801

City of Long Beach
Insurance Fund
Combining Schedule of Net Position
September 30, 2017
(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 33,138	\$ 25,073	\$ 58,211
Receivables:			
Accounts Receivable	1	-	1
Interest Receivable	1	-	1
Due from Other Funds	3,177	981	4,158
Total Current Assets	<u>36,317</u>	<u>26,054</u>	<u>62,371</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets Net of Accumulated Depreciation	18	13	31
Total Noncurrent Assets	<u>18</u>	<u>13</u>	<u>31</u>
Total Assets	<u>36,335</u>	<u>26,067</u>	<u>62,402</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	<u>2,815</u>	<u>1,775</u>	<u>4,590</u>
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	156	1,316	1,472
Accrued Wages and Benefits	289	110	399
Due to Other Funds	198	47	245
Compensated Absences	93	322	415
Accrued Claims - Current	20,234	7,445	27,679
Total Current Liabilities	<u>20,970</u>	<u>9,240</u>	<u>30,210</u>
Noncurrent Liabilities:			
Accrued Self-Insurance Claims	109,515	18,926	128,441
Compensated Absences - REHIP	490	(9)	481
Net OPEB Liability	162	86	248
Net Pension Liability	12,245	3,528	15,773
Total Noncurrent Liabilities	<u>122,412</u>	<u>22,531</u>	<u>144,943</u>
Total Liabilities	<u>143,382</u>	<u>31,771</u>	<u>175,153</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	<u>652</u>	<u>521</u>	<u>1,173</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	18	13	31
Unrestricted	(104,902)	(4,463)	(109,365)
Total Net Position (Deficit)	<u>\$ (104,884)</u>	<u>\$ (4,450)</u>	<u>\$ (109,334)</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, 2017

(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
Operating Revenues:			
Billing to Other Departments	\$ 28,096	\$ 14,123	\$ 42,219
Total Operating Revenues	<u>28,096</u>	<u>14,123</u>	<u>42,219</u>
Operating Expenses:			
Personnel Services	3,401	2,817	6,218
Maintenance and Other Operations	3,436	3,421	6,857
Insurance Premiums	2	3,288	3,290
Self-Insured Losses	28,294	12,676	40,970
Compensated Absences	5,182	-	5,182
Depreciation	4	1	5
Total Operating Expenses	<u>40,319</u>	<u>22,203</u>	<u>62,522</u>
Operating Income (Loss)	<u>(12,223)</u>	<u>(8,080)</u>	<u>(20,303)</u>
Non-Operating Income (Expenses):			
Interest Income	263	178	441
Interest Expense	(183)	-	(183)
Other Income	158	542	700
Total Non-Operating Income	<u>238</u>	<u>720</u>	<u>958</u>
Income (Loss) Before Contributions and Transfers	<u>(11,985)</u>	<u>(7,360)</u>	<u>(19,345)</u>
Transfers:			
Transfers In	66	-	66
Transfers Out	(49)	(352)	(401)
Change in Net Position	<u>(11,968)</u>	<u>(7,712)</u>	<u>(19,680)</u>
Net Position (Deficit) - October 1	<u>(92,916)</u>	<u>3,262</u>	<u>(89,654)</u>
Net Position (Deficit) - September 30	<u><u>\$ (104,884)</u></u>	<u><u>\$ (4,450)</u></u>	<u><u>\$ (109,334)</u></u>

City of Long Beach
Fleet Services Fund
Combining Schedule of Net Position (Deficit)
September 30, 2017
(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	\$ 3,092	\$ 38,589	\$ 155	\$ 1,217	\$ -	\$ 43,053
Receivables:						
Interest Receivable	1	-	-	-	-	1
Accounts Receivable	114	-	-	346	-	460
Due from Other Funds	1,985	-	-	-	-	1,985
Allowance for Receivables	(103)	-	-	-	-	(103)
Inventory	2,529	-	-	-	-	2,529
Total Current Assets	<u>7,618</u>	<u>38,589</u>	<u>155</u>	<u>1,563</u>	<u>-</u>	<u>47,925</u>
Noncurrent Assets:						
Capital Assets:						
Capital Assets Net of Accumulated Depreciation	52,585	-	-	-	-	52,585
Total Noncurrent Assets	<u>52,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,585</u>
Total Assets	<u>60,203</u>	<u>38,589</u>	<u>155</u>	<u>1,563</u>	<u>-</u>	<u>100,510</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	4,513	-	1,196	-	-	5,709
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	986	6,080	-	489	-	7,555
Accrued Wages and Benefits	279	53	-	-	-	332
Accrued Interest Payable	-	-	152	-	-	152
Due to Other Funds	8,872	(8,731)	-	-	-	141
Compensated Absences	647	-	-	-	-	647
Environmental Remediation - Current	184	-	-	28	-	212
Bonds Payable Due Within One Year	773	-	-	-	-	773
Total Current Liabilities	<u>11,741</u>	<u>(2,598)</u>	<u>152</u>	<u>517</u>	<u>-</u>	<u>9,812</u>
Noncurrent Liabilities:						
Environmental Remediation	2,535	-	-	(234)	-	2,301
Unamortized Premium	(294)	-	-	-	-	(294)
Bonds Payable	(773)	-	24,614	-	-	23,841
Compensated Absences - REHIP	2,172	-	-	-	-	2,172
Net OPEB Liability	849	-	-	-	-	849
Net Pension Liability	14,366	-	-	-	-	14,366
Total Noncurrent Liabilities	<u>18,855</u>	<u>-</u>	<u>24,614</u>	<u>(234)</u>	<u>-</u>	<u>43,235</u>
Total Liabilities	<u>30,596</u>	<u>(2,598)</u>	<u>24,766</u>	<u>283</u>	<u>-</u>	<u>53,047</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows	1,109	-	-	-	-	1,109
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	52,798	-	(23,570)	-	-	29,228
Unrestricted	(19,787)	41,187	155	1,280	-	22,835
Total Net Position (Deficit)	<u>\$ 33,011</u>	<u>\$ 41,187</u>	<u>\$ (23,415)</u>	<u>\$ 1,280</u>	<u>\$ -</u>	<u>\$ 52,063</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, 2017
(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	\$ 20,297	\$ 13,258	\$ -	\$ 400	\$ -	\$ 33,955
Other	1,594	990	-	-	-	2,584
Total Operating Revenues	<u>21,891</u>	<u>14,248</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>36,539</u>
Operating Expenses:						
Personnel Services	9,650	1,286	-	-	-	10,936
Maintenance and Other Operations	(6,820)	18,624	-	4,208	-	16,012
Compensated Absences	393	-	-	-	-	393
Depreciation	6,254	-	-	-	-	6,254
Total Operating Expenses	<u>9,477</u>	<u>19,910</u>	<u>-</u>	<u>4,208</u>	<u>-</u>	<u>33,595</u>
Operating Income (Loss)	<u>12,414</u>	<u>(5,662)</u>	<u>-</u>	<u>(3,808)</u>	<u>-</u>	<u>2,944</u>
Non-Operating Income (Expenses):						
Interest Income	-	-	1	-	-	1
Interest Expense	(900)	-	-	-	-	(900)
Gain (Loss) on Disposition of Capital Assets	(7)	592	-	-	-	585
Other Income	330	125	-	1,076	-	1,531
Other Expense	(81)	-	-	-	-	(81)
Total Non-Operating Income (Expenses)	<u>(658)</u>	<u>717</u>	<u>1</u>	<u>1,076</u>	<u>-</u>	<u>1,136</u>
Income (Loss) Before Contributions and Transfers	<u>11,756</u>	<u>(4,945)</u>	<u>1</u>	<u>(2,732)</u>	<u>-</u>	<u>4,080</u>
Transfers:						
Transfers In	(7,085)	4,238	-	2,937	-	90
Transfers Out	(1,233)	-	-	-	-	(1,233)
Change in Net Position	3,438	(707)	1	205	-	2,937
Net Position (Deficit) - October 1	<u>29,573</u>	<u>41,894</u>	<u>(23,416)</u>	<u>1,075</u>	<u>-</u>	<u>49,126</u>
Net Position (Deficit) - September 30	<u>\$ 33,011</u>	<u>\$ 41,187</u>	<u>\$(23,415)</u>	<u>\$ 1,280</u>	<u>\$ -</u>	<u>\$ 52,063</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 the following pages (in thousands) as of September 30, 2017:

