City of Long Beach, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

Prepared by the Department of Financial Management
Michael A. Killebrew, Director

City of Long Beach
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2005

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CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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GERALD R. MILLER
CITY MANAGER

March 31, 2006

Honorable Mayor and City Council
City of Long Beach

In accordance with Section 302(e) of the City Charter, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for the City of Long Beach (City) for the fiscal year ended September 30, 2005. This report has been prepared by the Department of Financial Management in accordance with generally accepted accounting principles (GAAP) and was audited in accordance with generally accepted auditing standards and government auditing standards by the City Auditors' Office and a firm of licensed certified public accountants.

This report contains management's representations concerning the finances of the City, and management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, management of the City of Long Beach has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited jointly by the City Auditor and by KPMG LLP, an international public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2005 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the City's basic financial statements is part of a broader, federally-mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the City's fair presentation of the financial statements, but also

on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. The City's separately issued "Single Audit" report is available by contacting the City's Department of Financial Management.

The City prepared this CAFR using the financial reporting requirements outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. This statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the accompanying financial section.

Profile of the Government

The City of Long Beach, incorporated in 1897, is the fifth largest City in the State of California, located within Los Angeles County in Southern California. The City occupies a land area of approximately 50 square miles and services a population of approximately 491,564.

The City operates under a City Charter adopted in 1921 and last amended in 2002. The City Charter establishes the current Mayor-Council-City Manager form of government. The City is divided into nine councilmanic districts, with Council persons elected to represent their respective districts for up to two four-year terms. The citizens, as a whole, elect a Mayor to serve up to two, four-year terms. The City Charter does provide for additional terms, as the current Mayor is serving, but only upon being elected as a "write-in" candidate. The citizens, as a whole, also elect a City Auditor, City Prosecutor and City Attorney to serve four-year terms; however, there are no term limits for these positions. The City Council appoints a City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible, among other things, for passing ordinances, adopting the budget and appointing committees. The City Council appoints, among others, the members of the following advisory commissions and boards:

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

The City Council also either serves as or appoints the voting majority of the governing board for the Parking Authority, the Southeast Resource Recovery Facility (SERRF) Joint Powers Authority, Housing Authority of the City of Long Beach, Long Beach Housing Development Company, Redevelopment Agency of the City of Long Beach, Long Beach Financing Authority, Long Beach Bond Financing Authority, Long Beach Public Transportation Company and the Long Beach Capital Improvement Corporation.

The City Manager is responsible for directing and supervising the administration of all City Manager-directed departments of the City, to see that laws, ordinances, orders, resolutions, contracts, leases and franchises are enforced and executed, and for appointing

all City employees except for classified civil service employees, the City Clerk, Elected Officers, and their appointees.

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

The annual budget serves as the foundation for the City's financial planning and control. The City Manager must submit a proposed budget to the Mayor on or before August 1st and the Mayor must present that proposed budget along with recommendations to the City Council on or before August 15th. The City Council is required to hold one or more public hearings on the proposed budget and to adopt a final budget on or before September 30, the close of the City's fiscal year. The budget is prepared by fund and department. The City Council adopted the fiscal year 2005 budget prior to September 30, 2004 for all funds except for expendable trust funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Total expenditures of each fund may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Facing Continuing Challenges and Inspired By Recent Successes

Through the combined efforts of the Mayor, City Council, City management, and with the support and input of residents, Long Beach continues to make progress toward ultimate financial stability. Faced with a General Fund structural deficit in excess of $100 million three years ago, the City adopted a Financial Strategic Plan that has eliminated $92 million of the deficit. The challenge of reducing the remaining $10 million structural deficit in Fiscal Year 2007 is undoubtedly daunting, but the successes achieved to date inspire confidence for a positive outcome.

Further demonstrating the City's financial progress, Long Beach was recently singled out as a paragon of transparent and inclusive budgeting. Dan Walters, the influential and discerning political columnist of the *Sacramento Bee,* recently wrote when comparing the State of California to the City of Long Beach's financial situation, "If [Governor] Schwarzenegger and the Legislature were serious about closing the deficit...Long Beach could show them how."

In addition, in late 2005, Standard and Poor's Rating Services improved its outlook on Long Beach's rating from negative to stable, and reaffirmed its AA- issuer credit rating.

The aphorism, "Nothing succeeds like success" describes the City's efforts to eliminate its structural deficit. The notable accomplishments of the past three years will undeniably validate both the expectation and inevitability of future success.

Balancing Increasing Expenses with Limited Revenues

Ongoing pressures for increased spending will have to be balanced or moderated by the level of modest revenue growth. In 2000, Long Beach citizens voted to reduce the Utility Users Tax (UUT) from 10 percent down to 5 percent, with a 1 percent reduction each year. The last scheduled reduction in the UUT occurred in October 2004. The UUT reductions, which took place equally over five years, have offset natural revenue growth. Fortunately, burgeoning private investment in high-end residential construction, increased retail space and growing property values all suggest the promise of a sustainable and growing revenue base.

However, costs are increasing in many significant areas of governance. Recently concluded labor negotiations will increase salary expenses for public safety and other employees. There is a significant amount of competition for police recruits from neighboring jurisdictions that are adding, in aggregate, thousands of new police officers. Recruitment and retention of qualified employees is a major challenge for the City and the enhancement of salaries and benefits is necessary to respond to competition in the labor market.

The City is mitigating to some extent increased pension and medical costs through the modification of benefits. An additional tier of reduced pension benefits for new non-public safety employees has been negotiated and all employees have begun contributing to both the California Public Employees Retirement System (CalPERS) and to their medical coverage.

An ongoing positive development in the protection of current and future City revenues came by way of the statewide passage of Proposition 1A in November 2004. The Proposition, which was passed overwhelmingly by California voters, prevents the State government and legislators from fixing State budget shortfalls by usurping local government funds. Proposition 1A has created a welcome climate of stability in local government financing.

Stimulating Economic Success and Commercial Development

Long Beach is the 34th largest city in the United States—larger than Cleveland, Atlanta, Miami, Minneapolis, Pittsburgh and Kansas City. The City has had a remarkable changeover from the 20th century to what it has become in the 21st century - a dynamic coastal community, strategically located for business growth and becoming a tourism destination of choice throughout Southern California. New and recent commercial developments such as the Pike, the Towne Center, Wrigley Marketplace, Los Altos Market Center, Towne Square, Marina Pacifica, Los Altos Gateway, the Market Place, Marina Shores and Bixby Knolls Shopping Center continue to thrive while attracting visitors, providing much needed shopping opportunities for citizens, and generating sales tax dollars.

Rising property values have stimulated commercial development throughout the city on tracts that have been vacant for years. Locales such as 7th Street and Redondo Avenue,

Willow Street and Bellflower Boulevard, and Clark Avenue and Los Coyotes Diagonal all have projects nearing completion on lots that have long been unoccupied. Moreover, the City is taking pains to ensure that new developments are architecturally distinctive and true enhancements to their respective neighborhoods.

The City's Economic Development Bureau has provided 256 loans totaling more than twenty million dollars to area businesses. In addition, a total of 859 $2,000 start-up grants have been awarded to small businesses. On the residential front, by 2010 there will be more than 5,000 new mid- to high-end living spaces downtown, bringing in more than 10,000 new full-time residents. Notably, the City's efforts are being directed all across the economic spectrum, not only to the coveted "upper end." For example, the Long Beach Enterprise Zone program has issued over 15,000 vouchers, each representing a job for an economically disadvantaged individual, while saving Long Beach businesses more than $250 million in State income taxes.

Another stimulus to economic development is the reality that in a time of seemingly uncontrolled energy costs, Long Beach has the lowest natural gas costs in Southern California. The City's and community's commitment to conservation and wise utilization of resources is further exemplified by the recent construction of the nation's largest federally authorized seawater desalination research and development facility.

A Legacy of Economic Achievement – Mayor Beverly O'Neill

In 2006, Mayor Beverly O'Neill will complete her third term as Mayor of Long Beach and will leave office after twelve exciting years. Her tenure is unique and remarkable in Long Beach history, both for its longevity and for its record of accomplishment. Many achievements could be highlighted; a few of the most significant are:

- Since 1994 Sales tax revenues have grown by 96 percent.
- Transit Occupancy Tax has tripled in that time.
- Assessed Property Valuation is up 60 percent since 1994.
- The number of Construction Permits is up 52% and Construction Valuation has tripled.
- Secured property taxes have increased 35 percent.
- In the past decade more than 2 million square feet of retail space has been added or refurbished with additional retail venues under development.
- Since 1995, Long Beach has successfully completed four Navy re-use plans completing adaptive re-use for 700-acres of land.

Clearly, the last twelve years of economic stimulus and growth in Long Beach have been unprecedented. It is expected that the seeds of economic development that have been sown during the Mayor's tenure will continue to provide financial benefits for years to come.

The Importance of Tourism

Long Beach has an outstanding Convention and Visitors Bureau (LBCVB), which is regularly honored by major trade publications for their professionalism and creativity in marketing Long Beach as a meeting site. The LBCVB booked over 220,000 room nights this year.

These room nights have a total economic impact of well over $200 million on City businesses. Meeting space on the West Coast has increased nearly 50 percent in the past five years, but in spite of the competition, room nights in Long Beach have increased by 40 percent since 1995.

The LBCVB did a particularly outstanding job this year in creating awareness of Long Beach, epitomized in October 2005 by local television station KTLA's Morning News Show that featured a three-hour live broadcast from the Pike at Rainbow Harbor.

Visitors to Long Beach discover a community that offers a unique combination of attractions: an ocean, the Pike at Rainbow Harbor, the Aquarium of the Pacific, Carnival cruise lines, the Queen Mary, two museums, easy access to Catalina island and ocean sport fishing, and the second largest automobile race in the nation, the Long Beach Grand Prix, which grows bigger and better with more events and attractions each year.

Plans are now under way for new downtown hotels in close proximity to the Convention Center to ensure that large groups visiting Long Beach will be housed in the center of a dynamic waterfront setting. The natural beauty of the City's oceanfront setting will always be a convincing selling point when Long Beach competes with landlocked locales for conventions and tourism.

Trade and the Port of Long Beach

For its significant economic impact, the Port has been called the "crown jewel" of the City of Long Beach. While addressing issues of congestion and pollution, Long Beach will do what is necessary to ensure the Port maintains its status as a regional economic driver that directly or indirectly supports one in every nine jobs in the area. In slightly over ten years, the number of containers passing through the Port has increased by 184 percent and cargo tonnage has increased over 89 percent. The Port of Long Beach and its adjacent neighbor, the Port of Los Angeles, together bring in 35 percent of imported goods into the United States.

The Airport

In 1994, Long Beach Airport (LBG) had fewer than 500,000 passengers yearly. Today, under a court mandated limit of 41 commercial flights per day, LBG is serving three million passengers annually. LBG is a vital component of economic health and convenience for our citizens and visitors alike.

After two years of public debate on airport improvements, necessary technical information has been assembled and the City is documenting potential environmental impacts. The City is determined to bring resolution and closure to this important issue.

Neighborhoods

The strength of any city is in its neighborhoods, with their vibrancy and diversity supplying the energy necessary to sustain life in an urban environment.

In Long Beach, there is more focus on neighborhoods today than in many years. Sidewalk and street repairs are ongoing and such efforts will continue and accelerate as more funding becomes available through the anticipated growth in our revenue sources. In addition, historic neighborhoods throughout Long Beach help to define the community and give it texture and identity. Improving neighborhoods also means making more homes available for the growing number of Long Beach residents. During the past year the Redevelopment Agency acquired property in the central and north project areas and issued $160 million in bonds that will assist in funding parks, neighborhood facilities, street and sidewalk improvements, housing and commercial projects.

The City has also increased graffiti and nuisance abatement efforts, and officials are seeking extensive community input on both maintaining and prioritizing core services. Another example of reinvestment in our neighborhoods is taking place with the scheduled groundbreaking for the Mark Twain library, a new 16,000 square foot facility that will be replacing a 50-year old 2,000 square foot facility. It will be the City's first 21st Century library and the first public environmentally "green" building for the City.

If parks are the "lungs" of a city, then Long Beach is working to ensure that all of its citizens will breathe more easily. Construction has recently been completed on three mini-parks: Rotary Centennial, Daryle Black Memorial and Burton Chace - and on supplemental phases for Cesar Chavez Community Park and Admiral Kidd Park. A new park in North Long Beach is under construction (55th Way) and a large new park to host adult sports leagues is being planned. There are also renovated and new swimming pools at Silverado and Martin Luther King, Jr. Parks.

A Future Full of Promise

As Mayor Beverly O'Neill said in her final State of the City Address, "Long Beach has that rare opportunity to rise to a level that few communities can hope to attain." Challenges, financial and otherwise, will continue to test the mettle of Long Beach's officials and residents, but the vast potential embodied in the City's seaside location and the expectations of its thriving, diverse population make failure unthinkable. It is in this spirit of eager anticipation that the City reaffirms and embraces its course to a future as golden as a California sunrise.

Long-term Financial Planning

The City enacted a rolling three year financial planning model with the adoption of the fiscal year 2003 budget, and at the same time the City Council adopted a financial policy requiring long-term financial planning as part of each years budget process. In addition, in order to ensure the City's ongoing financial viability, the City Council adopted a policy to maintain an Emergency Reserve equal to 10 percent of General Fund recurring expenditures. An Emergency fund balance of over $36 million in the General Fund, (10 percent of total General Fund expenditures) meets the policy guidelines set by the Council for budgetary and contingency planning purposes.

Cash Management Policies and Practices

To maintain flexibility in cash management, the City employs a pooled cash system (see Notes 1 and 4 to the Basic Financial Statements in the Financial Section). Under the City's pooling concept, all available cash is invested daily in various securities, while maintaining reasonable liquidity to meet maturing obligations and maximizing return through the use of competitive rate comparisons from various investment sources.

The City's pooled investments for fiscal year 2005 averaged $1,259,597,000 and earned an annual average return of 2.68%. The City's pooled investments averaged $1,172,332,000 for fiscal year 2004 and earned an annual average return of 2.52%.

The rate of return demonstrates that the City maintained a reasonable and safe return on its investments during fiscal year 2005, while employing prudent investment policies to safeguard the City's cash assets and maintaining adequate levels of liquidity. The City's Department of Financial Management presents cash and investment reports to the City Manager, Mayor and City Council each fiscal quarter. The City Auditor also performs a quarterly independent audit of City cash accounts and investments for adherence to the City's Statement of Investment Policy. The City's general investment strategies are set forth in a formal Statement of Investment Policy, which has been written in accordance with State law and is reviewed and approved annually by the City Council.

Risk Management

The City is self-insured for workers' compensation and tort liability. City management believes that sufficient funds have been accumulated in the City's Insurance Internal Service Fund to meet losses as they arise. Various risk control techniques are also in place, including safety training for employees and the inclusion of appropriate legal provisions in third party contracts and leases that are incorporated to minimize risk of loss. Additional information about the City's self-insurance programs is reported in Note 14 to the Basic Financial Statements in the accompanying Financial Section of this report.

Debt Administration

During fiscal year 2005, the City and its agencies issued approximately $488.5 million in debt as follows:

Fund / Agency	Amount (millions)	Purpose
General Fund	$ 30.0	Tax Revenue Anticipation Notes
Redevelopment Agency/Gas Enterprise Fund	192.4	Redevelopment Projects/ Refund 1993 Gas Bonds
Fleet Internal Service Fund	8.1	Refinance portion of 1998 Fleet Bonds
Harbor	258.0	Improvements to the Port of Long Beach
	$ 488.5	

Tax Revenue Anticipation Notes were issued in October 2004 to meet cash flow needs of the City's General Fund. Funds from Operations were accumulated prior to September 30, 2005 to pay off the notes.

More detailed information about the debt position of the City is reported in Notes 8 through 11 of the notes to the Basic Financial Statements in the accompanying Financial

Section of this report, as well as in Exhibits 7 through 14 of the accompanying Statistical Section.

Pension and Other Post Employment Benefits

The City provides full-time employees retirement and disability benefits, including annual cost-of-living adjustments and death benefits through the California Public Employees' Retirement System (CalPERS), agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. The contribution requirements to the pension plan are established and amended by CalPERS. The City's funding policy is to make contributions as determined by CalPERS. Based on the latest actuarial valuations by CalPERS, the City contributed the employer portion of 7.199 percent and 14.208 percent of salary for miscellaneous and safety employees' respectively out of its budget in fiscal year 2005. Based on the latest CalPERS valuation of June 30, 2004, the miscellaneous employee's pension plan was funded at 95.9 percent and the safety employee's plan at 102.2 percent, according to CalPERS, compared to 99.0 percent and 103.7 percent, respectively for fiscal year 2003.

The City provides Special Status Contractors, and Seasonal and Temporary employees retirement, death and disability benefits through a Public Agency Retirement System (PARS) defined benefit single employer retirement plan. The PARS plan is administered through a third-party administrator. The City's funding policy is to make the contribution as determined by the PARS plan's actuary. The PARS plan was funded at 206 percent as of September 30, 2005 and the City was not required to make any contributions according to the PARS plan's actuary through fiscal year 2005.

The City also provides post-retirement health care benefits under the provisions of the City's Personnel Ordinance where upon retirement, the City allows retirees, their spouses and eligible dependents to use the cash value at retirement of the employee's accumulated unused sick leave to pay for health, dental and long-term care insurance under the City's Retired Employees Health Care Program. As of September 30, 2005, there were 810 participants in this program at a cost of $6,212,000 during the fiscal year.

Additional information on the pension arrangements and post employment health-care benefits can be found in Notes 12 and 13 in the accompanying Financial Section of this report.

Independent Audit

Section 803 of the City Charter requires the City Auditor, at least once in each fiscal year, to audit the financial statements of the City. Immediately upon completion of such audit, the City Auditor shall make and file with the City Clerk a written report thereof. The City Auditor contracted with an independent certified public accounting firm to join with his staff in a joint audit of the City's Basic Financial Statements for the fiscal year ended September 30, 2005. The Independent Auditors' report has been included in this report.

Awards

The California Society of Municipal Finance Officers (CSMFO) awards its Certificate of Award for Outstanding Financial Reporting to recognize those entities whose comprehensive annual financial reports are judged to conform substantially to the highest standards for preparation of state and local government financial reports. The Comprehensive Annual Financial Report (CAFR) of the City of Long Beach has been awarded this certificate by the CSMFO for the fiscal year ended September 30, 2004.

Acknowledgments

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

Respectfully submitted,

GERALD R. MILLER
City Manager

MICHAEL A. KILLEBREW
Director of Financial Management

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2003-04

Presented to the

City of Long Beach

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

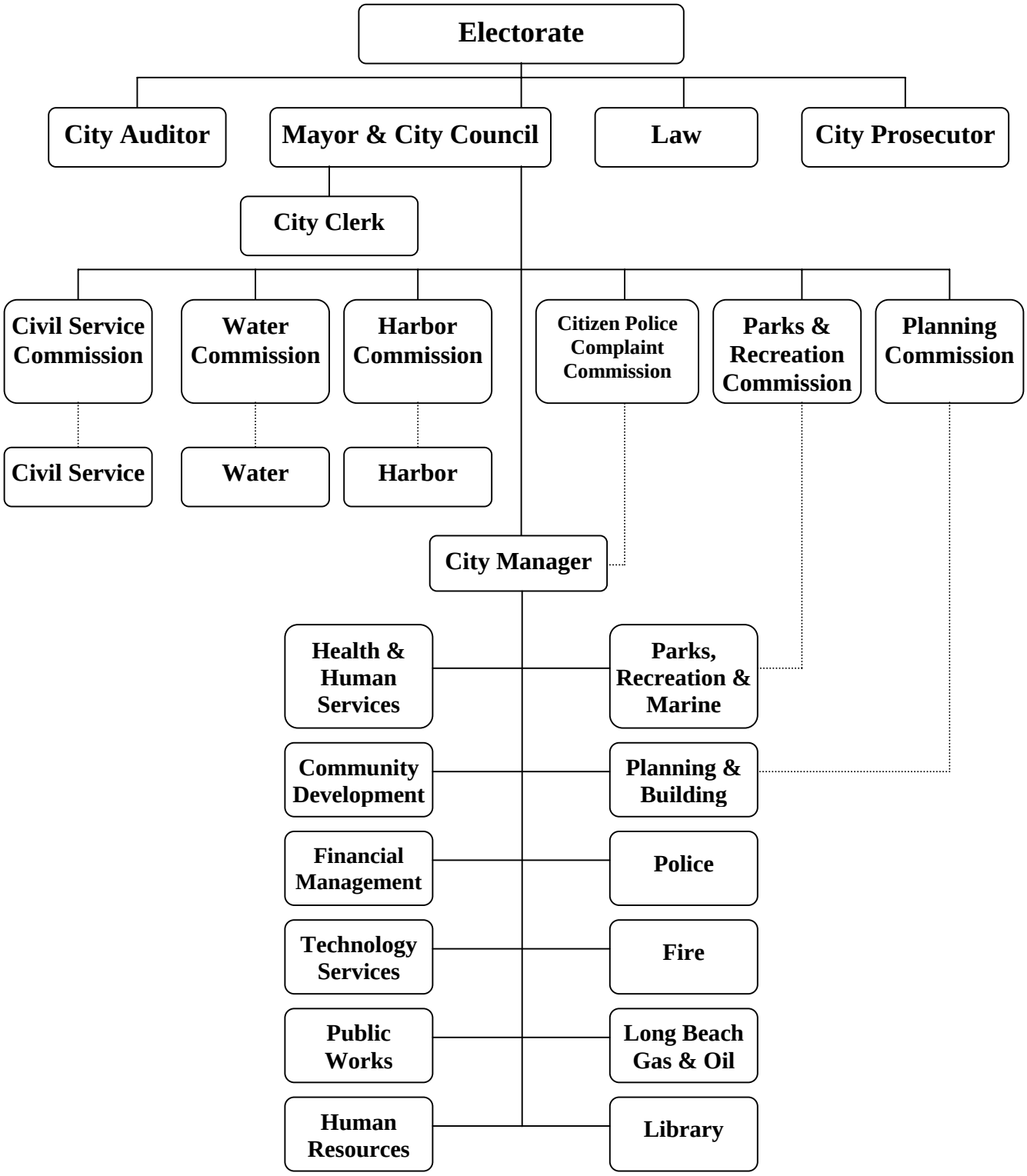
February 24, 2005

William A. Thomas

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

LONG BEACH CITY GOVERNMENT
ORGANIZATION CHART
As of September 30, 2005



Current
Directory of City Officials *

Beverly O'Neill
Mayor

Jackie Kell
Vice-Mayor
5th District

Bonnie Lowenthal
Councilmember
1st District

Vacant
2nd District

Frank Colonna
Councilmember
3rd District

Patrick O'Donnell
Councilmember
4th District

Laura Richardson
Councilwoman
6th District

Tonia Reyes Uranga
Councilmember
7th District

Rae Gabelich
Councilwoman
8th District

Val Lerch
Councilmember
9th District

Elected Department Heads

City Attorney	Robert E. Shannon
City Auditor	Gary L. Burroughs
City Prosecutor	Thomas M. Reeves

Appointed by Council or Commission

City Clerk	Larry Herrera
Executive Director - Civil Service	Mario R. Beas
Executive Director - Harbor	Richard D. Steinke
General Manager - Water	Kevin L. Wattier

City Manager
Gerald R. Miller

Assistant City Manager
Christine F. Shippey

Deputy City Managers
Reginald I. Harrison
Suzanne R. Mason

Director of Community Development	Patrick West
Director of Financial Management	Michael Killebrew
Director of Health and Human Services	Ronald Arias
Director of Human Resources and Affirmative Action	Kevin Boylan
Director of Library Services	Eleanore Schmidt
Director of Long Beach Gas and Oil	Christopher J. Garner
Director of Parks, Recreation and Marine	Phil T. Hester
Director of Planning and Building	Suzanne Frick
Director of Public Works	Christine Andersen
Director of Technology Services	Curtis Tani
Fire Chief	David W. Ellis
Chief of Police	Anthony W. Batts

* City Officials as of date of printing

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KPMG

OFFICE OF THE
CITY AUDITOR

355 South Grand Avenue, Suite 2000
Los Angeles, CA 90071

333 West Ocean Blvd.
Long Beach, CA 90802

Independent Auditors' Report

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

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, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year's summarized comparative information included for the fund financial statements has been derived from the City's 2004 financial statements, and in our report dated March 17, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2005, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Housing Development Fund, and the Community Development Grants Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP, a U.S. limited liability partnership, is the U.S.
member firm of KPMG International, a Swiss cooperative.

Management's discussion and analysis on pages 3 through 22 and the schedules of the City's pension plan funding progress on pages 122 and 123 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Long Beach, California's basic financial statements. The accompanying information identified in the table of contents as the introductory section, combining and individual nonmajor fund statements and schedules, and the statistical section is presented for the purposes of additional analysis and is not required parts of the basic financial statements. The accompanying combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

KPMG LLP

Los Angeles, California
March 31, 2006

Gary L Burroughs, CPA
City Auditor

Management's Discussion and Analysis

As management of the City of Long Beach (the City), we present to 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, 2005. We encourage readers to consider this information in conjunction with additional information included in our letter of transmittal.

Financial Highlights

Government-wide:

- The restricted and unrestricted assets of the City exceeded its liabilities as of the close of the fiscal year by $3.1 billion (*net assets*). Of this amount, $468.0 million may be used to meet the government's ongoing General Fund, grant funds, capital project and business-type activity obligations to citizens and creditors; however, expenditure restrictions apply to the grant funds and much of the Business-type and capital project funds.

- The City's total net assets, <u>including all funds</u>, increased by $162.7 million, reflecting an increase of $177.2 million in net assets for Business-type activities offset by a decrease of $14.5 million in net assets of Governmental activities.

- The City's total net long-term liabilities, including such items as bonds payable, notes and leases payable and accrued self-insured claims, increased by $243.5 million or 9.4 percent during the fiscal year. Tax allocation bonds totaling $184.8 million were issued to support affordable housing development ($55.7 million) and redevelopment activities ($129.1 million) in the Central, Los Altos, North, Poly High and West Long Beach areas. Accrued self-insured claims increased by a net $38.2 million due to projected increases in Worker's Compensation and general liability costs, along with a $4.0 million increase in retiree health care. The City also entered into a $2.2 million computer capital lease.

Fund Basis:

- As of September 30, 2005, unreserved fund balance for the General Fund was $38.4 million, or 10.3 percent of total General Fund expenditures. This balance includes designated General Fund reserves of $34.2 million, coupled with a $2.5 million general purpose reserve as allowed by the City Charter comprise the Emergency Reserve. A long-term advance of $4.1 million from the Subsidence Fund is also shown and was the result of State legislation and which will be repaid over 20 years, interest free, beginning in 2007. The unreserved fund balance also includes $5.8 million designated for FY 06 appropriations.

- As of September 30, 2005, the City's governmental funds reported an unreserved fund balance deficit of $40.6 million. The other governmental funds, excluding the General Fund positive unreserved fund balance, reported combined ending fund balances of $79.0 million of net unrestricted deficit fund balance. This consists of a combined $155.0 million deficit mainly due to the Redevelopment Capital Projects Fund for long-term advances due to other funds. The advances will be repaid with future property tax increment. The remaining positive balance of $76.0 million in the special revenue grant and capital projects funds is available for spending in accordance with restrictions, where applicable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Long Beach's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the 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.

Government-wide financial statements

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes or expenses pertaining to earned but unused employee vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, such as grant revenue (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the City include those related to legislative and legal, general government, public safety, public health, community and recreational, 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 government-wide financial statements include not only the City of Long Beach itself (known as the *primary government*), but also a legally separate transportation company for which the City of Long Beach is the only shareholder and, therefore, has authority to affect the company. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. Also included in the governmental activities of the government-wide financial statements are the Housing Authority of the City of Long Beach, the Long Beach Housing Development Company, the Redevelopment Agency of the City of Long Beach, the Long Beach Financing Authority and a portion of the Long Beach Bond Finance Authority.

The business-type activities portion of the government-wide financial statements also includes the Southeast Resource Recovery Facility, a portion of the Long Beach Bond

Finance Authority, the Long Beach Capital Improvement Corporation and the Parking Authority of the City of Long Beach. Although legally separate from the City, these component units are blended with the primary government because of their close governance by, or financial relationships with the City.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Development Fund, Community Development Grants Fund, General Capital Projects Fund, and the Redevelopment Capital Projects Fund, each considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. 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 compliance with their budgets. The budgetary comparison statements for the major governmental funds are located in the basic financial statements, while the statements for the non-major governmental funds and capital projects are included in the Additional Financial Information section of this report.

Proprietary funds are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. Proprietary funds provide the same type of information contained in the business-type activities portion of the

government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds, enterprise and internal service.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the gas and water utilities, solid waste management operations, tidelands operations, tideland oil revenue operations and the port, all of which are classified as major funds. The City also reports enterprise operations for the sewer utility, airport, towing operation and land subsidence fund as non-major enterprise funds shown in the Additional Financial Information section of this report.

Internal Service funds are accounts used to accumulate and allocate certain support costs internally among the City's various functions. The City uses internal service funds to account for: the operation and financing of the Civic Center complex; information technology assets and services, lease-purchase of equipment, and reprographics equipment and services; the operation, maintenance and replacement of the City's vehicle fleet and related facilities; the City's risk management and self-insurance programs, including workers compensation and general liability; and, compensated absences, payroll taxes, health and retirement benefits.

Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into *governmental activities* in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the Additional Financial Information section of this report.

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

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 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 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 Additional Financial Information Section, along with information regarding capital assets.

Government-Wide Financial Analysis

Since fiscal year 2002, the City has presented its financial statements using the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. Two years of financial information in the GASB 34 format are presented.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of changes in a government's financial position. In the City of Long Beach, assets exceeded liabilities by $3.1 billion at the close of fiscal year 2005, up $162.7 million from fiscal year 2004.

Net Assets
September 30, 2005 and 2004
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and Other Assets	$ 846,693	$ 650,483	$ 1,691,581	$ 1,496,323	$ 2,538,274	$ 2,146,806
Capital Assets	626,055	617,348	3,075,446	3,062,054	3,701,501	3,679,402
Total Assets	1,472,748	1,267,831	4,767,027	4,558,377	6,239,775	5,826,208
Liabilities:						
Current Liabilities	188,429	175,644	272,007	186,162	460,436	361,806
Noncurrent Liabilities, Net	829,212	622,607	1,838,068	1,892,446	2,667,280	2,515,053
Total Liabilities	1,017,641	798,251	2,110,075	2,078,608	3,127,716	2,876,859
Net Assets:						
Invested in Capital Assets, Net of Related Debt	99,122	261,014	1,564,750	1,534,595	1,663,872	1,795,609
Restricted	474,313	286,745	505,875	498,341	980,188	785,086
Unrestricted (Deficit)	(118,328)	(78,179)	586,327	446,833	467,999	368,654
Total Net Assets	$ 455,107	$ 469,580	$ 2,656,952	$ 2,479,769	$ 3,112,059	$ 2,949,349

The largest portion of the City's net assets (53.5 percent) reflects its investment of $1.7 billion in capital assets (for example, land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, $980.2 million (31.5 percent) represent resources that are subject to external restrictions on how they may be used. The restricted assets consist of 21.1 percent for debt repayment, 35.9 percent for capital projects, and 17.0 percent of grant funds with the balance related to various City special revenue and permanent funds**,** and a commitment by the Port of Long Beach's Harbor Fund for the Alameda Corridor. The remaining balance of *unrestricted net assets* in all City funds of $468.0 million may be used to meet the government's ongoing obligations to citizens and

creditors; however, specific expenditure restrictions apply to the grant funds, and much of the business-type and capital project funds.

At September 30, 2005, the City is able to report positive balances in all three categories of net assets, for the government as a whole and for business-type activities. The governmental activities unrestricted net assets deficit in the amount of $118.3 million is mainly due to deficits in the Internal Service Funds and in the Housing Authority Fund (See Note 15 in the accompanying notes to the basic financial statements). The deficit increased from fiscal year 2004 by $40.1 million from the comparable deficit amount of $78.2 million mainly due to an almost $30 million increase long-term projected workers insurance liabilities, an $8.5 million increase in general liability costs, and a $4.0 million increase in retired employees' health care costs.

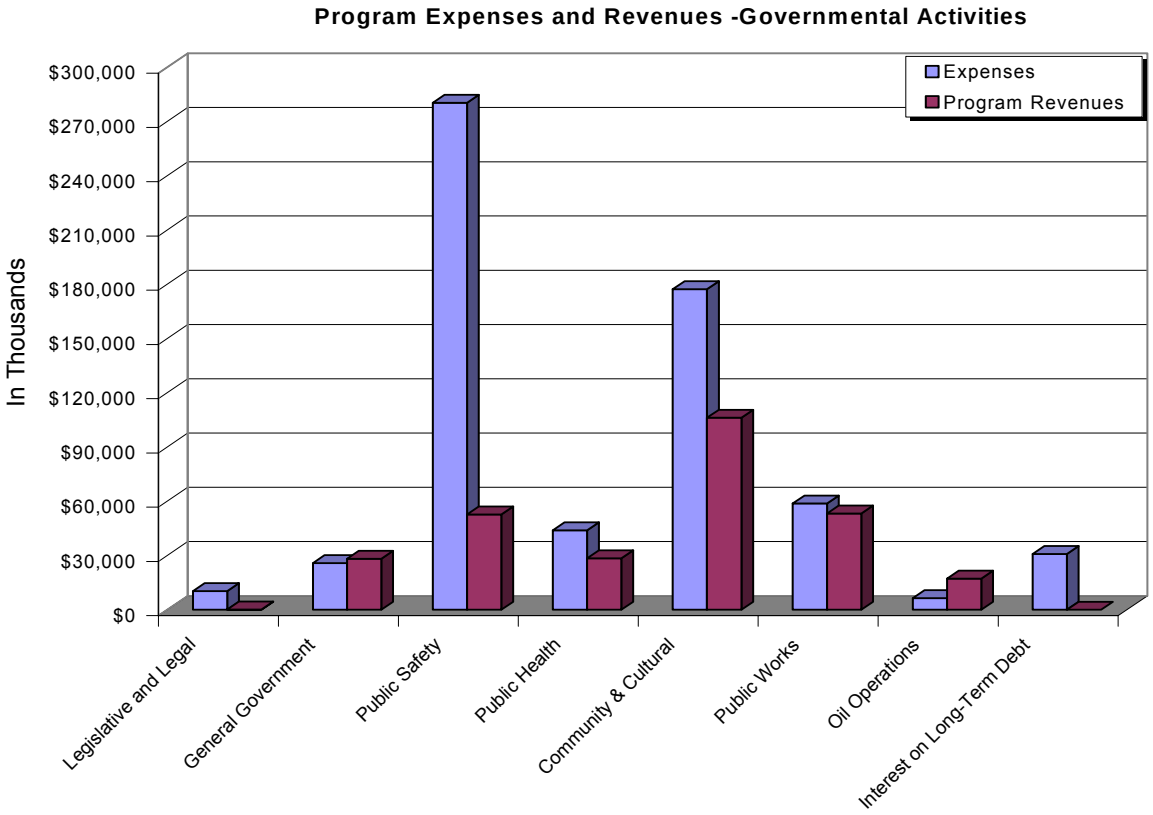
Analysis of Changes in Net Assets

The City's net assets increased $162.7 million in the fiscal year ended September 30, 2005. The increase is mainly due to operations in the business-type funds including the Harbor Fund for $142.2 million and other changes explained in the governmental and business-type activities discussions below.

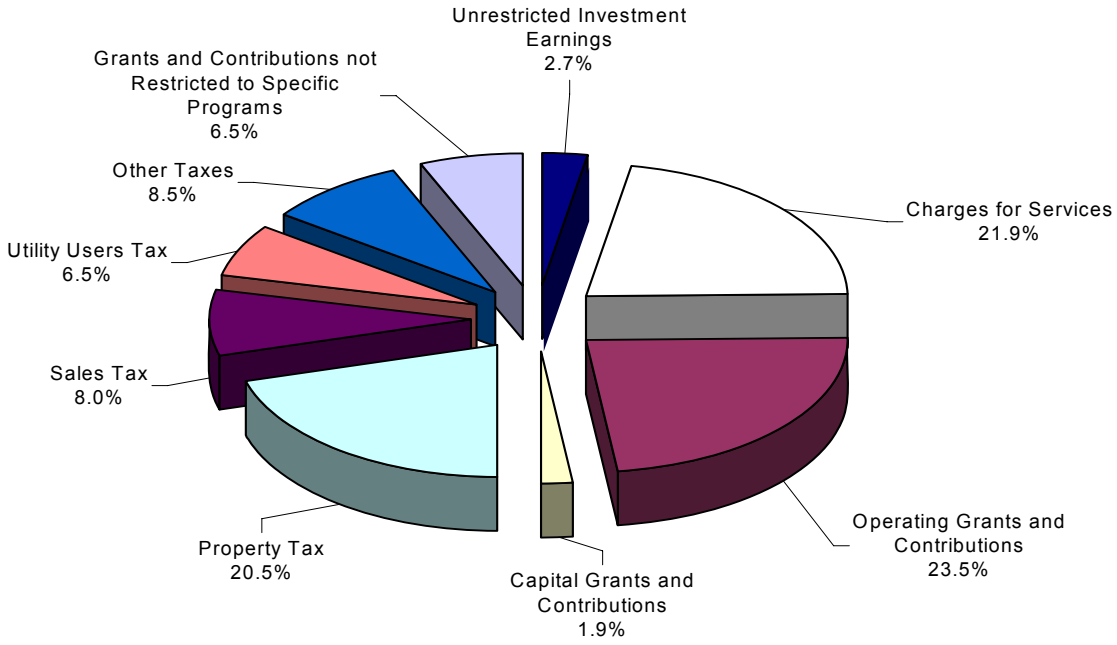
Changes in Net Assets
September 30, 2005 and 2004
(In Thousands)

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Revenues:				
Program Revenues:				
Charges for Services	$ 132,492	$ 118,187	$ 888,954	$ 734,561
Operating Grants and Contributions	142,011	143,818	2,520	1,066
Capital Grants and Contributions	11,489	13,285	25,787	23,500
General Revenues:				
Taxes:				
Property	123,924	107,796	-	-
Sales	48,216	42,383	-	-
Utility Users	39,216	45,339	-	-
Other	51,238	46,616	-	-
Grants and Contributions Not Restricted to Specific Programs	39,205	28,693	-	-
Unrestricted Investment Earnings	16,213	12,325	27,599	25,280
Gain (Loss) on Sale of Capital Assets	810	317	(665)	(2,539)
Total Revenues	604,814	558,759	944,195	781,868
Expenses:				
Legislative and Legal	10,313	9,721	-	-
General Government	25,808	23,179	-	-
Public Safety	280,415	227,601	-	-
Public Health	43,874	42,184	-	-
Community & Cultural	177,210	164,982	-	-
Public Works	58,783	67,425	-	-
Oil Operations	6,367	6,215	-	-
Interest on Long-Term Debt	30,831	22,652	-	-
Gas	-	-	89,463	76,408
Water	-	-	62,075	57,849
Sewer	-	-	7,337	7,787
Airport	-	-	22,465	19,476
Solid Waste Management	-	-	70,493	70,658
Towing	-	-	6,858	6,762
Tidelands	-	-	94,033	83,501
Tideland Oil Revenue	-	-	188,250	102,098
Subsidence	-	-	4,054	441
Harbor	-	-	207,689	198,084
Total Expenses	633,601	563,959	752,717	623,064
Increase (Decrease) in Net Assets before Transfers	(28,787)	(5,200)	191,478	158,804
Capital Assets Transfers	-	926	19	(926)
Transfers	14,314	12,584	(14,314)	(12,584)
Change in Net Assets	(14,473)	8,310	177,183	145,294
Net Assets - October 1	469,580	461,270	2,479,769	2,334,475
Net Assets - September 30	$ 455,107	$ 469,580	$ 2,656,952	$ 2,479,769

Governmental Activities
Year Ended September 30, 2005



Revenues By Source - Governmental Activities
Year Ended September 30, 2005



Governmental activities. The charts on the previous page illustrate program expenses and revenues by function, and revenues by source. Public Safety is the largest function at 44.3 percent of total governmental expense, followed by Community and Cultural at 28.0 percent, Public Works at 9.3 percent and Public Health at 6.9 percent. Property, sales and other taxes are general revenues used to support overall government functions; therefore, these are not shown as program revenues. Operating grants and contributions make up 23.5 percent, charges for services 21.9 percent and property tax 20.5 percent of total revenues.

Governmental activities decreased the City's net assets by $14.5 million. Although the City's total revenues increased from fiscal year 2004 by $46.1 million, or 8.2 percent, the City's expenses increased by a greater amount of $69.6 million, or 12.3 percent. Key factors of this change for governmental activities include the following:

- Property tax, including Redevelopment Property Tax Increment, increased $16.1 million or 15.0 percent primarily due to property assessed value increases fueled by an extended albeit stabilizing real estate boom, along with long-term leases of newly constructed property in the Port that accrues to the Redevelopment Agency. The redevelopment project areas growth in assessed property values gave rise to a 22.2 percent increase in property tax increment revenue, or $9.3 million. In addition, General Fund property tax revenue increased $5.1 million, or 9.1 percent. The remaining $1.7 million increase in property tax revenue occurred within the Housing Development Fund.

- Sales tax revenue increased by $5.8 million or 13.8 percent due to an improving economy and higher wages resulting in increased spending in the Greater Long Beach area, in addition to higher level of activity by a Long Beach-based utility purchasing supply company.

- Utility users tax decreased $6.1 million or 13.5 percent due to the voter-mandated decrease in the tax rate. The rate decreased by one percent annually starting on October 1, 2000 through October 1, 2004, reducing the rate from ten to five percent. Fiscal Year 2005 represents the final year of rate cuts. It is expected this revenue source will stabilize now that the final cut has been implemented.

- Other tax revenue increased $4.6 million or 9.9 percent and is primarily composed of pipeline fees, transient occupancy taxes, business license taxes and real estate property transfer tax revenue. Transient occupancy taxes increased due to increased hotel occupancy and room rates in fiscal year 2005, business license taxes increased partially due to the discontinuation of a 15 percent business license discount early-pay incentive program which ended early in fiscal year 2004, and increased real estate property transfer taxes attributed to an extended albeit stabilizing real estate boom.

- Program revenue charges for services increased $14.3 million in fiscal year 2005. This was primarily due to a citywide effort to improve cost recovery for services provided by departments to help eliminate the City's structural deficit. Details include:

  - Community and Cultural charges for services increased by $5.4 million or 29.3 percent primarily due to: $4.6 million in increased revenue from Community Development activities from revenue generated by the Boeing parking lot, Federal reimbursement for the January 2005 storms, the sale of land on Long Beach

Boulevard, increased income from housing vouchers, and $0.8 million from Library Services and Parks and Recreation due to increased fees for services.

- Oil operation revenue in the City's Uplands oil extraction area increased by almost $4.0 million as a result of increased oil prices.

- Public safety charges for services increased $3.1 million, or 8.4 percent. Of this increase, $1.8 million is attributed to Police Department services and $1.5 million is attributed to the Fire Department. Increased enforcement of Vehicle code and parking regulations comprised most of the increase in the Police Department. Increases in fire plan check and other fees comprised most of the increase in the Fire Department.

- Public Works charges for services increased $1.7 million or 11.2 percent primarily due to increased rates for parking meters and other rate increases.

▪ Operating grants and contributions decreased slightly by $1.8 million. Details include:

  - Public safety operating grants and contributions increased by $3.6 million primarily due to increased Federal funding for Homeland Security for the Police and Fire Departments.

  - Public health operating grants decreased $1.9 million due to decreased grant funding for various public health services.

  - Community and cultural operating grants and contributions decreased $3.6 million primarily due to fewer U.S. Department of Housing and Urban Development (HUD) Section 8 program reimbursements for low-income housing assistance.

▪ Governmental activities expenses increased $69.6 million, or 12.3 percent in fiscal year 2005 mostly from ongoing efforts to reduce the structural deficit and the reallocation of certain costs to internal service funds. Details include:

  - Public safety costs increased $52.8 million, which included $37.2 million in increased costs in the Police Department and $16.8 million in the Fire Department that are mainly due to increased pension costs;

  - Community and cultural costs increased by $12.2 million, including a $10.8 million increase in Community Development spending primarily for Redevelopment activities in the Central, Los Altos, North, Poly High and West Beach project areas, and a $1.1 million increase in Library and Parks and Recreation services due to grant funding.

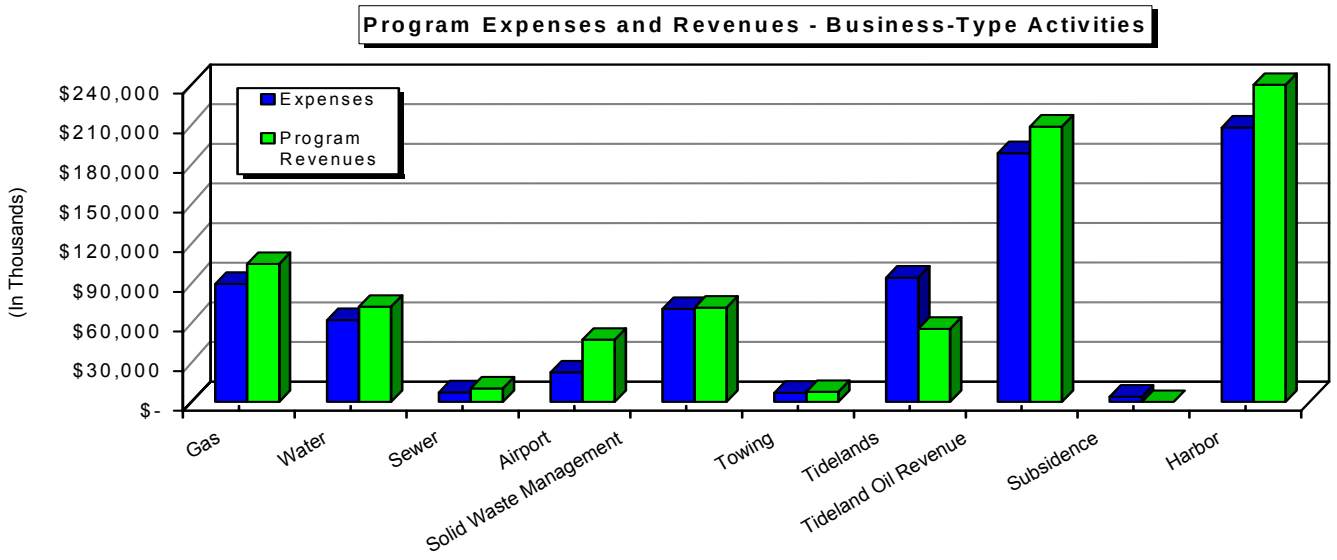
  - Public works expenses decreased $8.6 million mainly due to infrastructure and capital projects expenses that were capitalized under GASB 34.

  - Public health expenditures increased by $1.7 million.

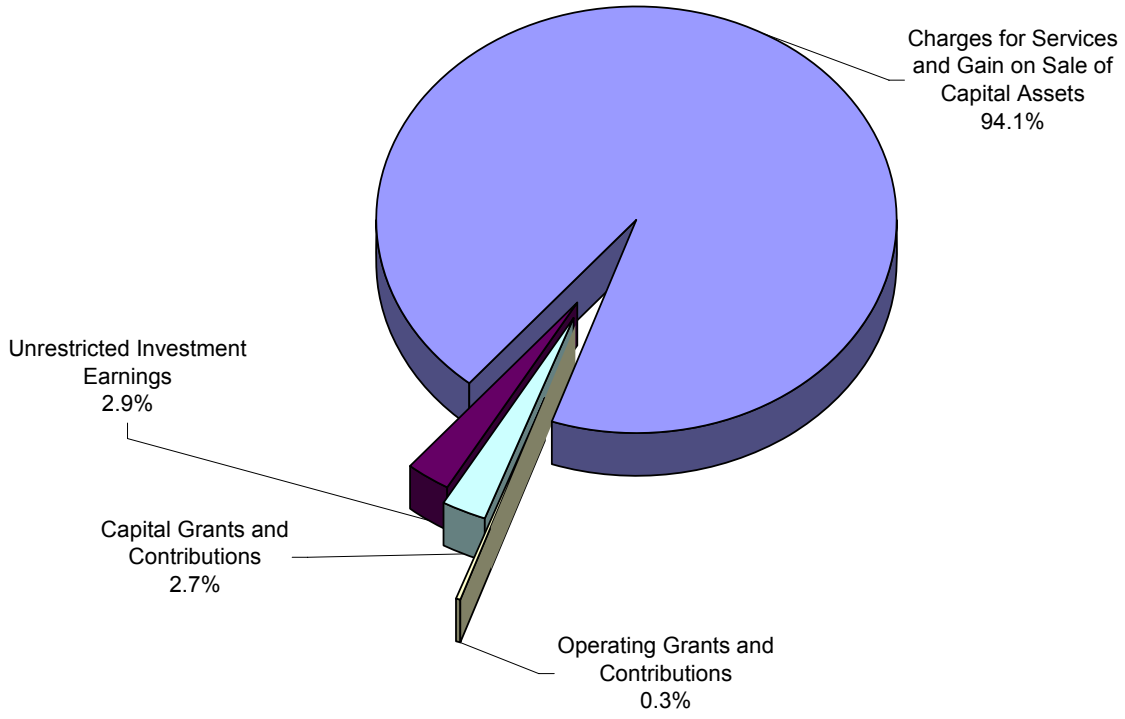
  - The increase of $8.2 million in interest on long-term debt is related to the issuance of $184.8 million in new bonds for redevelopment agency projects.

Business-Type Activities

Year Ended September 30, 2005



Revenue by Source - Business-type Activities
Year Ended September 30, 2005



Business-type activities. The business-type activities charts on the previous page illustrate program expenses and revenues, and revenues by source. The Port of Long Beach is the largest business-type operation, followed by the tidelands and utilities. The utilities and the Port of Long Beach are mainly funded by fees for services provided, while the Tidelands is funded by fees along with approved transfers from the Port of Long Beach's Harbor Fund, Tideland Oil Revenue Fund, and one-half of the transient occupancy tax generated in the Downtown Redevelopment Agency project area.

Business-type activities increased the City's overall net assets by $177.2 million, essentially accounting for all of the growth in net assets. The fiscal year 2005 increase in business-type net assets was $31.9 million more than the increase in fiscal year 2004 of $145.3 million. Key elements of the increase in fiscal year 2005 are:

- The Port of Long Beach's net assets, which are included in the City's Harbor Fund, increased by $142.2 million. This increase was due to net income from operations of $180.4 million and capital grant revenue of $2.2 million that was offset by a non-operating loss of $30.9 million and a transfer out of $9.5 million to the Tidelands Fund. The net non-operating loss was mainly the result of $57.4 million of interest expense, offset by interest earnings of $18.0 million and other income of $9.0 million. The Port's operating income increased $36.8 million, or 25.6 percent from last year, and is attributed to a substantial increase in containerized cargo volume.

- Water Fund net assets increased $11.9 million from net operating income of $6.2 million and capital contributions of $6.3 million offset by a minor non-operating expense of $0.5 million. Operating revenue increased $1.3 million from an increase in demand and a rate adjustment. Operating expenses increased by $2.7 million.

- Gas Fund net assets increased $1.8 million due to $11.9 million from operating income, $5.5 million in non-operating income, less $15.5 million in operating transfers to the General Fund. The increase of $4.3 million in operating income from last year is primarily due to better cost recovery for services provided, coupled with savings from optimizing operations in response to the City's structural budget deficit.

- Tidelands Oil Revenue Fund net assets increased $7.3 million due to revenue from higher oil prices. The Tidelands Fund net assets decreased $7.9 million due to operation, maintenance, depreciation, and non-operating costs of the beaches and other facilities that exceeded facility income.

- The $29.8 million increase in non-major business-type activities net assets include the Airport Fund net assets increase of $25.5 million primarily due to grants for runway, infrastructure improvements and security projects. The other enterprise funds reflected minimal changes in operations.

Government Funds Financial Analysis

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

Governmental funds

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

At September 30, 2005, the City's governmental funds reported a combined ending fund balance of $448.8 million, an increase of $181.8 million in comparison with the prior year. This change is primarily the result of an increase in non-pooled cash and cash equivalents of $139.0 million due to the 2005 Redevelopment Agency Bond issue, and land held for resale of $26.3 million for Redevelopment Agency projects. Of the total fund balance, the net unreserved fund balance is a $40.6 million deficit. Advances from the General Fund to the Redevelopment Fund make up most of the deficit, and will be repaid from future property tax increment revenue.

The unrestricted portion of the unreserved governmental funds ending fund balance at September 30, 2005 totaled $114.5 million. Of this amount, the General Fund unrestricted fund balance of $38.4 million includes an Emergency Reserve, and is offset by a long-term advance of $4.1 million from the Subsidence Fund. There is also $5.8 million of undesignated fund balance for subsequent year's appropriations. The other governmental funds reported an aggregate unreserved deficit of $79.0 million.

The *reserved* fund balance classification indicates funds committed for: (a) long-term advances to other funds ($132.3 million) that are not available to spend; (b) reserves for land held for resale ($75.3 million) that are not available to spend; (c) asset seizure funds restricted by law ($2.8 million); (d) commitments for contracts and purchase orders ($12.8 million); (e) City Charter requirements to maintain $1.486 million cash balance reserve; (f) future capital projects and special programs ($203.5 million); (g) required bond reserves to pay debt service ($57.7 million); and (h) other restricted purposes including reserve for estimated oil field abandonment costs and housing development ($3.6 million).

Since the implementation of GASB 34 in 2002, long-term advances due from other funds have been recorded as fund balance reserved for non-current receivables. The long-term advances due from other funds (e.g. loan to the Redevelopment Agency) have no specified repayment date; therefore, the General Fund reserved fund balance in the amount of $100.5 million is not available. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The total unreserved fund balance of $38.4 million, including emergency reserves of $36.6 million, represents 10.3 percent of total General Fund expenditures of $373.5 million.

The General Fund's fund balance decreased by $11.3 million during fiscal year 2005. This compares to a $0.3 million increase in fiscal year 2004. Factors affecting the fiscal year 2005 decrease include the following:

- While there was an increase in General Fund revenues of $24.9 million over the prior year, there was a slightly greater increase in General Fund expenditures of $27.2 million thereby creating $2.3 million in expenditures that exceeded revenues. The expenditure increase was predicted with the return of pension payments in fiscal year 2005.

- Other financing sources decreased by $9.2 million primarily due to one-time proceeds from other long term obligations in fiscal year 2004.

- Utility users tax revenue decreased $6.1 million due to the final year of a voter-approved five-year annual rate reduction of 1 percent.

- Public safety costs increased by $26.1 million due to increased Police and Fire pension costs.

- Debt service expenditures increased as scheduled by $0.9 million.

Enterprise Funds

The Enterprise Funds unrestricted net assets at September 30, 2005 amounted to $606.0 million, before the Internal Service Fund activities allocation. The total growth in net assets was $167.2 million after the Internal Service Fund activities allocation to Enterprise Funds. Other factors affecting the finances of these funds are addressed in the discussion of the City's business-type activities.

The Gas, Water and Solid Waste Management funds reported unrestricted net assets of $14.4 million, $11.2 million and $51.3 million, respectively. The Solid Waste Management Fund reported a deficit investment in Capital Assets net of Related Debt due to the 1995 refunding bond issue that extended the original repayment terms for the debt. The 1995 Series was refunded again in 2004 without extending debt service payments from that of the 1995 bond issue. The Tidelands, Tideland Oil Revenue and Harbor Funds reported unrestricted net assets of $8.6 million, $57.8 million and $441.5 million, respectively. Other business-type funds reported unrestricted net assets of $21.2 million.

Internal Service Funds

The Internal Service funds, which are used to finance and account for goods and services provided internally among City departments, had a deficit in unrestricted net assets of $139.6 million. This deficit is in the Insurance and Employee Benefit Internal Service funds, which have always been accounted for on a pay-as-you-go basis and therefore are not fully funded for long-term liabilities. City management believes the cash position of each fund is sufficient to cover the current costs related to health insurance, worker's compensation, and general liability claims and operating costs. The City's Management intends to adjust billings to City departments as needed to ensure that adequate cash positions are maintained. This reflects a $45.3 million deficit increase from the prior year and is primarily due to a change in the data used to compute long-term Worker's Compensation liabilities. The City is contracting with an actuary to update the methodology used to compute the liability.

Fiduciary Funds

The City maintains fiduciary funds for the assets of private purpose trust funds including the Miller Trust Fund and the Mayor's Fund for the Homeless. These funds are held in trust for the benefit of the Main Library Miller room staffing and books, and for homeless services expenditures, with net assets of $851,000 and $127,000, respectively.

Budgetary Highlights

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

General Fund

General Fund net appropriation adjustments totaled $7.8 million. This was primarily the result of a $8.5 million increase in general government, legislative and legal, public safety, public health expenses and operating transfers out offset by a $.7 million reduction in community and cultural, and public works expenses.

The General Fund reflects a net positive ending fund balance variance of $8.7 million on a budgetary basis, which consists of a favorable revenue variance of $8.2 million, a favorable total expenditure variance of $2.4 million and a negative other financing sources variance of $1.9 million.

General fund actual revenues were over budget by $8.2 million on a budgetary basis. Sales tax actual revenue was $5.3 million more than the adopted projection of $40.4 million, a 13.2 percent difference primarily due to an improving economy and an increase in taxable sales. Property tax was slightly less than budgeted at $0.7 million less. License and permit revenue exceeded budget by $1.1 million and is due to an increase in building permits and plan check fees fueled by construction activity. Revenue from other agencies is $2.7 million more than projected. Other tax revenue of $41.4 million was $2.2 million over the anticipated revenue of $39.2 million and is primarily due to real property transfer tax exceeding budget and increased pipeline fee revenue.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities for the current fiscal year amounts to $3.7 billion, net of accumulated depreciation. This is an increase of $22.1 million over fiscal year 2004. This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, right-of-ways, roads, curbs, gutters, sidewalks, alleys and bridges.

Major changes in capital projects in progress and capital assets during the year include:

- The Harbor Fund capital assets decreased $16.8 million due to the transfer of accumulated costs from the construction in progress account to expense and to fixed assets, net of depreciation.

- The Airport Fund increase of $21.4 million in capital assets is primarily due to project expenditures for rehabilitation of the main runway, as well as improvements to the taxiways.
- The Water Fund capital assets increased $10.9 million due to improvements in the distribution and collection system.
- Governmental fund buildings increased $39.8 million due to the completion of the Public Safety Building.
- Infrastructure increased by the addition of streets, curbs, gutters and sidewalks of $2.8 million and improvements other than buildings increased $6.5 million for the rebuild of the Skylinks Golf Course.

Additional information on the City's capital assets can be found in Note 7 to the basic financial statements.

Capital Assets, Net of Depreciation
September 30, 2005 and 2004
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	$ 116,026	$ 113,887	$ 898,540	$ 876,943	$ 1,014,566	$ 990,830
Right-a-way	2,806	2,806	207,823	207,823	210,629	210,629
Construction In Progress	76,710	116,502	188,092	220,754	264,802	337,256
Building	171,072	131,318	1,200,100	1,216,310	1,371,172	1,347,628
Improvements other than Buildings	34,817	28,287	146,449	97,016	181,266	125,303
Infrastructure	163,636	160,861	424,083	431,794	587,719	592,655
Machinery and Equipment	19,115	22,899	5,434	5,427	24,549	28,326
Automotive	36,194	33,689	4,925	5,987	41,119	39,676
Other Assets	5,679	7,099	-	-	5,679	7,099
Total Net Capital Assets (net)	$ 626,055	$ 617,348	$ 3,075,446	$ 3,062,054	$ 3,701,501	$ 3,679,402

Long-Term Indebtedness

At the end of fiscal year 2005, the City had total net long-term obligations outstanding of $2.8 billion. Of this amount, $1.9 billion relates to revenue bonds, certificates of participation, notes payable, capital leases, accrued oil field abandonment costs and other obligations of the City's business enterprises. The remaining balance of $867.4 million relates to revenue bonds, tax allocation bonds, notes payable, capital leases, self-insurance and employee benefit obligations of the governmental funds.

The City's net debt outstanding increased by $243.5 million in fiscal year 2005 (Note 8). The City issued $273.8 million in revenue bonds for the refunding of: the Temple and Willow Project bonds issued in 1998; the 1993 Gas Utility bonds for the heating and ventilating of the Convention Center, and the 1995 Harbor bonds for capital improvements to Piers A and J at the Port of Long Beach. Tax allocation bonds totaling $184.8 million were issued to support housing development ($55.7 million) and redevelopment activities ($129.1 million) in the Central Long Beach, Los Altos, North Long Beach, Poly High School and West Long Beach areas. The City also entered into a $2.2 million computer capital lease.

Additional information on the City of Long Beach's long-term debt can be found in Notes 8 through 11 of the basic financial statements.

Economic Factors and Next Year's Budget and Rates

Based on current available data, the annual unemployment rate as of September 2005 in the City of Long Beach was 6.1 percent. This compares to the State of California's unemployment rate of 5.3 percent, and the Los Angeles County rate of 5.3 percent.

To streamline and improve the annual budget process, the City Council adopted a set of financial policies to govern the City's complex budgetary and fiscal decision making prospectively. These policies address such key issues as the use of one-time resources, debt guidelines, structurally balanced budgets, financial reporting and reserve designations. Fiscal year 2006 represents year three of the City Council's Financial Strategic Plan (Plan) to eliminate the City's General Fund structural deficit. Highlights of the fiscal year 2006 budget include:

Fiscal year 2006 budgeted General Fund revenues, before transfers, are expected to show a net decrease of $20.0 million from the fiscal year 2005 budget primarily due to directly budgeting services in the Tidelands, General Grants and Gas funds for services traditionally accounted for in the General Fund and subsequently billed to those other funds. Additional details include:

- An $8.0 million decrease in General Fund revenue from fiscal year 2005 resulting from one-time revenue associated with the City's participation in the State's Vehicle License Fee Gap Loan Receivable Financing Program.

- A $7.4 million increase in sales tax revenue from anticipated growth in taxable sales in Long Beach.

- A $5.3 million increase in use of money and property due to a legal settlement and anticipated increases in interest rates.

- An increase of $4.4 million in property tax in-lieu of vehicle license fee revenue, as this is allocated based on property tax growth, where Long Beach continues to show exceptional performance in the growth of assessed valuations.

- A $4.4 million increase in other revenues due to the anticipated sale of four City-owned facilities including City Hall East, the State Building, Video Choice and the Cota Street property.

- A $2.7 million increase in emergency ambulance fees in response to the City starting to provide basic life support ambulance services that had been contracted-out to a private company for well over a decade.

- An increase of $1.8 million in pipeline franchise fees due to consumer price index increases, and in transient occupancy taxes, due to anticipated higher occupancy and room rates.

- A $1.6 million growth in property tax revenue, a 2.8 percent increase over fiscal year 2005 actual revenue, due to continued increases in assessed valuations.

- Utility users taxes finally stabilized at 5 percent since the last voter-mandated rate decrease was implemented in fiscal year 2005.

- License and permits are projected to increase $3.4 million and fines and forfeitures by $0.8 million.

The fiscal year 2006 adopted General Fund operating budget decreased by a net $19.2 million from the final fiscal year 2005 budget, excluding transfers. This difference is the result of a concerted effort to eliminate the City's structural deficit, thus bringing General Fund expenditures more closely in line with its revenues. The following, which include related funds that affect the General Fund, details key fiscal 2006 reductions:

- A $2.1 million reduction in general administrative and management functions, including the elimination of 7 full-time positions.

- A $4.9 million targeted reduction in employee benefits and work practices, a multi-year effort primarily focused on the area of health benefits and increased premiums.

- Contracting opportunities for a savings of approximately $1.0 million.

- A $5.2 million reduction through operational and organizational changes with an associated reduction in 3 full-time positions.

- A $180,000 decrease in capital projects and infrastructure, including the deferral of non-critical projects and a reduction in wireless and computer hardware expenses.

- A $448,500 material, supplies and equipment reduction, primarily from reducing the vehicle fleet, travel expenses and technology equipment.

- A $457,300 reduction to recreation services with a cut in 12 full-time positions.

- A reduction of $452,300 and 5.5 full-time equivalents in Library services with an additional one-day closure at two main library facilities.

- A $291,000 reduction in public safety support services and 5 positions associated with the redeployment of crossing guards from Public Safety Advisory Committee-approved corners, and the restructuring of the Citywide Park Ranger Program.

- Arts and Cultural reductions of $350,000, along with code enforcement reductions of $150,000.

Changes to the General Fund's expenditure budget also include proposed enhancements in critical service areas, most of which are revenue offset. The following provides examples of some of the more significant enhancements:

- A $1.1 million increase for 15 new police officers.

- A $378,683 increase for community development activities.
- Additional Safety Specialist staffing at the Fire Department of $94,000.
- The restoration of animal shelter staffing at $99,000.
- A $993,000 increase for additional staffing in Planning and Building to keep pace with ongoing construction development activities.
- An $80,000 increase for an Administrative Analyst position in Parks, Recreation and Marine.
- The expansion of graffiti-removal funding to allow for 48-hour removal at least 85 percent of the time.

Fiscal year 2006 represents the third year of the Financial Strategic Plan (Plan) implemented to address the City's structural deficit, while maintaining its core municipal services. The Plan was designed to be a fluid document to assess targeted accomplishments, add new ideas reflective of shifting economic conditions, confirm validity of proposed reductions and make appropriate adjustments to ensure the Plan reflects input from the City Council and the community. In the development process of the fiscal year 2006 budget, the City reached out to the community for ideas and input through a series of community meetings, including the July 9, 2005 budget summit, and dozens of neighborhood association, board, committee and commission meetings.

In addition, the fiscal year 2006 adopted budget is the first performance-based budget enacted in the City's history. The City implemented a new Focus on Results (FOR) performance based management initiative that will better align the City's financial resources and operations with the City Council and community's priorities. This effort will improve the efficiency and effectiveness of City operations and increase accountability at all levels of the organization.

Requests for Information

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

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City of Long Beach
Statement of Net Assets
September 30, 2005
(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	$ 275,474	$ 616,013	$ 891,487	$ -
Non-Pooled Cash and Cash Equivalents	234,210	-	234,210	10,323
Non-Pooled Investments	-	603	603	-
Interest Receivable	3,182	716	3,898	-
Property Tax Receivable, Net	5,683	-	5,683	-
Accounts and Loans Receivables, Net	11,719	115,951	127,670	2,362
Due from Other Governments	45,603	2,628	48,231	-
Internal Balances	527	(527)	-	-
Inventory	1,519	4,088	5,607	898
Other Assets	13,648	21	13,669	143
Land Held for Resale	75,284	-	75,284	-
Restricted Assets:				
Pooled Cash and Cash Equivalents	14,332	415,682	430,014	-
Non-Pooled Cash and Cash Equivalents	11,977	41,981	53,958	16,528
Non-Pooled Investments	-	51,016	51,016	-
Accounts and Loans Receivables, Net	-	341	341	7,278
Interest Receivable	-	288	288	-
Deposits	2,848	-	2,848	-
Noncurrent Assets:				
Non-Pooled Investments	10,000	-	10,000	-
Other Noncurrent Receivables	61,752	14,191	75,943	-
Land and Other Capital Assets not being Depreciated	195,542	1,294,455	1,489,997	6,538
Capital Assets, net of Accumulated Depreciation	430,513	1,780,991	2,211,504	81,396
Other Assets	78,935	428,589	507,524	-
Total Assets	1,472,748	4,767,027	6,239,775	125,466
LIABILITIES				
Current Liabilities:				
Accounts Payable	34,143	47,955	82,098	1,034
Accrued Wages and Benefits Payable	38,648	7,517	46,165	1,201
Accrued Interest Payable	4,381	646	5,027	1,799
Tax and Revenue Anticipation Notes Payable	30,000	-	30,000	-
Deferred Revenue, Credits and Other Payables	22,060	29,181	51,241	11,269
Employee Benefits and Accrued Self-Insurance Claims	29,650	-	29,650	3,007
Bonds, Loans, Capital Leases and Other Long-Term Obligations	22,840	114,088	136,928	-
Liabilities Payable From Restricted Assets:				
Accounts Payable	-	30	30	-
Accrued Interest Payable	6,707	26,389	33,096	-
Deferred Revenue, Credits and Other Payables	-	-	-	14,878
Customers Deposits	-	2,733	2,733	-
Bonds and Other Long-Term Obligations	-	43,468	43,468	-
Noncurrent Liabilities:				
Deferred Revenue, Credits and Other Payables	14,294	40,264	54,558	-
Employee Benefits and Accrued Long-Term Obligations	211,900	328,700	540,600	739
Bonds, Loans, Capital Leases and Other Long-Term Obligations	603,018	1,469,104	2,072,122	-
Total Liabilities	1,017,641	2,110,075	3,127,716	33,927
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	99,122	1,564,750	1,663,872	87,934
Restricted for:				
Asset Seizure Money	2,763	-	2,763	-
Debt Service	60,609	145,798	206,407	-
Capital Projects	225,793	125,609	351,402	-
Public Health	4,221	-	4,221	-
Community and Cultural	162,721	-	162,721	-
Health Care Insurance	13,088	-	13,088	-
Alameda Corridor Transportation Authority Contingency	-	78,587	78,587	-
Other Purposes	5,118	155,881	160,999	-
Unrestricted	(118,328)	586,327	467,999	3,605
Total Net Assets	$ 455,107	$ 2,656,952	$ 3,112,059	$ 91,539

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, 2005
(In Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Legislative and Legal	$ 10,313	$ 98	$ 60	$ -
General Government	25,808	27,289	820	-
Public Safety	280,415	39,768	12,898	-
Public Health	43,874	7,557	20,864	-
Community and Cultural	177,210	23,649	82,305	210
Public Works	58,783	16,878	25,064	11,279
Oil Operations	6,367	17,253	-	-
Interest on Long-Term Debt	30,831	-	-	-
Total Governmental Activities	633,601	132,492	142,011	11,489
Business-Type activities:				
Gas	89,463	104,450	-	-
Water	62,075	65,813	-	6,289
Sewer	7,337	9,729	-	585
Airport	22,465	29,121	1,283	16,705
Solid Waste Management	70,493	70,128	1,237	-
Towing	6,858	7,622	-	-
Tidelands	94,033	55,436	-	-
Tideland Oil Revenue	188,250	208,488	-	-
Subsidence	4,054	-	-	-
Harbor	207,689	338,167	-	2,208
Total Business-Type Activities	752,717	888,954	2,520	25,787
Total Primary Government	$ 1,386,318	$ 1,021,446	$ 144,531	$ 37,276
Component Unit:				
Long Beach Public Transportation Company	$ 69,910	$ 13,661	$ 40,444	$ 31,083

General Revenues
- Taxes:
  - Property
  - Sales
  - Utility Users
  - Other
- Grants and Contributions Not Restricted to Specific Programs
- Unrestricted Investment Earnings
- Gain (Loss) on Sale of Capital Assets

Capital Asset Transfers
Transfers
- Total General Revenues and Transfers
  - Change in Net Assets

Net Assets - October 1
Net Assets - September 30

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transportation Company
$ (10,155)	$ -	$ (10,155)	$ -
2,301	-	2,301	-
(227,749)	-	(227,749)	-
(15,453)	-	(15,453)	-
(71,046)	-	(71,046)	-
(5,562)	-	(5,562)	-
10,886	-	10,886	-
(30,831)	-	(30,831)	-
(347,609)	-	(347,609)	-
-	14,987	14,987	-
-	10,027	10,027	-
-	2,977	2,977	-
-	24,644	24,644	-
-	872	872	-
-	764	764	-
-	(38,597)	(38,597)	-
-	20,238	20,238	-
-	(4,054)	(4,054)	-
-	132,686	132,686	-
-	164,544	164,544	-
(347,609)	164,544	(183,065)	-
-	-	-	15,278
123,924	-	123,924	-
48,216	-	48,216	-
39,216	-	39,216	-
51,238	-	51,238	-
39,205	-	39,205	-
16,213	27,599	43,812	595
810	(665)	145	-
-	19	19	-
14,314	(14,314)	-	-
333,136	12,639	345,775	595
(14,473)	177,183	162,710	15,873
469,580	2,479,769	2,949,349	75,666
$ 455,107	$ 2,656,952	$ 3,112,059	$ 91,539

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	General	Housing Development	Community Development Grants
ASSETS			
Pooled Cash and Cash Equivalents	$ 28,670	$ 21,714	$ 3,738
Non-Pooled Cash and Cash Equivalents	35,385	2,430	-
Non-Pooled Investments	-	-	-
Receivables:			
Interest Receivable	20	6	-
Property Taxes	7,353	-	-
Accounts Receivable	20,260	-	-
Notes and Loans Receivable	2,370	-	-
Due from Other Governments	15,835	100	2,212
Due from Other Funds	21,341	-	-
Allowance for Receivables	(17,080)	-	-
Inventory	-	-	-
Other Assets	6	1	371
Advances to Other Funds	100,455	20,707	6,719
Land Held for Resale	-	995	1,333
Other Noncurrent Receivables	-	21,835	32,819
Total Assets	$ 214,615	$ 67,788	$ 47,192
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 7,833	$ 35	$ 932
Accrued Wages Payable	7,157	28	212
Accrued Interest Payable	900	-	-
Tax and Revenue Anticipation Notes Payable	30,000	-	-
Due to Other Funds	3,346	13	2,225
Deferred Revenues	8,054	21,835	33,280
Deposits and Collections Held in Trust	3,042	31	31
Advances from Other Funds	4,054	3,819	-
Total Liabilities	64,386	25,761	36,680
Fund Balances (Deficit):			
Reserved for:			
Other Noncurrent Receivables	100,455	20,707	6,719
Asset Seizure Money	2,763	-	-
Encumbrances	1,714	-	26
Future Advances to Other Funds	1,486	-	-
Future Capital Projects and Special Programs	-	-	-
Housing Development	-	480	-
Land Held for Resale	-	995	1,333
Estimated Oil Field Abandonment Costs	-	-	-
Debt Service	5,407	-	-
Unreserved, Designated for:			
Subsequent Years' Appropriations	5,802	23,664	2,434
Emergency	34,156	-	-
Unreserved, Undesignated, Reported in:			
General Fund	(1,554)	-	-
Special Revenue Funds	-	(3,819)	-
Capital Projects Funds	-	-	-
Total Fund Balance	150,229	42,027	10,512
Total Liabilities and Fund Balances	$ 214,615	$ 67,788	$ 47,192