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Consolidated Schedule of Net Position
September 30, 2017
(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	\$125,894	\$16,938	\$ 133	\$ 6,085	\$149,050	\$ -	\$ 149,050
Non-Pooled Cash and Cash Equivalents	12,861	19,955	-	20	32,836	-	32,836
Receivables:							
Interest Receivable	46	32	-	-	78	-	78
Accounts Receivable	3,030	394	1,711	165	5,300	-	5,300
Due from Other Governments	43	-	-	-	43	-	43
Due from Other Funds	30,577	2,538	-	-	33,115	(4,480)	28,635
Allowance for Receivables	(7)	(398)	-	(17)	(422)	-	(422)
Total Current Assets	<u>172,444</u>	<u>39,459</u>	<u>1,844</u>	<u>6,253</u>	<u>220,000</u>	<u>(4,480)</u>	<u>215,520</u>
Noncurrent Assets:							
Non-Pooled Investments	8,353	8,028	-	-	16,381	-	16,381
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	52,716	2,833	-	11,110	66,659	-	66,659
Capital Assets Net of Accumulated Depreciation	<u>142,962</u>	<u>117,456</u>	<u>8,338</u>	<u>39,730</u>	<u>308,486</u>	<u>-</u>	<u>308,486</u>
Total Noncurrent Assets	<u>204,031</u>	<u>128,317</u>	<u>8,338</u>	<u>50,840</u>	<u>391,526</u>	<u>-</u>	<u>391,526</u>
Total Assets	<u>376,475</u>	<u>167,776</u>	<u>10,182</u>	<u>57,093</u>	<u>611,526</u>	<u>(4,480)</u>	<u>607,046</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows	<u>17,795</u>	<u>4,669</u>	<u>-</u>	<u>661</u>	<u>23,125</u>	<u>-</u>	<u>23,125</u>
LIABILITIES							
Current Liabilities payable from Current Assets:							
Accounts Payable	5,119	3,417	3,625	493	12,654	-	12,654
Accrued Wages	557	269	-	39	865	-	865
Accrued Interest Payable	1,681	2,113	-	130	3,924	-	3,924
Due to Other Funds	248	115	3,536	961	4,860	4,480	380
Unearned Revenues	224	1,678	25	25	1,952	-	1,952
Collections Held in Trust	110	50	25	-	185	-	185
Compensated Absences	621	602	-	-	1,223	-	1,223
Obligations under Capital Leases - Current	34	-	-	-	34	-	34
Bonds Payable Due Within One Year	4,235	1,250	-	2,415	7,900	-	7,900
Other Long Term Obligation - Current	2	-	-	24	26	-	26
Total Current Liabilities	<u>12,831</u>	<u>9,494</u>	<u>7,211</u>	<u>4,087</u>	<u>33,623</u>	<u>4,480</u>	<u>29,143</u>
Noncurrent Liabilities:							
Advances from Other Funds	1,300	-	-	-	1,300	-	1,300
Unearned Revenues	4,663	-	-	-	4,663	-	4,663
Compensated Absences	1,318	878	-	-	2,196	-	2,196
Obligations under Capital Leases	336	-	-	-	336	-	336
Other Long Term Obligations	3	-	-	388	391	-	391
Bonds Payable	84,741	119,524	-	15,846	220,111	-	220,111
Net OPEB Liability	592	373	-	-	965	-	965
Net Pension Liability	<u>33,086</u>	<u>15,290</u>	<u>-</u>	<u>1,934</u>	<u>50,310</u>	<u>-</u>	<u>50,310</u>
Total Noncurrent Liabilities	<u>126,039</u>	<u>136,065</u>	<u>-</u>	<u>18,168</u>	<u>280,272</u>	<u>-</u>	<u>280,272</u>
Total Liabilities	<u>138,870</u>	<u>145,559</u>	<u>7,211</u>	<u>22,255</u>	<u>313,895</u>	<u>4,480</u>	<u>309,415</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows	<u>4,710</u>	<u>1,548</u>	<u>-</u>	<u>164</u>	<u>6,422</u>	<u>-</u>	<u>6,422</u>
NET POSITION							
Net Investment in Capital Assets	120,067	24,523	8,337	32,257	185,184	-	185,184
Restricted for:							
Debt Service	8,411	127	-	-	8,538	-	8,538
Capital Projects	-	-	-	163	163	-	163
Tidelands	12,803	2,079	-	-	14,882	-	14,882
Unrestricted	<u>109,409</u>	<u>(1,391)</u>	<u>(5,366)</u>	<u>2,915</u>	<u>105,567</u>	<u>-</u>	<u>105,567</u>
Total Net Position	<u>\$250,690</u>	<u>\$25,338</u>	<u>\$ 2,971</u>	<u>\$35,335</u>	<u>\$314,334</u>	<u>\$ -</u>	<u>\$ 314,334</u>

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, 2017
(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Total
Operating Revenues:							
Licenses and Permits	\$ 184	\$ -	\$ -	\$ 122	\$ 306	\$ -	\$ 306
Fines and Forfeitures	213	-	-	-	213	-	213
Fees, Concessions, and Rentals	8,585	21,786	2,524	12,927	45,822	2,285	43,537
From Other Agencies	-	127	-	-	127	-	127
Charges for Services	31,505	113	-	-	31,618	-	31,618
Other	478	24	-	1	503	-	503
Total Revenues	<u>40,965</u>	<u>22,050</u>	<u>2,524</u>	<u>13,050</u>	<u>78,589</u>	<u>2,285</u>	<u>76,304</u>
Operating Expenses:							
Personnel Services	21,089	8,567	-	1,358	31,014	-	31,014
Maintenance and Other Operations	37,620	5,408	14,574	10,445	68,047	(2,285)	65,762
Amortization	485	-	-	15	500	-	500
Depreciation	9,989	5,825	419	3,706	19,939	-	19,939
Total Operating Expenses	<u>69,183</u>	<u>19,800</u>	<u>14,993</u>	<u>15,524</u>	<u>119,500</u>	<u>(2,285)</u>	<u>117,215</u>
Operating Income (Loss)	<u>(28,218)</u>	<u>2,250</u>	<u>(12,469)</u>	<u>(2,474)</u>	<u>(40,911)</u>	<u>-</u>	<u>(40,911)</u>
Non-Operating Income (Expense):							
Interest Income	2,208	272	16	62	2,558	-	2,558
Interest Expense	(2,747)	(4,526)	-	(277)	(7,550)	-	(7,550)
Operating Grants	589	-	-	-	589	-	589
Other Income	48	-	-	-	48	-	48
Other Expense	-	(11)	-	(2)	(13)	-	(13)
Total Non-Operating Income (Expense)	<u>98</u>	<u>(4,265)</u>	<u>16</u>	<u>(217)</u>	<u>(4,368)</u>	<u>-</u>	<u>(4,368)</u>
Income (Loss) before Contributions and Transfers	<u>(28,120)</u>	<u>(2,015)</u>	<u>(12,453)</u>	<u>(2,691)</u>	<u>(45,279)</u>	<u>-</u>	<u>(45,279)</u>
Transfers:							
Transfers In	35,823	97	4,115	3,312	43,347	8,359	34,988
Transfers Out	<u>(7,415)</u>	<u>(13)</u>	<u>-</u>	<u>(944)</u>	<u>(8,372)</u>	<u>(8,359)</u>	<u>(13)</u>
Change in Net Position	<u>288</u>	<u>(1,931)</u>	<u>(8,338)</u>	<u>(323)</u>	<u>(10,304)</u>	<u>-</u>	<u>(10,304)</u>
Net Position, October 1	<u>250,402</u>	<u>27,269</u>	<u>11,309</u>	<u>35,658</u>	<u>324,638</u>	<u>-</u>	<u>324,638</u>
Net Position, September 30	<u>\$250,690</u>	<u>\$ 25,338</u>	<u>\$ 2,971</u>	<u>\$ 35,335</u>	<u>\$314,334</u>	<u>\$ -</u>	<u>\$ 314,334</u>