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

General Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Totals September 30, 2005	Totals September 30, 2004
$ 20,290	$ 46,170	$ 50,050	$ 170,632	$ 164,099
1,259	195,119	17	234,210	95,250
-	10,000	-	10,000	10,000
-	3,156	-	3,182	330
-	-	-	7,353	7,903
141	394	3,660	24,455	22,081
-	-	-	2,370	2,413
8,396	80	18,014	44,637	36,050
48	347	-	21,736	20,820
-	-	(581)	(17,661)	(15,044)
-	-	-	-	62
-	13,605	35	14,018	8,753
1,732	10,839	-	140,452	138,429
-	72,956	-	75,284	48,963
-	4,330	2,768	61,752	55,231
$ 31,866	$ 356,996	$ 73,963	$ 792,420	$ 595,340
$ 1,428	$ 5,225	$ 11,649	$ 27,102	$ 27,072
95	77	793	8,362	7,995
-	-	-	900	437
-	-	-	30,000	30,000
44	13,654	5,945	25,227	24,157
629	14,550	5,747	84,095	75,520
1	655	3,062	6,822	6,760
-	148,330	4,900	161,103	156,340
2,197	182,491	32,096	343,611	328,281
1,732	2,641	-	132,254	133,452
-	-	-	2,763	2,607
6,257	852	3,911	12,760	23,015
-	-	-	1,486	1,486
9,534	167,427	26,549	203,510	56,055
-	-	-	480	943
-	72,956	-	75,284	48,962
-	-	3,136	3,136	2,698
-	52,105	200	57,712	41,390
12,146	26,854	10,971	81,871	74,535
-	-	-	34,156	33,756
-	-	-	(1,554)	2,500
-	-	(2,900)	(6,719)	(7,774)
-	(148,330)	-	(148,330)	(146,566)
29,669	174,505	41,867	448,809	267,059
$ 31,866	$ 356,996	$ 73,963	$ 792,420	$ 595,340

City Of Long Beach
Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities in the Statement of Net Assets
September 30, 2005
(in Thousands)

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

Total governmental fund balances	$	448,809
Capital assets used in the governmental activities, that are not included in the internal service funds, are not financial resources and, therefore, are not reported in the funds.		494,647
Certain property taxes receivable are not available to pay current-period expenditures and, therefore, are deferred in the funds.		1,089
Because the focus of governmental funds is short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.		53,989
Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period, therefore, are not reported in the funds. (Note 3)		(512,612)
Internal service funds are used by management to charge the cost of operations and financing related to the Civic Center complex; operations, maintenance, financing, and 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 acitivities in the statement of net assets.		(30,815)
Net assets of governmental activities	$	455,107

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

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City of Long Beach
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit)
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	General	Housing Development	Community Development Grants
Revenues:			
Taxes:			
Property	$ 60,742	$ 12,744	$ -
Sales	45,734	-	-
Utility Users	39,216	-	-
Other Taxes	41,439	-	-
Licenses and Permits	18,096	347	3
Fines and Forfeitures	14,738	-	-
Use of Money and Property	15,998	957	932
From Other Agencies	41,616	50	18,544
Charges for Services	44,621	-	-
Other	5,868	1,482	4,476
Total Revenues	328,068	15,580	23,955
Expenditures:			
Current:			
Legislative and Legal	10,037	-	-
General Government	24,603	75	309
Public Safety	249,955	-	-
Public Health	4,742	-	-
Community and Cultural	41,091	4,595	23,272
Public Works	30,509	-	-
Oil Operations	-	-	-
Total Current Expenditures	360,937	4,670	23,581
Capital Improvements	-	-	-
Loss on Disposition of Land Held for Resale	-	3,420	-
Debt Service:			
Principal	5,892	455	-
Interest	6,696	41	-
Debt Administration Fees	-	10	-
Total Expenditures	373,525	8,596	23,581
Excess of Revenues Over (Under) Expenditures	(45,457)	6,984	374
Other Financing Sources (Uses):			
Other Deferred Payments	-		-
Proceeds from Other Long-Term Obligations	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Reconveyance of Land	-	3,911	-
Advances-Capitalized Interest	1,757	87	-
Transfers In	38,892	-	190
Transfers Out	(6,485)	(2,563)	(2,219)
Total Other Financing Sources (Uses)	34,164	1,435	(2,029)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(11,293)	8,419	(1,655)
Fund Balances (Deficit) - October 1	161,522	33,608	12,167
Fund Balances - September 30	$ 150,229	$ 42,027	$ 10,512

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

General Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Totals September 30, 2005	Totals September 30, 2004
$ -	$ 50,977	$ -	$ 124,463	$ 107,825
-	-	2,482	48,216	42,383
-	-	-	39,216	45,339
-	3,261	6,537	51,237	46,616
1,464	220	6,139	26,269	22,878
-	-	6	14,744	13,581
598	11,250	19,114	48,849	36,856
10,046	210	122,256	192,722	186,426
-	-	2,012	46,633	45,948
31	1,619	2,511	15,987	13,106
12,139	67,537	161,057	608,336	560,958
-	-	-	10,037	10,359
-	222	-	25,209	23,407
-	-	7,914	257,869	227,176
-	-	36,909	41,651	41,927
-	38,537	72,364	179,859	177,114
-	-	12,376	42,885	43,589
-	-	6,164	6,164	5,512
-	38,759	135,727	563,674	529,084
25,223	-	4,883	30,106	55,565
-	670	-	4,090	12
-	5,230	365	11,942	11,001
-	13,916	153	20,806	16,282
-	198	112	320	247
25,223	58,773	141,240	630,938	612,191
(13,084)	8,764	19,817	(22,602)	(51,233)
-	221	-	221	229
-	184,757	3,587	188,344	17,360
-	-	(3,526)	(3,526)	(10,729)
	(3,420)	-	491	13
-	(1,844)	-	-	-
7,836	2,863	3,001	52,782	73,563
(351)	(5,163)	(17,179)	(33,960)	(50,729)
7,485	177,414	(14,117)	204,352	29,707
(5,599)	186,178	5,700	181,750	(21,526)
35,268	(11,673)	36,167	267,059	288,585
$ 29,669	$ 174,505	$ 41,867	$ 448,809	$ 267,059

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, 2005
(in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:	
Excess of revenue and other sources over expenditures and other uses - total governmental funds	$ 181,750
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period. (Note 3)	6,670
Net effect of miscellaneous transactions involving capital assets (for example, sales, trade-ins and donations) is a decrease to net assets.	(36,335)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(317)
Governmental funds report expenditures pertaining to the establishment of certain long-term loans made. 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 assets and, therefore, the corresponding net expense is not reported on the statement of activities.	2,343
The issuance of long-term debt (for example, bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is reflected herein. (Note 3)	(166,509)
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. (Note 3)	(2,127)
Internal service funds are used by management to charge the cost of certain services to individual funds. The net loss of of certain activities of internal service funds is reported as governmental activities. (Note 3)	52
Change in net assets of governmental activities	$ (14,473)

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, 2005
(In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property Taxes	$ 61,483	$ 61,483	$ 60,742	$ (741)
Sales Taxes	40,390	40,390	45,734	5,344
Utility Users Taxes	40,425	40,425	39,216	(1,209)
Other Taxes	39,217	39,217	41,439	2,222
Licenses and Permits	16,861	16,969	18,096	1,127
Fines and Forfeitures	13,526	13,526	14,738	1,212
Use of Money and Property	16,703	16,703	15,998	(705)
From Other Agencies	39,222	38,938	41,616	2,678
Charges for Services	44,062	44,116	44,621	505
Other	7,599	8,130	5,868	(2,262)
Total Revenues	319,488	319,897	328,068	8,171
Expenditures:				
Current:				
Legislative and Legal	11,035	11,070	10,064	1,006
General Government	14,853	20,121	25,077	(4,956)
Public Safety	250,573	252,063	250,271	1,792
Public Health	4,612	4,763	4,761	2
Community and Cultural	44,829	44,308	41,774	2,534
Public Works	32,565	32,390	30,704	1,686
Total Current Expenditures	358,467	364,715	362,651	2,064
Debt Service:				
Principal	6,419	6,419	5,892	527
Interest	6,505	6,505	6,696	(191)
Total Expenditures	371,391	377,639	375,239	2,400
Excess of Revenues Over (Under) Expenditures	(51,903)	(57,742)	(47,171)	10,571
Other Financing Sources (Uses):				
Advances change in Principal	-	-	1,757	1,757
Transfers In	43,988	43,988	38,892	(5,096)
Transfers Out	(6,381)	(7,931)	(6,485)	1,446
Total Other Financing Sources	37,607	36,057	34,164	(1,893)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(14,296)	(21,685)	(13,007)	8,678
Fund Balances - October 1, Budgetary Basis	158,760	158,760	158,760	-
Encumbrances, Beginning of the Year	2,762	2,762	2,762	-
Fund Balances - September 30, Budgetary Basis	$ 147,226	$ 139,837	$ 148,515	$ 8,678

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

City of Long Beach
Housing Development
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property Taxes	$ 9,530	$ 9,530	$ 12,744	$ 3,214
Licenses and Permits	14	1,221	347	(874)
Use of Money and Property	393	385	957	572
From Other Agencies	9,926	10,176	50	(10,126)
Other - Land Sales and Contributions	-	-	234	234
Other	488	1,431	1,482	51
Total Revenues	20,351	22,743	15,814	(6,929)
Expenditures:				
General Government	78	78	75	3
Community and Cultural	23,088	21,777	4,595	17,182
Total Current Expenditures	23,166	21,855	4,670	17,185
Loss on Disposition of Land Held for Resale	-	-	3,420	(3,420)
Debt Service:				
Principal	598	214	455	(241)
Interest	-	41	41	-
Debt Administration Fees	14	14	10	4
Total Expenditures	23,778	22,124	8,596	13,528
Excess of Revenues Over (Under) Expenditures	(3,427)	619	7,218	6,599
Other Financing Sources (Uses):				
Reconveyance of Land	-	-	3,911	3,911
Advances-Capitalized Interest	-	-	87	87
Transfers In	-	27	-	(27)
Transfers Out	(1,520)	(4,315)	(2,563)	1,752
Total Other Financing Sources (Uses)	(1,520)	(4,288)	1,435	5,723
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,947)	(3,669)	8,653	12,322
Fund Balances - October 1, Budgetary Basis	32,380	32,380	32,380	-
Fund Balances - September 30, Budgetary Basis	$ 27,433	$ 28,711	$ 41,033	$ 12,322

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

City of Long Beach
Community Development Grants
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Licenses and Permits	$ 1	$ 1	$ 3	$ 2
Use of Money and Property	612	612	932	320
From Other Agencies	53,221	54,096	18,544	(35,552)
Other	3,712	12,543	4,476	(8,067)
Total Revenues	57,546	67,252	23,955	(43,297)
Expenditures:				
General Government	335	335	309	26
Community and Cultural	58,752	65,833	23,298	42,535
Total Current Expenditures	59,087	66,168	23,607	42,561
Total Expenditures	59,087	66,168	23,607	42,561
Excess of Revenues Over (Under) Expenditures	(1,541)	1,084	348	(736)
Other Financing Sources (Uses):				
Transfers In	178	3,160	190	(2,970)
Transfers Out	(635)	(1,837)	(2,219)	(382)
Total Other Financing Sources (Uses)	(457)	1,323	(2,029)	(3,352)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,998)	2,407	(1,681)	(4,088)
Fund Balances - October 1, Budgetary Basis	10,803	10,803	10,803	-
Encumbrances - Beginning of the Year	32	32	32	-
Fund Balances - September 30, Budgetary Basis	$ 8,837	$ 13,242	$ 9,154	$ (4,088)

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

City of Long Beach
Proprietary Funds
Statement of Net Assets (Deficit)
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Business-type Activities - Enterprise Funds				
	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	$ 12,871	$ 6,890	$ 50,395	$ 8,004	$ 120,793
Non-Pooled Cash and Cash Equivalents	-	-	-	-	-
Non-Pooled Investments	-	603	-	-	-
Receivables:					
Interest Receivable	-	-	-	103	-
Accounts Receivable	4,043	6,977	6,263	6,161	53,266
Due from Other Governments	-	-	467	101	3
Due from Other Funds	663	-	-	10,409	-
Capital Leases Receivable-Current	-	-	-	351	-
Other Receivables	-	-	-	-	-
Allowance for Receivables	(425)	(206)	(220)	(4,100)	-
Inventory	1,012	1,909	-	109	-
Other Assets-Current	-	-	-	-	-
Total Current Asset	18,164	16,173	56,905	21,138	174,062
Restricted Assets:					
Pooled Cash and Cash Equivalents	3,388	2,089	1,156	14,307	-
Non-Pooled Cash and Cash Equivalents	-	-	-	19,153	-
Non-Pooled Investments	764	2,996	11,445	-	-
Interest Receivable	-	-	-	247	-
Accounts Receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Total Restricted Assets	4,152	5,085	12,601	33,707	-
Noncurrent Assets:					
Noncurrent Receivables:					
Capital Lease Receivable	-	-	-	913	-
Other Noncurrent Receivables (net)	-	-	6,138	-	610
Advances to Other Funds	5,645	-	-	-	-
Capital Assets:					
Land and Other Capital Assets not being Depreciated	3,882	32,619	7,366	58,370	-
Capital Assets net of Accumulated Depreciation	54,680	209,596	48,241	316,289	-
Other Assets-Long-Term	-	2,016	-	10,839	311,000
Total Noncurrent Assets	64,207	244,231	61,745	386,411	311,610
Total Assets	86,523	265,489	131,251	441,256	485,672

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
		Totals Proprietary Funds			
Harbor	Other Proprietary Funds	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
$ 394,398	$ 22,662	$ 616,013	$ 478,989	$ 104,842	$ 108,594
-	-	-	21,786	-	-
-	-	603	603	-	-
613	-	716	303	-	-
47,900	2,186	126,796	104,782	1,134	1,167
693	1,364	2,628	28,114	966	91
42	-	11,114	7,484	5,643	4,893
-	-	351	319	-	-
-	62	62	59	-	-
(6,006)	(301)	(11,258)	(4,806)	(249)	(236)
987	71	4,088	4,110	1,519	1,539
21	-	21	-	-	-
438,648	26,044	751,134	641,743	113,855	116,048
247,692	147,050	415,682	427,340	14,332	14,852
21,822	1,006	41,981	22,976	11,977	11,754
32,362	3,449	51,016	33,840	-	-
-	41	288	715	-	-
-	341	341	-	-	7
-	-	-	-	2,848	-
301,876	151,887	509,308	484,871	29,157	26,613
-	-	913	1,264	-	-
5,987	543	13,278	12,820	-	-
27,435	4,054	37,134	33,743	-	-
1,175,268	16,950	1,294,455	1,305,520	7,314	9,754
1,047,927	104,258	1,780,991	1,756,534	124,094	83,282
104,734	-	428,589	356,474	78,565	83,259
2,361,351	125,805	3,555,360	3,466,355	209,973	176,295
3,101,875	303,736	4,815,802	4,592,969	352,985	318,956

(continued)

City of Long Beach
Proprietary Funds
Statement of Net Assets (Deficit)
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)
(continued)

	Business-type Activities - Enterprise Funds				
	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	$ 8,573	$ 6,144	$ 3,053	$ 4,443	$ 5,413
Accrued Wages	318	315	224	346	105
Accrued Interest Payable	-	-	7	169	-
Due to Other Funds	149	225	105	825	1,113
Deferred Revenues	385	-	42	2,218	-
Collections Held in Trust	-	-	537	54	4,250
Advances from Developers	-	269	-	-	-
Employee Benefits	-	-	-	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-	-
Due to State of California	-	-	-	-	105,373
Obligations Under Capital Leases-Current	-	-	-	2,102	-
Bonds Payable Due Within One Year	-	-	-	4,660	-
Other Long-Term Obligations-Current	-	-	-	1,148	-
Total Current Liabilities	9,425	6,953	3,968	15,965	116,254
Current Liabilities Payable from Restricted Assets:					
Accounts Payable	-	-	-	-	-
Accrued Interest Payable	32	789	1,640	3,823	-
Customers Deposits\Deferred Revenue	1,944	764	-	25	-
Other Long-Term Obligations	-	138	-	-	-
Bonds Payable Due Within One Year	885	1,155	6,355	-	-
Total Liabilities Payable from Restricted Assets	2,861	2,846	7,995	3,848	-
Noncurrent Liabilities:					
Advances from Other Funds	-	-	-	16,483	-
Deferred Revenues	-	-	6,138	-	-
Deferred Credits and Other Deferred Liabilities	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Accrued Self-Insurance Claims	-	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	-	311,000
Due to State of California	-	-	-	-	610
Obligations Under Capital Leases	-	-	-	5,470	-
Other Long-Term Obligations	-	6,230	-	17,657	-
Unamortized Discount/Deferred cost	-	(92)	-	(213)	-
Bonds Payable	6,500	34,675	107,695	180,935	-
Unamortized Discount/Deferred cost	(118)	(3,638)	1,672	(15,567)	-
Total Noncurrent Liabilities	6,382	37,175	115,505	204,765	311,610
Total Liabilities	18,668	46,974	127,468	224,578	427,864
NET ASSETS (DEFECIT)					
Investment in Capital Assets, Net of Related Debt	51,295	202,958	(60,115)	178,467	-
Restricted for:					
Debt Service	2,176	4,321	11,442	21,210	-
Capital Projects	-	-	1,153	1,004	-
Health Care Insurance	-	-	-	-	-
Alameda Corridor Transportation Authority Contingency	-	-	-	-	-
Aquarium	-	-	-	7,397	-
Subsidence	-	-	-	-	-
Unrestricted	14,384	11,236	51,303	8,600	57,808
Total Net Assets (Deficit)	$ 67,855	$ 218,515	$ 3,783	$ 216,678	$ 57,808

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

Net Assets of Business - Type Activities

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

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
		Totals Proprietary Funds			
Harbor	Other Proprietary Funds	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
$ 18,412	$ 1,917	$ 47,955	$ 39,168	$ 7,041	$ 3,214
5,914	295	7,517	4,857	30,286	30,293
289	181	646	486	3,481	2,251
10,047	153	12,617	8,728	649	312
17,075	4,193	23,913	40,471	-	18
8	119	4,968	5,439	513	131
-	31	300	16	-	-
-	-	-	-	7,900	7,300
-	-	-	-	21,750	20,900
-	-	105,373	13,815	-	-
-	-	2,102	1,912	1,887	1,762
-	-	4,660	1,455	7,300	6,635
55	750	1,953	1,710	-	-
51,800	7,639	212,004	118,057	80,807	72,816
-	30	30	1,300	-	146
20,105	-	26,389	27,448	-	-
-	-	2,733	2,728	-	-
-	-	138	132	-	-
34,935	-	43,330	45,225	-	-
55,040	30	72,620	76,833	-	146
-	-	16,483	15,832	-	-
-	2,574	8,712	9,267	-	-
31,552	-	31,552	30,523	-	-
-	-	-	-	61,576	58,134
-	-	-	-	112,362	75,035
17,700	-	328,700	316,100	-	-
-	-	610	744	-	-
-	-	5,470	7,572	2,449	2,282
60,234	10,980	95,101	89,165	-	-
-	(1,324)	(1,629)	(1,575)	-	-
1,031,815	-	1,361,620	1,445,250	161,295	167,885
25,583	-	7,932	(4,600)	(15,016)	(16,445)
1,166,884	12,230	1,854,551	1,908,278	322,666	286,891
1,273,724	19,899	2,139,175	2,103,168	403,473	359,853
1,080,336	111,809	1,564,750	1,534,595	66,410	26,952
105,476	1,173	145,798	126,704	9,604	10,223
122,259	1,193	125,609	70,269	-	6,268
-	-	-	-	13,088	9,976
78,587	-	78,587	147,294	-	-
-	-	7,397	5,485	-	-
-	148,484	148,484	148,589	-	-
441,493	21,178	606,002	456,865	(139,590)	(94,316)
$ 1,828,151	$ 283,837	2,676,627	2,489,801	$ (50,488)	$ (40,897)
		(19,675)	(10,032)		
		$ 2,656,952	$ 2,479,769		

City of Long Beach
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Business-type Activities - Enterprise Funds				
	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue
Operating Revenues:					
Licenses and Permits	$ -	$ -	$ -	$ 361	$ -
Fees, Concessions and Rentals	-	-	-	26,598	201,772
From Other Agencies	-	-	-	528	-
Charges for Services	98,998	64,522	70,128	27,795	5,459
Other	-	-	-	-	260
Total Operating Revenues	98,998	64,522	70,128	55,282	207,491
Operating Expenses:					
Personal Services	11,281	12,731	9,330	16,175	4,342
Purchases of Gas and Water	62,674	20,936	-	-	-
Maintenance and Other Operations	9,813	16,422	48,453	47,678	6,340
Insurance Premiums	-	-	-	-	-
Self-Insured Losses	-	-	-	-	-
Compensated Absences	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Payments to Other Entities	-	-	-	-	164,078
Bad Debt	341	57	263	-	-
Amortization	-	-	-	58	-
Depreciation	3,007	8,174	4,449	14,951	-
Total Operating Expenses	87,116	58,320	62,495	78,862	174,760
Operating Income (Loss)	11,882	6,202	7,633	(23,580)	32,731
Non-Operating Income (Expense):					
Interest Income	562	556	1,815	2,142	-
Interest Expense	(448)	(2,253)	(5,216)	(13,004)	-
Gain (Loss) on Disposition of Capital Assets	(156)	(137)	-	28	-
Oil Field Abandonment Costs	-	-	-	-	(13,310)
Operating Grants	-	-	1,237	-	-
Other Income (Expense)	5,452	1,291	(1,233)	132	997
Total Non-Operating Income (Expense)	5,410	(543)	(3,397)	(10,702)	(12,313)
Income (Loss) Before Contributions and Transfers	17,292	5,659	4,236	(34,282)	20,418
Capital Grants and Contributions	-	6,289	-	19	-
Transfers:					
Transfers In	-	-	-	26,352	-
Transfers Out	(15,497)	-	(2,577)	-	(13,091)
Change in Net Assets (Deficit)	1,795	11,948	1,659	(7,911)	7,327
Net Assets (Deficit) - October 1	66,060	206,567	2,124	224,589	50,481
Net Assets (Deficit)- September 30	$ 67,855	$ 218,515	$ 3,783	$ 216,678	$ 57,808

Change in Net Assets of Business - Enterprise Funds

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

Change in Net Assets of Business - Type Activities

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
		Totals Proprietary Funds			
Harbor	Other Proprietary Funds	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
$ -	$ -	$ 361	$ 300	$ -	$ -
325,489	24,695	578,554	458,224	-	-
-	-	528	792	-	-
-	17,340	284,242	264,782	252,267	204,227
3,719	-	3,979	3,241	5,468	4,912
329,208	42,035	867,664	727,339	257,735	209,139
31,282	10,863	96,004	85,013	30,288	26,493
-	-	83,610	70,122	-	-
30,734	20,947	180,387	168,549	37,808	38,889
-	-	-	-	2,906	3,010
-	-	-	-	54,088	9,020
-	-	-	-	39,424	42,050
-	-	-	-	115,306	67,720
-	-	164,078	92,979	-	-
-	-	661	498	-	-
4,721	-	4,779	5,605	6,539	5,909
82,033	3,218	115,832	112,337	10,375	10,585
148,770	35,028	645,351	535,103	296,734	203,676
180,438	7,007	222,313	192,236	(38,999)	5,463
17,965	4,559	27,599	25,280	1,890	1,668
(57,448)	(736)	(79,105)	(82,237)	(8,737)	(6,705)
(400)	-	(665)	(2,539)	332	715
-	-	(13,310)	-	-	-
-	1,283	2,520	1,066	-	-
8,959	383	15,981	813	5,886	3,974
(30,924)	5,489	(46,980)	(57,617)	(629)	(348)
149,514	12,496	175,333	134,619	(39,628)	5,115
2,208	17,290	25,806	22,574	34,546	(21,212)
-	-	26,352	19,732	1,350	324
(9,500)	-	(40,665)	(32,317)	(5,859)	(10,573)
142,222	29,786	186,826	144,608	(9,591)	(26,346)
1,685,929	254,051	2,489,801	2,345,193	(40,897)	(14,551)
$ 1,828,151	$ 283,837	$ 2,676,627	$ 2,489,801	$ (50,488)	$ (40,897)
		186,826	144,608		
		(19,675)	(10,032)		
		$ 167,151	$ 134,576		

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Business-Type Activities - Enterprise Funds				
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue
Cash Flows from Operating Activities:					
Receipts from Customers	$ 97,596	$ 63,149	$ 72,544	$ 55,185	$ -
Receipts from Oil Companies	-	-	-	-	189,300
Receipts from Other Governments	-	-	-	822	-
Receipts from Other Funds	-	-	-	-	-
Payments for Employee Salaries	(11,112)	(12,686)	(9,279)	(16,165)	(4,349)
Payments for Goods and Services	(68,267)	(34,765)	(54,396)	(45,242)	(3,466)
Payments for Compensated Absences	-	-	-	-	-
Payments for Employee Benefits	-	-	-	-	-
Payments for Liability Claims	-	-	-	-	-
Payments to Other Entities	-	-	-	-	(72,654)
Payments in Lieu of Taxes	-	(4,047)	-	-	-
Other Income (Expense)	5,452	1,260	(2,533)	133	(12,313)
Net Cash Provided by (Used for) Operating Activities	23,669	12,911	6,336	(5,267)	96,518
Cash Flows from Non-Capital Financing Activities:					
Operating Grants Received from Other Governments	-	-	1,121	-	-
Transfers In	-	-	-	22,794	-
Receipts for Oil Well Abandonment Reserve	-	-	-	-	(63,828)
Transfers Out	(15,497)	-	(2,577)	-	(13,091)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(15,497)	-	(1,456)	22,794	(76,919)
Cash Flows from Capital and Related Financing Activities:					
Receipt of Capital Grants	-	5,349	-	84	-
Proceeds from the Sale of Capital Assets	-	23	-	28	-
Proceeds from Issuance of Long-Term Obligations	-	-	-	-	-
Proceeds from Issuance of Bonds	7,675	-	-	-	-
Receipts of Contributed Capital	-	-	-	-	-
Principal Received on Capital Leases	-	-	-	319	-
Principal Received on Capital Leases from other funds	633	-	-	-	-
Payments for Capital Acquisitions	(5,624)	(19,020)	(823)	(13,386)	-
Payments of Principal on Bonds Payable	(945)	(1,110)	-	(4,767)	-
Payments of Principal on Other Long-Term Obligations	-	(132)	-	3,781	-
Payments to Defease Bonds	(7,560)	-	-	-	-
Payments of Interest	(517)	(2,034)	(4,984)	(11,807)	-
Net Cash Used for Capital and Related Financing Activities	(6,338)	(16,924)	(5,807)	(25,748)	-
Cash Flows from Investing Activities:					
Proceeds from the Sale of Investments	304	-	22	-	-
Payment for Investments	-	-	-	-	-
Payments to Other Government Entities	-	-	-	-	-
Harbor Oil Operations Providing Cash	-	-	-	-	-
Receipts of Interest	562	556	1,814	2,141	-
Net Cash Provided by Investing Activities	866	556	1,836	2,141	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,700	(3,457)	909	(6,080)	19,599
Cash and Cash Equivalents - October 1	13,559	12,436	50,642	47,544	101,194
Cash and Cash Equivalents - September 30	$ 16,259	$ 8,979	$ 51,551	$ 41,464	$ 120,793

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
		Totals Proprietary Funds			
Harbor	Other Proprietary Funds	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
$ 322,772	$ 43,123	$ 654,369	$ 593,355	$ 4,745	$ 4,903
-	-	189,300	120,120	-	-
-	-	822	2,003	-	-
-	-	-	-	251,548	201,647
(24,096)	(10,845)	(88,532)	(79,779)	(30,042)	(26,202)
(28,849)	(16,297)	(251,282)	(234,323)	(36,686)	(45,122)
-	-	-	-	(53,553)	(54,696)
-	-	-	-	(113,434)	(66,547)
-	-	-	-	(2,316)	(3,090)
-	-	(72,654)	(88,358)	-	-
-	(7,404)	(11,451)	(9,716)	-	-
-	4,426	(3,575)	3,024	5,730	3,974
269,827	13,003	416,997	306,326	25,992	14,867
-	1,283	2,404	1,146	-	-
-	-	22,794	21,939	-	-
-	-	(63,828)	-	-	-
(6,851)	-	(38,016)	(34,524)	(4,508)	(10,250)
(6,851)	1,283	(76,646)	(11,439)	(4,508)	(10,250)
2,208	-	7,641	10,323	-	-
42	-	93	13,631	499	845
277,683	-	277,683	410,472	10,328	1,347
-	-	7,675	5,000	-	-
-	19,201	19,201	11,541	165	153
-	-	319	290	-	-
-	-	633	603	-	-
(82,512)	(24,784)	(146,149)	(165,318)	(14,534)	(5,192)
(327,655)	310	(334,167)	(448,813)	-	-
(55)	-	3,594	(3,157)	(8,356)	(8,563)
-	-	(7,560)	-	(7,605)	-
(47,482)	(863)	(67,687)	(69,587)	(7,919)	(4,398)
(177,771)	(6,136)	(238,724)	(235,015)	(27,422)	(15,808)
2,500	3,340	6,166	4,267	-	-
(20,855)	-	(20,855)	(4,898)	-	-
-	(4,054)	(4,054)	(2,214)	-	-
11,388	-	11,388	7,506	-	-
18,193	5,047	28,313	25,707	1,889	1,668
11,226	4,333	20,958	30,368	1,889	1,668
96,431	12,483	122,585	90,240	(4,049)	(9,523)
567,481	158,235	951,091	860,851	135,200	144,723
$ 663,912	$ 170,718	$ 1,073,676	$ 951,091	$ 131,151	$ 135,200

(continued)

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)
(Continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Business-Type Activities - Enterprise Funds				
	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue
Operating Income (Loss)	$ 11,882	$ 6,202	$ 7,633	$ (23,580)	$ 32,731
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization Expense	3,007	8,212	4,449	15,009	-
Other Income (Expense)	5,452	1,260	(1,233)	133	(12,313)
(Increase) Decrease in Accounts Receivable, Net	(1,247)	(1,327)	2,442	463	(17,800)
(Increase) Decrease in Amounts Due from Other Governments	-	-	203	294	91,421
(Increase) Decrease in Amounts Due from Other Funds	-	768	-	-	-
(Increase) Decrease in Inventory	178	6	-	(13)	-
(Increase) Decrease in Other Assets	-	(1,497)	-	-	-
Increase (Decrease) in Accounts Payable	4,175	(769)	(7,163)	2,452	1,811
Increase (Decrease) in Accrued Wages Payable	20	44	32	9	(8)
Increase (Decrease) in Amounts Due to Other Funds	16	-	18	(3)	1,063
Increase (Decrease) in Accrued Claims Payable	-	-	-	-	-
Increase (Decrease) in Deferred Revenues	194	-	42	58	-
Increase (Decrease) in Deferred Credits	-	-	(80)	-	-
Increase (Decrease) in Collections Held in Trust	(8)	12	(7)	(89)	(387)
Total Adjustments	11,787	6,709	(1,297)	18,313	63,787
Net Cash Provided by (Used for) Operating Activities	$ 23,669	$ 12,911	$ 6,336	$ (5,267)	$ 96,518

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
		Totals Proprietary Funds			
Harbor	Other Proprietary Funds	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
$ 180,438	$ 7,007	$ 222,313	$ 192,236	$ (38,999)	$ 5,463
86,753	3,218	120,648	117,942	16,914	16,494
-	4,426	(2,275)	4,768	3,037	6,267
(2,938)	1,012	(19,395)	(11,613)	25	(103)
-	-	91,918	6,199	(870)	-
-	-	768	1,143	(727)	(2,458)
(142)	(10)	19	236	22	76
2,819	-	1,322	844	-	-
5,522	(1,060)	4,968	(7,103)	3,679	(3,403)
2,723	14	2,834	487	4,036	3,550
2,649	(1,691)	2,052	(543)	313	116
-	-	-	-	38,180	(7,010)
(7,997)	76	(7,627)	637	-	-
-	-	(80)	515	-	-
-	11	(468)	578	382	(4,125)
89,389	5,996	194,684	114,090	64,991	9,404
$ 269,827	$ 13,003	$ 416,997	$ 306,326	$ 25,992	$ 14,867

City of Long Beach
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2005
(In Thousands)

	Private Purpose Trust	Agency Funds
ASSETS:		
Pooled Cash and Cash Equivalents	$ -	$ 7,738
Non-Pooled Cash and Cash Equivalents	-	7,293
Restricted Pooled Cash and Cash Equivalents	978	-
Total Assets	978	15,031
LIABILITIES:		
Accounts Payable	-	91
Due to Special Assessment Bondholders	-	953
Collections Held in Trust	-	13,987
Total Liabilities	-	15,031
NET ASSETS:		
Held in Trust for Private Purpose Trust Funds	$ 978	$ -

City of Long Beach
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
September 30, 2005
(In Thousands)

	Private Purpose Trust
ADDITIONS:	
Interest Income	$ 26
Contributions from Citizens	30
Total Additions	56
DEDUCTIONS:	
Community and Cultural	45
Change in Net Assets	11
Net Assets, October 1	967
Net Assets, September 30	$ 978

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

NOTE 1 – REPORTING ENTITY

Organization

The City of Long Beach, California (the City), operates under a City Charter originally adopted in 1921 and last amended in 2002. 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 councilmanic districts, with Council persons elected to serve within their respective districts. The citizens, as a whole, elect a Mayor, City Auditor, City Attorney and City Prosecutor. The City Council appoints a City Manager who serves at the discretion of the Council.

Financial Reporting Entity

The City provides a full range of municipal services including police and fire, health and environmental, library, recreation, social services, public works, parks, planning and community development, public improvements. The City also provides for sanitation, gas, water, airport and towing services, and operates its international harbor facility and its Tidelands area (consisting of the beaches, Convention Center, Queen Mary, Rainbow Harbor, the Aquarium of the Pacific, marinas and oil extraction administrative operations) under a trust agreement with the State of California. It is the City's policy to establish activity fees and charges designed to recover the 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 of Long Beach 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 eleven-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.

Redevelopment Agency of the City of Long Beach (the Agency) was established by action of the City Council in 1961 under provisions of State law. The Agency is administered by a five-member governing board whose members are appointed by, and serve at the will of, the City Council. The City Council approves the Agency's annual

budget and changes thereto. Additionally, the City Council approves decisions that impact the Agency's fiscal operations, such as determination of redevelopment project areas, bonding decisions and sales of property. Further, the City provides all staffing, treasury management and investment analysis, facilities and administrative services to conduct the Agency's day-to-day operations. Accordingly, the financial activities of the Agency are blended with those of the City in the accompanying basic financial statements and are reported as the Redevelopment Capital Projects Fund.

To accomplish its stated purpose, the Agency assists the City by acquiring land and making such sites suitable for resale to contracted commercial developers. Agency parcels are often sold below the cost of acquisition, with the expectation that the proposed development will meet the objectives of removing blight, increasing local revenues, and expanding the City's economic base and employment opportunities. Such acquisitions are recorded as investments in land at cost, and are adjusted for estimated declines in fair value, upon negotiation of a development disposition agreement.

Long Beach Housing Development 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 statutorily mandated responsibility to provide adequate housing to low and moderate-income residents, senior citizens and disabled persons. Under California law, the Redevelopment Agency of the City of Long Beach is required to set aside 20% of its incremental property tax revenues to meet these needs. It is the Company's responsibility to assist the City and the Redevelopment Agency in assessing and addressing such needs. 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. 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 (SERRF) Authority is a joint powers authority between the City of Long Beach and the Los Angeles County Sanitation District Number 2. The Authority 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 the SERRF Authority and the City has been eliminated, and the financial activities of the SERRF Authority 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 or debt refinancings within the City 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 (See Note 11). However, for financial reporting purposes, such lease transactions are eliminated, and the related financing obligations and related capital assets are carried at cost in the accompanying basic financial statements.