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area
Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2017
(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	\$ 16,550	\$ 19,347	\$ 1,054	\$ 13,034	\$ -	\$ 49,985
Receipts from Other Funds	14,568	-	-	-	-	14,568
Receipts from Other Governments	563	138	-	-	-	701
Payments for Employee Salaries	(17,182)	(6,232)	-	(1,263)	-	(24,677)
Payments for Goods and Services	(36,928)	(3,878)	(11,118)	(9,600)	-	(61,524)
Other Income	526	24	-	1	-	551
Other Expense	-	(11)	-	(2)	-	(13)
Net Cash Provided by (Used for) Operating Activities	(21,903)	9,388	(10,064)	2,170	-	(20,409)
Cash Flows from Non-Capital Financing Activities:						
Transfers In	35,823	97	4,115	3,317	8,359	51,711
Transfers Out	(7,509)	(18)	3,536	(944)	(8,359)	(13,294)
Net Cash Provided by Non-Capital Financing Activities	28,314	79	7,651	2,373	-	38,417
Cash Flows from Capital and Related Financing Activities:						
Changes Related to Capital Acquisitions	(14,730)	(11,946)	-	(72)	-	(26,748)
Payments of Principal on Bonds Payable	(4,070)	-	-	(2,860)	-	(6,930)
Payments of Principal on Other Long-Term Obligations	(2)	-	-	(23)	-	(25)
Payments of Interest, Net of Amounts Capitalized	(5,021)	(5,700)	-	(856)	-	(11,577)
Net Cash Used for Capital and Related Financing Activities	(23,823)	(17,646)	-	(3,811)	-	(45,280)
Cash Flows from Investing Activities:						
Payments for Investments	(837)	(823)	-	-	-	(1,660)
Payments of Interest, Net of Amounts Capitalized	2,210	265	16	62	-	2,553
Net Cash Provided by (Used for) Investing Activities	1,373	(558)	16	62	-	893
Net Increase (Decrease) in Cash and Cash Equivalents	(16,039)	(8,737)	(2,397)	794	-	(26,379)
Cash and Cash Equivalents - October 1	154,794	45,630	2,530	5,311	-	208,265
Cash and Cash Equivalents - September 30	\$ 138,755	\$ 36,893	\$ 133	\$ 6,105	\$ -	\$ 181,886
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Total
Operating Income (Loss)	\$ (28,218)	\$ 2,250	\$ (12,469)	\$ (2,474)	\$ -	\$ (40,911)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	10,474	5,825	419	3,721	-	20,439
Other Income	637	-	-	1	-	638
Other Expense	-	(11)	-	(2)	-	(13)
(Increase) Decrease in Accounts Receivable, Net	1,108	17	(1,570)	38	-	(407)
(Increase) Decrease in Amounts Due from Other Funds	(10,411)	(2,538)	75	-	-	(12,874)
(Increase) Decrease in Amounts Due from Other Governments	(26)	11	-	-	-	(15)
Increase in Other Operating Assets	-	-	-	37	-	37
Increase in Accounts Payable	692	1,530	3,456	808	-	6,486
Increase in Accrued Wages Payable	3,907	2,335	-	95	-	6,337
Decrease in Unearned Revenues	(79)	(31)	-	-	-	(110)
Increase (Decrease) in Collections Held in Trust	13	-	25	(54)	-	(16)
Total Adjustments	6,315	7,138	2,405	4,644	-	20,502
Net Cash Provided by (Used for) Operating Activities	\$ (21,903)	\$ 9,388	\$ (10,064)	\$ 2,170	\$ -	\$ (20,409)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Amortization of Deferred Outflows on Debt Refunding	\$ 485	\$ -	\$ -	\$ -	\$ -	\$ 485
Amortization of Bond (Premium) Discount, Net	(833)	(257)	-	-	-	(1,090)



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

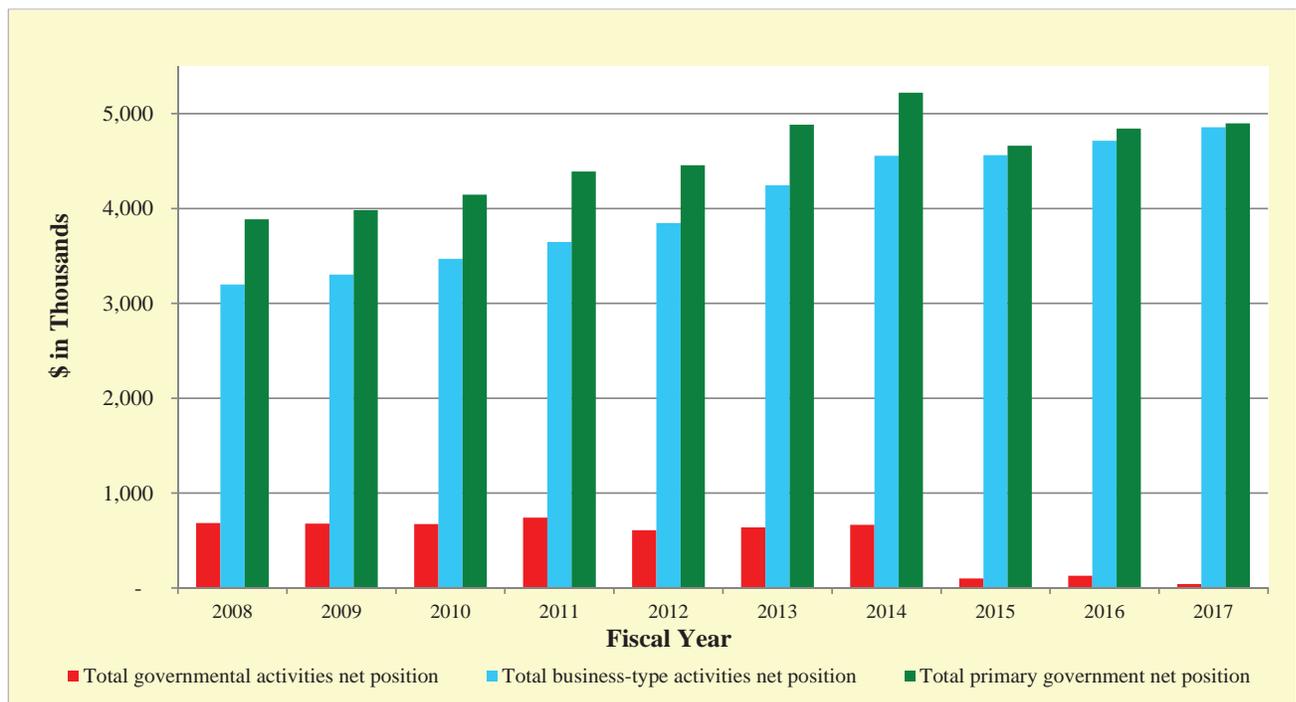


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City of Long Beach
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net Investment in capital assets	\$ 217,866	\$ 203,709	\$ 170,432	\$ 215,317	\$ 237,998	\$ 242,105	\$ 245,780	\$ 344,839	\$ 346,224	\$ -
Restricted	285,937	289,658	346,412	631,729	470,723	458,167	473,181	351,055	393,588	2,039,435
Unrestricted	182,007	185,296	157,316	(104,327)	(100,337)	(61,528)	(53,167)	(595,857)	(610,409)	-
Total governmental activities net position	685,810	678,663	674,160	742,719	608,384	638,744	665,794	100,037	129,403	2,039,435
Business-type activities:										
Net Investment in capital assets	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	359,364	367,477	603,007	289,999	289,864	297,694	439,163	494,526	323,827	3,522,204
Unrestricted	964,333	982,105	683,114	809,277	787,926	399,890	418,151	237,808	160,569	-
Total business-type activities net position	3,199,608	3,304,147	3,470,971	3,646,881	3,847,251	4,244,694	4,555,761	4,562,113	4,713,880	3,522,204
Primary government										
Net Investment in capital assets	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	645,301	657,135	949,419	921,728	760,587	755,861	912,344	845,581	717,415	5,561,639
Unrestricted	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	\$ 3,885,418	\$ 3,982,810	\$ 4,145,131	\$ 4,389,600	\$ 4,455,635	\$ 4,883,438	\$ 5,221,555	\$ 4,662,150	\$ 4,843,283	\$ 5,561,639

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 13,210	\$ 12,866	\$ 11,527	\$ 10,106	\$ 10,998	\$ 10,957	\$ 12,001	\$ 10,632	\$ 11,814	\$ 13,343
General Government	16,871	16,292	19,792	22,653	22,128	23,342	21,378	22,400	23,869	29,718
Public Safety	294,916	302,025	291,399	284,986	290,542	303,872	296,817	307,116	344,358	402,361
Public Health	48,330	47,134	44,731	44,428	42,712	41,966	41,877	43,710	46,150	49,688
Community and Cultural	227,274	227,772	258,512	193,886	331,170	173,239	153,206	165,501	155,792	173,637
Public Works	83,232	95,354	91,375	89,942	92,058	102,979	114,303	104,744	103,772	123,268
Oil Operations	8,630	8,004	6,923	7,318	9,256	7,101	4,869	3,961	6,466	9,694
Interest on Long-Term Debt	38,418	35,831	32,744	35,273	28,492	26,941	24,945	22,738	19,104	19,120
Total Governmental Activities Expenses	730,881	745,278	757,003	688,592	827,356	690,397	669,396	680,802	711,325	820,829
Business-type Activities:										
Gas	137,263	90,364	77,531	84,003	77,157	82,693	80,651	68,414	66,896	80,680
Water	70,571	76,895	71,442	82,050	81,377	89,767	93,297	102,501	93,959	96,082
Tidelands	123,258	124,711	117,071	124,830	100,602	96,881	111,074	121,547	107,313	126,123
Tideland Oil Revenue	486,759	178,636	276,850	393,317	390,602	362,144	327,087	81,565	70,949	93,200
Harbor	242,822	225,991	218,262	217,335	193,773	195,335	233,410	236,186	307,546	298,756
Non-major Enterprise Funds	136,140	136,465	132,917	144,018	144,677	150,188	156,466	157,368	162,678	176,446
Total Business-Type Activities Expenses	1,196,813	833,062	894,073	1,045,553	988,188	977,008	1,001,985	767,581	809,341	871,287
Total Primary Government Expenses	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	1,692,116
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	801	264	862	104	714	61	163	224	1,804	52
General Government	14,049	14,679	14,968	16,501	17,521	16,093	16,459	16,545	17,955	17,981
Public Safety	42,516	37,078	40,072	35,110	34,617	32,371	34,659	38,961	38,050	34,995
Public Health	7,599	9,644	8,422	8,725	9,538	11,856	8,498	8,178	7,284	8,052
Community and Cultural	28,905	26,322	26,186	20,825	13,978	14,656	12,168	15,084	17,051	25,801
Public Works	19,382	25,803	25,985	21,072	26,876	25,011	25,963	25,246	27,949	29,875
Oil Operations	32,956	19,011	25,556	31,552	39,156	39,869	36,942	19,414	10,900	12,176
Operating Grants and Contributions	172,478	172,281	185,899	198,198	175,647	171,937	183,789	164,621	170,614	176,643
Capital Grants and Contributions	7,424	3,595	10,395	7,588	6,147	10,778	8,530	3,780	2,085	12,286
Total Governmental Activities Program Revenues	\$ 326,110	\$ 308,677	\$ 338,345	\$ 339,675	\$ 324,194	\$ 322,632	\$ 327,171	\$ 292,053	\$ 293,692	\$ 317,861

(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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type activities:										
Charges for Services:										
Gas	\$ 123,580	\$ 113,910	\$ 80,605	\$ 88,240	\$ 83,633	\$ 87,141	\$ 82,293	\$ 77,398	\$ 79,826	\$ 97,033
Water	72,527	81,380	87,151	88,576	87,073	93,036	101,345	101,158	98,677	100,761
Tidelands	81,511	83,245	82,948	83,018	56,726	59,929	64,318	67,894	67,205	76,352
Tideland Oil Revenue	522,956	143,336	295,680	449,819	452,863	397,301	362,783	99,401	53,630	81,989
Harbor	382,119	336,930	341,744	345,389	333,887	346,244	362,752	363,309	363,343	388,834
Non-major Enterprise Funds	142,139	143,751	141,803	150,318	160,226	164,661	166,829	160,799	162,298	188,768
Operating Grants and Contributions	1,241	1,213	597	2,723	1,413	1,105	921	753	758	976
Capital Grants and Contributions	14,984	25,210	32,001	26,406	26,552	259,188	182,021	140,618	150,510	83,681
Total Business-Type Activities										
Program Revenues	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	1,018,394
Total Primary Government										
Program Revenues	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	1,336,255
Net Revenues (expenses):										
Governmental Activities	(404,771)	(436,601)	(418,658)	(348,917)	(503,162)	(367,765)	(342,225)	(388,749)	(417,633)	(502,968)
Business-Type Activities	144,244	95,913	168,456	188,936	214,185	431,597	321,277	243,749	166,906	147,107
Total Net Expenses	(260,527)	(340,688)	(250,202)	(159,981)	(288,977)	63,832	(20,948)	(145,000)	(250,727)	(355,861)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	173,184	196,402	180,262	218,570	179,746	203,770	183,719	180,989	200,766	191,514
Sales	55,261	51,585	53,144	60,159	60,414	63,443	59,097	64,177	67,658	99,528
Utility Users	41,028	39,901	39,240	38,739	37,097	38,026	38,691	38,419	37,079	35,858
Other	73,715	61,250	62,889	43,254	43,360	46,446	41,504	45,517	47,746	46,837
Franchise Fees	-	-	-	24,184	23,143	25,243	26,175	25,915	24,911	25,912
Grants and Contributions not										
Restricted to Specific Programs	46,330	48,364	46,058	-	-	150	-	-	-	-
Unrestricted Investment Earnings	24,357	14,712	7,837	10,291	4,349	3,417	3,688	6,061	13,182	3,581
Gain (Loss) on Sales of Capital Assets	(49)	(1,024)	8,539	-	-	-	-	-	-	-
Capital Asset Transfers	(1,142)	(1,337)	(101)	1,266	5,090	4,786	2,365	-	-	-
Transfers	13,462	19,601	16,287	21,601	15,628	21,490	14,210	21,661	16,855	11,930
Total Governmental Activities	426,146	429,454	414,155	418,064	368,827	406,771	369,449	382,739	408,197	415,160
Business-type Activities:										
Unrestricted Investment Earnings	47,512	26,890	14,554	9,253	6,903	5,557	6,365	8,887	10,802	7,714
Capital Asset Transfers	1,142	1,337	101	(1,266)	(5,090)	(4,786)	(2,365)	-	-	-
Transfers	(13,462)	(19,601)	(16,287)	(21,601)	(15,628)	(21,490)	(14,210)	(21,661)	(16,855)	(11,930)
Total Business-type Activities	35,192	8,626	(1,632)	(13,614)	(13,815)	(20,719)	(10,210)	(12,774)	(6,053)	(4,216)
Total Primary Government	461,338	438,080	412,523	404,450	355,012	386,052	359,239	369,965	402,144	410,944
Change in Net Position										
Government activities	21,375	(7,147)	(4,503)	69,147	(134,335)	39,006	27,224	(6,010)	(9,436)	(87,808)
Business-type Activities	179,436	104,539	166,824	175,322	200,370	410,878	311,067	230,975	160,853	142,891
Total Primary Government	\$ 200,811	\$ 97,392	\$ 162,321	\$ 244,469	\$ 66,035	\$ 449,884	\$ 338,291	\$ 224,965	\$ 151,417	\$ 55,083