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

Entity	Affected Fund Type	Affected Funds
Long Beach Financing Authority	Governmental	Redevelopment Capital Projects Fund
Long Beach Bond Finance Authority	Governmental and Business-Type	Internal Service Funds Tidelands Fund Redevelopment Capital Projects Fund Gas Enterprise Fund Housing Assistance Fund
Long Beach Capital Improvement Corporation	Business-Type	Other Proprietary Enterprise Fund
Parking Authority of the City of Long Beach	Business-Type	Tidelands Fund

Separately issued financial statements are required for the Redevelopment Agency, the Housing Development Company and separate financing authorities due to financing or legal requirements. These separately issued financial statements may be obtained at City Hall. There is no requirement to separately issue financial statements for the remaining component financial reporting units; consequently, none are issued.

Discretely Presented Component Unit

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

LBT is governed by a seven-member Board of Directors (Board) which provides broad policy and financial decisions, setting direction for management. The Mayor, with the

approval of the City Council, appoints residents of the community to the Board to serve overlapping four-year terms. In addition, two designees of the City Manager's Office serve as ex-officio Board members but do not have voting authority. LBT's mission is "to provide public transit services that enhance and improve the quality of life for the people in our community."

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues, as they are appropriately reported as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The City's government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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, which 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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. All other revenue items are considered measurable and available only when cash is received by the City.

Major Governmental Funds

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

The Housing Development Fund is used to account for the portion of property tax increment monies which is required under California Redevelopment Law, Section 33334, to be set aside for the development of low and moderate-income housing. The operations of the Long Beach Housing Development Company are accounted for in the Housing Development Fund.

The Community Development Grants Fund is used to account for Federal grants providing job training and employment opportunities for economically disadvantaged, unemployed, and under-employed persons. This fund is also used to account for Federal grants received from the U.S. Department of Housing and Urban Development (HUD). HUD grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate-income.

The General Capital Projects Fund was established to account for the acquisition, construction, and improvement of capital facilities financed by grants and operating transfers from the General Fund and certain special revenue funds.

The Redevelopment Capital Projects Fund was established to account for the acquisition, relocation, demolition and sale of properties for those portions of the City of Long Beach which have been earmarked for redevelopment. Redevelopment projects are mainly financed with property tax increment funds, operating transfers from the Community Development Grants Special Revenue Fund and bond proceeds. This fund is also used to account for the accumulation of resources for,

and the payment of principal and interest on the Redevelopment Agency's bonded debt and other long-term obligations.

Major Enterprise Funds

The Gas Fund is used to account for the activities associated with the transmission and distribution of natural gas to the City's customers.

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

The Tidelands Fund is used to account for operations, maintenance and development of the beaches, Convention Center, the Queen Mary, the Aquarium of the Pacific, as well as the City's marinas. For the purpose of financial statement presentation, the Parking Authority of the City of Long Beach is combined with the Tidelands Fund.

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 port district, commonly referred to as the Port of Long Beach.

Additionally, the City reports the following 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.

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

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. As permitted by generally accepted accounting principles, the City has also elected to apply those Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 that may apply to the accounting and reporting practices of the City's enterprise and business-type activities, except those

that may conflict with GASB pronouncements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Pooled Cash and Cash Equivalents

In order to maximize investment return, the City pools its available cash for investment purposes. The cash management pool is used essentially as a demand deposit account by the various funds; accordingly, the City has defined Cash and Cash Equivalents as demand deposits plus all investments maintained in the cash management pool, regardless of maturity period. In addition, several individual funds maintain specific investments over and above any pooled cash balances.

Interest income arising from pooled cash and investments is apportioned to the participating funds based on the relationship of their respective daily cash balances to the total of pooled cash and investments. Investments are stated at fair value as of September 30, 2005. (See Note 4).

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

Trade and property tax receivables are shown net of any provisions for uncollectible accounts.

Inventories

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

Capital Assets

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

Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the

unamortized portion of applicable premium, discount or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs and deferred amounts on refunding are generally included in interest expense unless otherwise noted.

In the accompanying fund financial statements, the City's governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued has been reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Net Assets and Fund Equity

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not readily available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent City Council actions or policies that are subject to change.

Property Tax Calendar

Under the State Constitution, the property tax rate is limited to 1% of assessed value, but may be adjusted for specific voter-approved indebtedness. Property taxes are levied by the Los Angeles County (County) Tax Assessor and shared among all other local taxing authorities within the City. Accordingly, the County collects property taxes and distributes such taxes on the basis of the taxing authorities' tax rate percentages, allowing for such adjustments as may be authorized for voter-approved debt. Secured property taxes are levied during September of every year and become a lien on real property on January 1 of the calendar year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th.

Revenue Recognition for Utility Funds

Utility revenues are recorded as billed to customers on a cyclical monthly basis. Unbilled amounts at year-end are not considered material and are not recognized as revenue.

Employee Benefits and Compensated Absences

Benefits for City employees are paid from the City's Employee Benefits Internal Service Fund, except for the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945. The Employee Benefits Internal Service Fund is reimbursed through payroll charges to other funds based on estimates of benefits earned. The City's policy is to pay all accumulated vacation and holiday pay when an employee retires or terminates.

Accumulated sick leave becomes vested only when an employee meets the City's minimum requirements for retirement. At the time of retirement, employees have the option of using the cash value equivalent of accumulated sick leave to continue in the City's health insurance plan or to purchase additional pension benefits from the State of California Public Employees' Retirement System (CalPERS). Accumulated sick leave is forfeited upon termination for reasons other than retirement. Through fiscal year 2004, the City also contributed up to 32 hours of accumulated sick leave each year to deferred compensation plans for active safety employees who had accumulated in excess of 40 days of sick leave as of January 1 of each calendar year. These deferred compensation contributions were funded and remitted to the City's deferred compensation third-party administrators.

The City makes annual contributions in varying amounts to deferred compensation plans for certain employee groups who serve in sensitive, confidential capacities. Effective January 1, 2005 this benefit ceased for safety employees. No other City employees received such benefit.

Through fiscal year 2004, the City had established an Integral Part Trust (Post Employment Medical Benefits) for police officers. This third-party administered trust provides reimbursements for post retirement medical expenses. For eligible employees, the value of 32 hours of accumulated sick leave and excess, unused vacation, using the employee's current wage rate, was deposited, pre-tax into a trust account maintained in the employee's name. This benefit to deposit the value of 32 hours of sick leave and excess leave was effective through fiscal year 2003. The excess vacation was effective through fiscal year 2004.

Vacation and holiday benefits are recognized when earned. Sick leave benefits are recognized on a pro-rata basis using an actuarially determined method. (See Note 13).

Budgetary Principles

The City Council adopted the fiscal year 2005 budget prior to September 30, 2005 for all funds except for agency funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

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

Budgeted revenue and expenditure amounts represent the originally budgeted amounts as well as budgeted amounts as modified by adjustments authorized during the year. Total expenditures of each fund may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations.

Accounting for Encumbrances

Encumbrances outstanding at year-end are not reported as expenditures, but are reported as a reservation of fund balance available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. 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 as required by generally accepted accounting principles. (Adjustments necessary to convert actual expenditures from the modified accrual basis to the budgetary basis are reflected in Note 16).

Implementation of New Accounting Standard

For the fiscal year ended September 30, 2005, the City implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement no. 3.* This statement addresses common deposits and investment risks including credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement also are required to be disclosed. Implementation of GASB Statement No. 40 did not have an impact on the City's financial statements for the year ended September 30, 2005, but required additional disclosures related to deposits and investment risks (see note 4).

Estimates

The preparation of the City's basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "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." The details of this difference are as follows (in thousands):

Bonds Payable (Note 9)	$ 429,532
Plus: issuance premium (to be amortized as a reduction of interest expense)	8,771
Less: issuance discount (to be amortized as an increase of interest expense)	(779)
Notes, certificates of participation, commercial paper and other long-term obligations	49,933
Capital lease payable	27,620
Accrued interest payable	6,709
Less: deferred charge for issuance costs (to be amortized over life of debt)	(9,174)
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	$ 512,612

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. Various elements of this reconciliation are explained below. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows (in thousands):

Capital outlay	$ 30,873
Depreciation expense	(24,203)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ 6,670

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the long-term debt principal consumes current financial resources. Neither transaction, however, has a net effect on net assets. Also, governmental funds report the effect of issuance costs, premiums/discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of revenue bonds	$ 184,757
Plus premiums	3,264
Less discounts	(668)
Less Issuance costs	(4,218)
Issuance of notes, certificates of participation, commercial paper and other long-term obligations	3,587
Increase of notes, certificates of participation, commercial paper and other long-term obligations due to deferral of charges	221
Principal repayments:	
Revenue bond debt	(5,287)
Notes, certificates of participation, commercial paper and other long-term obligations	(1,164)
Police and fire annuities paid (closed plan)	(4,966)
Capital leases	(5,491)
Payment to escrow agent for refunding	(3,526)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ (166,509)

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 governmental funds. The details of this difference are as follows (in thousands):

Increase in liability for police and fire annuities	$ (328)
Accrued interest	(1,620)
Amortization of premium	352
Amortization of discount	(18)
Amortization of issuance cost	(313)
Change in estimated liability for future oil field abandonment costs	(200)
Net difference	$ (2,127)

The net revenues of certain activities of internal service funds are reported with governmental activities. The details of this difference are as follows (in thousands):

Change in net assets as reported in the internal service funds	$ (9,591)
Activities of internal service funds related to enterprise funds are allocated to business-type activities, resulting in a negative internal balance in governmental activities	9,643
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ 52

NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2005 are classified in the accompanying financial statements as follows (in thousands):

Statement of net assets:	
Cash and investments in City pool	$ 1,330,217
Cash and investments held by bond trustee	357,080
Total cash and investments	$ 1,687,297

Cash and Investments as of September 30, 2005 consist of the following:	
Cash on hand	$ 11,499
Outstanding Checks	(19,908)
Investments	1,695,706
Total cash and investments	$ 1,687,297

A reconciliation of the cash, cash equivalents and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2005 is as follows (in thousands):

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Pooled Cash and Cash Equivalents	$ 275,474	$ 616,013	$ 7,738	$ 899,225	$ -
Non-Pooled Cash and Cash Equivalents	234,210	-	7,293	241,503	10,323
Non-Pooled Investments	10,000	603	-	10,603	-
Restricted Assets:					
Pooled Cash and Cash Equivalents	14,332	415,682	978	430,992	-
Non-Pooled Cash and Cash Equivalents	11,977	41,981	-	53,958	16,528
Non-Pooled Investment	-	51,016	-	51,016	-
Total Deposits and Investments	$ 545,993	$ 1,125,295	$ 16,009	$ 1,687,297	$ 26,851

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provision of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by the City	5 years *	30%	None
U.S. Treasury notes, bonds, or bills	5 years *	None	None
Registered state warrants or treasury notes or bonds of the State of California	5 years *	30%	None
Local Agency Bonds	5 years *	30%	None
Federal agency securities	5 years *	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years *	30%	10%
Time Certificates of Deposit	5 years *	100%	10%
Repurchase Agreements	90 days	100%	None
Reverse Repurchase Agreements	92 days	20%	None
Securities Lending Program	92 days	20%	None
Medium-Term Notes	5 years *	30%	10%
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	$40 million per account
Asset-backed Securities	5 years	20%	None
Mortgage-backed Securities	5 years	20%	None

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

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type		Weighted Average Maturity (in years)
Bonds issued by the City	$ 3,502	13.57
U.S. Treasury Notes	275,731	1.99
U.S. Treasury Bonds	10,513	0.03
Federal agency securities	858,461	1.31
Medium-Term Notes	95,404	0.84
Money Market Funds	34	-
Local Agency Investment Fund (LAIF)	94,981	0.49
Subtotal City Pool	1,338,626	
Cash on Hand	11,499	
Outstanding Checks	(19,908)	
Total City Pool	$ 1,330,217	
Guaranteed Investment Contracts	$ 173,022	-
Money Market Funds	170,224	-
Time Certificates of Deposit	10,000	1.00
City Bonds	3,448	-
Local Agency Investment Fund (LAIF)	386	0.49
Total held by Bond Trustees	$ 357,080	

Investments with Fair Values Highly Sensitive to Investment Risk

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, and the actual rating as of year end for each investment type (in thousands):

			Rating as of Year End				
Investment Type		Minimum Legal Rating	Not Required To Be Rated	AAA	Aa	A	Unrated
Bonds issued by the City	$ 3,502	N/A	$ 3,502	$ -	$ -	$ -	$ -
U.S. Treasury Notes	275,731	N/A	275,731	-	-	-	-
U.S. Treasury Bonds	10,513	N/A	10,513	-	-	-	-
Federal agency securities	858,461	N/A	-	858,461	-	-	-
Medium-Term Notes	95,404	A	-	71,783	5,018	18,603	-
Money Market Funds	34	N/A	34	-	-	-	-
Local Agency Investment Fund (LAIF)	94,981	N/A	-	-	-	-	94,981
Subtotal City Pool	1,338,626		289,780	930,244	5,018	18,603	94,981
Cash on Hand	11,499		-	-	-	-	11,499
Outstanding Checks	(19,908)		-	-	-	-	(19,908)
Total City Pool	$ 1,330,217		$ 289,780	$ 930,244	$ 5,018	$ 18,603	$ 86,572

			Rating as of Year End				
Investment Type		Minimum Legal Rating	Not Required To Be Rated	AAA	Aa	A	Unrated
Guaranteed Investment Contracts	$ 173,022	N/A	$ 173,022	$ -	$ -	$ -	$ -
Money Market Funds	170,224	N/A	170,224	-	-	-	-
Time Certificates of Deposit	10,000	N/A	-	-	-	-	10,000
City Bonds	3,448	N/A	-	3,448	-	-	-
Local Agency Investment Fund (LAIF)	386	N/A	-	-	-	-	386
Total held by Bond Trustees	$ 357,080		$ 343,246	$ 3,448	$ -	$ -	$ 10,386

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 5% or more of the City's total pooled investments are as follows (in thousands):

Issuer	Investment Type	Reported Amount
FNMA	Federal agency securities	$ 237,814
Federal Farm Credit Agency	Federal agency securities	194,999
FHLB	Federal agency securities	204,151
FHLMC	Federal agency securities	216,462
Local Agency Investment Fund (LAIF)	Local Agency Investment Fund (LAIF)	94,914

Custodial Credit Risk

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

All securities owned by the City are deposited in trust for safekeeping with a custodial bank different from the City's primary bank except for one City issued bond and investment in the State's Local Agency Investment Fund.

As of September 30, 2005, the City reports deposits of $11,499,000 less $19,908,000 for checks outstanding.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured basis.

GASB 31

GASB 31 requires that certain investments and external investment pools be reported at fair value. At September 30, 2005 and 2004, the effect of valuating the City's investments at fair value did not have a material impact on its financial position.

Securities Lending

The City did not engage in any securities lending programs for the fiscal year ended September 30, 2005. However, from time to time, the City engages in limited securities-lending activities. These activities are governed by formal agreements with the City's contract bank. These agreements limit the nature and amount of the transactions, and provide for full collateralization of each transaction.

Interest Rate Swaps

In connection with the 2001 Series A Aquarium Refunding Bonds, the Long Beach Bond Finance Authority ("Authority") entered into three (3) swaps with a Dealer consisting of 1) $64.76 million 7-year fixed-receiver swap plus a 3-year reversal (fixed-payer) swap 2) sale of a $64.76 million 3-year-Swaption on a fixed-payer BMA swap with a 15-year final maturity at a strike of 5.0% to expire May 1, 2005 and 3) a $64.76 million 12-year BMA versus LIBOR forward-starting basis swap. On March 16, 2004 the Authority terminated the 7-year fixed-receiver swap plus the 3-year reversal (fixed-payer) swap for a payment of $2.537 million to the Authority. The 3-year Swaption expired on May 1, 2005 without any action from the counterparty. The terms of the remaining Basis Swap are as follows:

Notional Amount	$64,760,000
Effective Date	April 15, 2005
Maturity Date	April 15, 2017
Authority receives	74.2% of One (1) month LIBOR (semiannual, actual/360)
Authority Pays	BMA Index (semiannual actual/actual)
Method of averaging	Weighted
Counterparty	Citibank, N.A. (Aa3/AA-rated plus collateral)
Market Value (estimated)	$(999,000)

Component Unit

The Long Beach Transportation Company (LBT) is authorized to participate in the investments listed below, at June 30, 2005. The LBT elected to have all but $500,000 of its investments with the Local Agency Investment Fund (LAIF). The remaining $500,000 was an overnight repurchase agreement.

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage in One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	10%	10%
Money Market Mutual Funds	N/A	None	None
Bankers Acceptances	180 days	40%	10%
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20%	None
Mutual Funds	N/A	15%	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Mortgage Pass-through Securities	5 years	20%	None
Local Agency Bonds	5 years	10%	None

Component Unit 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 a investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of investments contained in the LAIF investment pool is approximately 180 days.

Information about the sensitivity of fair values of the LBT's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment at June 30, 2005 (in thousands).

		Maturity Date
State Investment Pool (LAIF)	$ 24,714	180 days average maturity
Repurchase Agreement		
(Overnight Sweep Account)	500	July 1, 2005
Total	$ 25,214	

Component Unit Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Component Unit Concentration of Credit Risk

The investment policy of LBT contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of total LBT investments.

Component Unit Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the 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 California Government code and LBT's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial Credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools, such as LAIF.

NOTE 5 – RECEIVABLES

Receivables at September 30, 2005 for the City's individual major funds, and nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands). All receivables are expected to be collected within one year, except for delinquent property taxes.

	General	Housing Development	Community Development Grants	General Capital Projects	Redevelopment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Activities:								
Receivables:								
Interest	$ 20	$ 6	$ -	$ -	$ 3,156	$ -	$ -	$ 3,182
Taxes	7,353	-	-	-	-	-	-	7,353
Accounts, Unrestricted	20,260	-	-	141	394	3,660	1,134	25,589
Accounts, Restricted	-	-	-	-	-	-	-	-
Notes and Loans	2,370	-	-	-	-	-	-	2,370
Due from Other Governments	15,835	100	2,212	8,396	80	18,014	966	45,603
Total Receivables	45,838	106	2,212	8,537	3,630	21,674	2,100	84,097
Less Allowance for Uncollectibles	(17,080)	-	-	-	-	(581)	(249)	(17,910)
Net Receivables	$ 28,758	$ 106	$ 2,212	$ 8,537	$ 3,630	$ 21,093	$ 1,851	$ 66,187

	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue	Harbor	Nonmajor Proprietary Funds	Total
Business-Type Activities:								
Receivables:								
Interest, Unrestricted	$ -	$ -	$ -	$ 103	$ -	$ 613	$ -	$ 716
Interest, Restricted	-	-	-	247	-	-	41	288
Accounts, Unrestricted	4,043	6,977	6,263	6,161	53,266	47,900	2,186	126,796
Capital Lease-current	-	-	-	351	-	-	-	351
Other Receivables	-	-	-	-	-	-	62	62
Due from Other Governments	-	-	467	101	3	693	1,364	2,628
Total Receivables	4,043	6,977	6,730	6,963	53,269	49,206	3,653	130,841
Less Allowance for Uncollectibles	(425)	(206)	(220)	(4,100)	-	(6,006)	(301)	(11,258)
Net Receivables	$ 3,618	$ 6,771	$ 6,510	$ 2,863	$ 53,269	$ 43,200	$ 3,352	$ 119,583

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2005 is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
Due to / from Other Funds:		
General	Community Development Grants	$ 2,078
	Redevelopment Capital Projects	13,618
	Nonmajor Governmental Funds	5,227
	Tideland Oil Revenue	113
	Nonmajor Business-type Funds	13
	Internal Service Funds	292
Subtotal General Fund		21,341
General Capital Projects	Community Development Grants	48
Redevelopment Capital Projects	Nonmajor Governmental Funds	347
Gas	Tidelands	663
Tidelands	Tideland Oil Revenue	909
	Harbor	9,500
Subtotal Tidelands		10,409
Harbor	Tideland Oil Revenue	42
Internal Service Funds	General	3,346
	Housing Development	13
	Community Development Grants	99
	General Capital Projects	44
	Redevelopment Capital Projects	36
	Nonmajor Governmental Funds	371
	Gas	149
	Water	225
	Solid Waste Management	105
	Tidelands	162
	Tideland Oil Revenue	49
	Harbor	547
	Nonmajor Business-type Funds	140
	Internal Service Funds	357
Subtotal Internal Service Funds		5,643
Total Due to / from Other Funds		38,493
Advances from / to Other Funds:		
General	Redevelopment Capital Projects	98,455
	Nonmajor Governmental Funds	2,000
Subtotal - General Fund		100,455
Housing Development	Redevelopment Capital Projects	20,707
Community Development Grants	Housing Development	3,819
	Nonmajor Governmental Funds	2,900
Subtotal - Community Development Grants		6,719
General Capital Projects	Redevelopment Capital Projects	1,732
Redevelopment Capital Projects	Tidelands	10,839
Gas	Tidelands	5,645
Harbor	Redevelopment Capital Projects	27,435
Nonmajor Business-type Funds	General Fund	4,054
Total Advances from / to Other Funds		177,586
Total Interfund Balances Entity-Wide		216,079
Less Amounts Eliminated in the Entity-Wide Basis Financial Statements		(216,606)
Entity-Wide Basis Financial Statement Internal Balances		$ (527)

Due To / Due From Other Funds

At September 30, 2005, the Redevelopment Capital Projects Fund owed the General Fund $13,618,000 for an advance to fund estimated Redevelopment Agency operating costs prior to receiving tax increment revenues. It is intended that this advance will be paid in the next fiscal year as tax increment revenues are received.

The General Fund has advanced cash in the amount of $1,255,000 to the Special Advertising and Promotion Special Revenue Fund to cover City promotional costs incurred prior to the receipt of the transient occupancy taxes.

The General Fund has advanced cash in the amount of $3,972,000 and $2,078,000 to the General Grants Fund and Community Development Grants Fund, respectively, to cover operating costs prior to receipt of grant funds from the Homeland Security grants, Federal Government Workforce Investment Act grant, Community Development Block Grant and various other grants.

The General Capital Projects Fund has advanced cash to the Community Development Grants Fund in the amount of $48,000 to cover operating costs at September 30, 2005. This amount will be repaid in October 2005.

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 10%, or $9,500,000, of the Harbor Fund net income for fiscal year 2004 to the City's Tidelands Fund. This amount is recorded as a due to the Tidelands Fund and due from the Harbor Fund and will be paid quarterly in fiscal year 2006.

Employee Benefits overhead costs, such as funding for health benefits and paid time off, relating to the wages and salaries accrued at September 30, 2005 are payable from various funds to the Employee Benefits Internal Service Fund in the amount of $5,643,000 at September 30, 2005.

Advances from Other Funds

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

From 1974 to 2005, the City provided the Redevelopment Agency (the Agency) with certain Federal grant monies for use on redevelopment projects. The Agency makes discretionary payments to the City annually, which in fiscal year 2005 amounted to approximately $80,000. At September 30, 2005, the outstanding balances of these transfers approximated $98,455,000, $4,346,000 and $1,732,000 in the General Fund, Housing Development Fund, and General Capital Projects Fund, respectively, with the latter being for land acquisition and planning and engineering services provided by the City. It is the intent of the City and the Agency that the Agency repay these transfers as future property tax increment revenues permit. Due to the long-term nature of repayment, the City has reserved these interfund receivables in the General Fund, Housing Development Fund and General Capital Projects Fund as fund balance reserved for noncurrent receivables.

The Agency has entered into a financing agreement with the Port of Long Beach (Harbor Fund), under which the Agency was advanced $30,000,000 for the expansion of the Long Beach Convention and Entertainment Center. A payment of $1,765,000 was made on the note by the Agency in November 1998. An amendment deferred payments to be made in quarterly installments of $441,000 over 16 years, beginning in 2002. At September 30, 2005 and 2004, the balance of this advance is $27,435,000. The note is payable solely from transient occupancy taxes levied in the Downtown Redevelopment Project area. The repayment to the Port is subordinated to a pledge to fund payments of the Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001 bond issue in the event that the Aquarium revenues do not cover debt service payments. This advance is reported in the Redevelopment Capital Projects Fund and the corresponding receivable is reported in the Harbor Fund.

At September 30, 2005, the Redevelopment Capital Projects Fund advanced $10,839,000 to the Tidelands Fund. Such monies arose from Downtown Redevelopment area transient occupancy taxes transferred in the amount of $3,110,000 for fiscal year 2005 and $7,595,000 for fiscal years 2002 through 2004. According to the Owner Participation Agreement by and among the Redevelopment Agency of the City of Long Beach, Long Beach Bond Finance Authority and the Aquarium of the Pacific, all Redevelopment Agency Fund transient occupancy taxes are pledged to fund the debt service payments of the Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001 if needed. The Redevelopment Agency shall be reimbursed for any such advance together with interest, at a rate of interest equal to the rate earned on the City Treasurer's Investment Pool as monies are available. Interest in the amount of $38,000 was accrued in fiscal year 2005 and $96,000 from fiscal years 2002 through 2004.

Community redevelopment law in the State of California requires that 20% of annual net property tax increment revenues be set aside for low- and moderate-income housing. The law allowed a deferral of such set aside under certain circumstances. In December, 1995 the Agency adopted a Downtown Project Area Housing Fund Deficit Reduction Plan that called for an analysis of available tax increment and existing obligations beginning in 2010 and every two years thereafter until reduction of the deferred debt is found feasible. The resulting interfund receivable and offsetting non-current receivable reserved fund balance aggregating $16,361,000 have been recorded as advances to/from other funds in the Housing Development Special Revenue Fund and the Redevelopment Agency Capital Projects Fund, respectively for the Downtown Project Area. For the fiscal year 2005 all seven of the Agency's redevelopment project areas paid their full allocation of the years required 20% housing set aside.

In fiscal year 2001, the Housing Development Company entered into a $4,000,000 zero interest loan agreement with the City for the acquisition of twenty-six parcels of land, each containing a four-plex apartment building for affordable rental housing for low and very low-income residents. The Company is required to make the principal payments to the City using 25% 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. As of September 30, 2005 the City has advanced the Company $3,819,000 which has been recorded as advances to/from other funds in the Community Development Grants Fund and the Housing Development Fund, respectively.

In November 1993 the City issued $13,490,000 in Gas Utility Bonds (1993 Bonds) with interest rates ranging from 2.6% to 5.125% to construct an energy plant adjacent to the Long Beach Convention and Entertainment Center. This debt was refunded by the Long Beach Bond Finance Authority 2005 Revenue Bonds with interest rates ranging from 2% to 3.125% to refund the 1993 bonds. This debt is funded by an annual payment from the Tidelands Fund in an amount necessary to cover the debt service requirements with respect to the Gas Utility Bonds. The long-term amount due at September 30, 2005 is $5,645,000. The current amount due in fiscal year 2005 is $663,000.

In July, 2004 the Community Development Grants Fund entered into a loan agreement with the Housing Authority Special Revenue Fund in the amount of $2,900,000 to cover additional housing assistance payments which exceeded U.S. Department of Housing and Urban Development (HUD) funding. This has been recorded as advances to/from the respective funds.

The General Fund has advanced the Health Special Revenue Fund $2 million to cover cash flow. This debt has no anticipated repayment date.

In fiscal year 2005 the Subsidence non-major business fund advanced the General fund $4,054,000 as a loan payable at $500,000 per year starting in fiscal year 2007 at zero percent interest. This was allowed under State law passed in fiscal year 2004 to retain interest earned on that reserve for subsidence contingencies for the previous calendar year.

Interfund Transfers

The City regularly transfers current financial resources from one fund to another. At September 30, 2005 interfund transfers are as follows (in thousands):

	Transfers To:								
	General	Housing Develop-ment	Community Develop-ment Grants	General Capital Projects	Redevelop-ment Capital Projects	Nonmajor Govern-mental Funds	Tidelands	Internal Service Funds	Total Transfers Out
Transfers Out of:									
General	$ -	$ -	$ 161	$ 3,699	$ -	$ 1,275	$ -	$ 1,350	$ 6,485
Housing Development	-	-	-	-	2,563	-	-	-	2,563
Community Development Grants	-	-	-	2,219	-	-	-	-	2,219
General Capital Projects	-	-	-	-	-	351	-	-	351
Redevelopment Capital Projects	27	-	-	-	-	1,375	3,761	-	5,163
Nonmajor Governmental	14,932	-	29	1,918	300	-	-	-	17,179
Gas	15,497	-	-	-	-	-	-	-	15,497
Solid Waste Management	2,577	-	-	-	-	-	-	-	2,577
Tideland Oil Revenue	-	-	-	-	-	-	13,091	-	13,091
Harbor	-	-	-	-	-	-	9,500	-	9,500
Internal Service Funds	5,859	-	-	-	-	-	-	-	5,859
Total Transfers In	$ 38,892	$ -	$ 190	$ 7,836	$ 2,863	$ 3,001	$ 26,352	$ 1,350	$ 80,484

The significant transfers include:

The General Fund transferred $3,699,000 to the General Capital Projects Fund for ongoing projects such as City street and sidewalk construction, and City building improvements, maintenance and repairs. The Health Fund, Upland Oil Fund and Park Development Fund, included as non-major governmental funds, transferred $495,000, $500,000 and $923,000, respectively, to the Capital Projects Fund for ongoing City park projects and various City projects.

The General Fund transferred $161,000 to the Community Development Grants Fund to provide a City-match to the Workforce Investment Act grant.

The General Fund transferred $713,000 to the General Grants Fund, included as a non-major governmental fund, as a City match for various federal and county grants.

The General Fund transferred $562,000 to the Health Fund, included as a non-major governmental fund, to provide monies to cover Health Fund indirect cost charges incurred.

The Upland Oil Fund, included as a non-major governmental fund, transferred $8,623,000 to the General Fund for royalties due the City.

The Community Development Grants Fund transferred $2,219,000 to the General Capital Projects Fund for ongoing Americans with Disabilities Act modifications and projects.

The Gasoline Tax Fund, included as a non-major governmental fund, transferred $6,309,000 to the General Fund as reimbursement for allowable street maintenance costs incurred by the City.

The Housing Development Fund transferred $1,424,000 to the Redevelopment Agency Capital Projects Fund to provide funding of the West Gateway developments, a project that provides affordable residential units. Also, the Housing Development Fund transferred $1,139,000 to the Redevelopment Agency Capital Projects Fund for payment of bond principal and interest payments related to Redevelopment Agency Housing Bonds.

The Redevelopment Capital Projects Fund transferred $651,000 to the Tidelands Fund to partially fund the Convention Center energy plant, along with $3,110,000 from transient occupancy taxes to partially fund the Aquarium of the Pacific debt.

The Redevelopment Capital Projects Fund transferred $1,375,000 to the Business Assistance non-major fund to fund a business loan program, including administrative and operating expenditures.

The Gas Fund transferred $15,497,000 to the General Fund as allowed by City charter.

The Solid Waste Management Fund transferred $2,577,000 to the General Fund based on a Joint Power Agreement between the City and the Los Angeles County Sanitation District Number 2 (District). Under the agreement net remaining retained earnings over a required amount as stipulated in the agreement can be distributed equally between the District and the City.

The Harbor Fund accrued an operating transfer of $9,500,000 due to the Tidelands Fund as allowed by the City Charter.

The Tidelands Oil Revenue Fund shares revenue from the tidelands oil operation under an optimized water flood program. In fiscal year 2005, $13,091,000 was transferred to the Tidelands Fund from the Tidelands Oil Revenue Fund under this program.

Internal Service Fund transfers reflect cable franchise fee revenue from the General Services Internal Service Fund and a one-time reimbursement to the General Fund.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2005 is as follows (in thousands):

Governmental Activities:	Balance at October 1, 2004	Increase	Decrease	Balance at September 30, 2005
Capital Assets not being Depreciated:				
Land	$ 113,887	$ 2,139	$ -	$ 116,026
Right-of-way	2,806	-	-	2,806
Construction In Progress	116,502	31,471	(71,263)	76,710
Total Capital Assets not being Depreciated	233,195	33,610	(71,263)	195,542
Capital Assets being Depreciated:				
Buildings	190,815	46,203	-	237,018
Improvements Other than Buildings	45,735	8,625	-	54,360
Infrastructure	329,906	14,295	(1,887)	342,314
Machinery and Equipment	57,841	3,390	(986)	60,245
Automotive	77,003	8,606	(4,154)	81,455
Other Assets	30,719	-	-	30,719
Total Capital Assets being Depreciated	732,019	81,119	(7,027)	806,111
Less Accumulated Depreciation for:				
Buildings	(59,497)	(6,449)	-	(65,946)
Improvements Other than Buildings	(17,448)	(2,095)	-	(19,543)
Infrastructure	(169,045)	(11,520)	1,887	(178,678)
Machinery and Equipment	(34,942)	(7,117)	929	(41,130)
Automotive	(43,314)	(5,976)	4,029	(45,261)
Other Assets	(23,620)	(1,420)	-	(25,040)
Total Accumulated Depreciation	(347,866)	(34,577)	6,845	(375,598)
Total Capital Assets being Depreciated, Net	384,153	46,542	(182)	430,513
Governmental Activities Capital Assets, Net	$ 617,348	$ 80,152	$ (71,445)	$ 626,055

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

Legislative and Legal	$ 138
General Government	310
Public Safety	6,949
Public Health	274
Community and Cultural	4,876
Public Works	11,655
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	10,375
Total governmental activities depreciation	$ 34,577

Capital asset activity for business-type activities for the year ended September 30, 2005 is as follows (in thousands):

Business-type Activities:	Balance at October 1, 2004	Increase	Decrease	Balance at September 30, 2005
Capital Assets not being Depreciated:				
Land	$ 876,943	$ 21,597	$ -	$ 898,540
Right-of-way	207,823	-	-	207,823
Construction In Progress	220,754	64,270	(96,932)	188,092
Total Capital Assets not being Depreciated	1,305,520	85,867	(96,932)	1,294,455
Capital Assets being Depreciated:				
Buildings	1,893,949	60,565	(4,296)	1,950,218
Improvements Other than Buildings	221,531	57,275	-	278,806
Infrastructure	919,920	20,644	(1,056)	939,508
Machinery and Equipment	21,537	1,268	(504)	22,301
Automotive	22,752	773	(473)	23,052
Total Capital Assets being Depreciated	3,079,689	140,525	(6,329)	3,213,885
Less Accumulated Depreciation for:				
Buildings	(677,639)	(76,834)	4,355	(750,118)
Improvements Other than Buildings	(124,515)	(7,842)	-	(132,357)
Infrastructure	(488,126)	(28,069)	770	(515,425)
Machinery and Equipment	(16,110)	(1,252)	495	(16,867)
Automotive	(16,765)	(1,835)	473	(18,127)
Other Assets	-	-	-	-
Total Accumulated Depreciation	(1,323,155)	(115,832)	6,093	(1,432,894)
Total Capital Assets being Depreciated, Net	1,756,534	24,693	(236)	1,780,991
Business-type Activities Capital Assets, Net	$ 3,062,054	$ 110,560	$ (97,168)	$ 3,075,446

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

Gas	$ 3,007
Water	8,174
Sewer	1,161
Airport	2,046
Solid Waste Management	4,449
Towing	11
Tidelands	14,951
Harbor	82,033
Total business-type activities depreciation	$ 115,832

Capitalized Interest

There was no capitalized interest in fiscal years 2005 and 2004.