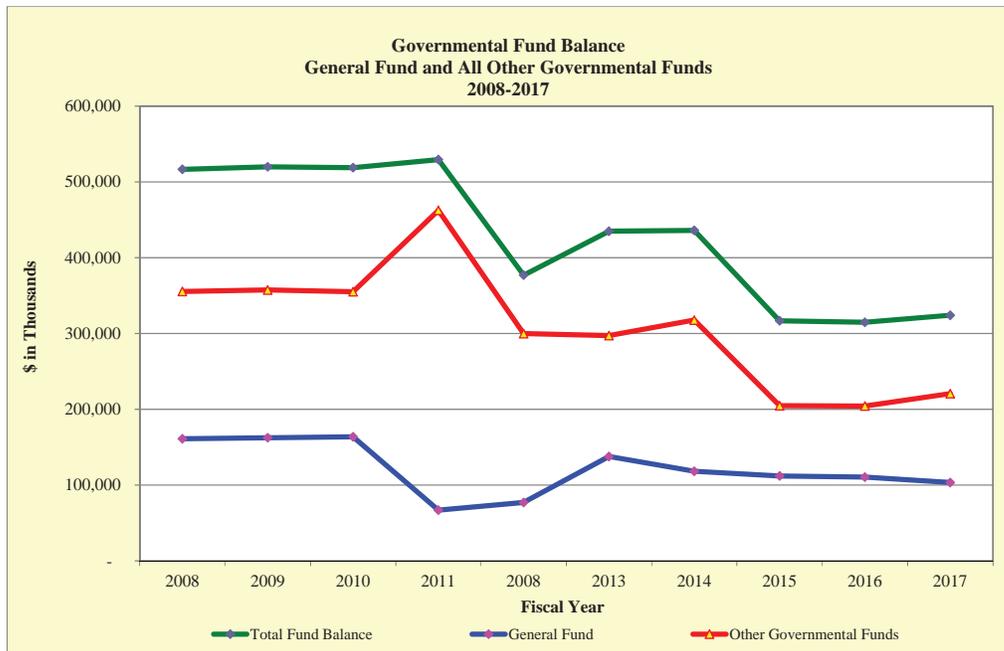
Note: With the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions, effective fiscal year 2010, the presentation of some financial data have changed in compliance with the aforementioned GASB standard.

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 115,088	\$ 116,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	46,042	45,899	-	-	-	-	-	-	-	-
* Nonspendable	-	-	104,591	2,083	2,008	2,043	6	2	102	500
* Restricted	-	-	8,673	675	2,929	2,311	4,266	4,308	4,498	4,469
* Committed	-	-	1,486	4,108	5,394	5,711	61,079	62,598	63,568	64,539
* Assigned	-	-	3,798	59,445	61,935	119,542	49,531	42,953	38,482	31,947
* Unassigned	-	-	45,155	682	4,857	8,130	3,397	2,170	3,934	1,926
Total General Fund	161,130	162,468	163,703	66,993	77,123	137,737	118,279	112,031	110,584	103,381
Other Governmental Funds:										
Reserved	390,061	424,108	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	56,166	56,848	-	-	-	-	-	-	-	-
Capital Project Funds	(90,741)	(123,512)	-	-	-	-	-	-	-	-
* Nonspendable	-	-	24,902	1,654	45	8,009	8,012	2,846	2,577	2,613
* Restricted	-	-	514,588	489,841	320,310	293,567	289,497	173,096	173,562	180,084
* Committed	-	-	2,594	161	1,362	1,362	1,362	1,422	1,422	1,414
* Assigned	-	-	41,581	10,664	10,791	24,433	36,476	39,197	26,710	36,582
* Unassigned	-	-	(228,576)	(39,867)	(32,643)	(30,112)	(17,646)	(11,819)	-	-
Total Other Governmental Funds	355,486	357,444	355,089	462,453	299,865	297,259	317,701	204,742	204,271	220,693
Total All Governmental Funds	\$516,616	\$519,912	\$518,792	\$529,446	\$376,988	\$434,996	\$435,980	\$316,773	\$314,855	\$324,074

* 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes:										
Property	\$ 172,741	\$ 195,128	\$ 216,922	\$ 218,593	\$ 181,041	\$ 214,816	\$ 183,885	\$ 179,999	\$ 201,207	\$ 191,808
Sales	55,261	51,585	53,144	60,159	60,414	63,443	59,097	64,177	67,658	99,528
Utility Users	41,028	39,901	39,240	38,739	37,097	38,026	38,691	38,419	37,079	35,858
Other Taxes	73,715	61,250	42,465	43,254	43,360	46,446	41,504	45,517	47,746	46,837
Franchise Fees	-	-	24,040	24,184	23,143	25,243	26,175	25,915	24,911	25,912
Licenses and Permits	33,899	32,239	24,864	24,812	24,278	19,941	22,341	23,329	25,456	24,926
Fines and Forfeitures	18,509	19,501	17,042	16,193	17,762	16,394	16,166	15,988	16,292	16,184
Use of Money and Property	71,586	47,841	47,526	56,415	58,398	58,441	56,687	41,816	40,991	33,815
From Other Agencies	228,427	227,060	195,940	208,167	184,470	181,039	191,423	166,988	170,780	187,872
Charges for Services	27,609	30,742	26,264	28,549	28,586	28,292	29,042	28,428	29,482	33,533
Other Contributions	-	-	2,898	-	-	1,385	341	556	249	194
Other	17,587	11,667	13,599	25,256	19,544	18,577	10,693	17,615	13,167	19,907
Total Revenues	740,362	716,914	703,944	744,321	678,093	712,043	676,045	648,747	675,018	716,374
Expenditures:										
Legislative and Legal	12,481	11,649	10,806	9,683	10,316	9,673	11,373	9,604	11,420	11,522
General Government	16,081	11,993	15,480	20,035	17,441	17,785	17,951	18,116	21,793	23,285
Public Safety	285,366	290,615	291,618	289,538	285,807	288,979	300,519	297,901	307,065	353,456
Public Health	47,383	45,181	37,644	43,665	41,449	39,297	41,273	42,108	42,819	44,530
Community and Cultural	253,432	238,090	264,171	263,625	289,597	185,378	158,122	237,433	152,005	160,985
Public Works	50,221	53,358	46,002	44,178	60,368	65,484	66,498	70,921	74,580	73,103
Oil Operations	8,625	6,888	6,718	7,173	9,146	4,722	4,309	3,512	2,352	2,563
Total Current Expenditures	673,589	657,774	672,439	677,897	714,124	611,318	600,045	679,595	612,034	669,444
Capital Improvements	25,328	27,721	38,956	29,630	17,183	26,199	36,427	27,139	38,629	45,693
Loss on Disposition of Land										
Held for Resale	4,459	1,526	9,524	519	79,111	-	-	-	-	-
Debt Service:										
Principal	15,819	17,456	13,804	13,475	14,379	16,358	18,836	18,601	18,717	20,564
Interest	30,477	28,300	24,847	28,984	23,298	23,776	21,044	22,499	16,763	16,156
Debt Administration Fees	397	259	195	391	494	542	57	178	434	90
Total Expenditures	750,069	733,036	759,765	750,896	848,589	678,193	676,409	748,012	686,577	751,947
(Deficiency) of Revenues over (under) Expenditures	(9,707)	(16,122)	(55,821)	(6,575)	(170,496)	33,850	(364)	(99,265)	(11,559)	(35,573)
Other Financing Sources (Uses):										
Other Deferred Payments	-	-	-	-	-	-	-	-	-	-
Debt Issuance	280	311	34,417	297	753	54,186	1,012	155,820	13,150	-
Premium (Discount) on Debt Issuance	-	-	-	-	-	-	-	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	84,353	60,163	56,406	271,094	409,802	114,615	106,128	91,363	60,641	104,983
Transfers Out	(62,122)	(37,379)	(36,306)	(247,930)	(392,317)	(87,032)	(105,577)	(92,990)	(65,195)	(60,191)
Total Other Financing Sources	9,215	19,418	54,476	17,228	18,238	24,158	1,563	(19,942)	9,641	44,792
Net Change in Fund Balances	\$ (492)	\$ 3,296	\$ (1,345)	\$ 10,653	\$ (152,258)	\$ 58,008	\$ 1,199	\$ (119,207)	\$ (1,918)	\$ 9,219
Debt Service as a Percentage of Noncapital Expenditures										
	6.4%	6.5%	5.4%	5.9%	4.5%	6.2%	6.2%	5.7%	5.5%	5.2%

Effective 2011, the City implemented GASB 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the City reviewed all governmental fund revenue streams. As a result, fiscal year 2010 financial data was reclassified.

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

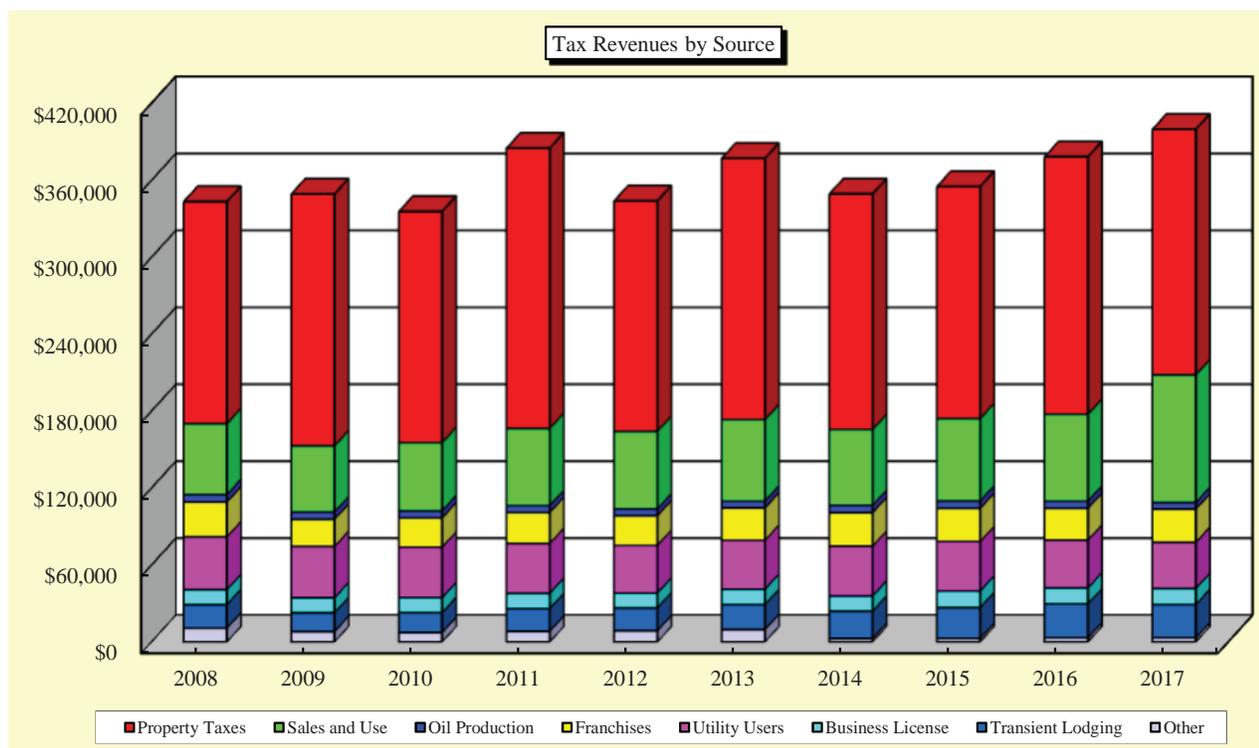
See accompanying independent auditors' report.

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
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
2017	191,514	99,528	5,129	25,912	35,858	12,501	25,935	3,272	399,649

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
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%
2017	52,481,371	3,180,877	(1,618,510)	54,043,738	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

Overlapping Rates						
Fiscal Year-end	City Direct Rate	Los Angeles County	Unified Schools	Community College	Special Districts	Total
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
2017	1.000000	-	0.122192	0.045990	0.003500	1.171682

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 2017		Fiscal Year 2008	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
The Boeing Company	\$ 199,592	0.41 %	\$ 390,364	0.99 %
W GL Ocean Avenue LB Holdings	168,521	0.35		
2009 CUSA Community Owner LLC	149,113	0.31		
Tesoro Logistics Operations LLC	148,332	0.31		
John Hancock Life Insurance	140,315	0.29		
AGNL Clinic LP	140,043	0.29		
Terra Funding Shoreline Square	105,314	0.22		
Noble Utah Long Beach LLC	99,480	0.20	83,640	0.21
TABC Inc.	91,987	0.19		
Lyon West Gateway LLC	83,905	0.17		
Avanath Northpointe LP	81,829	0.17		
S H and Sons LP	77,670	0.16		
Equity One LLC	77,604	0.16		
Omninet Freeway LLC	73,212	0.15		
Current Living LP	73,017	0.15		
HEI Long Beach LLC	59,911	0.12	64,525	0.16
Sunstone Ocean LLC	59,314	0.12	57,365	0.15
Alamitos Bay Partnership	57,795	0.12	58,435	0.15
6th and Pine Development LLC	57,772	0.12		
Avanath Seaport LLC	55,603	0.11		
AES Alamitos LLC			256,100	0.65
Camden Realty Inc.			133,719	0.34
Greit One World Trade Center LP			120,116	0.31
Trizechahn Centers, Inc.			109,900	0.28
200 Oceangate LLC			94,100	0.24
GRE Shoreline Square LP			90,931	0.23
Arco Terminal Services Corp.			85,359	0.22
Advanced Group 05-86			78,653	0.20
City Place Long Beach LLC			74,529	0.19
EQR Bay Hill LLC/EQR California LLC			66,025	0.17
Viewcor Long Beach I LP			48,455	0.12
ASN City Place LLC			47,317	0.12
California Drive In Theatres Inc			46,360	0.12
Danari Broadway & Ocean LLC			45,466	0.12
Pacific Castle			45,101	0.11
1900 Ocean Partners Holding LLC et.al.			71,887	0.20
350 Ocean Garage I & II LLC			70,589	0.19
Hughes Aircraft Company			67,256	0.14
Essex Portfolio LP			50,431	0.13
	<u>\$2,000,329</u>	<u>4.12 %</u>	<u>\$2,256,623</u>	<u>5.74 %</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)

General Fund¹

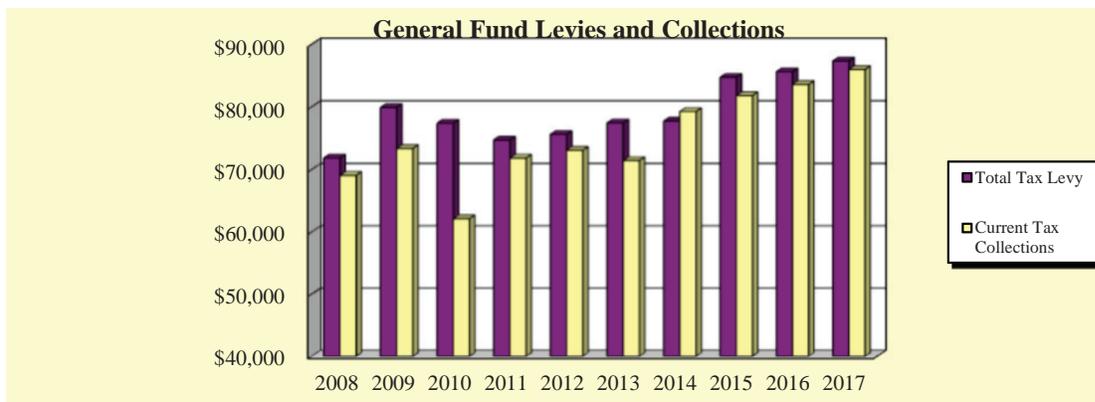
Fiscal Year-end	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections ³	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
2008	\$ 71,836	\$ 69,073	96.2%	6,844	\$ 75,917	105.7%	\$ 11,369	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	77,740	79,255	101.9%	3,975	83,230	107.1%	4,458	5.7%
2015	84,726	81,798	96.5%	4,061	85,859	101.3%	5,449	6.4%
2016	85,609	83,582	97.6%	2,821	86,403	100.9%	5,605	6.5%
2017	87,315	85,962	98.5%	7,581	93,543	107.1%	5,430	6.2%