Component Unit

Capital asset activity of the LBT for the year ended June 30, 2005 was as follows (in thousands):

	Balance at July 1, 2004	Increases	Decreases	Balance at June 30, 2005
Capital Assets not being Depreciated:				
Land	$ 5,525	$ -	$ -	$ 5,525
Construction in Progress	2,710	672	(2,369)	1,013
Total Capital Assets not being Depreciated	8,235	672	(2,369)	6,538
Capital Assets being Depreciated:				
Buildings and Improvements	30,678	554	-	31,232
Fleet	76,330	27,812	(456)	103,686
Communications Systems	5,535	651	-	6,186
Fare Collection System	1,901	197	(184)	1,914
Office, Shop and Garage Equipment	13,648	1,237	(338)	14,547
Passenger Facilities	2,559	2,511	-	5,070
Total Capital Assets being Depreciated:	130,651	32,962	(978)	162,635
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,214)	(1,617)	-	(15,831)
Fleet	(37,773)	(9,349)	456	(46,666)
Communications Systems	(1,081)	(1,458)	-	(2,539)
Fare Collection System	(1,466)	(76)	-	(1,542)
Office, Shop and Garage Equipment	(11,391)	(1,602)	338	(12,655)
Passenger Facilities	(900)	(1,106)	-	(2,006)
Total Accumulated Depreciation	(66,825)	(15,208)	794	(81,239)
Total Capital Assets being Depreciated, Net	63,826	17,754	(184)	81,396
Total LBT Capital Assets, Net	$ 72,061	$ 18,426	$ (2,553)	$ 87,934

NOTE 8 – CHANGE IN LONG – TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2005, was as follows (in thousands):

	Balance at October 1, 2004	Additions	Reductions	Balance at September 30, 2005	Due Within One Year
Governmental Activities:					
Bonds Payable					
Revenue Bonds	$ 249,290	$ 8,145	$ (14,750)	$ 242,685	$ 8,815
Tax Allocation Bonds	175,292	184,757	(4,605)	355,444	7,415
Plus (less) deferred amounts:					
Premium	5,859	3,264	(352)	8,771	-
Discount	(1,966)	(748)	238	(2,476)	-
Refunding	(11,903)	(756)	1,878	(10,781)	-
Issuance costs	(7,971)	(4,348)	606	(11,713)	-
Total Bonds Payable	408,601	190,314	(16,985)	581,930	16,230
Notes Payable	9,269	3,865	(1,163)	11,971	572
Capital Leases	40,682	2,183	(10,908)	31,957	6,038
Police and Fire Annuities	37,600	328	(4,966)	32,962	-
Estimated Oil Field Abandonment Costs	4,800	200	-	5,000	-
Accrued Self-Insured Claims	95,935	54,088	(15,911)	134,112	21,750
Employee Benefits	65,434	10,709	(6,667)	69,476	7,900
Governmental Activities Long-Term Liabilities	$ 662,321	$ 261,687	$ (56,600)	$ 867,408	$ 52,490
Business-Type Activities:					
Bonds Payable					
Revenue Bonds	$ 1,491,930	$ 265,650	$ (347,970)	$ 1,409,610	$ 47,990
Plus (less) deferred amounts:					
Premium	39,000	19,708	(2,912)	55,796	-
Discount	(4,397)	(38)	2,574	(1,861)	-
Refunding	(18,722)	(9,988)	1,780	(26,930)	-
Issuance Cost	(20,481)	(2,084)	3,492	(19,073)	-
Total Bonds Payable	1,487,330	273,248	(343,036)	1,417,542	47,990
Certificates of Participation	15,985	-	(960)	15,025	1,015
Discount	(296)	-	34	(262)	-
Refunding	(740)	-	88	(652)	-
Issuance costs	(405)	-	41	(364)	-
Total Certificates of Participation	14,544	-	(797)	13,747	1,015
Notes Payable	75,022	12,968	(5,823)	82,167	1,076
Issuance costs	(134)	-	(217)	(351)	-
Total Notes Payable	74,888	12,968	(6,040)	81,816	1,076
Capital Leases	9,484	-	(1,912)	7,572	2,102
Due to State of California	14,559	255,502	(164,078)	105,983	105,373
Estimated Oil Field Abandonment Costs	316,100	12,600	-	328,700	-
Business-Type Activities Long-Term Liabilities	$ 1,916,905	$ 554,318	$ (515,863)	$ 1,955,360	$ 157,556

NOTE 9 – BONDS PAYABLE

At September 30, 2005 bonded indebtedness consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates*	Authorized and Issued	Outstanding at September 30, 2005
GOVERMENTAL ACTIVITES					
GENERAL CITY BONDS					
Long Beach Museum of Art Project	10/15/99	09/01/09	Variable	$ 3,060	$ 3,060
Belmont Shore Parking Meter	06/30/93	06/01/12	5.75%	2,220	1,170
Skylinks Golf	05/01/03	05/01/29	1.57%-6.3%	6,890	6,490
Parking Plaza Bonds	06/14/01	11/01/27	4.4%-5.375%	11,500	11,005
Public Safety Facility	03/01/02	11/01/31	3.0%-5.25%	40,915	40,915
Towne Center Site Refinancing	01/01/04	11/01/30	Variable	11,595	11,450
Total General City Bonds				76,180	74,090
REDEVELOPMENT BONDS					
Tax Allocation Bonds:					
1992 Multiple Series -					
Downtown Project Refunding	12/01/92	11/01/17	2.9% - 6.0%	81,020	38,520
West Long Beach Industrial	12/01/92	11/01/17	2.9% - 6.0%	36,470	17,345
2005 Central	03/02/05	08/01/40	3.52% - 5.34%	56,930	56,930
2005 Los Altos	03/02/05	08/01/20	2.2% - 4.0%	4,685	4,685
2005 North Long Beach	03/02/05	08/01/35	3.52% - 5.16%	64,080	64,080
2005 Poly High	03/02/05	08/01/24	3.79% - 4.9%	2,558	2,558
2005 West Beach	03/02/05	08/01/20	4.59% - 4.66%	840	840
2005 Housing	03/02/05	08/01/40	3.52% - 5.44%	55,665	55,665
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.0% - 5.5%	21,860	19,775
2002B Downtown	12/05/02	11/01/22	2.25% - 5.5%	25,920	22,615
2002 West Beach	06/25/02	08/01/18	5.15%	8,895	7,757
2002 Downtown Project	06/25/02	08/01/24	5.05%-5.25%	26,820	24,597
2002 North Long Beach	06/25/02	08/01/31	6.1%	40,290	38,799
2002 Poly High	06/25/02	08/01/12	4.81%	1,710	1,278
Total Redevelopment Bonds				427,743	355,444
INTERNAL SERVICE BONDS					
Civic Center Fund:					
1997 Civic Center Project Series A	12/01/97	10/01/27	4.0% - 5.0%	43,655	37,355
Fleet Services:					
1998 Temple and Willow Facility Series B	05/01/98	10/01/27	4.5%-5.5%	29,565	25,840
2005 Temple and Willow Facility Series A	05/01/05	05/01/28	2.75-4.5%	8,145	8,145
Total Fleet Services				37,710	33,985
Employeee Benefits Fund:					
Pension Obligation Refunding Bonds Series 2002	09/01/02	09/01/21	Variable	87,590	78,950
Pension Obligation Bonds Series 1995	10/01/95	09/01/11	5.90% - 7.24%	23,920	18,305
Total Employee Benefits				111,510	97,255
Total Internal Service Funds				192,875	168,595
Total Govermental Activities Bonds Payable				696,798	598,129
BUSINESS-TYPE ACTIVITES:					
ENTERPRISE BONDS					
Gas Fund:					
2005 Gas Utility	08/01/05	08/01/13	2.0% - 4.39%	7,675	7,385
Water Fund:					
1997A Water	10/01/97	05/01/24	4.0% - 5.75%	46,945	35,830
Solid Waste Management Fund:					
2003 SERRF	12/01/03	12/01/18	2.0%-5.375%	120,235	114,050
Tidelands Fund:					
Aquarium of the Pacific	05/03/01	11/01/30	3.875%-5.5%	129,520	129,520
1994 Marina Subordinate Revenue Bond	04/01/94	04/01/09	6.25%	1,310	475
1995 Marina Refunding Revenue Bond	11/01/95	01/15/08	3.85% - 5.15%	31,725	9,320
1999 Rainbow Harbor Financing Project	07/01/99	05/01/24	4.25%-5.5%	47,970	46,280
Total Tidelands Fund				210,525	185,595
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.25%-9.0%	206,330	163,755
2000 Harbor	05/15/01	05/15/25	5%-5.75%	275,000	255,355
2002 Harbor	06/19/02	05/15/27	Variable	300,000	281,675
2004 Harbor	05/15/04	05/15/18	2.5-5.0%	113,410	107,990
2005 Harbor	05/15/05	05/15/25	3.0-5.0%	257,975	257,975
Total Harbor Fund				1,152,715	1,066,750
Total Business-Type Activities Bonds Payable				1,538,095	1,409,610
Total Primary Government Bonded Indebtedness				$ 2,234,893	$ 2,007,739

* Interest on all bonded indebtedness is payable semi-annually, except the Long Beach Museum of Art Project, the Pension Obligation Bonds Series 2002, 2002 Harbor Bonds and Towne Center Site Refinancing Bonds which are paid monthly.

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

	Principal Payments - Governmental Activities										Total Annual Debt Service Requirements		
Year-End	Museum of Art Project	Belmont Shore Parking Revenue	Skylinks Golf	Parking Plaza	Public Safety Facility	Towne Center Refinance	Redevelopment Capital Projects	Civic Center	Fleet	Employee Benefits	Principal	Interest	Total
2006	$ -	$ 145	$ 140	$ 265	$ 810	$ 155	$ 7,415	$ 970	$ 940	$ 5,390	$ 16,230	$ 29,801	$ 46,031
2007	-	155	145	280	835	165	7,778	1,015	865	5,925	17,163	29,154	46,317
2008	-	165	150	290	860	180	8,216	1,060	900	6,445	18,266	28,325	46,591
2009	3,060	175	160	305	885	190	8,632	1,110	945	7,050	22,512	27,422	49,934
2010	-	185	165	320	910	205	9,090	1,165	980	7,700	20,720	26,375	47,095
2011 - 2015	-	345	960	1,840	5,175	1,285	53,342	6,790	5,640	27,495	102,872	116,329	219,201
2016 - 2020	-	-	1,275	2,375	6,650	1,835	68,137	8,725	7,245	30,250	126,492	89,080	215,572
2021 - 2025	-	-	1,705	3,065	8,590	2,670	74,150	11,200	9,180	7,000	117,560	56,884	174,444
2026 - 2030	-	-	1,790	2,265	10,995	3,820	44,133	5,320	7,290	-	75,613	31,723	107,336
2031 - 2035	-	-	-	-	5,205	945	44,291	-	-	-	50,441	14,937	65,378
2036 - 2040	-	-	-	-	-	-	30,260	-	-	-	30,260	4,899	35,159
Totals	$ 3,060	$ 1,170	$ 6,490	$ 11,005	$ 40,915	$ 11,450	$ 355,444	$ 37,355	$ 33,985	$ 97,255	$ 598,129	$ 454,929	$ 1,053,058

The Long Beach Museum of Art Project principal of $3,060,000 is due September 1, 2009. Interest is payable monthly at variable interest rates. Rates for fiscal year 2005 ranged from 1.35% to 2.97%. For purposes of illustration a fixed rate of 2.49% has been used in the table above. The Employee Benefits Fund Pension Obligation Bonds Series 2002 interest is payable monthly at variable interest rates. Rates for fiscal year 2005 ranged from 1.90% to 3.66%. The debt service requirements to maturity for these bonds for the purpose of illustration is 3.66% in the table above.

In May 2004, the City issued $6,890,000 in Long Beach Bond Finance Authority Lease Revenue bonds, Skylinks Golf Course Project, Series 2004. The bonds were issued to finance improvements to the Skylinks Golf Course, a municipal golf course owned by the City, to fund a reserve account and to pay certain costs of issuance on the Series 2004 bonds. Interest rates range from 1.57% to 6.30%.

In January 2004 the City issued $11,595,000 in Long Beach Towne Center Site Refinancing Project Taxable Variable Rate Demand Revenue Bonds, 2004 Series A. The bonds were issued to prepay a note issued by the U.S. Department of the Navy, the proceeds of which were used to acquire a parcel of real property located in the City of Long Beach, which, with two adjacent parcels, was developed by the City into a retail/entertainment complex known as the Long Beach Towne Center, and to pay certain costs of issuance of the bonds. Interest rates for fiscal year 2005 ranged from 1.67% to 3.66%. For the purpose of illustration, a fixed rate of 3.66% has been used in the table above.

In February 2005, the City issued $192,433,000 in Long Beach Bond Finance Authority Bonds 2005 Series A Revenue Bonds and Series B Taxable Revenue Bonds. The bonds were issued to provide funds to finance certain redevelopment projects of the Redevelopment Agency (Agency), to finance certain housing projects of the Housing Authority, refinance certain indebtedness of the Agency, and to fund reserve accounts and pay costs of issuance of the Series 2005 Bonds. The interest rates range from 2.0% to 5.44%. Current refunding and defeasement of the refunded 1993 Gas Utility Bonds was included in this issue. The Series 2005 bonds for the Gas Utility Refunding in the amount of $7,675,000 are payable through August 1, 2013 with a total debt service of $8,678,000 with interest rates ranging from 2.0% to 3.125%. The refunding issue resulted in an accounting gain of approximately $50,000 which will be recognized over the life of the bonds.

Aggregate debt service decreased by $908,000, thereby resulting in an economic gain of approximately $474,000.

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

	Principal Payments by Fund -- Business-Type Activities					Total Annual Debt Service Requirements		
Year-End	Gas	Water	Solid Waste Management	Tidelands	Harbor	Principal	Interest	Total
2006	$ 885	$ 1,155	$ 6,355	$ 4,660	$ 34,935	$ 47,990	$ 70,763	$ 118,753
2007	905	1,210	6,540	7,580	38,205	54,440	66,881	121,321
2008	925	1,265	6,690	7,815	40,090	56,785	64,514	121,299
2009	940	1,330	6,860	4,860	42,150	56,140	62,024	118,164
2010	970	1,405	7,050	4,930	44,355	58,710	59,424	118,134
2011 - 2015	2,760	8,205	40,215	28,460	260,495	340,135	249,882	590,017
2016 - 2020	-	10,655	40,340	36,815	298,670	386,480	152,966	539,446
2021 - 2025	-	10,605	-	43,490	267,035	321,130	67,344	388,474
2026 - 2030	-	-	-	38,130	40,815	78,945	9,987	88,932
2031 - 2032	-	-	-	8,855	-	8,855	232	9,087
Totals	$7,385	$35,830	$ 114,050	$185,595	$1,066,750	$1,409,610	$ 804,017	$2,213,627

The Harbor 2002 Series A Bonds interest rate through May 14, 2004 was 4%. At the end of the initial long-term interest rate period the Series A bonds converted to a variable rate. The initial variable rate was 1.15% and the average variable rate was 2.15% through September 30, 2005. Harbor 2002 Series B Bonds interest rates range from 3.00% to 5.50%. Harbor 2002 Bonds debt service requirements to maturity for the purpose of illustration are based on 4% in the table above.

Advance Refundings

During the fiscal year ended September 30, 2005, the City advance refunded debt issues in order to take advantage of declining interest rates, to provide additional capital for related projects and/or to extend the term of the bonds.

In November 2002, the Redevelopment Agency (Agency) of the City of Long Beach issued $47,780,000 in Long Beach Bond Finance Authority Tax Allocation Revenue Bonds Downtown and West Long Beach Industrial Redevelopment Project Areas 2002 Series B bonds (Series B bonds). These 2002 Series B bonds were issued to current refund $25,670,000 of the outstanding Series 1992A Downtown and West Long Beach Industrial Bonds with interest rates ranging from 2.9% to 6.0%, to repay certain amounts owed by the Agency to the Port of Long Beach, to make a deposit to the reserve account and to pay certain issuance costs for the 2002 Series B bonds. The 2002 Series B interest rates range from 2.0% to 5.5% for the West Long Beach Industrial Project and 2.25% to 5.5% for Downtown Project.

In August 2005, the Long Beach Financing Authority issued $8,145,000 in Lease Revenue Bonds 2005 Series A (Temple and Willow Facility Refinancing Project) to refinance the cost of a new fleet services, towing and lien sales operations and integrated resource operations facility, purchase a reserve surety bond and pay costs of issuance on the bonds. The 2005 Series A bonds are payable through May 1, 2028 with a total debt service in the amount of $12,959,000. The interest rates range from 2.75% to 4.50%. The

refunding resulted in an accounting loss of $598,000 which will be recognized over the life of the bonds. Aggregate debt service decreased by $316,000, thereby resulting in an economic gain of $333,000.

Southeast Resource Recovery Facility Authority Bond Issue

The Southeast Resource Recovery Facility Authority (Authority) issued $120,235,000 in lease revenue bonds Series A and Series B in October 2003 (Series 2003) to current refund the Authority's Lease Revenue Refunding Bonds, Series 1995A and Series 1995B (Series 1995), finance certain public improvement projects in the City, fund a reserve fund for the Series 2003 Bonds and pay certain costs of issuance. The Series 2003 bonds are payable through December 1, 2018 with a total debt service in the amount of $170 million. The 2003 Bonds have interest rates ranging from 2.0% through 5.375%. The refunding issue resulted in an accounting loss of approximately $2,109,000, which will be recognized over the life of the bonds. Aggregate debt service increased by approximately $4.9 million over the next fifteen years to level overall debt service requirements, thereby resulting in an economic loss of approximately $6.4 million.

Harbor Revenue Refunding Bonds

In March 2004, the City issued the City of Long Beach Harbor Revenue Refunding Bonds 2004 Series A and Series B bonds amounting to $113,410,000 to current refund and defease all of the City's Harbor Revenue Bonds Series 1993, pay a bond insurance premium, fund a reserve fund, and to pay certain costs of issuance. The current refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of $1,446,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is amortized using the straight-line method over the life of the bonds. Aggregate debt service decreased by approximately $13.9 million, thereby resulting in an economic gain of approximately $9.7 million.

In March 2005, the City issued the City of Long Beach Harbor Revenue Refunding Bonds Series 2005A & B (the 2005 Bonds), amounting to $257,975,000 to current refund and to defease all of the City's Harbor Revenue Bonds Series 1995, to pay the premium for the Bond Insurance Policies, to fund a reserve for the Series 2005 Bonds, and to finance the costs of issuance of the Series 2005 Bonds. The current refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of $4,214,000 which will be recognized over the life of the bonds. The aggregate debt service decreased by $84,664,000 thereby resulting in a economic gain of approximately $24,178,000.

In addition to the above advance refunding issue, the City previously advance refunded several other outstanding bond issues. Each of the refunding transactions resulted in an overall economic gain to the City by providing for a substantial savings in cash flow requirements to service the outstanding debts. For financial reporting purposes, however, such refunding transactions generally result in accounting losses. In accordance with generally accepted accounting principles in effect at the time of each transaction, such accounting losses were recognized by the City in the year of refunding and the corresponding economic gains are recognized by the City as they occur.

The proceeds from the City's refunding issues have been placed in irrevocable escrow accounts overseen by independent bank fiscal agents. Such proceeds have been generally invested in U.S. Treasury Securities, which together with interest earned thereon are intended to provide amounts sufficient for future payment of interest, principal and redemption premium on the refunded bonds. The refunded bonds have not been included as City outstanding long-term debt since the City's obligation thereon was satisfied by establishing the irrevocable trusts.

As of September 30, 2005, the total amount of the defeased debt outstanding and removed from the City's funds and account groups aggregated $83,580,000.

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.

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 to repay the debt issues are being accounted for in Agency Funds.

At September 30, 2005, aggregate special assessment debt issued through the City consisted of six issues, summarized as follows:

- Dates Issued: 8/16/93 – 7/19/05
- Final Maturities: 10/01/13 – 10/01/32
- Range of Interest Rates: 2.625% – 9.75%
- Amounts Authorized and Issued: $3,000,000 – $43,000,000
- Range of Amounts Outstanding: $534,000 – $43,000,000
- Aggregate Outstanding at September 30, 2005: $80,064,000

Pike Public Improvements

In June 2002, the City of Long Beach Community Facilities District No. 6 2002 Special Tax Bonds (Pike Public Improvement Bonds) were issued in the amount of $43,000,000 under the provisions of the Mello-Roos Community Facilities Act of 1982. The Pike Public Improvement Bonds were issued to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements in the Pike Development Project adjacent to downtown Long Beach. A substantial portion of the proceeds were applied to finance the cost of a parking structure. The bonds do not constitute a debt of the City, therefore, no liability has been recorded in the City's books. The debt is payable from special tax revenues levied on the property within the district, except as described in Note 22.

Earthquake Assessment

In 1990, the City, acting on behalf of certain property owners, formed the Earthquake Repair Assessment District 90-3 (District). In June 1991, the District issued $17,440,000 of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds (Bonds) for the construction and installation of seismic resistance improvements to eligible commercial and residential properties within the City. The principal and interest was to be paid from the annual collection of special assessments on property within the District. As of September 30, 1996, $10,130,000 in bonds were outstanding. In September 1996, the Bond's Fiscal Agent determined that there were insufficient funds to make full payment of principal and interest due to significant delinquencies in payment of assessments. Under the provisions of the bond covenants, the City is required to commence judicial foreclosure proceedings upon delinquent assessments and to diligently pursue such foreclosure proceedings to completion. To date, the City has fulfilled its responsibility and will continue such action to ultimate resolution.

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

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

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

In July 2005, the District sold $2,100,000 in Series 2005A Bonds and $1,249,000 Series B bonds. Series A was sold on the open market to private investors, the City purchased Series B bonds. The proceeds from the sale were used to fund an escrow to defease the 1997 Bonds.

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, its Housing Authority (Authority) or the City's Redevelopment Agency (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.

Several multifamily mortgage bonds have been issued under the auspices of the City's Authority and the Agency. These issues provided for the permanent financing and construction of apartment complexes. The resulting bonds are not obligations of the City of Long Beach 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.

The City has also allowed its name to be used in the issuance of Industrial Development Refunding Bonds to benefit a local university. These bonds are secured by the university's pledge of resulting assets.

Bonds have been issued in the City's name for land acquisition located in the City for a homeowners association. The bonds are payable from revenues of the condominium owners by way of lease payments and special assessments.

Bonds have been issued in the City's name for Carnival Cruises to facilitate construction of a pier and wharf 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.

The City has sponsored home mortgage revenue bonds to provide funds for the purchase of home mortgages secured by newly constructed and existing single family homes located in the City. These bonds are secured by a pledge of all receivables from single family mortgage loans purchased with the bond proceeds plus amounts held in the bond debt service accounts by the trustee for the issue.

At September 30, 2005, the City's Conduit Debt outstanding consisted of the following (in thousands):

Description	Final Maturity	Amount Authorized	Outstanding at September 30, 2005
Multi Family Mortgage Bonds Housing Authority	2028	$ 12,500	$ 12,500
Industrial Development Refunding Bonds	2023	11,620	10,005
Marina Pacifica Land Acquisition Revenue Bonds	2030	22,000	1,445
Carnival Bonds	2022	32,100	30,530
Grisham Housing Bonds Series A	2035	2,340	2,326
Jamboree West Gate Home Mortgage Revenue Bonds	2037	11,000	50
Total Conduit Debt		$ 91,560	$ 56,856

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

At September 30, 2005, the City had several notes and installments payable, certificates of participation, commercial paper notes and other long-term obligations which consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding at September 30, 2005
GOVERMENTAL ACTIVITES					
NOTES PAYABLE:					
Health Fund					
Health Facility	04/22/05	04/22/19	Variable	$ 3,586	$ 3,500
Housing Development Fund:					
State of California	01/23/92	01/23/22	3%	1,016	1,016
California Housing Finance Agency	10/06/99	10/06/09	3%	1,200	1,189
California Housing Finance Agency	04/17/00	04/17/10	3%	800	789
California Housing Finance Agency	02/05/02	02/05/12	3%	600	508
California Housing Finance Agency	03/13/03	03/13/13	3%	1,300	1,300
U.S. Department of Housing and Urban Development	04/30/03	04/30/06	N/A	1,088	362
Total Housing Development Fund				6,004	5,164
Redevelopment Capital Projects Fund:					
Los Angeles County	01/21/92	N/A	3.75%	1,857	1,857
West Broadway, LLC	06/03/04	06/18/09	6.0-8.0%	1,450	1,450
Total Redevelopment Capital Projects Fund				3,307	3,307
ANNUITY OBLIGATION:					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	32,962
Governmental Activities Notes and Annuity Obligation				$ 50,497	$ 44,933
BUSINESS-TYPE ACTIVITES:					
NOTES PAYABLE:					
Water Fund:					
Commercial Paper Notes	01/08/03	N/A	.95 - 1.05%	$ 6,000	$ 6,000
State Resources	06/30/88	06/30/08	4.0128%	2,000	368
Total Water Fund				8,000	6,368
Tidelands Fund:					
State of Calif DBAW/Seawalls	Var 1997	08/01/24	4.5%	1,285	1,003
State of Calif DBAW/Downtown Marina	08/01/83	08/01/11	4.5%	3,900	1,571
State of Calif DBAW/Downtown Marina	08/01/84	08/01/12	4.5%	3,500	1,771
State of Calif DBAW/Downtown Marina	08/01/85	08/01/12	4.5%	600	295
State of Calif DBAW/Shoreline Marina	08/01/82	08/01/10	4.5%	1,300	388
State of Calif DBAW/Shoreline Marina	04/17/02	08/01/32	4.5%	6,088	6,088
State of Calif DBAW/Los Cerritos Channel	08/01/81	08/01/08	4.5%	1,238	237
State of Calif DBAW/Basin 8	09/30/98	08/01/28	4.5%	2,650	2,507
State of Calif DBAW - Lighthouse	06/23/00	06/23/30	4.5%	700	630
Total Tidelands Fund				21,261	14,490
Harbor Fund:					
Commercial Paper Notes	03/01/94	N/A	0.85 - 0.93%	383,500	60,150
Nassir	09/21/94	09/12/08	6%	579	125
Locke	03/22/91	03/22/06	10%	203	14
Total Harbor Fund				384,282	60,289
Airport Fund:					
Commercial Paper Notes	07/01/05	N/A	2.2-2.85%	1,020	1,020
CERTIFICATES OF PARTICIPATION:					
Airport Fund:					
1993 Airport Refunding	07/01/93	06/01/16	2.7-5.35%	16,815	10,710
Tidelands Fund:					
Parking Authority/Aquarium Parking Structure	05/01/97	05/01/17	4.25-5.75%	5,855	4,315
Business-type Activities Notes and Certififcates of Participation				$ 437,233	$ 97,192

N/A - Maturity date has not been established for these notes and annuities.

Housing Development Fund Loan

The Housing Development Fund loan in the amount of $1,016,000 at September 30, 2005 is payable to the State of California in January 2022. The Housing Development Fund also has authorization to borrow $3,900,000 from the California Housing Finance Agency at an interest rate of 3%. To date, $2,600,000 has been utilized for a revolving loan program that will allow for the acquisition and rehabilitation of multiple residential buildings located in specific neighborhoods designated for revitalization. As of September 30, 2005, $1,178,000 is payable through 2009, $800,000 is payable through 2010 and $508,000 is payable through 2012. The remaining amount of $1,300,000 will be used for the rehabilitation of rental units to assist lower income households. As of September 30, 2005, $1,300,000 is payable through 2013.

The Housing Development Fund also entered into an agreement with the U.S. Department of Housing and Urban Development to repay $1,088,000 in Homeownership Zone (HOZ) costs. The amount is payable without interest over three years through April 30, 2006. In fiscal years 2005 and 2004, $363,000 was repaid in each year. As of September 30, 2005, $362,000 remains outstanding and for which funds have been set aside.

Tax Increment Obligation

The Redevelopment Agency has an agreement to pay Los Angeles County 49.44% of tax increment generated by the Los Altos Area, payable commencing in 2020 at a simple interest rate of 3.75%. The tax increment due to the County at September 30, 2005 totaled $1,857,000.

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

	Principal Payments By Fund			Annual Debt Service Requirements		
	Governmental Activites					
Year-end	Health Fund	Housing Development Fund	Redevelopment Capital Projects Fund	Principal	Interest	Total
2006	$ 210	$ 362	$ -	$ 572	$ 347	$ 919
2007	213	-	-	213	340	553
2008	220	-	-	220	333	553
2009	226	1,189	1,450	2,865	303	3,168
2010	233	789	-	1,022	195	1,217
2011 - 2015	1,295	1,808	-	3,103	496	3,599
2016 - 2020	1,103	-	-	1,103	238	1,341
2021 - 2025	-	1,016	-	1,016	61	1,077
Indeterminant	-	-	1,857	1,857	1,889	3,746
Totals	$ 3,500	$ 5,164	$ 3,307	$ 11,971	$ 4,202	$ 16,173

No payment dates have been established for the Redevelopment Capital Projects Fund notes payable of $1,857,000; therefore, no interest has been listed in the above table.

Business-Type Activities

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

	Principal Payments By Fund				Annual Debt Service Requirements		
	Business-Type Activities						
Year-end	Water	Tidelands	Harbor	Airport	Principal	Interest	Total
2006	$ 138	$ 883	$ 55	-	$ 1,076	$ 662	$ 1,738
2007	143	912	42	-	1,097	628	1,725
2008	87	951	42	-	1,080	576	1,656
2009	-	907	-	-	907	528	1,435
2010	-	948	-	-	948	489	1,437
2011 - 2015	-	2,536	-	-	2,536	1,934	4,470
2016 - 2020	-	1,979	-	-	1,979	1,486	3,465
2021 - 2025	-	2,388	-	-	2,388	999	3,387
2026 - 2030	-	2,249	-	-	2,249	465	2,714
2031 - 2035	-	737	-	-	737	50	787
Indeterminant	6,000	-	60,150	1,020	67,170	-	67,170
Totals	$ 6,368	$ 14,490	$ 60,289	1,020	$ 82,167	$ 7,817	$ 89,984

In January 1987, the Water Department entered into a low-interest loan contract for $2,000,000 with the State Water Resources Control Board for the purpose of funding the Reclaimed Water System Extension Project. The loan was funded in fiscal year 1988 and is payable in annual installments ranging from $70,450 to $143,040, at an interest rate of 4.0128% per year through January 2008. The balance outstanding at September 30, 2005 is $368,000.

In October 2002, the Water Department authorized the issuance and sale of $15,000,000 of City of Long Beach Subordinate Water Revenue Commercial Paper Notes Series A. Proceeds from the variable rate debt will be used for interim financing needs to assist with completing reclaimed water system expansion projects that are partially funded with Federal and State grants, and for ocean desalination research and development. On January 8, 2004, notes in the amount of $6,000,000 were issued with interest rates ranging from 0.95% to 1.05%. The Water Department intends to extend the notes to periods greater than one year, therefore, the outstanding amount has been classified as long-term obligations.

The Tidelands Fund entered into various loan agreements from August 1982 through September 2005 for construction and improvements to the Shoreline Marina, Downtown Marina, seawalls and a lighthouse with a harbormaster's office, with an aggregate authorized and issued amount of $21,261,000 as of September 30, 2005. The amount outstanding at September 30, 2005 is $14,490,000. Annual principal payments in the amount of $705,000 are currently in effect at an interest rate of 4.5%.

The Harbor Department authorized the issuance of up to $383,500,000 in Commercial Paper notes. In 1994 the Harbor Department issued $148,000,000 of Series A Commercial Paper Notes to pay for acquisition costs of property, facilities and oil rights in the North

Harbor District. The Harbor Department intends to extend the notes for a period greater than a year; therefore, the outstanding amount has been classified under long-term obligations. The Harbor Department redeemed $12,850,000 of notes in 1997, and another $75,000,000 in 2002. The amount outstanding at September 30, 2005 is $60,150,000, with interest rates ranging from 2.48% to 2.68%. The Harbor Department also has other notes outstanding for $124,000 and $14,000 at September 30, 2005.

Airport Commercial Paper

On October 19, 2004, the City Council authorized the City's Public Works Department, Airport Bureau, to issue, on an as needed basis, up to $15,000,000 of variable-rate, Airport Projects Commercial Paper Notes for short-term financing of qualified Airport capital projects. When issued, the net proceeds from the sale of the notes will be used to pay for projects that will be funded by Passenger Facility Charges (PFC) and FAA entitlement grants. As of September 30, 2005, $1,020,000 in commercial paper notes had been issued with interest rates ranging from 2.2% to 2.85%.

Certificates of Participation

The remaining debt service requirements for Certificates of Participation payable from the Airport and the Tidelands Fund (Rainbow Harbor Area Segment) are as follows (in thousands):

	Principal Payments By Fund		Annual Debt Service Requirements		
Year-end	Airport	Tidelands	Principal	Interest	Total
2006	$ 750	$ 265	$ 1,015	$ 782	$ 1,797
2007	785	280	1,065	730	1,795
2008	825	295	1,120	674	1,794
2009	870	310	1,180	616	1,796
2010	920	325	1,245	552	1,797
2011 - 2015	5,330	1,915	7,245	1,728	8,973
2016 - 2020	1,230	925	2,155	141	2,296
Totals	$ 10,710	$ 4,315	$ 15,025	$ 5,223	$ 20,248

Police and Fire Annuity Obligation Program

The City administers a Police and Fire Annuity Program (Program) under the City Charter Section 187, prior to the programs termination in 1945. The terminated Program covers a diminishing number of public safety retirees or their surviving spouses. At September 30, 2005, there were 109 participants in this program.

Total expenditures to this closed group of individuals amounted to $4,966,000 for the fiscal year ended September 30, 2005. The City's accrued Program liability was $32,962,000 at September 30, 2005. Program benefits are funded when required to be paid. Accordingly, there are no assets of the Program.

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

Accrued Program Liability at October 1, 2004	$ 37,600
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(4,966)
Estimated Change in Annualized Value of Benefits	328
Accrued Program Liability at September 30, 2005	$ 32,962

The number of Program participants diminishes each year. Since 1996, the number of program participants has been reduced by 109 individuals. The following table presents additional information for the Program (in thousands) (1996 benefits paid is for fifteen months, reflecting the City's change in its fiscal year end):

Year-end	Number of Participants	Annuity Benefits Paid	Accrued Program Liability
1996	218	$9,367	$64,073
1997	205	7,783	61,207
1998	191	7,162	56,596
1999	181	7,093	57,500
2000	167	6,913	53,668
2001	157	6,641	51,222
2002	144	6,437	47,543
2003	131	5,865	40,948
2004	128	5,507	37,600
2005	109	4,966	32,962

NOTE 11 – LEASING ARRANGEMENTS

Hyatt Long Beach Corporation Lease

In 1981, the City entered into a 50-year non-cancelable ground lease with a renewable term of 25 years, with a developer on certain Tideland properties held in trust by the City. The developer constructed a hotel and adjacent public facilities including a parking structure. In January 1995, the City renegotiated the agreements with the developer. Under the terms of the revised lease, the City will receive annual minimum ground lease rent of $242,000, increased 10% every 5 years, plus 2.5% of the hotel's gross operating profit. Payment of these amounts is due 90 days after the close of the calendar year. The City accounts for the ground lease as an operating lease in the Tidelands Fund.

Concurrently, the developer leased the parking structure and public facilities to the City, a portion of which was sublet back to the developer. Under the terms of the lease, the City is obligated to pay the developer approximately $2,855,000 per year through 2008, with incidental costs to be paid by the City thereafter. Subsequent to 2020, the City is not required to make any further lease payments. Under the terms of the sublease, the

developer is obligated to pay the City approximately $477,000 annually through 2008, with their proportionate share of the incidental costs thereafter.

The City has accounted for the lease and the sublease of the parking structure and public facilities as a capital lease payable and long-term lease receivable, respectively, in the Tidelands Fund using an interest rate of approximately 10%. At September 30, 2005, the outstanding capital lease payable and long-term lease receivable are $7,572,000 and $1,550,000, respectively.

Future debt service payments under this business-type activity capital lease payable and future minimum rentals to be received under this sublease are as follows (in thousands):

Fiscal Year-end	Debt Service Payments			Minimum Rentals
	Principal	Interest	Total	
2006	$ 2,102	$ 753	$ 2,855	$ 477
2007	2,312	544	2,856	477
2008	2,509	346	2,855	477
2009	649	65	714	119
Totals	$ 7,572	$ 1,708	$ 9,280	$ 1,550

Other Leases:

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

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding at September 30, 2005
GOVERMENTAL ACTIVITES					
General Fund:					
Emergency Communications Center (a)	06/21/02	06/21/07	3.62%	$ 4,000	$ 1,686
Emergency Communications Center (a)	06/21/02	06/21/09	3.94%	9,125	5,517
Helicopter (b)	02/03/03	02/03/10	2.91%	2,785	1,791
Park Sports Lighting (c)	04/12/01	09/01/06	5.25%	98	20
City Light and Power (d)	05/01/96	10/03/19	8.73%	18,500	16,205
Street Sweepers (e)	10/02/03	10/02/07	2.36%	2,922	1,495
Ambulances (f)	10/02/03	10/02/09	2.97%	993	682
Software Lease (g)	05/06/04	05/06/07	2.46%	400	225
Total General Fund				38,823	27,621
Internal Service Funds:					
Civic Center Fund:					
Sisco Lease (h)	07/17/96	01/17/07	6.07%	6,278	1,020
General Services Fund:					
Personal Computers (i)	05/01/03	05/01/06	6.63%	24	5
Personal Computers (i)	04/23/03	04/25/07	3.64%	1,276	519
Personal Computers (i)	08/18/04	08/18/08	2.71%	997	717
IBM Mainline (j)	06/29/05	06/29/09	3.02%	2,183	2,054
Disk Storage (k)	01/01/03	12/01/05	4.00%	350	21
Total General Services Fund				4,830	3,316
Total Governmental Activities Leases				$ 49,931	$ 31,957

(a) The City entered into capital lease agreements to purchase equipment for the Emergency Communications and Operations Center. The annual payment, including principal and interest, is $2,386,000 which is paid annually through fiscal year 2009.