Redevelopment/Successor Agency

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%
2017	108,194	46,189	42.7%	-	46,189	42.7%	-	0.0%

Total City Tax Levy

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%
2017	195,509	132,151	67.6%	7,581	139,732	71.5%	5,430	2.8%



- 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

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	
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
2017	100,107	25,083	248,167	5,400	27,263	406,020

Fiscal Year-end	Business-type Activities				Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	
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
2017	1,736,215	-	343,821	16,688	2,096,724

Fiscal Year-end	Total Primary Government	Percentage of Personal Income	Per Capita
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
2017	2,502,744	3.720%	5,212

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

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)		
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
2017	25,083	248,167	20,894	252,356	45%	525.55

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, 2017 (In Thousands)

2016-17 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		\$ 75,024	\$ -	\$ 75,024
Tax Allocation Bonds		248,167	-	248,167
Notes Payable		5,400	-	5,400
Capital Leases		27,263	-	27,263
Pension Obligations		25,083	-	25,083
Total Direct Debt		<u>\$ 380,937</u>	<u>\$ -</u>	<u>\$ 380,937</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
	<u>% Applicable</u>			
Cerritos Community College District	0.359 %	\$ 249,356	\$ 248,461	\$ 895
Coast Community College District	0.001	781,335	781,327	8
Compton Community College District	2.873	71,499	69,445	2,054
Long Beach Community College District	85.662	456,734	65,487	391,247
Los Angeles Community College District	0.051	3,765,830	3,763,909	1,921
ABC Unified School District	1.096	30,379	30,046	333
Compton Unified School District	0.023	53,392	53,380	12
Long Beach Unified School District	85.663	1,137,921	163,144	974,777
Los Angeles Unified School District	0.063	9,403,455	9,397,531	5,924
Paramount Unified School District	10.040	134,802	121,268	13,534
Metropolitan Water District	2.022	74,905	73,390	1,515
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1)		<u>\$ 16,159,608</u>	<u>\$ 14,767,388</u>	<u>\$ 1,392,220</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.884 %	\$ 1,966,354	\$ 1,889,981	\$ 76,373
Los Angeles County Superintendent of Schools Certificates of Participation	3.884	6,500	6,248	252
Compton Unified School District Certificates of Participation	0.023	18,910	18,906	4
Los Alamitos Unified School District Certificates of Participation	0.009	42,121	42,117	4
Los Angeles Unified School District Certificates of Participation	0.063	238,025	237,875	150
Paramount Unified School District Certificates of Participation	10.040	28,710	25,828	2,882
County Sanitation District No. 1 Certificates of Participation	1.245	9,225	9,110	115
County Sanitation District No. 2 Certificates of Participation	0.191	14,245	14,218	27
County Sanitation District No. 3 Certificates of Participation	85.904	10,824	1,526	9,298
County Sanitation District No. 8 Certificates of Participation	2.628	5,635	5,487	148
County Sanitation District No. 19 Certificates of Participation	28.936	2,566	1,824	742
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,343,115</u>	<u>\$ 2,253,120</u>	<u>\$ 89,995</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000 %	\$ 239,578	\$ -	\$ 239,578
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$ 18,742,301	\$ 17,020,508	\$ 1,721,793
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)		9,783	9,777	6
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 18,732,518</u>	<u>\$ 17,010,731</u>	<u>\$ 1,721,787</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u>\$ 19,113,455</u>	<u>\$ 17,010,731</u>	<u>\$ 2,102,724</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				
	2008	2009	2010	2011	2012
Assessed valuation	\$43,345,421	\$46,621,743	\$45,466,275	\$44,589,625	\$45,421,772
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	10,836,355	11,655,436	11,366,569	11,147,406	11,355,443
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,625,453	1,748,315	1,704,985	1,672,111	1,703,316
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2013	2014	2015	2016	2017
Assessed valuation	\$47,952,110	\$50,498,496	\$51,678,154	\$52,898,656	\$55,662,248
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,988,028	12,624,624	12,919,539	13,224,664	13,915,562
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,798,204	1,893,694	1,937,931	1,983,700	2,087,334
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>	<u>\$ 1,983,700</u>	<u>\$ 2,087,334</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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 Available for Debt Service	Debt Service Requirements (4)			Times Coverage
						Principal	Interest	Total	
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
2017	96,723	40,459	56,264	192	56,456	8,120	31,024	39,144	1.4

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

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
2017	97,383	80,127	17,256	887	18,143	2,730	1,165	3,895	4.7

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

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
2017	82,803	71,626	11,177	757	11,934	9,805	1,365	11,170	1.1

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	
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
2017	46,678	33,250	13,428	3,199	16,627	2,625	6,640	9,265	1.8

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

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
2017	36,539	27,341	9,198	2,036	11,234	-	912	912	12.3

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

2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	20,358	14,613	5,745	197	5,942	-	5,352	5,352	1.1
2017	22,050	13,975	8,075	261	8,336	-	5,634	5,634	1.5

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	
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	-
2017	13,050	11,803	1,247	60	1,307	2,860	560	3,420	-

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

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	8,154	-
2016	35,565	55,280	(19,715)	1,924	(17,791)	3,915	4,229	8,144	-
2017	40,965	58,709	(17,744)	2,845	(14,899)	4,070	4,070	8,140	-

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

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
2017	381,010	142,349	238,661	8,445	247,106	44,905	27,171	72,076	3.4

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)
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
2017	480,173	17,864	37,203	76,428	5.3

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 2017		Fiscal Year 2008		
		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	12,808	5.28%	1	8,335	3.59%
2	City of Long Beach	5,318	2.19%	4	5,812	2.50%
3	Long Beach Memorial Medical Center	5,091	2.10%	5	5,800	2.49%
4	Veteran Affairs Medical Center	3,243	1.34%	6	2,500	1.08%
5	California State University Long Beach (CSULB)	3,045	1.25%	3	6,367	2.74%
6	Long Beach City College	2,744	1.13%	8	2,300	0.99%
7	Molina Healthcare Inc	2,433	1.00%			
8	CSULB Research Foundation	1,708	0.70%			
9	The Boeing Company	1,705	0.70%	2	8,200	3.53%
10	St. Mary Medical Center	1,466	0.60%	10	1,480	0.64%
	United States Postal Service			9	1,700	0.73%
	Verizon			7	2,500	1.08%

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2008 and 2017

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Legislative and Legal	144	138	138	133	130	129	130	130	122	140
General Government ⁽¹⁾	522	506	483	438	424	382	398	415	513	534
Public Safety	2,120	2,022	1,927	1,826	1,796	1,765	1,757	1,843	1,698	1,738
Public Health	390	337	322	311	262	263	249	257	252	259
Community and Cultural ⁽¹⁾	1,219	1,107	1,131	1,094	1,038	1,020	1,046	1,121	1,006	1,040
Public Works	298	326	321	336	287	273	275	258	263	310
Gas	185	181	178	195	194	202	201	198	201	209
Water	212	208	219	216	225	223	217	220	224	224
Airport	88	61	60	57	96	88	88	91	97	98
Solid Waste Management	184	209	200	205	189	177	181	183	177	187
Towing	38	35	32	34	29	22	26	26	26	26
Tideland Oil Revenue	34	31	22	22	19	15	15	15	16	17
Harbor	378	409	433	445	466	469	491	529	527	536
Total	<u>5,812</u>	<u>5,570</u>	<u>5,466</u>	<u>5,312</u>	<u>5,155</u>	<u>5,028</u>	<u>5,074</u>	<u>5,286</u>	<u>5,122</u>	<u>5,318</u>

(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, 2017

See accompanying independent auditors' report.