(b) The City entered into a capital lease agreement to purchase a helicopter for use by the Police Department for safety enforcement. The lease is payable monthly in the amount of $37,000 at 2.91% interest, or $444,000 per year through February 2010.

(c) The City entered into a capital lease agreement to install lighting systems in certain parks. The lease is payable monthly in the amount of $1,900 at 5.25% interest through fiscal year 2006.

(d) The City entered into a capital lease agreement in May 1996 to improve and replace the street lighting infrastructure in the City. The lease is payable monthly; the amount varies by year, with the initial year at $57,000 per month and the maximum amount for the sixth through twenty-fifth years at $163,000 per month.

(e) The City entered into a capital lease agreement in October 2004 for the acquisition of street sweepers, payable in monthly installments of $63,800 through 2007.

(f) The City entered into a capital lease agreement in October 2004 to finance the replacement of ten advanced life-support ambulances. The lease is payable in monthly installments of $15,000 through 2009.

(g) The City entered into a capital lease agreement in May 2004 to purchase a legislative information management system. The lease is payable in monthly installments of $11,500 through 2007.

(h) The City entered into a capital lease to make energy conservation improvements to the Civic Center building. The monthly installments vary through January 2007 and do not exceed $78,000 per month.

(i) The City entered into several capital lease agreements to finance the acquisition of personal computers. The leases are payable monthly through 2008, and the aggregate monthly payments are $50,000.

(j) The City entered into a capital lease to finance the purchase of IBM processors and related equipment. The lease is payable monthly in installments of $10,000 through June 2009.

(k) The City entered into a capital lease agreement to purchase a high speed disk storage system. The lease is payable in monthly installments of $10,300 through December 2005.

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

	Principal Payments By Fund - Governmental Activities			Annual Debt Service Requirements		
Year-end	General	Civic Center	General Services	Principal	Interest	Total
2006	$ 4,151	$ 764	$ 1,123	$ 6,038	$ 1,867	$ 7,905
2007	4,272	256	988	5,516	1,623	7,139
2008	2,661	-	775	3,436	1,437	4,873
2009	2,827	-	430	3,257	1,278	4,535
2010	996	-	-	996	1,146	2,142
2011 - 2015	5,442	-	-	5,442	4,445	9,887
2016 - 2020	7,272	-	-	7,272	1,441	8,713
Totals	$ 27,621	$ 1,020	$ 3,316	$ 31,957	$ 13,237	$ 45,194

Future Rental Income Under Operating Leases

Aggregate minimum future rental income under non-cancelable operating leases having an initial term in excess of one year is as follows (in thousands):

Year-end	
2006	$ 217,499
2007	181,580
2008	177,917
2009	170,633
2010	158,360
2011-2015	723,236
2016-2020	662,306
2021-2025	503,844
2026-2030	196,245
2031-2035	47,818
2036-2040	46,809
2041-2045	45,623
2046-2050	43,839
2051-2055	9,053
THEREAFTER	21,113
Total	$ 3,205,875

NOTE 12 – RETIREMENT PROGRAMS

Plan Description

The City contracts with the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, including annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814. Since CalPERS is on a fiscal year ending June 30, all actuarial calculations for the City's retirement plan are made on a fiscal year ending June 30, which differs from the City's September 30 fiscal year end.

Under the terms of the contract between CalPERS and the City, all full-time employees are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple tier retirement plan with benefits varying by plan. Vested first and second tier safety employees who retire at age 50 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 3% of the employee's highest paid year of employment for each year of credited service. Vested first and second tier non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7% of their highest paid year of employment for each year of credited service for the first tier, and for the second tier effective in fiscal year 2004.

The City amended its safety and miscellaneous retirement plans to create second tiers in fiscal year 1990 and a third tier for miscellaneous employees in fiscal year 1996. During fiscal year 2002 the third tier was eliminated and plan participants were absorbed into the second tier. Retirees under the first tier are eligible to receive a maximum annual 5% cost-of-living increase in their retirement benefit, while those under the second tier are eligible to receive a maximum annual 2% cost-of-living increase.

Funding Policy

In November 1998, the City was informed by CalPERS that all of its retirement plans were overfunded based on the actuarial valuation completed as of June 30, 1997. Accordingly, the City's employer contribution rates were reduced by CalPERS to zero for all plans effective November 13, 1998. Participants were required to contribute 7% of their earnings for all miscellaneous and 9% for all police, fire and lifeguard employees. The City continued to make these employee contributions as required by CalPERS law through July 2, 1999 at which time it was informed by CalPERS that no further contributions were required. The City was overfunded through September 30, 2004 and was not required to pay CalPERS any employee or employer contributions for any of its plans through fiscal year 2004.

Contribution requirements of plan members and the City are established and may be amended by CalPERS. The City contribution payments to CalPERS were required beginning October 1, 2004 for both Safety and Miscellaneous Plans at 14.208% and 7.199% respectively, plus the employee rate of 9% and 7% for Safety and Miscellaneous

respectively. Miscellaneous employees paid 1% to PERS, that when added to the 7% paid by the City makes up the 8% employee rate which was effective August 24, 2004.

The funded normal cost rates are as follows:

Contribution Rates for Fiscal Year 2006

Employees Covered	Normal Cost	Amortization of Unfunded Liability	Total Employer Rate	Employee Rate *
Safety	17.914 %	(2.814) %	15.100 %	9%
Miscellaneous	10.101 %	1.224 %	11.325 %	8%

Contribution Rates for Fiscal Year 2005

Employees Covered	Normal Cost	Amortization of Unfunded Liability	Total Employer Rate	Employee Rate *
Safety	19.629 %	(5.421) %	14.208 %	9%
Miscellaneous	10.510 %	(3.311) %	7.199 %	8%

* Miscellaneous employee rate increased to 8% from 7 % effective August 24, 2004. Beginning October 1, 2004, employees paid the 1% increase.

Annual Pension Cost

A summary of principal assumptions and methods used to determine the annual required contribution rate for fiscal year 2005 for miscellaneous and safety employees is shown below.

	Assumptions
Valuation Date	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of cumulative unamortized gains and losses each year. In the event that a plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the excess assets to payroll.

Three-Year Trend Information for CalPERS – Net Pension Obligation

(Unaudited)
(In thousands)

September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2003	--	100%	--
2004	--	100%	--
2005	$48,147	100%	--

The City's contribution rate from July 1999 through fiscal year 2004 was zero, therefore there is no annual pension cost through fiscal year 2004.

Public Agency Retirement System – Defined Benefit Plan

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

The Plan benefit is a lifetime monthly annuity equal to 1.50% times the final average of the participant's highest 36 consecutive month's salary times the years of service. The Plan requires employee contributions of 6.2% of earnings (Contractors Special Status) and 3.0% of earnings (Seasonal and Temporary Employees). All employees enter the Plan upon hire and all benefits are vested after 5 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's funding policy is to make the contribution as determined by the Plan's actuary as of September 30, 2005. The following information describes the calculation methodology:

- The Plan's annual pension cost (APC) for the fiscal year ended September 30, 2005 is based on the period from October 1, 2004 to September 30, 2005. The APC for this period was zero, the same amount contributed for this period.

- The actuarial liabilities and assets are valued as of September 30, 2005.

- The actuarial funding method used is the projected-unit-credit-method. Under this method the contribution rate is the sum of the normal cost rate plus the unfunded actuarial liability rate. The normal cost is defined as the actuarial present value of benefits allocated to the valuation year and the actuarial accrued liability is the present value of benefits allocated to all periods prior to the valuation year. The normal cost rate is determined by dividing the normal cost by expected covered payroll.

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

The unfunded actuarial liability is the difference between the actuarial accrued liability and plan assets. This difference is amortized as a level dollar amount (over a seven year period in the 2004 actuarial valuation used to determine fiscal year 2005 Annual Pension Cost) to determine the unfunded actuarial liability rate.

The following is a summary of the actuarial assumptions:

Interest Rate: 6.00%

Mortality: 1983 Group Annuity Mortality Table

Turnover: Sample rates are:

Age	Turnover	Age	Turnover
25	15%	45	10%
30	15%	50	10%
35	15%	55	5%
40	15%	60	5%

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

Years of Service	Turnover
0	50%
1	35%
2	25%
3	25%
4	20%

Salary Scale: 5.0%

Retirement Age: Age 65 or attained age, if older.

Form of Benefit: Participants are assumed to receive a lump sum upon termination.

The interest rate was changed for the 2005 valuation from 7.5% to 6.0%. The turnover assumption was also changed for the 2005 valuation to better reflect experience. The net impact of these assumption changes decreased the actuarial accrued liability by approximately $281,000.

The net pension obligation information below is based on periods from July 1 through June 30 prior to 2005 and October 1 through September 30 beginning in 2005.

Fiscal Year	Annual Pension Costs	Actual Contribution	Percentage Contribution	Net Pension Obligation
1996	$ 143,292	$ 143,292	100%	-
1997	181,910	181,910	100%	-
1998	170,014	170,014	100%	-
1999	196,853	196,853	100%	-
2000	188,924	188,924	100%	-
2001	102,749	102,749	100%	-
2002	74,497	74,497	100%	-
2003	75,338	75,338	100%	-
2004	19,471	19,471	100%	-
2005	-	-	100%	-

NOTE 13 – POST RETIREMENT HEALTH CARE BENEFITS

Full-time City employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested; however, under the provisions of the City's Personnel Ordinance, upon retirement, the City allows retirees, their spouses and eligible dependents to use the cash value at retirement of the retiring employee's accumulated unused sick leave to pay for health, dental and long-term care insurance premiums under the City's Retired Employees Health Insurance Program. Once the cash value of the retired employee's unused sick leave is exhausted, the retiree is required to pay all premiums. The City provided a one-time early retirement incentive of a maximum of $25,000 for employees who retired during calendar year 1996. The amount of the incentive was based on age, and was credited to accumulated sick leave to be used towards health insurance costs during retirement. In fiscal year 2004, management was offered a 16 hour increase in sick leave per year of service for retirement by June 30, 2004.

At September 30, 2005, there were 810 participants in the City's Retired Employees Health Insurance Program, and the non-interest bearing cash value equivalent of the remaining unused sick leave for the current retirees totaled $22,717,000. Total premiums paid by the City under the Retired Employees Health Insurance Program during the twelve months ended September 30, 2005, were $6,212,000, and are included in the expenses of the Employee Benefits Internal Service Fund.

The City has recorded a liability in the Employee Benefits Internal Service Fund of $69,476,000, based on an actuarial study of current and future retiree accumulated sick leave as of September 30, 2005. The liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and

active employees, and an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996. The actuarial study assumes an investment return of 5.0%; wage increases of 3.5% per year for miscellaneous and 4.5% per year for safety employees, and insurance premium increases of 4.5%. The estimated current portion of such obligation of $7,900,000, recorded in current accrued wages and benefits, has been fully funded; the long-term portion of the liability of $61,576,000 is being funded, over time, through burden rates charged to the various City funds, applied as a percent of current productive salaries.

NOTE 14 – SELF – INSURANCE PROGRAMS

The City has adopted separate self-insurance programs for workers' compensation and general liability claims. At September 30, 2005, the City accrued nondiscounted estimates totaling $134,112,000 for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual, and incurred but not reported claims based upon past experience, modified for current trends and developments. The City has no outstanding annuities payable. The City has recorded a current liability of $21,750,000 and a long-term liability of $112,362,000 in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2005 is dependent on future developments. Based upon information from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual adequately represents such losses.

A summary of the City's claims activity for the fiscal year ended September 30, 2005 and 2004 is as follows (in thousands):

	Worker's Compensation Claims	General Liability Claims	Total
Balance at October 1, 2003	$ 79,345	$ 23,600	$ 102,945
Additions	9,730	(710)	9,020
Payments	(12,940)	(3,090)	(16,030)
Balance at September 30, 2004	76,135	19,800	95,935
Additions (Reductions)	43,272	10,816	54,088
Payments	(13,595)	(2,316)	(15,911)
Balance at September 30, 2005	$ 105,812	$ 28,300	$ 134,112

Component Unit

Under its insurance program, the LBT retains the risk for each occurrence of worker's compensation and public liability and property damage claimed up to $3,000,000 and $1,000,000, respectively. Claims in excess of $3,000,000 for worker's compensation and $1,000,000 for public liability and property damage are covered under policies in force with an independent insurer up to $25,000,000 for workers compensation and $10,000,000 for public liability and property damage. The amount of settlements for both worker's compensation and public liability and property damage did not exceed the insurance coverage limits in fiscal year 2005 and 2004.

The LBT's policy is to estimate and recognize losses on the accrual basis, including estimates of claims incurred but not reported, based on the report of the LBT's independent claims manager, and to maintain designated cash and investments to fund the estimated liabilities.

The changes in estimated liabilities for reported claims are as follows for the LBT (in thousands):

	Worker's Compensation	Public Liability and Property Damage	Total
Balance at July 1, 2003	$ 2,249	$ 1,402	$ 3,651
Reserves:			
New claims	269	627	896
Adjustments to existing claims	3,012	819	3,831
Payments	(2,830)	(1,160)	(3,990)
Balance at June 30, 2004	2,700	1,688	4,388
Reserves:			
New claims	464	586	1,050
Adjustments to existing claims	1,547	166	1,713
Payments	(2,497)	(1,647)	(4,144)
Balance at June 30, 2005	$ 2,214	$ 793	$ 3,007

NOTE 15 – GOVERNMENTAL ACTIVITIES FUND BALANCE

The composition of the reserved portion of the governmental activities fund balance at September 30, 2005 is as follows (in thousands):

	General Fund	Major Governmental Funds Other than General Fund	Nonmajor Governmental Funds	Totals
Reserved for:				
Other Noncurrent Receivables (a)	$ 100,455	$ 31,799	$ -	$ 132,254
Asset Seizure Money (b)	2,763	-	-	2,763
Encumbrances	1,714	7,135	3,911	12,760
Future Advances to Other Funds - restricted by City Charter	1,486	-	-	1,486
Transportation Projects (c)	-	-	3,770	3,770
Housing Development - restricted by State law	-	480	-	480
Future Projects	-	176,961	22,779	199,740
Land Held For Resale	-	75,284	-	75,284
Estimated Oil Field Abandonment Costs	-	-	3,136	3,136
Debt Service Covenants	5,407	52,105	200	57,712
Totals	$ 111,825	$ 343,764	$ 33,796	$ 489,385

(a) The reserve for noncurrent receivables represents long-term loan receivables and long-term advances to other funds not available to finance current expenditures because receipt is not anticipated in the near future since there is no specified repayment dates for these advances. The General Fund reserve for noncurrent receivables funds mainly consists of $98,455,000 due from the Redevelopment Capital Projects Fund, based on a cooperative agreement in which the City agreed to advance funds to use on redevelopment projects. Debt service payments to the General Fund are expected as future property tax increment funds become available. At this time there is no repayment schedule. In addition, $2,000,000 is due from the Health Fund for advances to cover cash flow. There is no repayment date for the Health Fund advance.

Other major governmental fund advances to other funds consist of $20,707,000 due to the Housing Development Special Revenue Fund from the Redevelopment Capital Projects Fund, $3,819,000 due to the Community Development Grants Fund from the Housing Development Special Revenue Fund and $1,732,000 due to the General Capital Projects Fund from the Redevelopment Capital Projects Fund. Repayments depend on available future tax revenue increments. The Housing Assistance nonmajor governmental fund advance from the Community Development Grants Fund in the amount of $2,900,000 is due to a loan for the purpose of meeting voucher obligations of the Authority under the HUD Section 8 Program. Repayment is dependent on HUD funding and no annual payments are required by the Authority to repay the loan.

The balance of $2,641,000 mainly represents long-term notes receivable for the Redevelopment Agency and Housing Development Special Revenue Fund, which do not provide current available resources.

(b) The reserve for asset seizure money comes from the sale of assets seized under probable cause in a criminal investigation. The resulting funds must be used to enhance criminal investigations, detection and prosecution, and shall not supplant the existing Police Department budget.

(c) The reserve for transportation projects represents the fund balance of the Transportation Fund Special Revenue Fund which is restricted for use to specified transportation projects requiring advance approval of the Los Angeles County Transportation Commission.

Fund Deficits

The Internal Service Funds include accumulated deficits in the Insurance and Employee Benefits Internal Service Funds which aggregate $109,370,000 and $44,284,000, respectively. The City's Management believes the cash position is sufficient to cover the current costs related to retired health insurance, worker's compensation, general liability claims and current operating costs in the Insurance and Employee Benefits Internal Service funds. The City's Management intends to adjust billings to City departments as needed to ensure that adequate cash positions are maintained.

At September 30, 2005 the Housing Assistance Fund, a non-major governmental fund, had a deficit fund balance of $1,251,000. This deficit resulted from funding from grants accounted for in the Community Development Grants Special Revenue Fund. The loan made in fiscal year 2004 was to cover additional housing assistance payments which exceeded U.S. Department of Housing and Urban Development (HUD) funding. It is anticipated that the deficit will be funded by future HUD receipts for housing assistance.

NOTE 16 – RECONCILIATION OF ACTUAL REVENUES AND EXPENDITURES TO THE NON-GAAP BUDGETARY BASIS

The following reconciles actual revenues and expenditures for general fund and major special revenue funds to the non-GAAP budgetary basis for the fiscal year ended September 30, 2005 (in thousands):

	General Fund	Housing Development Fund	Community Development Fund
Beginning Fund Balance- Actual (GAAP Basis)	$ 161,522	$ 33,608	$ 12,167
Cumulative Effect of Capitalization of Land Held For Resale at October 1, 2004	-	(1,228)	(1,332)
Beginning Fund Balance - Budgetary Basis	161,522	32,380	10,835
Actual (GAAP-Basis) Revenues	328,068	15,580	23,955
Basis Adjustments:			
Proceeds from Sale of Land Held for Resale	-	234	-
Revenues on the Budgetary Basis	328,068	15,814	23,955
Actual (GAAP-Basis) Expenditures	373,525	8,596	23,581
Basis Adjustments:			
Encumbrances Outstanding at September 30, 2005	1,714	-	26
Expenditures - Budgetary Basis	375,239	8,596	23,607
Excess of Revenues Over (Under) Expenditures - Budgetary Basis	(47,171)	7,218	348
Other Financing Sources (Uses) (GAAP-Basis)	34,164	1,435	(2,029)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budgetary Basis	(13,007)	8,653	(1,681)
Ending Fund Balance - Budgetary Basis	$ 148,515	$ 41,033	$ 9,154

The City's budget in any given fiscal year is incremented by the amount of encumbrances outstanding at the end of the prior fiscal year in accordance with City Council adopted ordinance.

NOTE 17 – SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES FUNDS

The City has issued various revenue bonds to finance the purchase of the Aquarium of the Pacific, the Marina facilities and the Rainbow Harbor Area infrastructure improvements. Each of the revenue bonds is accounted for in the City's Tidelands Fund. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

The Aquarium of the Pacific 2001 Revenue Bonds, issued in the amount of $129,520,000, are accounted for in the Tideland Operating segment. The Tideland

Operating segment is used to account for the business-type operations of the Long Beach Convention and Entertainment Center, as well as beach maintenance and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats. Beginning with the 1997 fiscal year, leases for areas adjacent to the Queen Mary were also included in the Tideland Operating segment. The Tideland Operating segment had purchase of goods and services and construction project commitments of $192,000.

The 1994 Marina Subordinate Revenue Bonds, issued in the amount of $1,310,000 and the 1995 Marina Refunding Revenue bond issued in the amount of $31,725,000 are accounted for in the Marina segment. The Marina segment is used to account for the enterprise operations of the City's Alamitos Bay and Downtown Marinas. The Marina segment had commitments of $16,810,000 for the purchase of goods, services and construction.

The 1999 Rainbow Harbor Financing Project Revenue Bonds, issued in the amount of $47,970,000, are accounted for in the Rainbow Harbor Area segment. The Rainbow Harbor Area segment is used to account for the Rainbow Harbor Area administration, the Rainbow Harbor financing and the Aquarium of the Pacific Parking Structure operations. The Rainbow Harbor Area segment had commitments of $119,000 for the purchase of goods, services and construction.

The Parking Authority issued $5,855,000 in Certificates of Participation to partially fund the Aquarium of the Pacific Parking Structure. Money from the parking structure built in the Rainbow Harbor Area segment is pledged for the debt service payment.

Summary financial information for each segment is presented below (in thousands) as of September 30, 2005:

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Net Assets
September 30, 2005
(In Thousands)

	Tideland Operating	Marina	Rainbow Harbor Area
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	$ 6,858	$ 922	$ 224
Receivables:			
Interest Receivable	-	-	103
Accounts Receivable	5,916	182	6
Due from Other Governments	67	34	-
Due from Other Funds	10,409	-	-
Capital Leases Receivable-Current	351	-	-
Allowance for Receivables	(3,947)	(153)	-
Inventory	-	109	-
Total Current Assets	19,654	1,094	333
Restricted Assets:			
Pooled Cash and Cash Equivalents	7,548	3,546	2,498
Non-Pooled Cash and Cash Equivalents	14,470	-	4,683
Interest Receivable	247	-	-
Total Restricted Assets	22,265	3,546	7,181
Noncurrent Assets:			
Noncurrent Receivables:			
Capital Lease Receivable	913	-	-
Capital Assets:			
Land and Other Capital Assets not being Depreciated	31,098	14,215	11,953
Capital Assets net of Accumulated Depreciation	200,787	27,053	78,556
Deferred Charges-Long-Term	10,839	-	-
Total Noncurrent Assets	243,637	41,268	90,509
Total Assets	285,556	45,908	98,023

(continued)

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Net Assets
September 30, 2005
(In Thousands)
(continued)

	Tideland Operating	Marina	Rainbow Harbor Area
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	$ 743	$ 1,964	$ 1,736
Accrued Wages	174	153	19
Accrued Interest Payable	8	161	-
Due to Other Funds	745	71	9
Deferred Revenues	63	2,130	25
Collections Held in Trust	38	15	1
Obligations Under Capital Leases-Current	2,102	-	-
Bonds Payable Due Within One Year	-	3,145	1,515
Other Long-Term Obligations-Current	34	835	279
Total Current Liabilities	3,907	8,474	3,584
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	2,732	-	1,091
Noncurrent Liabilities:			
Advances from Other Funds	16,483	-	-
Obligations Under Capital Leases-Current	5,470	-	-
Other Long-Term Obligations	969	12,022	4,666
Unamortized Discount/Deferred Costs	-	-	(213)
Bonds Payable	129,520	6,650	44,765
Unamortized Discount/Deferred Costs	(13,134)	(444)	(1,989)
Total Noncurrent Liabilities	139,308	18,228	47,229
Total Liabilities	145,947	26,702	51,904
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	106,924	19,060	41,486
Restricted for:			
Debt Service	11,888	3,546	5,776
Capital Projects	-	-	314
Aquarium Operations and Maintenance Reserve	7,397	-	-
Unrestricted	13,400	(3,400)	(1,457)
Total Net Assets	$ 139,609	$ 19,206	$ 46,119

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2004
(In Thousands)

	Tideland Operating	Marina	Rainbow Harbor Area
Operating Revenues:			
Licenses and Permits	$ 358	$ -	$ 3
Fees, Concessions and Rentals	4,989	15,931	5,383
From Other Agencies	528	-	-
Charges for Services	27,718	77	-
Total Revenues	33,593	16,008	5,386
Operating Expenses:			
Personal Services	8,066	7,292	817
Maintenance and Other Operations	35,567	4,045	8,080
Amortization	-	58	-
Depreciation	9,720	1,795	3,169
Total Operating Expenses	53,353	13,190	12,066
Operating Income (Loss)	(19,760)	2,818	(6,680)
Non-Operating Income (Expense):			
Interest Income	1,676	121	345
Interest Expense	(9,091)	(990)	(2,923)
Gain (Loss) on Disposition of Fixed Assets	-	28	-
Other Income	3	151	(8)
Total Non-Operating Expense	(7,412)	(690)	(2,586)
Income (Loss) Before Contributions and Transfers	(27,172)	2,128	(9,266)
Capital Grants and Contributions	-	19	-
Transfers:			
Transfers In	27,112	-	6,447
Transfers Out	(6,707)	(500)	-
Change in Net Assets	(6,767)	1,647	(2,819)
Net Assets - October 1	146,376	17,559	48,938
Net Assets - September 30	$ 139,609	$ 19,206	$ 46,119

City of Long Beach
Business-Type Activities
Tidelands Major Segments
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Tideland Operating	Marina	Rainbow Harbor Area
Cash Flows from Operating Activities:			
Receipts from Customers	$ 33,322	$ 16,060	$ 5,500
Receipts from Other Governments	822	-	-
Payments for Employee Salaries	(8,040)	(7,308)	(817)
Payments for Goods and Services	(35,063)	(2,337)	(7,856)
Other Income	3	152	(8)
Net Cash Provided by (Used for) Operating Activities	(8,956)	6,567	(3,181)
Cash Flows from Non-Capital Financing Activities:			
Transfers In	23,554	-	6,447
Transfers Out	(6,707)	(500)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	16,847	(500)	6,447
Cash Flows from Capital and Related Financing Activities:			
Receipt of Capital Grants	-	84	-
Proceeds from the Sale of Capital Assets	-	28	-
Principal Received on Capital Leases	319	-	-
Payments for Capital Acquisitions	(510)	(12,268)	(594)
Payments of Principal on Bonds Payable	-	(3,060)	(1,707)
Payments of Principal on Other Long-Term Obligations	(2,563)	6,358	(14)
Payments of Interest	(8,166)	(887)	(2,754)
Net Cash Used for Capital and Related Financing Activities	(10,920)	(9,745)	(5,069)
Cash Flows from Investing Activities:			
Receipts of Interest	1,675	121	345
Net Cash Provided by Investing Activities	1,675	121	345
Net Increase (Decrease) in Cash and Cash Equivalents	(1,354)	(3,557)	(1,458)
Cash and Cash Equivalents - October 1	30,230	8,025	8,863
Cash and Cash Equivalents - September 30	$ 28,876	$ 4,468	$ 7,405

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
(In Thousands)
(Continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Tideland Operating	Marina	Rainbow Harbor Area
Operating Income (Loss)	$ (19,760)	$ 2,818	$ (6,680)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization Expense	9,720	1,853	3,169
Other Income (Loss)	3	152	(8)
(Increase) Decrease in Accounts Receivable, Net	312	29	114
Increase in Amounts Due from Other Governments	294	-	-
Increase in Inventory	-	(13)	-
Decrease in Accounts Payable	503	1,726	223
Increase in Accrued Wages Payable	26	(17)	-
Increase in Amounts Due to Other Funds	-	(4)	1
Increase (Decrease) in Deferred Revenues	35	23	-
Increaes (Decrease) in Collections Held in Trust	(89)	-	-
Total Adjustments	10,804	3,749	3,499
Net Cash Provided by (Used for) Operating Activities	$ (8,956)	$ 6,567	$ (3,181)

The City also conducts Business-type services that provide natural gas water, airport, refuse collection, sewer and towing services. Segment information for the Business-type activities funds at September 30, 2005, and for the fiscal year then ended, are as follows (in thousands):

Business-Type Activities Major Activities	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue	Harbor	Total Major Funds
Operating Revenues	$ 98,998	$ 64,522	$ 70,128	$ 55,282	$ 207,491	$ 329,208	$ 825,629
Depreciation Expense	3,007	8,174	4,449	14,951	-	82,033	112,614
Operating Income (Loss)	11,882	6,202	7,633	(23,580)	32,731	180,438	215,306
Non-Operating Income (Expense)	5,410	(543)	(3,397)	(10,702)	(12,313)	(30,924)	(52,469)
Transfers Net	(15,497)	-	(2,577)	26,352	(13,091)	(9,500)	(14,313)
Change in Net Assets	1,795	11,948	1,659	(7,911)	7,327	142,222	157,040
Capital Assets:							
Additions	(5,624)	(19,020)	(823)	(13,386)	-	(82,512)	(121,365)
Deletions	(156)	(137)	-	28	-	(400)	(665)
Net Working Capital	8,739	9,220	52,937	5,173	57,808	386,848	520,725
Total Assets	86,523	265,489	131,251	441,256	485,672	3,101,875	4,512,066
Bonds and Other Long-Term Liabilities Payable from Operating Revenues	6,382	37,175	115,505	204,765	311,610	1,166,884	1,842,321
Total Net Assets	$ 67,855	$ 218,515	$ 3,783	$ 216,678	$ 57,808	$ 1,828,151	$ 2,392,790

Included in non-operating income for the Solid Waste Management Enterprise Fund are operating grants totaling $1,237,000 received for the recycling program during fiscal year September 30, 2005.

Business-Type Activities Non-major Activities	Sewer	Airport	Towing	Subsidence	Total Nonmajor Activities	Total Business-Type Activities
Operating Revenues	$ 9,718	$ 24,695	$ 7,622	$ -	$ 42,035	$ 867,664
Depreciation Expense	1,161	2,046	11	-	3,218	115,832
Operating Income	2,651	3,462	894	-	7,007	222,313
Non-Operating Income (Expense)	224	5,311	59	(105)	5,489	(46,980)
Transfers Net	-	-	-	-	-	(14,313)
Change in Net Assets	3,460	25,478	953	(105)	29,786	186,826
Current Capital Contributions (net)	-	19,201	-	-	19,201	19,201
Capital Assets:						
Additions	(1,291)	(23,493)	-	-	(24,784)	(146,149)
Deletions	-	-	-	-	-	(665)
Net Working Capital	9,178	10,829	2,452	(4,054)	18,405	539,130
Total Assets	50,942	97,484	2,772	152,538	303,736	4,815,802
Bonds and Other Long-Term Liabilities Payable from Operating Revenues	-	12,230	-	-	12,230	1,854,551
Total Net Assets	$ 50,385	$ 82,360	$ 2,608	$ 148,484	$ 283,837	$ 2,676,627
Total Business Activities Net Assets						$ 2,676,627
Internal Service Funds Consolidation						(19,675)
Net Assets of Business-Type Activities						$ 2,656,952

NOTE 18 – SOUTHEAST RESOURCE RECOVERY FACILITY

The Southeast Resource Recovery Facility (SERRF) Authority was formed as a joint powers authority between the City of Long Beach 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 and deferred revenue. The long-term receivable at September 30, 2005 is $6,138,000 with the current portion recognized as revenue during the fiscal year aggregating $501,000.

In October 1995 the lease was revised since the SERRF Authority refunded the 1985, 1985-1 and 1986 bond issues with the SERRF 1995 Revenue Bond issue. The lease payment was equal to debt service payments with a maximum annual payment of $25,000,000.

In October 2003, the lease was again revised since the SERRF Authority refunded the 1995 Bonds with the 2003 Southeast Resource Recovery Facility Authority Bonds in the amount of $120,235,000. Base rental payments are calculated to be sufficient to pay the principal and interest of the Series 2003 Bonds when due.

City of Long Beach
Solid Waste Mangement Fund and Southeast Resource Recovery
Facility (SERRF) Joint Powers Authority
Consolidating Condensed Statement of Net Assets
September 30, 2005
(In Thousands)

	Solid Waste Mangement Fund					
	Refuse	SERRF	Sub-Total	SERRF Authority	Eliminations Debit (Credit)	Consolidated Solid Waste Mangement Fund
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	$ 18,030	$ 32,365	$ 50,395	$ -	$ -	$ 50,395
Receivables:						
Accounts Receivable	1,985	4,278	6,263	-	-	6,263
Due from Other Governments	238	229	467	-	-	467
Capital Leases Receivable-Current	-	-	-	6,355	(6,355)	-
Allowance for Receivables	(234)	14	(220)	-	-	(220)
Total Current Asset	20,019	36,886	56,905	6,355	(6,355)	56,905
Restricted Assets:						
Pooled Cash and Cash Equivalents	-	-	-	1,156	-	1,156
Non-Pooled Investments	-	-	-	11,445	-	11,445
Accounts Receivable	-	-	-	1,641	(1,641)	-
Total Restricted Assets	-	-	-	14,242	(1,641)	12,601
Noncurrent Assets:						
Noncurrent Receivables:						
Capital Lease Receivable	-	-	-	107,695	(107,695)	-
Other Noncurrent Receivables	-	6,138	6,138	-	-	6,138
Capital Assets:						
Land and Other Capital Assets not being Depreciated	-	7,366	7,366	-	-	7,366
Capital Assets net of Accumulated Depreciation	183	48,058	48,241	-	-	48,241
Other Assets-Long-Term	-	3,358	3,358	1,053	(4,411)	-
Total Noncurrent Assets	183	64,920	65,103	108,748	(112,106)	61,745
Total Assets	20,202	101,806	122,008	129,345	(120,102)	131,251
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,001	3,693	4,694	-	1,641	3,053
Accrued Wages	215	9	224	-	-	224
Accrued Interest Payable	7	-	7	-	-	7
Due to Other Funds	101	4	105	-	-	105
Deferred Revenues	-	42	42	-	-	42
Collections Held in Trust	514	23	537	-	-	537
Other Long-Term Obligations-Current	-	6,355	6,355	-	6,355	-
Total Current Liabilities	1,838	10,126	11,964	-	7,996	3,968
Current Liabilities Payable from Restricted Assets:						
Accounts Payable	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	1,640	-	1,640
Bonds Payable Due Within One Year	-	-	-	6,355	-	6,355
Total Liabilities Payable from Restricted Assets	-	-	-	7,995	-	7,995
Noncurrent Liabilities:						
Deferred Revenues	-	6,138	6,138	-	-	6,138
Deferred Credits and Other Deferred Liabilities	-	1,053	1,053	3,358	4,411	-
Obligations Under Capital Leases	-	107,695	107,695	-	107,695	-
Bonds Payable	-	-	-	107,695	-	107,695
Unamortized Discount/Deferred cost	-	-	-	1,672	-	1,672
Total Noncurrent Liabilities	-	114,886	114,886	112,725	112,106	115,505
Total Liabilities	1,838	125,012	126,850	120,720	120,102	127,468
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	183	(56,322)	(56,139)	-	3,976	(60,115)
Restricted for:						
Debt Service	-	-	-	11,442	-	11,442
Capital Projects	-	-	-	1,153	-	1,153
Unrestricted	18,181	33,116	51,297	(3,970)	(3,976)	51,303
Total Net Assets	$ 18,364	$ (23,206)	$ (4,842)	$ 8,625	$ -	$ 3,783

City of Long Beach
Solid Waste Mangement Fund and Southeast Resource Recovery Facility (SERRF) Joint Powers Authority
Consolidating Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Solid Waste Mangement Fund					
	Refuse	SERRF	Sub-Total	SERRF Authority	Eliminations Debit (Credit)	Consolidated Solid Waste Mangement Fund
Operating Revenues:						
Fees, Concessions and Rentals	$ -	$ -	$ -	$ 5,277	$ 5,277	$ -
Charges for Services	31,430	38,698	70,128	-	-	70,128
Total Operating Revenues	31,430	38,698	70,128	5,277	5,277	70,128
Operating Expenses:						
Personal Services	8,982	348	9,330	-	-	9,330
Maintenance and Other Operations	20,376	28,077	48,453	-	-	48,453
Rental Expense	-	5,277	5,277	-	(5,277)	-
Bad Debt	263	-	263	-	-	263
Depreciation	56	4,393	4,449	-	-	4,449
Total Operating Expenses	29,677	38,095	67,772	-	(5,277)	62,495
Operating Income	1,753	603	2,356	5,277	-	7,633
Non-Operating Income (Expense):						
Interest Income	424	811	1,235	580	-	1,815
Interest Expense	-	-	-	(5,216)	-	(5,216)
Gain on Disposition of Capital Assets	-	-	-	-	-	-
Operating Grants	1,237	-	1,237	-	-	1,237
Other Income (Expense)	1,778	(2,077)	(299)	(934)	-	(1,233)
Total Non-Operating Income (Expense)	3,439	(1,266)	2,173	(5,570)	-	(3,397)
Income (Loss) Before Contributions and Transfers	5,192	(663)	4,529	(293)	-	4,236
Transfers:						
Transfers Out	-	(2,577)	(2,577)	-	-	(2,577)
Change in Net Assets	5,192	(3,240)	1,952	(293)	-	1,659
Net Assets - October 1	13,172	(19,966)	(6,794)	8,918	-	2,124
Net Assets - September 30	$ 18,364	$ (23,206)	$ (4,842)	$ 8,625	$ -	$ 3,783

City of Long Beach
Solid Waste Mangement Fund and Southeast Resource Recovery
Facility (SERRF) Joint Powers Authority
Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Solid Waste Mangement Fund			SERRF Authority	Eliminations Increase (Decrease)	Consolidated Solid Waste Mangement Fund
	Refuse	SERRF	Sub-Total			
Cash Flows from Operating Activities:						
Receipts from Customers	$ 31,127	$ 41,417	$ 72,544	$ -	$ -	$ 72,544
Receipts from Capital Lease	-	-	-	4,423	(4,423)	-
Payments for Employee Salaries	(8,932)	(347)	(9,279)	-	-	(9,279)
Payments for Goods and Services	(21,121)	(37,698)	(58,819)	-	4,423	(54,396)
Other Income (Expense)	1,777	(2,076)	(299)	(2,234)	-	(2,533)
Net Cash Provided by Operating Activities	2,851	1,296	4,147	2,189	-	6,336
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	1,121	-	1,121	-	-	1,121
Transfers Out	-	(2,577)	(2,577)	-	-	(2,577)
Net Cash Provided by (Used for) Non-Capital Financing Activities	1,121	(2,577)	(1,456)	-	-	(1,456)
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the Sale of Capital Assets	-	-	-	-	-	-
Proceeds from Issuance of Bonds	-	-	-	-	-	-
Payments for Capital Acquisitions	-	(823)	(823)	-	-	(823)
Payments of Principal on Bonds Payable	-	-	-	(6,185)	6,185	-
Payments of Principal on Other Long-Term Obligations	-	-	-	-	-	-
Payments of Interest	-	-	-	(4,984)	-	(4,984)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(823)	(823)	(11,169)	6,185	(5,807)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	-	22	-	22
Principal Received under Capital Lease	-	-	-	6,185	(6,185)	-
Payment for Investment	-	-	-	-	-	-
Receipts of Interest	424	811	1,235	579	-	1,814
Net Cash Provided by (Used for) Investing Activities	424	811	1,235	6,786	(6,185)	1,836
Net Increase (Decrease) in Cash and Cash Equivalents	4,396	(1,293)	3,103	(2,194)	-	909
Cash and Cash Equivalents - October 1	13,634	33,658	47,292	3,350	-	50,642
Cash and Cash Equivalents - September 30	$ 18,030	$ 32,365	$ 50,395	$ 1,156	$ -	$ 51,551

City of Long Beach
Solid Waste Mangement Fund and Southeast Resource Recovery
Facility (SERRF) Joint Powers Authority
Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
(In Thousands)
(Continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Solid Waste Mangement Fund			SERRF Authority	Eliminations Increase (Decrease)	Consolidated Solid Waste Mangement Fund
	Refuse	SERRF	Sub-Total			
Operating Income	$ 1,753	$ 603	$ 2,356	$ 5,277	$ -	$ 7,633
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	56	4,393	4,449	-	-	4,449
Other Income (Expense)	1,777	(2,076)	(299)	(934)	-	(1,233)
(Increase) Decrease in Accounts Receivable, Net	(32)	2,474	2,442	41	(41)	2,442
Increase in Amounts Due from Other Governments	-	203	203	-	-	203
(Increase) Decrease in Deferred Charges	-	895	895	-	(895)	-
Increase (Decrease) in Accounts Payable	(745)	(5,159)	(5,904)	(1,300)	41	(7,163)
Increase (Decrease) in Accrued Wages Payable	31	1	32	-	-	32
Increase (Decrease) in Amounts Due to Other Funds	18	-	18	-	-	18
Increase (Decrease) in Deferred Revenues	-	42	42	-	-	42
Increase (Decrease) in Deferred Credits	-	(80)	(80)	(895)	895	(80)
Increase (Decrease) in Collections Held in Trust	(7)	-	(7)	-	-	(7)
Total Adjustments	1,098	693	1,791	(3,088)	-	(1,297)
Net Cash Provided by Operating Activities	$ 2,851	$ 1,296	$ 4,147	$ 2,189	$ -	$ 6,336

NOTE 19 – OIL ABANDONMENT LIABILITY

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

Tideland Oil Revenues

The City, acting as trustee for the State of California, utilizes contractors to oversee oil production on the tideland portion of the Wilmington Oil Field. Oil revenues (net of administrative and operating expenses, a $1,000,000 fixed annual retention by the City, and the City's participation in the Optimized Waterflood Program Agreement as authorized by Chapter 941 of the State of California special legislative session of 1991) are remitted to the State of California. Funds retained by the City are restricted by law for tidelands-related purposes. Eligible purposes include expenses of the City's marinas, beaches, waterways, and its convention center.

The City also withholds an amount equivalent to the State's estimated cost of future abandonment and site clearance of the oil properties. 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. Amounts withheld are maintained in a separate interest bearing account within the Tideland Oil Revenue Fund and are only expended for the specific purpose of oil field abandonment when ongoing operations are unable to fund such expenses. However, Assembly Bill (AB) 137 was introduced in the 2005-06 regular session of the California legislature and passed on August 31, 2005 which established the Oil Trust Fund in the State treasury and appropriates money in the fund to the State Lands Commission for specified costs associated with removal of oil and gas facilities. AB 137 requires the City of Long Beach, on or before March 1, 2006, to pay to the State Lands Commission all money, including both principal and interest, in the abandonment reserve fund. AB 137 also provided that the total amount of subsequent deposits to the City's Oil Trust Fund shall not exceed $300,000,000 and all interest earned thereafter shall be transferred to the State's General Fund. The abandonment cost liability recorded by the City in trustee capacity for the State is $311,000,000 at September 30, 2005 increasing $11,900,000 from fiscal year 2004. The abandonment reserve in the City's Tideland Oil Revenue Fund at September 30, 2005 is $97,354,000 which will be paid to the State Lands Commission on March 1, 2006. The actual payment was $98,718,000 with additional accrued interest in the amount of $1,364,000 through March, 2006.

The City's proprietary ownership interests in the Wilmington Oil Field bear a proportionate share of oil field abandonment costs. Such share is presently estimated at $5,000,000 of which $2,665,000 has been funded as of September 30, 2005 in the Upland Oil Properties Special Revenue Fund.

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State and Contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of $40,000,000, plus accrued interest, was originally set-aside for this purpose. Under provisions of State law that allowed the State's contractors to substantially increase oil production, and for a period of eight years that ended December 31, 1999, the City's Tidelands Fund received 50% of the interest earnings on the Reserve for Subsidence Contingences while the other 50% accrued to the Subsidence Fund. For a period of four years beginning January 1, 2000, 50% of the interest earnings was paid to the State of California while the other 50% accrued to the Subsidence Fund. After the expiration of the above provisions, 100% of the interest accrues to the Reserve for Subsidence. As of September 30, 2005, the reserve balance within the Subsidence Fund was $148,589,000. As part of the adoption of the State's fiscal year 05 budget, 100% of this fund's interest earnings for calendar years 2004 and 2005 are eligible to be loaned to the City's General Fund, with repayment to commence in fiscal year 2008, without interest, in equal annual installments of $500,000 for up to 20 years. This action was taken to assist the City in making $5 million contributions to the State in fiscal year 05 and fiscal year 06.

Harbor Operations

The City operates the Port of Long Beach. Leasing activities comprise a large portion of the Port's revenues. A provision for costs related to the abandonment and site clearance of oil properties purchased in March 1994 approximates $17,700,000 as of September 30, 2005. A provision for the long-term abandonment costs in the amount of $17,700,000 and $17,000,000 has been recorded as of September 30, 2005 and 2004, respectively, as a long-term obligation. Estimates of abandonment costs are reviewed annually, and adjusted to reflect modifications in abandonment practices, number and life of productive wells, varying abandonment expenses, general changes in the life of the oil field and changes in oil price levels.

NOTE 20 – INVESTMENT IN JOINT VENTURES

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The City's Harbor Department and the Port of Los Angeles (Venturers) have entered into a joint venture agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) to finance and construct a facility to transfer cargo containers between trucks and railroad cars. The facility is leased to Southern Pacific Transportation Company, now merged with Union Pacific Railroad (tenant). The facility has been fully developed by the tenant who has assumed operational responsibility for the facility. The Venturers share net income and equity distributions from ICTF equally. A condensed, audited balance sheet as of June 30, 2005 and 2004, and statement of income and Venturer's equity for the year then ended are as follows:

ICTF
Condensed Balance Sheet
June 30, 2005 and 2004
(In Thousands)

	2005	2004
Current Assets	$ 8,942	$ 6,741
Property and Equipment	3,383	3,491
Total Assets	$ 12,325	$ 10,232
Current Liabilities	$ 8	$ -
Venturer's Equity:		
Port of Long Beach Harbor Department	5,986	5,295
Port of Los Angeles	6,331	4,937
Total Venturer's Equity	12,317	10,232
Total Liabilities and Venturers' Equity	$ 12,325	$ 10,232

Condensed Statement of Income and Venturer's Equity
for the Years Ended June 30, 2005 and 2004
(In Thousands)

	2005	2004
Operating Revenues	$ 7,050	$ 5,551
Operating Expenses	(108)	(108)
Operating Income	6,942	5,443
Interest Income	143	147
Net Income	7,085	5,590
Venturers' equity, July 1	10,231	11,642
Cash Disbursement to Venturers	(5,000)	(7,000)
Venturers' Equity, June 30	$ 12,316	$ 10,232

Pursuant to an Indenture of Trust dated November 1, 1984, ICTF issued $53,900,000 of 1984 Series A bonds on behalf of the tenant to construct the facility. On May 1, 1989, ICTF issued $52,300,000 of 1989 Series A Refunding Revenue Bonds on behalf of the tenant to advance refund the 1984 Series A bonds. The bonds are payable solely from payments by the tenant under a long-term lease agreement for use of the facility. The nature of the bonds is such that the long-term indebtedness is that of the tenant and not of ICTF, the City's Harbor Department or the Port of Los Angeles.

Pursuant to an Indenture of Trust, dated as of October 1, 1999, ICTF issued its Intermodal Container Transfer Refunding Revenue Bonds, 1999 Series A (the 1999 Bonds). In connection with the issuance of the 1999 Bonds, Union Pacific Railroad Company and ICTF entered into a Second Amended and Restated Installment Sale and Security Agreement, dated as of October 1, 1999. The proceeds of the 1999 Bonds, together with certain other funds, were used by ICTF to redeem all of the Intermodal Container Transfer Facility Refunding Revenue Bonds, 1989 Series A then outstanding.

NOTE 21 – DEFERRED COMPENSATION

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

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

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

NOTE 22 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2005, business-type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

Gas	$ 340
Water	3,703
Sewer	2,010
Airport	3,686
Solid Waste Management	68
Towing	5
Tidelands	17,120
Harbor	149,118
Total	$176,050

At September 30, 2005 the City's commitments for governmental activity construction projects and for the purchase of goods and services aggregated $12,760,000.

The component unit, Long Beach Transportation Company has $7,198,000 in purchase commitments at June 30, 2005, mainly for the purchase of new buses and an advanced communication system.

Health Insurance

The City contracts with an insurance company to provide group health insurance to City employees. In an effort to maintain rates at acceptable levels, the City deposited with the insurance company certain securities valued at approximately $5,000,000 to cover terminal

liability claims. The securities are included in the City's pooled cash and investments and all interest earned on the securities accrues to the City. In the event of the City terminates its contract with the insurance company, the unneeded portion of the securities will be returned to the City.

Self Insurance

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

As stated in Note 14, 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 in the basic financial statements.

Environmental Remediation

In March 1994 the City's Harbor Department purchased 725 acres of property within the Harbor District. The property contains soil which requires remediation of environmentally hazardous materials for the portion of the property that the Harbor Department chooses to develop. Should such remediation be deemed necessary, the Harbor Department's liability is mitigated by provisions of the purchase agreement that call for a portion of the fiscal responsibility for remediation costs to be placed on Union Pacific Resources Company (UPRC), the seller, for a period not to exceed fifteen years and amounts not to exceed $112,500,000 according to the following table:

Allocation:

Site Remediation Costs	UPRC	Harbor Department
First $50,000,000	$ 50,000,000	$ ---
Second $50,000,000	25,000,000	25,000,000
Third $50,000,000	12,500,000	37,500,000
Fourth $50,000,000	25,000,000	25,000,000
All Additional Costs	---	100%
Maximum UPRC Liability	$ 112,500,000	

Currently, the Harbor Department has developed 131 acres and has plans to develop an additional 160 acres. Clean-up costs for both of these areas are not anticipated to exceed the first $50,000,000 tier above.

In September 1995, the City assumed responsibility for approximately 100 acres of land from the City's Water Department which includes potential future costs related to remediation of hazardous materials on the properties. No estimated amount is available since designs for the project designated for this land has not been completed.

Alameda Corridor Development Project

In December 1994, the City's Harbor Department and the Port of Los Angeles (collectively the Ports) executed the purchase of the rights-of-way needed for the development of the Alameda Corridor Project (the Corridor), which is a comprehensive transportation corridor between the Ports and the central Los Angeles area. The Ports purchased these rights, sharing the cost equally with the railroad companies serving the Ports. With the development of the Corridor, the Ports consolidated the rail services of these railroad companies onto a single set of rail lines, thus improving rail transportation conditions, securing efficient and competitive service to and from the Ports, and providing for public safety and convenience along the route on which the Ports related traffic occurs. These benefits will extend to other government entities by allowing them to utilize the right-of-way.

As of September 30, 2005 and 2004, the total cost to the City's Harbor Department related to the rights-of-way purchase amount to $207,823,000 for both years.

Construction of the Corridor began in 1997 and was completed in April 2002. Construction funds were provided from Federal, State, and local sources, and from issuance of debt. Repayment to the City's Harbor Department for monies advanced and its initial investment in the corridor right-of-way acquired will occur once the Alameda Corridor Transportation Authority (ACTA) has generated sufficient revenues to retire all debt and to fund a maintenance reserve. The Harbor Department's management estimates that as much as $445 million could be returned to the Port of Long Beach Harbor Department through the year 2037.

The Alameda Corridor Use and Operating Agreement executed between the Ports and ACTA, and the participating railroads, provides for a payment of funds to be made to ACTA by the Ports under certain circumstances. Revenues generated by Use Fees and Container Charges, paid by the railroads, will be used to pay debt service on the corridor financing, to establish and maintain a reserve account, and to pay ACTA's reasonable administration expenses.

To the extent that such fees and charges are not sufficient to meet ACTA's obligations, the Ports are required to advance the funds necessary to make up the difference. This obligation began after completion of the Corridor project and is limited to a total of 40% of the total annual required amount, with the Ports sharing the costs equally. Any advances made by the Ports are reimbursable with interest after maturity of the debt. In accordance with computations prepared by ACTA, the projected shortfall amount that the Harbor Department could be obligated may reach $10,250,000, payable in annual installments, from fiscal year 2007 until 2019. ACTA's financial estimates, which were developed in April of 2004, are dependent upon the accuracy of the assumptions used in their formulation. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material. In the event funds are advanced, repayment with

interest of this amount to the Harbor Department may begin in 2018. The Harbor Department is funding a cash reserve to satisfy claims related to this potential obligation. The balance of this reserve as of September 30, 2005 and 2004 is $78.6 million and $74.6 million, respectively.

Environmental Mitigation Costs

In 1997, the Long Beach Harbor Department (Port) disbursed approximately $39.4 million to secure environmental mitigation credits. An agreement between the Port and the Harbor Department of the City of Los Angeles, and several Federal and State regulatory agencies provided for the Harbor Department's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California. Such 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 City's outer harbor area. Costs incurred in the acquisition of the land were classified as a non-current asset. As of September 30, 2005, the Harbor Department completed landfills that required the utilization of $6.5 million of the available credits. The balance of environmental mitigation costs will be adjusted as landfill credits are used for port development.

Gerald Desmond Bridge Matching Contribution

The Long Beach Harbor Department has begun efforts to replace the Gerald Desmond Bridge. Preliminary planning and development of an environmental impact report are underway. It is estimated that the total cost of this project will approximate $800,000,000. The Harbor Department anticipates that the funding of this project will come primarily from Federal and State sources, but local matching funds will also be required. In anticipation of this funding requirement, the Harbor Department has set aside the expected 10% local match. As of September 30, 2005 and 2004, the Harbor has set aside $74,800,000 and $72,650,000, respectively.

Pike Public Improvements

In fiscal year 2002, the City issued special assessment debt under the authority of the Mello-Roos Community Facilities Act for public improvements, mainly a parking facility, in the Pike Development Project area (Note 9). Although the debt does not constitute an indebtedness of the City, in order to facilitate such financing, the parking facility was sublet to the City for the purposes of issuance of 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 $1,169,000, 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.

Component Unit – Long Beach Transportation Company (LBT)

The labor agreement between the LBT and Amalgamated Transit Union, Local 1589 (ATU) expired September 30, 2004. Both parties have participated in contract negotiations since August 2004, but have been unable to reach agreement on a new contract. The two parties have a written agreement extending the terms and conditions of the expired contract until a new labor agreement can be ratified.

Effective, August 1, 2005, the State of California's Industrial Welfare Order 9 entitles all coach operators to two ten minute breaks and one 30 minute unpaid lunch period during a normal eight hour day or receive up to two hours of additional pay. However, both the Company and the Union may negotiate different terms regarding the meal and beak law. On September 2, 2005, the ATU ratified an agreement modifying strict compliance of the law by allowing all operators to receive 50 minutes of paid meal and rest time spread throughout their day. The agreement establishes a procedure for correcting verified reports of inadequate meal and rest periods.

Long Beach Transit has offered to enter into binding arbitration to resolve all other outstanding contract terms and conditions. However, at this date, the terms for arbitration have not been agreed upon by both parties.

Pension Obligation Bonds

In December 2005, the City remarketed the City of Long Beach, California Taxable Pension Obligation Refunding Bonds, Series 2002A and Series 2002B. The Series 2002A Bonds in the aggregate principal amount of $38,300,000 and the Series 2002B Bonds in the aggregate principal amount of $38,250,000 were remarketed on December 30, 2005 in connection with the conversion of such Series 2002A Bonds and Series 2002B Bonds from bearing interest at auction rates to bearing interest at fixed interest rates to maturity. Additionally, on December 30, 2005, $1,200,000 aggregate principal amount of the Series 2002A Bonds and $1,200,000 aggregate principal amount of the Series 2002B Bonds (which were not being remarketed) were redeemed by the City.

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

June 30 Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Funded (Deficit/ Unfunded) Assets	Funded Status	Annual Covered Payroll	Excess Funded (Deficit/ Unfunded) Assets as a % of Covered Payroll
Miscellaneous Employees						
2002	$1,150,365	$1,233,612	$ 83,247	107.2%	$189,050	44.0%
2003	1,234,749	1,222,710	(12,039)	99.0%	192,004	(6.3)%
2004	1,310,060	1,256,773	(53,287)	95.9%	191,222	(27.9)%
Safety Employees						
2002	$1,185,352	$1,267,348	$81,996	106.9%	$102,929	79.7%
2003	1,212,393	1,257,639	45,246	103.7%	103,510	43.7%
2004	1,266,688	1,295,136	28,448	102.2%	102,845	27.7%
Miscellaneous Employees – 1959 Survivor Program						
2002	$ -	$ -	$ -	$ -	$189,050	0%
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A
Safety Employees – 1959 Survivor Program						
2002	$ -	$ -	$ -	N/A	$102,929	0%
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying independent auditors' report.

City of Long Beach
Required Supplementary Information

Public Agency Retirement System
Analysis of Funding Progress
(Unaudited)

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liabilities	Funded (Excess assets)	Funded Ratio	Annual Covered Payroll	Rate of Funded Liability to Annual Covered Payroll
Special Status Contractors						
1995	$ 41,928	$ 31,277	$ 10,651	134%	$ 2,306,831 (2)	0.46 %
1996	185,066	137,596	47,470	134%	9,149,652	0.52 %
1997	385,993	246,938	139,055	156%	13,985,230	0.99 %
1998	628,037	493,178	134,859	127%	14,636,213	0.92 %
1999	844,349	644,922	199,427	131%	16,239,480	1.23 %
2000	1,071,241	575,446	495,795	186%	15,124,582	3.28 %
2001	1,317,055	410,609	906,446	321%	10,697,767	8.47 %
2002	1,526,586	475,029	1,051,557	321%	8,472,945	12.41 %
2003	1,703,852	517,234	1,186,618	329%	8,504,901	13.95 %
2004	1,536,647	545,083	991,564	282%	8,265,983	12.00 %
2005	1,388,268	675,055	713,213	206%	7,697,497	9.27 %

(1) September 30 for 2005 and June 30 prior to 2005.

(2) The annual covered payroll is actual plan compensation paid to all actives from January 1, 1995 through June 30, 1995 for special status and November 11, 1995 for seasonal and temporary.

See accompanying independent auditors' report.

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CAPITAL PROJECTS FUNDS

Capital Projects major fund budgetary information, not provided in the basic financial statements is provided in this section.

General Capital Projects Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis)

Redevelopment Capital Projects Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Budget and Actual (Non-GAAP Budgetary Basis)

City of Long Beach
General Capital Projects
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Licenses and Permits	$ 3,000	$ 3,233	$ 1,464	$ (1,769)
Use of Money and Property	1,380	3,599	598	(3,001)
From Other Agencies	36,642	43,610	10,046	(33,564)
Other	23	23	31	8
Total Revenues	41,045	50,465	12,139	(38,326)
Expenditures:				
Capital Improvements	79,850	93,156	31,480	61,676
Total Expenditures	79,850	93,156	31,480	61,676
Excess of Revenues Over (Under) Expenditures	(38,805)	(42,691)	(19,341)	23,350
Other Financing Sources (Uses):				
Proceeds from Other Long-Term Obligations	-	-	-	-
Transfers In	6,342	13,105	7,836	(5,269)
Transfers Out	(700)	(700)	(351)	349
Total Other Financing Sources	5,642	12,405	7,485	(4,920)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(33,163)	(30,286)	(11,856)	18,430
Fund Balances - October 1, Budgetary Basis	19,069	19,069	19,069	-
Encumbrances - Beginning of the Year	16,199	16,199	16,199	-
Fund Balances - September 30, Budgetary Basis	$ 2,105	$ 4,982	$ 23,412	$ 18,430

See accompanying independent auditors' report.

City of Long Beach
Redevelopment Capital Projects
Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit) -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property Taxes	$ 39,150	$ 50,072	$ 50,977	$ 905
Other Taxes	3,780	3,780	3,261	(519)
Licenses and Permits	-	-	220	220
Use of Money and Property	3,526	3,599	11,250	7,651
From Other Agencies	894	894	210	(684)
Other - Land Sales and Contributions	(4,454)	873	2,735	1,862
Other	33	3,976	1,619	(2,357)
Total Revenues	42,929	63,194	70,272	7,078
Expenditures:				
General Government	-	-	222	(222)
Community and Cultural	95,951	138,563	72,767	65,796
Total Current Expenditures	95,951	138,563	72,989	65,574
Debt Service:				
Principal	5,517	9,461	5,230	4,231
Interest	10,808	14,766	13,916	850
Fiscal Agent Fees	159	159	198	(39)
Total Expenditures	112,435	162,949	92,333	70,616
Excess of Revenues Over (Under) Expenditures	(69,506)	(99,755)	(22,061)	77,694
Other Financing Sources (Uses):				
Other Deferred Payments	-	-	221	221
Proceeds from Other Long-Term Obligations	(472)	188,345	184,757	(3,588)
Advances Change in Principal	-	-	(1,844)	(1,844)
Transfers In	14,102	18,099	2,863	(15,236)
Transfers Out	(7,983)	(5,591)	(5,163)	428
Total Other Financing Sources (Uses)	5,647	200,853	180,834	(20,019)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(63,859)	101,098	158,773	57,675
Fund Balances (Deficit) - October 1, Budgetary Basis	(58,568)	(58,568)	(58,568)	-
Encumbrances - Beginning of the Year	492	492	492	-
Fund Balances (Deficit) - September 30, Budgetary Basis	$ (121,935)	$ 43,022	$ 100,697	$ 57,675

See accompanying independent auditors' report.

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable and nonexpendable trusts) that are restricted by law to expenditure for specified purposes.

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

The Health Fund was established to separately account for Federal/State and other revenues related to health care programs which the City operates in lieu of the County.

The Certified Unified Program Agency Fund was established by the City to account for services relating to hazardous waste material.

The Parking and Business Area Improvement Fund is used to account for special revenue received from businesses and property owners located within business improvement districts. Business Improvement Districts are self assessment districts created with the approval of affected businesses by City ordinance as allowed by State law. City of Long Beach business improvement districts are located in Belmont Shore, Bixby Knolls, designated hotel properties, Magnolia Industrial Area and Downtown. Self assessment revenues are used to provide safety, security, parking and marketing services in the areas.

The Special Advertising and Promotion Fund is required by the City's Municipal Code Section 3.64.100 to account for a portion of the transient occupancy tax revenue. The revenues are restricted for use to advertising, promotional, and public relations projects calling attention to the City.

The Upland Oil Properties Fund was established to account for all costs and revenues for the City's proprietary oil interests and for accumulating reserves to pay for the City's portion of well-abandonment and site-clearance liabilities.

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 Long Beach.

The Business Assistance Fund is used to account for the Redevelopment Agency monies used to fund commercial rehabilitation loans and rebates, business outreach and commercial and retail services, including business attraction, retention and expansion.

The Housing Assistance Fund is used to account for programs administered by the City's Housing Authority under regulations of the U.S. Department of Housing and Urban Development.

The Park Development Fund was established by City Ordinance C-6567 to account for developer fees to be used solely and exclusively for the purpose of funding park land acquisition and recreation improvements.

The Gasoline Tax Fund is used to account for revenues and expenditures of money apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street-related purpose of the City's system of streets, including maintenance thereof.

The Transportation Fund is used to account for the City's share of a one percent sales tax collected by Los Angeles County under Proposition A (approved November 1980) and Proposition C (approved November 1990) to finance certain transportation projects.

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Combining Balance Sheet
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	General Grants	Health	Certified Unified Program Agency	Parking and Business Area Improvement	Special Advertising and Promotion	Upland Oil Properties	Belmont Shore Parking Meter Revenue
ASSETS							
Pooled Cash and Cash Equivalents	$ 493	$ 1,084	$ 358	$ 454	$ 2,604	$ 3,865	$ 567
Non-Pooled Cash and Cash Equivalents	-	1	-	-	-	-	16
Receivables:							
Accounts Receivable	-	534	65	73	757	2,133	-
Due from Other Governments	5,916	6,739	8	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Allowance for Receivables	-	(358)	(73)	(44)	(44)	-	-
Other Assets-Current	-	1	-	-	-	-	-
Other Noncurrent Receivables	-	-	-	-	-	-	-
Total Assets	$ 6,409	$ 8,001	$ 358	$ 483	$ 3,317	$ 5,998	$ 583
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 1,167	$ 1,594	$ 18	$ 150	$ 32	$ 414	$ 32
Accrued Wages	34	603	21	-	10	-	-
Due to Other Funds	3,989	282	10	-	1,260	-	-
Deferred Revenues	469	1,446	13	-	-	-	-
Deposits and Collections Held in Trust	734	133	18	-	25	85	-
Advances from Other Funds	-	2,000	-	-	-	-	-
Total Liabilities	6,393	6,058	80	150	1,327	499	32
Fund Balances:							
Reserved for:							
Encumbrances	-	17	-	-	10	-	-
Future Capital Projects/Transportation	-	-	-	-	-	-	-
Estimated Oil Field Abandonment Costs	-	-	-	-	-	3,136	-
Debt Service	-	-	-	-	-	-	200
Unreserved, Designated for:							
Subsequent Years' Appropriations	16	1,926	278	333	1,980	2,363	351
Unreserved, Undesignated							
Special Revenue Funds	-	-	-	-	-	-	-
Total Fund Balance	16	1,943	278	333	1,990	5,499	551
Total Liabilities and Fund balance	$ 6,409	$ 8,001	$ 358	$ 483	$ 3,317	$ 5,998	$ 583

See accompanying independent auditors' report.

Business Assistance	Housing Assistance	Park Development	Gasoline Tax	Transportation	Totals September 30, 2005	Totals September 30, 2004
$ 812	$ 5,629	$ 1,300	$ 5,181	$ 27,703	$ 50,050	$ 44,215
-	-	-	-	-	17	32
-	96	-	-	2	3,660	2,918
-	257	-	3,448	1,646	18,014	13,695
-	-	-	-	-	-	-
-	(62)	-	-	-	(581)	(490)
26	8	-	-	-	35	37
2,768	-	-	-	-	2,768	2,905
$ 3,606	$ 5,928	$ 1,300	$ 8,629	$ 29,351	$ 73,963	$ 63,312
$ 1	$ 2,095	$ 2	$ 993	$ 5,151	$ 11,649	$ 9,188
20	87	1	-	17	793	731
9	40	-	347	8	5,945	2,931
2,792	8	-	1,019	-	5,747	5,706
2	2,049	-	16	-	3,062	3,689
-	2,900	-	-	-	4,900	4,900
2,824	7,179	3	2,375	5,176	32,096	27,145
-	-	4	2,484	1,396	3,911	3,530
-	-	-	3,770	22,779	26,549	25,357
-	-	-	-	-	3,136	2,698
-	-	-	-	-	200	200
782	1,649	1,293	-	-	10,971	7,282
-	(2,900)	-	-	-	(2,900)	(2,900)
782	(1,251)	1,297	6,254	24,175	41,867	36,167
$ 3,606	$ 5,928	$ 1,300	$ 8,629	$ 29,351	$ 73,963	$ 63,312

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit)
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	General Grants	Health	Certified Unified Program Agency	Parking and Business Area Improvement	Special Advertising and Promotion	Upland Oil Properties
Revenues:						
Taxes:						
Sales	$ -	$ 2,482	$ -	$ -	$ -	$ -
Other Taxes	-	-	-	2,034	4,503	-
Licenses and Permits	-	3,327	769	-	569	-
Fines and Forfeitures	6	-	-	-	-	-
Use of Money and Property	24	-	17	8	311	17,253
From Other Agencies	10,138	26,794	-	-	-	-
Charges for Services	-	2,012	-	-	-	-
Other	1	177	-	-	4	-
Total Revenues	10,169	34,792	786	2,042	5,387	17,253
Expenditures:						
Current:						
Public Safety	7,914	-	-	-	-	-
Public Health	421	35,662	826	-	-	-
Community and Cultural	1,825	-	-	2,031	3,726	-
Public Works	718	-	-	-	-	-
Oil Operations	-	-	-	-	-	6,164
Total Current Expenditures	10,878	35,662	826	2,031	3,726	6,164
Capital Improvements	-	-	-	-	-	-
Debt Service:						
Principal	-	225	-	-	-	-
Interest	-	78	-	-	-	-
Debt Administration Fees	-	109	-	-	-	3
Total Expenditures	10,878	36,074	826	2,031	3,726	6,167
Excess of Revenues Over (Under) Expenditures	(709)	(1,282)	(40)	11	1,661	11,086
Other Financing Sources (Uses):						
Proceeds from Other Long-Term Obligations	-	3,587	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(3,526)	-	-	-	-
Transfers In	713	913	-	-	-	-
Transfers Out	-	(495)	-	-	-	(9,123)
Total Other Financing Sources (Uses)	713	479	-	-	-	(9,123)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4	(803)	(40)	11	1,661	1,963
Fund Balances - October 1	12	2,746	318	322	329	3,536
Fund Balances (Deficit) - September 30	$ 16	$ 1,943	$ 278	$ 333	$ 1,990	$ 5,499

See accompanying independent auditors' report.

Belmont Shore Parking Meter Revenue	Business Assistance	Housing Assistance	Park Development	Gasoline Tax	Transportation	Totals September 30, 2005	Totals September 30, 2004
$ -	$ -	$ -	$ -	$ -	$ -	$ 2,482	$ 2,485
-	-	-	-	-	-	6,537	6,037
-	3	-	1,471	-	-	6,139	4,173
-	-	-	-	-	-	6	11
455	66	134	21	135	690	19,114	14,888
-	-	61,405	-	10,234	13,685	122,256	119,064
-	-	-	-	-	-	2,012	2,094
1	280	2,047	-	-	1	2,511	861
456	349	63,586	1,492	10,369	14,376	161,057	149,613
-	-	-	-	-	-	7,914	3,285
-	-	-	-	-	-	36,909	37,178
195	1,385	63,186	16	-	-	72,364	73,932
-	-	-	-	-	11,658	12,376	13,484
-	-	-	-	-	-	6,164	5,512
195	1,385	63,186	16	-	11,658	135,727	133,391
-	-	-	-	4,883	-	4,883	5,098
140	-	-	-	-	-	365	260
75	-	-	-	-	-	153	97
-	-	-	-	-	-	112	70
410	1,385	63,186	16	4,883	11,658	141,240	138,916
46	(1,036)	400	1,476	5,486	2,718	19,817	10,697
-	-	-	-	-	-	3,587	-
-	-	-	-	-	-	(3,526)	-
-	1,375	-	-	-	-	3,001	3,470
-	(329)	-	(923)	(6,309)	-	(17,179)	(15,119)
-	1,046	-	(923)	(6,309)	-	(14,117)	(11,649)
46	10	400	553	(823)	2,718	5,700	(952)
505	772	(1,651)	744	7,077	21,457	36,167	37,119
$ 551	$ 782	$ (1,251)	$ 1,297	$ 6,254	$ 24,175	$ 41,867	$ 36,167

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	General Grants				Health			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final			Original	Final		
Revenues:								
Sales Taxes	$ -	$ -	$ -	$ -	$ 2,474	$ 2,474	$ 2,482	$ 8
Other Tax	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	3,013	3,013	3,327	314
Fines & Forfeitures	-	-	6	6	-	-	-	-
Use of Money and Property	-	-	24	24	1	1	-	(1)
From Other Agencies	3,077	27,613	10,138	(17,475)	50,691	56,437	26,794	(29,643)
Charges for Services	37	37	-	(37)	2,144	2,144	2,012	(132)
Other	-	52	1	(51)	160	160	177	17
Total Revenues	3,114	27,702	10,169	(17,533)	58,483	64,229	34,792	(29,437)
Expenditures:								
Public Safety	8,613	28,966	7,914	21,052	-	-	-	-
Public Health	-	1,183	421	762	59,806	65,599	35,679	29,920
Community and Cultural	1,869	4,163	1,825	2,338	-	-	-	-
Public Works	255	1,009	718	291	-	-	-	-
Oil Operations	-	-	-	-	-	-	-	-
Total Current Expenditures	10,737	35,321	10,878	24,443	59,806	65,599	35,679	29,920
Capital Improvements	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	140	140	225	(85)
Interest	-	-	-	-	78	78	78	-
Debt Administration Fees	-	-	-	-	194	194	109	85
Total Expenditures	10,737	35,321	10,878	24,443	60,218	66,011	36,091	29,920
Excess of Revenue Over (Under) Expenditures	(7,623)	(7,619)	(709)	6,910	(1,735)	(1,782)	(1,299)	483
Other Financing Sources (Uses):								
Proceeds from Other Long-Term Obligations	-	-	-	-	-	-	3,587	3,587
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(3,526)	(3,526)
Transfers In	837	837	713	(124)	459	459	913	454
Transfers Out	-	-	-	-	(467)	(467)	(495)	(28)
Total Other Financing Sources (Uses)	837	837	713	(124)	(8)	(8)	479	487
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(6,786)	(6,782)	4	6,786	(1,743)	(1,790)	(820)	970
Fund Balances - October 1, Budgetary Basis	(261)	(261)	(261)	-	2,686	2,686	2,686	-
Encumbrances - Beginning of the Year	273	273	273	-	60	60	60	-
Fund Balances - September 30, Budgetary Basis	$ (6,774)	$ (6,770)	$ 16	$ 6,786	$ 1,003	$ 956	$ 1,926	$ 970

See accompanying independent auditors' report.