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

Function	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Public Safety:					
Police priority one calls response time in minutes	4.38	4.07	4.00	4.20	4.35
Violent crime rate - per 1,000 residents	6.53	6.51	6.42	5.90	6.18
Fire on-scene arrival for emergency calls within six minutes	71.6%	70.5%	67.7%	62.9%	60.8%
Public Health:					
Percentage of beach days that are safe for swimming in summer	87%	80%	83%	85%	91%
Homeless population ratio vs. total population (1)	0.80%	0.80%	0.79%	0.93%	0.93%
Community and Cultural:					
Public library computer session log-ons	437,211	420,100	385,514	330,375	331,028
Parks, recreation programs - youth and teen attendance	726,812	652,953	699,391	744,103	745,052
Public Works:					
Number of trees trimmed	25,682	19,300	21,618	19,986	28,021
Curbs and alleys swept in miles	163,298	154,152	142,000	151,743	156,537
Sidewalk repaired in square feet	260,742	203,805	348,394	179,641	481,497
Storm drain catch basins cleaned	5,800	3,122	163,618	3,550	3,800
Gas:					
Gas consumption in sales dollars-total	\$ 101,834,000	\$ 71,294,000	\$ 67,674,000	\$ 78,663,000	\$ 70,193,000
Gas consumption in cubic feet (In 000's)	10,122,000	9,137,000	8,902,000	9,388,000	9,135,000
Average daily gas consumption (MCF)	27,655	25,034	24,389	25,721	24,959
Gas mains installed/replaced/relocated in feet (2)	69,026	91,217	61,855	66,567	84,594
Gas meters installed/removed/replaced	7,416	7,290	8,713	7,150	8,664
Water:					
Water daily demand in thousand gallons	55,302	50,688	50,653	50,910	52,260
Water annual demand in thousand gallons	20,185,133	18,501,135	18,488,492	18,581,979	19,074,861
Available supply total in thousand gallons	22,346,927	20,523,106	20,687,237	20,604,243	21,330,532
Sewer:					
Sewer mains cleaned in miles	365	424	547	470	414
Sewer mains and laterals repaired in number of jobs	278	215	182	259	261
Airport:					
Number of commercial passengers enplaned	1,439,598	1,466,499	1,460,041	1,532,442	1,643,383
Number of commercial passengers deplaned	1,438,407	1,464,412	1,461,890	1,549,164	1,634,345
Number of aircraft landings and take offs	354,727	302,672	317,328	302,763	287,699
Solid Waste Management:					
Number of refuse tons collected	201,816	217,349	209,289	194,462	187,505
Number of recycling tons collected	195,291	197,104	193,820	180,160	172,143
SERRF tons of refuse received	485,207	488,999	485,207	460,906	474,689
SERRF energy sold to So Cal Edison megawatt-hours	229,664	226,866	229,664	208,663	220,867
Harbor:					
Number of container movements in twenty-foot equivalent units	6,736,756	5,282,385	5,936,066	6,298,840	5,857,218
Cargo in thousands of metric revenue tons	162,910	135,255	147,357	154,417	145,144
Number of ship calls	5,140	4,933	4,826	4,758	3,993

Source: City Departments

(1) The homeless population count is biannual.

See accompanying independent auditors' report.

Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Function
					Public Safety:
4.35	4.69	4.90	4.60	4.80	Police priority one calls response time in minutes
5.85	4.37	4.28	5.79	6.40	Violent crime rate - per 1,000 residents
55.1%	50.0%	46.3%	43.4%	41.7%	Fire on-scene arrival for emergency calls within six minutes
					Public Health:
94%	97%	95%	94%	90%	Percentage of beach days that are safe for swimming in summer
0.93%	0.75%	0.51%	0.51%	0.51%	Homeless population ratio vs. total population (1)
					Community and Cultural:
N/A	N/A	222,360	218,717	254,974	Public library computer session log-ons
636,796	760,641	779,641	835,358	892,556	Parks, recreation programs - youth and teen attendance
					Public Works:
24,668	23,500	23,839	19,500	23,112	Number of trees trimmed
150,804	156,302	153,527	154,300	141,132	Curbs and alleys swept in miles
382,536	551,597	363,476	333,039	296,865	Sidewalk repaired in square feet
3,004	5,771	5,800	5,800	5,800	Storm drain catch basins cleaned
					Gas:
\$ 68,229,000	\$ 72,544,000	\$ 62,281,000	\$ 64,382,000	\$ 78,467,000	Gas consumption in sales dollars-total
9,092,000	8,183,000	7,689,000	8,542,000	9,237,000	Gas consumption in cubic feet (In 000's)
24,910	22,421	21,065	23,404	25,307	Average daily gas consumption (MCF)
108,646	110,900	40,589	22,556	40,737	Gas mains installed/replaced/relocated in feet
6,093	3,529	4,440	29,873	34,465	Gas meters installed/removed/replaced
					Water:
53,079	52,389	47,441	46,417	45,869	Water daily demand in thousand gallons
19,373,993	19,122,012	17,315,820	16,942,297	16,742,192	Water annual demand in thousand gallons
21,538,947	21,019,736	19,000,372	19,412,932	19,045,926	Available supply total in thousand gallons
					Sewer:
535	498	492	405	113	Sewer mains cleaned in miles
241	213	224	215	169	Sewer mains and laterals repaired in number of jobs
					Airport:
1,497,503	1,433,273	1,276,679	1,327,001	1,793,753	Number of commercial passengers enplaned
1,492,430	1,426,830	1,273,232	1,325,537	1,794,245	Number of commercial passengers deplaned
284,193	325,527	300,184	295,007	294,303	Number of aircraft landings and take offs
					Solid Waste Management:
187,146	182,452	173,895	187,432	193,622	Number of refuse tons collected
169,264	169,420	161,997	158,852	160,037	Number of recycling tons collected
470,510	459,160	447,535	417,169	426,430	SERRF tons of refuse received
226,592	223,658	200,994	158,400	201,438	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
6,647,975	6,817,590	7,087,699	6,946,255	7,230,758	Number of container movements in twenty-foot equivalent units
162,257	165,526	164,274	161,322	168,100	Cargo in thousands of metric revenue tons
3,425	2,752	2,676	2,227	2,149	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 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
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	3	3	3	-
Number of fire stations	23	23	23	23	23
Community and Cultural:					
Number of parks	150	155	159	160	162
Parks and golf courses in acres	3,061	3,063	3,120	3,120	3,124
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	977,197	916,504	889,669	888,975	818,390
Number of library circulations	1,695,540	1,562,913	1,644,125	1,561,713	1,551,997
Public Works:					
Street in miles	815	815	815	823	823
Storm drain lines in miles	181	181	180	180	180
Number of street lights (1)	31,000	31,000	31,000	31,000	31,000
Gas:					
Gas mains in miles (2)	920	931	930	929	929
Water:					
Water mains in miles	904	908	909	911	911
Number of fire hydrants	6,507	6,525	6,529	6,603	6,594
Number of water services	95,432	95,424	95,398	95,629	95,643
Sewer:					
Sanitary sewers in miles	711	712	712	712	712
Number of manholes	16,078	16,129	16,135	16,147	16,148
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	32	34	36	34
Storm drain pump stations	N/A	20	20	20	23
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 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Function
					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:
161	162	164	168	169	Number of parks
3,121	3,123	3,122	3,124	3,125	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
782,571	798,809	808,957	851,614	795,629	Number of library holdings (books, videos, tapes)
1,391,825	1,391,617	1,205,523	1,233,309	1,335,819	Number of library circulations
					Public Works:
823	823	823	823	823	Street in miles
180	180	180	180	180	Storm drain lines in miles
31,550	31,550	31,337	32,283	27,439	Number of street lights (1)
					Gas:
930	928	929	929	931	Gas mains in miles (2)
					Water:
912	912	912	912	912	Water mains in miles
6,589	6,604	6,631	6,894	6,910	Number of fire hydrants
95,607	95,999	95,775	95,749	95,667	Number of water services
					Sewer:
714	714	714	714	715	Sanitary sewers in miles
16,158	16,170	15,129	15,127	15,112	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	23	22	23	Storm drain pump stations
					Harbor:
37	37	37	39	39	Sanitary sewer pump stations
21	23	23	22	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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