Certified Unified Program Agency				Parking and Business Area Improvement				Special Advertising and Promotion				Upland Oil Properties			
Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
Original	Final			Original	Final			Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	2,475	2,475	2,034	(441)	4,342	4,342	4,503	161	-	-	-	-
819	819	769	(50)	-	-	-	-	339	407	569	162	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	21	17	(4)	8	8	8	-	336	336	311	(25)	11,081	17,468	17,253	(215)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	64	-	(64)
-	-	-	-	-	-	-	-	103	103	4	(99)	-	-	-	-
840	840	786	(54)	2,483	2,483	2,042	(441)	5,120	5,188	5,387	199	11,081	17,532	17,253	(279)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
878	878	826	52	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	2,445	2,445	2,031	414	4,900	3,700	3,736	(36)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	4,428	6,834	6,164	670
878	878	826	52	2,445	2,445	2,031	414	4,900	3,700	3,736	(36)	4,428	6,834	6,164	670
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	3	3	-
878	878	826	52	2,445	2,445	2,031	414	4,900	3,700	3,736	(36)	4,428	6,837	6,167	670
(38)	(38)	(40)	(2)	38	38	11	(27)	220	1,488	1,651	163	6,653	10,695	11,086	391
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	- 0	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(180)	(180)	-	180	(6,573)	(10,376)	(9,123)	1,253
-	-	-	-	-	-	-	-	(180)	(180)	-	180	(6,573)	(10,376)	(9,123)	1,253
(38)	(38)	(40)	(2)	38	38	11	(27)	40	1,308	1,651	343	80	319	1,963	1,644
315	315	315	-	322	322	322	-	315	315	315	-	3,536	3,536	3,536	-
3	3	3	-	-	-	-	-	14	14	14	-	-	-	-	-
$ 280	$ 280	$ 278	$ (2)	$ 360	$ 360	$ 333	$ (27)	$ 369	$1,637	$ 1,980	$ 343	$ 3,616	$ 3,855	$ 5,499	$ 1,644

(continued)

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)
(continued)

	Belmont Shore Parking Meter Revenue				Business Assistance			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final			Original	Final		
Revenues:								
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Tax	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	3	3
Fines & Forfeitures	-	-	-	-	-	-	-	-
Use of Money and Property	446	446	455	9	-	-	66	66
From Other Agencies	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Other	-	-	1	1	-	-	280	280
Total Revenues	446	446	456	10	-	-	349	349
Expenditures:								
Public Safety	-	-	-	-	-	-	-	-
Public Health	-	-	-	-	-	-	-	-
Community and Cultural	364	364	195	169	3,346	1,846	1,385	461
Public Works	.	-	-	-	-	-	-	-
Oil Operations	-	-	-	-	-	-	-	-
Total Current Expenditures	364	364	195	169	3,346	1,846	1,385	461
Capital Improvements	-	-	-	-	-	-	-	-
Debt Service:								
Principal	75	75	140	(65)	-	-	-	-
Interest	140	140	75	65	-	-	-	-
Debt Administration Fees	-	-	-	-	-	-	-	-
Total Expenditures	579	579	410	169	3,346	1,846	1,385	461
Excess of Revenue Over (Under) Expenditures	(133)	(133)	46	179	(3,346)	(1,846)	(1,036)	810
Other Financing Sources (Uses):								
Proceeds from Other Long-Term Obligations	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	3,300	1,800	1,375	(425)
Transfers Out	-	-	-	-	(300)	(300)	(329)	(29)
Total Other Financing Sources (Uses)	-	-	-	-	3,000	1,500	1,046	(454)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(133)	(133)	46	179	(346)	(346)	10	356
Fund Balances - October 1, Budgetary Basis	502	502	502	-	772	772	772	-
Encumbrances - Beginning of the Year	3	3	3	-	-	-	-	-
Fund Balances - September 30, Budgetary Basis	$ 372	$ 372	$ 551	$ 179	$ 426	$ 426	$ 782	$ 356

See accompanying independent auditors' report.

Housing Assistance				Park Development				Gasoline Tax			
Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
Original	Final			Original	Final			Original	Final		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,700	1,700	1,471	(229)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	134	134	15	15	21	6	265	265	135	(130)
60,611	61,611	61,405	(206)	-	-	-	-	18,158	18,311	10,234	(8,077)
-	-	-	-	-	-	-	-	-	-	-	-
995	995	2,047	1,052	-	-	-	-	-	-	-	-
61,606	62,606	63,586	980	1,715	1,715	1,492	(223)	18,423	18,576	10,369	(8,207)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
62,396	63,391	63,186	205	49	49	20	29	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
62,396	63,391	63,186	205	49	49	20	29	-	-	-	-
-	-	-	-	-	-	-	-	24,525	25,603	7,367	18,236
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
62,396	63,391	63,186	205	49	49	20	29	24,525	25,603	7,367	18,236
(790)	(785)	400	1,185	1,666	1,666	1,472	(194)	(6,102)	(7,027)	3,002	10,029
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(1,700)	(1,700)	(923)	777	-	-	(6,309)	(6,309)
-	-	-	-	(1,700)	(1,700)	(923)	777	-	-	(6,309)	(6,309)
(790)	(785)	400	1,185	(34)	(34)	549	583	(6,102)	(7,027)	(3,307)	3,720
(1,651)	(1,651)	(1,651)	-	744	744	744	-	5,878	5,878	5,878	-
-	-	-	-	-	-	-	-	1,199	1,199	1,199	-
$ (2,441)	$ (2,436)	$ (1,251)	$ 1,185	$ 710	$ 710	$ 1,293	$ 583	$ 975	$ 50	$ 3,770	$ 3,720

(continued)

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2005
(In Thousands)
(continued)

	Transportation				Total			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final			Original	Final		
Revenues:								
Sales Taxes	$ -	$ -	$ -	$ -	$ 2,474	$ 2,474	$ 2,482	$ 8
Other Tax	-	-	-	-	6,817	6,817	6,537	(280)
Licenses and Permits	-	-	-	-	5,871	5,939	6,139	200
Fines & Forfeitures	-	-	-	-	-	-	6	6
Use of Money and Property	569	569	690	121	12,742	19,129	19,114	(15)
From Other Agencies	13,694	13,694	13,685	(9)	146,231	177,666	122,256	(55,410)
Charges for Services	-	-	-	-	2,181	2,245	2,012	(233)
Other	2	2	1	(1)	1,260	1,312	2,511	1,199
Total Revenues	14,265	14,265	14,376	111	177,576	215,582	161,057	(54,525)
Expenditures:								
Public Safety	-	-	-	-	8,613	28,966	7,914	21,052
Public Health	-	-	-	-	60,684	67,660	36,926	30,734
Community and Cultural	-	-	-	-	75,369	75,958	72,378	3,580
Public Works	31,814	31,799	13,054	18,745	32,069	32,808	13,772	19,036
Oil Operations	-	-	-	-	4,428	6,834	6,164	670
Total Current Expenditures	31,814	31,799	13,054	18,745	181,163	212,226	137,154	75,072
Capital Improvements	-	-	-	-	24,525	25,603	7,367	18,236
Debt Service:								
Principal	-	-	-	-	215	215	365	(150)
Interest	-	-	-	-	218	218	153	65
Debt Administration Fees	-	-	-	-	194	197	112	85
Total Expenditures	31,814	31,799	13,054	18,745	206,315	238,459	145,151	93,308
Excess of Revenue Over (Under) Expenditures	(17,549)	(17,534)	1,322	18,856	(28,739)	(22,877)	15,906	38,783
Other Financing Sources (Uses):								
Proceeds from Other Long-Term Obligations	-	-	-	-	-	-	3,587	3,587
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(3,526)	(3,526)
Transfers In	-	-	-	-	4,596	3,096	3,001	(95)
Transfers Out	-	(600)	-	600	(9,220)	(13,623)	(17,179)	(3,556)
Total Other Financing Sources (Uses)	-	(600)	-	600	(4,624)	(10,527)	(14,117)	(3,590)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(17,549)	(18,134)	1,322	19,456	(33,363)	(33,404)	1,789	35,193
Fund Balances - October 1, Budgetary Basis	19,479	19,479	19,479	-	32,637	32,637	32,637	-
Encumbrances - Beginning of the Year	1,978	1,978	1,978	-	3,530	3,530	3,530	-
Fund Balances - September 30, Budgetary Basis	$ 3,908	$ 3,323	$ 22,779	$ 19,456	$ 2,804	$ 2,763	$ 37,956	$ 35,193

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 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 operation and maintenance of the Long Beach Municipal Airport and leaseholds.

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.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Net Assets
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Sewer	Airport	Towing	Subsidence	Totals September 30, 2005	Totals September 30, 2004
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	$ 9,274	$ 10,979	$ 2,409	$ -	$ 22,662	$ 15,821
Receivables:						
Accounts Receivable	417	1,318	451	-	2,186	3,457
Due from Other Governments	-	1,364	-	-	1,364	3,861
Other Receivables	-	62	-	-	62	59
Allowance for Receivables	(27)	(30)	(244)	-	(301)	(286)
Inventory	71	-	-	-	71	62
Total Current Assets	9,735	13,693	2,616	-	26,044	22,974
Restricted Assets:						
Pooled Cash and Cash Equivalents	-	2,056	-	144,994	147,050	142,414
Non-Pooled Cash and Cash Equivalents	-	1,006	-	-	1,006	-
Non-Pooled Investments	-	-	-	3,449	3,449	6,849
Interest Receivable	-	-	-	41	41	468
Accounts Receivable	-	341	-	-	341	
Total Restricted Assets	-	3,403	-	148,484	151,887	149,731
Noncurrent Assets:						
Other Noncurrent Receivables	-	543	-	-	543	600
Advances to Other Funds	-	-	-	4,054	4,054	-
Capital Assets:						
Land and Other Capital Assets not Being Depreciated	1,969	14,981	-	-	16,950	29,734
Capital Assets net of Accumulated Depreciation	39,238	64,864	156	-	104,258	69,433
Total Noncurrent Assets	41,207	80,388	156	4,054	125,805	99,767
Total Assets	50,942	97,484	2,772	152,538	303,736	272,472
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	407	1,440	70	-	1,917	3,007
Accrued Wages	80	151	64	-	295	278
Accrued Interest Payable	-	181	-	-	181	193
Due to Other Funds	39	84	30	-	153	151
Deferred Revenues	-	139	-	4,054	4,193	9
Collections Held in Trust	-	119	-	-	119	108
Advances from Developers	31	-	-	-	31	3
Other Long-Term Obligations-Current	-	750	-	-	750	710
Total Current Liabilities	557	2,864	164	4,054	7,639	4,459
Current Liabilities Payable from Restricted Assets:						
Accounts Payable		30	-	-	30	1,773
Noncurrent Liabilities:						
Advances from Other Funds	-	-	-	-	-	1,833
Deferred Revenues	-	2,574	-	-	2,574	2,628
Other Long-Term Obligations	-	10,980	-	-	10,980	10,710
Unamortized Discount/Deferred cost	-	(1,324)	-	-	(1,324)	(1,209)
Total Noncurrent Liabilities	-	12,230	-	-	12,230	13,962
Total Liabilities	557	15,124	164	4,054	19,899	20,194
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	41,207	70,446	156	-	111,809	88,956
Restricted for:						
Debt Service	-	1,173	-	-	1,173	1,142
Capital Projects	-	1,193	-	-	1,193	-
Subsidence	-	-	-	148,484	148,484	148,589
Unrestricted	9,178	9,548	2,452	-	21,178	15,364
Total Net Assets	$ 50,385	$ 82,360	$ 2,608	$ 148,484	$ 283,837	$ 254,051

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

					Totals	
	Sewer	Airport	Towing	Subsidence	September 30, 2005	September 30, 2004
Operating Revenues:						
Fees, Concessions and Rentals	$ -	$ 24,695	$ -	$ -	$ 24,695	$ 27,893
Charges for Services	9,718	-	7,622	-	17,340	16,050
Total Operating Revenues	9,718	24,695	7,622	-	42,035	43,943
Operating Expenses:						
Personal Services	2,648	5,864	2,351	-	10,863	9,929
Maintenance and Other Operations	3,258	13,323	4,366	-	20,947	20,151
Depreciation	1,161	2,046	11	-	3,218	3,225
Total Operating Expenses	7,067	21,233	6,728	-	35,028	33,305
Operating Income	2,651	3,462	894	-	7,007	10,638
Non-Operating Income (Expense):						
Interest Income	213	338	59	3,949	4,559	4,313
Interest Expense	-	(736)	-	-	(736)	(751)
Operating Grants	-	1,283	-	-	1,283	194
Other Income (Expense)	11	4,426	-	(4,054)	383	(423)
Total Non-Operating Income (Expense)	224	5,311	59	(105)	5,489	3,333
Income (Loss) Before Contributions	2,875	8,773	953	(105)	12,496	13,971
Capital Grants and Contributions	585	16,705	-	-	17,290	13,250
Change in Net Assets	3,460	25,478	953	(105)	29,786	27,221
Net Assets - October 1	46,925	56,882	1,655	148,589	254,051	226,830
Net Assets - September 30	$ 50,385	$ 82,360	$ 2,608	$ 148,484	$ 283,837	$ 254,051

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Sewer	Airport	Towing	Subsidence	Totals September 30, 2005	Totals September 30, 2004
Cash Flows from Operating Activities:						
Receipts from Customers	$ 9,757	$ 25,845	$ 7,521	$ -	$ 43,123	$ 43,072
Payments for Employee Salaries	(2,659)	(5,846)	(2,340)	-	(10,845)	(9,841)
Payments for Goods and Services	(3,557)	(9,619)	(3,121)	-	(16,297)	(14,114)
Payments in Lieu of Taxes	-	(6,213)	(1,191)		(7,404)	(6,541)
Other Expense	-	4,426	-	-	4,426	20
Net Cash Provided by Operating Activities	3,541	8,593	869	-	13,003	12,596
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	-	1,283	-	-	1,283	194
Cash Flows from Capital and Related Financing Activities:						
Receipts of Contributed Capital	-	19,201	-	-	19,201	11,541
Payments for Capital Acquisitions	(1,291)	(23,493)	-	-	(24,784)	(21,084)
Payments of Principal on Bonds Payable	-	310	-	-	310	(680)
Payments of Interest	-	(863)	-	-	(863)	(614)
Net Cash Used for Capital and Related Financing Activities	(1,291)	(4,845)	-	-	(6,136)	(10,837)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	-	3,340	3,340	767
Payments to Other Government Entities	-	-	-	(4,054)	(4,054)	(2,214)
Receipts of Interest	213	339	59	4,436	5,047	4,194
Net Cash Provided by Investing Activities	213	339	59	3,722	4,333	2,747
Net Increase in Cash and Cash Equivalents	2,463	5,370	928	3,722	12,483	4,700
Cash and Cash Equivalents - October 1	6,811	8,671	1,481	141,272	158,235	153,535
Cash and Cash Equivalents - September 30	$ 9,274	$ 14,041	$ 2,409	$ 144,994	$ 170,718	$ 158,235
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating Income	$ 2,651	$ 3,462	$ 894	$ -	$ 7,007	$ 10,638
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	1,161	2,046	11	-	3,218	3,225
Other Income (Expense)	-	4,426	-	-	4,426	20
(Increase) Decrease in Accounts Receivable, Net	49	1,063	(100)	-	1,012	(1,368)
(Increase) Decrease in Inventory	(10)	-	-	-	(10)	2
Increase (Decrease) in Accounts Payable	(437)	(676)	53	-	(1,060)	223
Increase in Accrued Wages Payable	(11)	18	7	-	14	75
Increase (Decrease) in Amounts Due to Other Funds	138	(1,833)	4	-	(1,691)	(730)
Increase (Decrease) in Deferred Revenues	-	76	-	-	76	702
Increase (Decrease) in Collections Held in Trust	-	11	-	-	11	(191)
Total Adjustments	890	5,131	(25)	-	5,996	1,958
Net Cash Provided by Operating Activities	$ 3,541	$ 8,593	$ 869	$ -	$ 13,003	$ 12,596

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 Assets
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2005	Totals September 30, 2004
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	$ 11,126	$ 7,070	$ 17,016	$ 25,597	$ 44,033	$ 104,842	$ 108,594
Receivables:							
Accounts Receivable	2	864	268	-	-	1,134	1,167
Due from Other Governments	-	186	721	59	-	966	91
Due from Other Funds	-	-	-	-	5,643	5,643	4,893
Allowance for Receivables	-	-	(249)	-	-	(249)	(236)
Inventory	-	157	1,362	-	-	1,519	1,539
Total Current Assets	11,128	8,277	19,118	25,656	49,676	113,855	116,048
Restricted Assets:							
Pooled Cash and Cash Equivalents	-	-	-	-	14,332	14,332	14,852
Non-Pooled Cash and Cash Equivalents	9,435	-	2,542	-	-	11,977	11,754
Accounts Receivable	-	-	-	-	-	-	7
Deposits	-	-	-	-	2,848	2,848	-
Total Restricted Assets	9,435	-	2,542	-	17,180	29,157	26,613
Noncurrent Assets:							
Capital Assets:						-	
Land and Other Capital Assets not Being Depreciated	5,742	391	1,181	-	-	7,314	9,754
Capital Assets net of Accumulated Depreciation	63,897	8,184	51,495	518	-	124,094	83,282
Other Assets-Long-Term	-	11	-	-	78,554	78,565	83,259
Total Noncurrent Assets	69,639	8,586	52,676	518	78,554	209,973	176,295
Total Assets	90,202	16,863	74,336	26,174	145,410	352,985	318,956
LIABILITIES							
Current Liabilities payable from Current Assets:							
Accounts Payable	388	1,467	3,732	1,106	348	7,041	3,214
Accrued Wages and Benefits	43	320	178	222	29,523	30,286	30,293
Accrued Interest Payable	5	1	94	-	3,381	3,481	2,251
Due to Other Funds	20	441	84	104	-	649	312
Deferred Revenues	-	-	-	-	-	-	18
Collections Held in Trust	-	-	-	-	513	513	131
Employee Benefits-Current	-	-	-	-	7,900	7,900	7,300
Accrued Self-Insurance Claims-Current	-	-	-	21,750	-	21,750	20,900
Obligations Under Capital Leases-Current	764	1,123	-	-	-	1,887	1,762
Bonds Payable Due Within One Year	970	-	940	-	5,390	7,300	6,635
Total Current Liabilities	2,190	3,352	5,028	23,182	47,055	80,807	72,816
Current Liabilities Payable from Restricted Assets:							
Accounts Payable	-	-	-	-	-	-	146
Noncurrent Liabilities:							
Employee Benefits	-	-	-	-	61,576	61,576	58,134
Accrued Self-Insurance Claims	-	-	-	112,362	-	112,362	75,035
Obligations Under Capital Lease	256	2,193	-	-	-	2,449	2,282
Bonds Payable	36,385	-	33,045	-	91,865	161,295	167,885
Unamortized Discount/Deferred cost	(1,778)	-	(2,436)	-	(10,802)	(15,016)	(16,445)
Total Noncurrent Liabilities	34,863	2,193	30,609	112,362	142,639	322,666	286,891
Total Liabilities	37,053	5,545	35,637	135,544	189,694	403,473	359,853
NET ASSETS							
Investment in Capital Assets, Net of Related Debt	39,506	5,259	21,127	518	-	66,410	26,952
Restricted for:							
Debt Service	2,970	-	2,542	-	4,092	9,604	10,223
Capital Projects	-	-	-	-	-	-	6,268
Health Care Insurance	-	-	-	-	13,088	13,088	9,976
Unrestricted	10,673	6,059	15,030	(109,888)	(61,464)	(139,590)	(94,316)
Total Net Assets	$ 53,149	$ 11,318	$ 38,699	$ (109,370)	$ (44,284)	$ (50,488)	$ (40,897)

See accompanying independent auditors' report.

City of Long Beach
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2005	Totals September 30, 2004
Operating Revenues:							
Billing to Other Departments	$ 10,454	$ 26,246	$ 24,189	$ 34,271	$ 157,107	$ 252,267	$ 204,227
Other	413	3,337	1,711	7	-	5,468	4,912
Total Operating Revenues	10,867	29,583	25,900	34,278	157,107	257,735	209,139
Operating Expenses:							
Personal Services	1,729	11,573	6,249	6,516	4,221	30,288	26,493
Maintenance and Other Operations	4,683	14,304	11,150	6,226	1,445	37,808	38,889
Insurance Premiums	-	-	-	2,906	-	2,906	3,010
Self-Insured Losses	-	-	-	54,088	-	54,088	9,020
Compensated Absences	-	-	-	2,662	36,762	39,424	42,050
Employee Benefits	-	-	-	-	115,306	115,306	67,720
Amortization	137	-	-	-	6,402	6,539	5,909
Depreciation	2,325	1,845	6,114	91	-	10,375	10,585
Total Operating Expenses	8,874	27,722	23,513	72,489	164,136	296,734	203,676
Operating Income (Loss)	1,993	1,861	2,387	(38,211)	(7,029)	(38,999)	5,463
Non-Operating Income (Expense):							
Interest Income	428	23	157	687	595	1,890	1,668
Interest Expense	(1,979)	(64)	(1,734)	-	(4,960)	(8,737)	(6,705)
Gain (Loss) on Disposition of Capital Assets	-	(43)	375	-	-	332	715
Other Income	4	973	1,277	759	2,873	5,886	3,974
Total Non-Operating Income (Expense)	(1,547)	889	75	1,446	(1,492)	(629)	(348)
Income (Loss) Before Contributions and Transfers	446	2,750	2,462	(36,765)	(8,521)	(39,628)	5,115
Capital Grants & Contributions	34,546	-	-	-	-	34,546	(21,212)
Transfers:							
Transfers In	-	-	-	350	1,000	1,350	324
Transfers Out	(500)	(4,879)	(180)	(300)	-	(5,859)	(10,573)
Change in Net Assets	34,492	(2,129)	2,282	(36,715)	(7,521)	(9,591)	(26,346)
Net Assets - October 1	18,657	13,447	36,417	(72,655)	(36,763)	(40,897)	(14,551)
Net Assets - September 30	$ 53,149	$ 11,318	$ 38,699	$ (109,370)	$ (44,284)	$ (50,488)	$ (40,897)

See accompanying independent auditors' report.

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2005	Totals September 30, 2004
Cash Flows from Operating Activities:							
Receipts from Customers	$ 417	$ 3,337	$ 991	$ -	$ -	$ 4,745	$ 4,903
Receipts from Other Funds	10,454	26,231	24,189	34,317	156,357	251,548	201,647
Payments for Employee Salaries	(1,730)	(11,549)	(6,206)	(6,490)	(4,067)	(30,042)	(26,202)
Payments for Goods and Services	(4,693)	(14,030)	(8,199)	(8,416)	(1,348)	(36,686)	(45,122)
Payments for Compensated Absences	-	-	-	(16,256)	(37,297)	(53,553)	(54,696)
Payments for Employee Benefits	-	-	-	-	(113,434)	(113,434)	(66,547)
Payments for Liability Claims	-	-	-	(2,316)	-	(2,316)	(3,090)
Other Income	4	819	1,276	758	2,873	5,730	3,974
Net Cash Provided by Operating Activities	4,452	4,808	12,051	1,597	3,084	25,992	14,867
Cash Flows from Non-Capital Financing Activities:							
Transfers Out	(500)	(4,878)	(180)	50	1,000	(4,508)	(10,250)
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Capital Assets	-	-	499	-	-	499	845
Proceeds from Issuance Of Long-Term Obligations	-	2,183	8,145	-	-	10,328	1,347
Receipts of Contributed Capital	165	-	-	-	-	165	153
Payments for Capital Acquisitions	(2,336)	(2,780)	(8,890)	(528)	-	(14,534)	(5,192)
Payments of Principal on Other Long-Term Obligations	(1,687)	(1,129)	(600)	-	(4,940)	(8,356)	(8,563)
Payments to Defease Bonds	-	-	(7,605)	-	-	(7,605)	-
Payments of Interest	(1,979)	(64)	(2,066)	-	(3,810)	(7,919)	(4,398)
Net Cash Used for Capital and Related Financing Activities	(5,837)	(1,790)	(10,517)	(528)	(8,750)	(27,422)	(15,808)
Cash Flows from Investing Activities:							
Receipts of Interest	428	23	157	686	595	1,889	1,668
Net Increase (Decrease) in Cash and Cash Equivalents	(1,457)	(1,837)	1,511	1,805	(4,071)	(4,049)	(9,523)
Cash and Cash Equivalents - October 1	22,018	8,907	18,047	23,792	62,436	135,200	144,723
Cash and Cash Equivalents - September 30	$ 20,561	$ 7,070	$ 19,558	$ 25,597	$ 58,365	$ 131,151	$ 135,200
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	$ 1,993	$ 1,861	$ 2,387	$ (38,211)	$ (7,029)	$ (38,999)	$ 5,463
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation and Amortization Expense	2,462	1,845	6,114	91	6,402	16,914	16,494
Other Income	4	973	1,276	758	26	3,037	6,267
(Increase) Decrease in Accounts Receivable, Net	-	(15)	1	39	-	25	(103)
(Increase) Decrease in Amounts Due from Other Governments	4	(153)	(721)	-	-	(870)	-
(Increase) Decrease in Amounts Due from Other Funds	-	-	23	-	(750)	(727)	(2,458)
Increase in Inventory	-	-	22	-	-	22	76
Increase (Decrease) in Accounts Payable	(10)	(28)	2,906	714	97	3,679	(3,403)
Increase (Decrease) in Accrued Wages Payable	(1)	23	43	15	3,956	4,036	3,550
Increase in Amounts Due to Other Funds	-	302	-	11	-	313	116
Increase (Decrease) in Accrued Claims Payable	-	-	-	38,180	-	38,180	(7,010)
Increase (Decrease) in Collections Held in Trust	-	-	-	-	382	382	(4,125)
Total Adjustments	2,459	2,947	9,664	39,808	10,113	64,991	9,404
Net Cash Provided by Operating Activities	$ 4,452	$ 4,808	$ 12,051	$ 1,597	$ 3,084	$ 25,992	$ 14,867

See accompanying independent auditors' report.

FIDUCIARY FUNDS

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

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

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

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

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

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Net Assets
September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Totals September 30, 2005	Totals September 30, 2004
ASSETS				
Restricted Pooled Cash and Cash Equivalents	$ 851	$ 127	$ 978	$ 967
NET ASSETS				
Held in Trust for Private Purpose Trust Funds	$ 851	$ 127	$ 978	$ 967

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Changes in Net Assets
For the Fiscal Year Ended September 30, 2005
With Summarized Financial Information for 2004
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Totals September 30, 2005	Totals September 30, 2004
Additions:				
Use of Money and Property	$ 22	$ 4	$ 26	$ 25
Contributions from Citizens	-	30	30	19
Total Additions	22	34	56	44
Deductions:				
Community and Cultural	12	33	45	94
Change in Net Assets	10	1	11	(50)
Net Assets, October 1	841	126	967	1,017
Net Assets, September 30	$ 851	$ 127	$ 978	$ 967

See accompanying independent auditors' report.

City of Long Beach
Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Balance October 1, 2004	Additions	Deletions	Balance September 30, 2005
BELMONT SHORE PARKING DISTRICT FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ 89	$ -	$ -	$ 89
LIABILITIES				
Accounts Payable	$ 89	$ -	$ -	$ 89
TAXES - OIL RIGHTS FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ $1,385	$ 37	$ -	$ 1,422
LIABILITIES				
Collections Held in Trust	$ 1,385	$ 37	$ -	$ 1,422
SPECIAL ASSESSMENT DISTRICT FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ $2,425	$ $3,533	$ $4,289	$ $1,669
Non-Pooled Cash and Cash Equivalents	6,442	5,749	4,898	7,293
Total Assets	$ 8,867	$ 9,282	$ 9,187	$ 8,962
LIABILITIES				
Due to Special Assessment Bondholders	$ 973	$ 3,500	$ 4,289	$ 184
Collections Held in Trust	7,894	5,500	4,616	8,778
Total Liabilities	$ 8,867	$ 9,000	$ 8,905	$ 8,962
INTERMODAL CONTAINER TRANSFER FACILITY JOINT POWER AUTHORITY FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ $2,517	$ 5,257	$ 5,000	$ 2,774
LIABILITIES				
Collections Held in Trust	$ 2,517	$ 5,257	$ 5,000	$ 2,774
EARTHQUAKE ASSESSMENT DISTRICT FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ $2,173	$ 2,017	$ $3,132	$ 1,058
LIABILITIES				
Due to Special Assessment Bondholders	$ 1,887	$ 2,030	$ 3,148	$ 769
Collections Held in Trust	286	3	-	289
Total Liabilities	$ 2,173	$ 2,033	$ 3,148	$ 1,058

(continued)

City of Long Beach
Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2005
(In Thousands)
(continued)

	Balance October 1, 2004	Additions	Deletions	Balance September 30, 2005
OTHER AGENCY FUNDS				
ASSETS				
Pooled Cash and Cash Equivalents	$ $717	$ 1,629	$ 1,620	$ 726
Non-Pooled Cash and Cash Equivalents	-	-	-	-
Accounts Receivable	-	18	18	-
Total Assets	$ 717	$ 1,647	$ 1,638	$ 726
LIABILITIES				
Accounts Payable	$ -	$ 660	$ 658	$ 2
Collections Held in Trust	717	1,611	1,604	724
Total Liabilities	$ 717	$ 2,271	$ 2,262	$ 726
TOTAL AGENCY FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ 9,306	$ 12,473	$ 14,041	$ 7,738
Non-Pooled Cash and Cash Equivalents	6,442	5,749	4,898	7,293
Accounts Receivable	-	18	18	-
Total Assets	$ 15,748	$ 18,240	$ 18,957	$ 15,031
LIABILITIES				
Accounts Payable	$ 89	$ 660	$ 658	$ 91
Due to Special Assessment Bondholders	2,860	5,530	7,437	953
Collections Held in Trust	12,799	12,408	11,220	13,987
Total Liabilities	$ 15,748	$ 18,598	$ 19,315	$ 15,031

See accompanying independent auditors' report.

CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

This section of the CAFR provides additional information regarding the infrastructure and capital assets used in the City's governmental fund operations. These assets are reported only in the governmental activities column of the government-wide Statement of Net Assets. In addition to the information about such assets provided in the Notes to the Basic Financial Statements, this section provides information on the source of funding for the assets, the function and activity to which the assets are charged and changes in such assets by function and activity.

City of Long Beach
Capital Assets Used in the Operations of Governmental Funds
Schedule by Source [1]
September 30, 2005
(In Thousands)

Governmental Funds Capital Assets:		
Land	$	112,872
Right-a-way		2,806
Construction In Progress		72,550
Building		113,304
Improvements other than Buildings		50,622
Infrastructure		339,166
Machinery and Equipment		32,112
Automotive		9,929
Other Assets		30,719
Less Accumulated Depreciation		(269,433)
Governmental Funds Capital Assets, Net of Accumulated Depreciation	$	494,647

Investments in Governmental Funds Capital Assets by Source:		
General Fund	$	224,534
Special Revenue Funds		140,593
Capital Projects Funds		129,520
	$	494,647

1 This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditors' report.

City of Long Beach
Capital Assets Used in the Operations of Governmental Funds
Schedule by Function [1]
September 30, 2005
(In Thousands)

	Capital Assets not being Depreciated			Capital Assets, net of Depreciation						
	Land	Right-a-way	Construction In Progress	Building	Improvements other than Buildings	Infrastruc-tures	Machinery and Equipment	Auto-motive	Other Assets	Total
Legislative and Legal	$ -	$ -	$ -	$ -	$ -	$ -	$ 235	$ -	$ -	$ 235
General Government	1,737	-	-	4,945	187	-	99	-	-	6,968
Public Safety	2,765	-	-	43,449	500	-	11,424	5,206	-	63,344
Public Health	4,594	-	-	3,867	2,713	-	175	-	-	11,349
Community & Cultural	102,284	-	-	34,146	23,721	3,860	102	8	5,679	169,800
Public Works	1,492	2,806	72,550	188	5,447	157,895	61	2,512	-	242,951
	$ 112,872	$ 2,806	$ 72,550	$ 86,595	$ 32,568	$ 161,755	$ 12,096	$ 7,726	$ 5,679	$ 494,647

1 This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditors' report.

City of Long Beach
Capital Assets Used in the Operations of Governmental Funds
Schedule of Changes by Function [1]
September 30, 2005
(In Thousands)

	Balance at October 1, 2004	Increase (Decrease), net of Depreciation Expense	Decrease, net of Accumulated Depreciation	Balance at September 30, 2005
Legislative and Legal	$ 372	$ (137)	$ -	$ 235
General Government	7,253	(276)	(9)	6,968
Public Safety	63,489	(140)	(5)	63,344
Public Health	11,621	(272)	-	11,349
Community & Cultural	163,915	5,885	-	169,800
Public Works	277,663	31,489	(66,201)	242,951
	$ 524,313	$ 36,549	$ (66,215)	$ 494,647

1 This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditors' report.

City of Long Beach

Exhibit 1

General Governmental Expenditures by Function
Last Ten Fiscal Years
(In Thousands)

Fiscal Year- end (1) and (3)	Legislative and Lega	General Governmen	Public Safety	Public Health	Community and Cultural	Public Works	Oil Operations	Sub Total	Other Expenditures (2)	Total Expenditures (2)
1996	$10,589	$ 28,870	$230,875	$ 26,154	$ 149,204	$ 45,956	$ 5,497	$ 497,145	$ 86,594	$ 583,739
1997	8,014	22,713	189,783	24,516	115,354	48,303	5,034	413,717	77,177	490,894
1998	9,382	30,707	197,998	27,017	129,282	39,789	4,260	438,435	55,101	493,536
1999	8,945	26,207	197,004	26,856	121,207	36,667	3,734	420,620	47,322	467,942
2000	9,059	26,998	206,409	29,649	124,280	41,069	4,062	441,526	47,241	488,767
2001	9,313	25,140	202,512	32,648	134,759	35,569	5,795	445,736	50,613	496,349
2002	10,985	30,444	230,112	37,516	151,593	43,565	4,672	508,887	72,688	581,575
2003	9,588	24,655	236,341	38,146	158,190	42,751	5,517	515,188	68,930	584,118
2004	10,359	23,407	227,176	41,927	177,114	43,589	5,512	529,084	83,107	612,191
2005	10,037	25,209	257,869	41,651	179,859	42,885	6,164	563,674	67,264	630,938

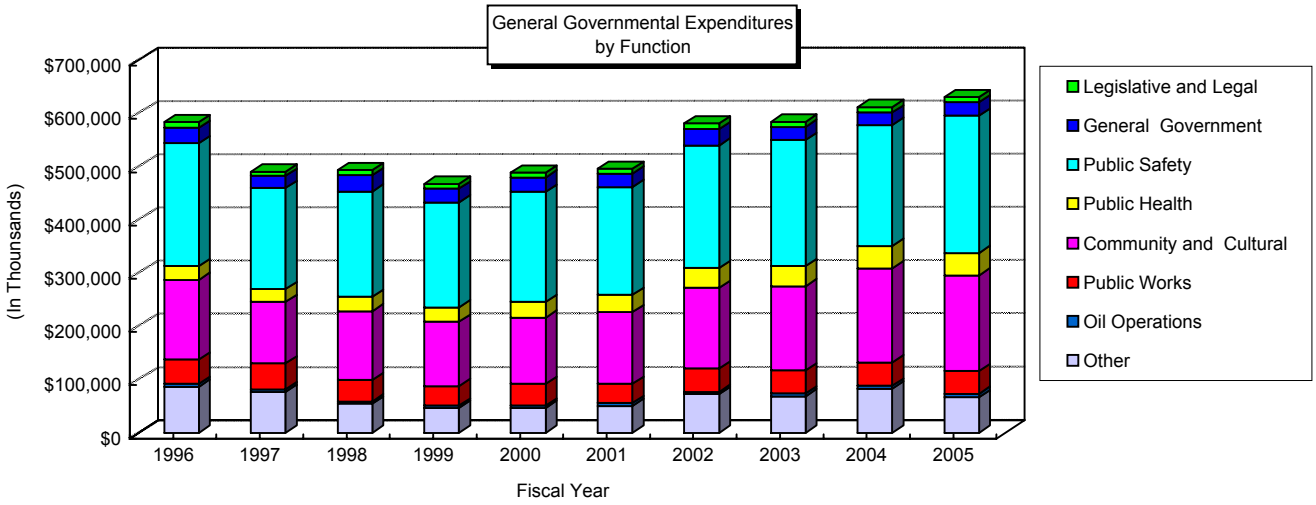
Notes:

(1) The figures include all governmental fund types (General, Special Revenue, and Capital Projects Funds), including the expenditures for the Long Beach Housing Authority and the Long Beach Redevelopment Agency, in accordance with generally accepted accounting principles. Long Beach Housing Authority and Long Beach Redevelopment Agency expenditures for 1996 through 2005 are as follows (in thousands):

Fiscal Year- end (3)	General Governmen	Community and Cultural	Capital Improvements	Loss on Disposition of Land Held for Resale	Debt Service	Total Expenditures
1996	$ 248	$ 65,904	$ 13,215	$ 5,838	$14,075	$ 99,280
1997	200	50,326	9,806	1,906	15,311	77,549
1998	199	46,424	466	426	17,896	65,411
1999	198	45,333	-	3,432	14,264	63,227
2000	182	42,608	-	1,254	13,769	57,813
2001	167	48,228	-	202	13,046	61,643
2002	165	17,556	-	43,153	18,200	79,074
2003	161	72,928	-	3,134	15,310	91,533
2004	194	95,591	-	12	15,063	110,860
2005	222	101,723	-	670	19,344	121,959

(2) Expenditures are on the actual (GAAP) basis. Other expenditures include capital improvements, loss on disposition of land held for resale and debt service.

(3) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.



Source: City of Long Beach, Department of Financial Management.

City of Long Beach

General Governmental Revenues by Source -
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1) and (2)	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	From Other Agencies	Charges for Services	Other	Total Revenues (3)
1996	$ 205,825	$13,505	$ 7,954	$ 40,561	$163,235	$ 48,995	$ 16,018	$496,093
1997	169,780	10,398	6,582	27,809	150,146	52,465	13,025	430,205
1998	176,698	12,876	7,967	29,923	148,290	42,327	15,023	433,104
1999	181,781	14,870	10,192	29,756	151,246	43,321	8,056	439,222
2000	198,971	15,703	9,867	36,428	145,467	45,409	28,891	480,736
2001	223,287	19,343	11,091	39,669	164,192	39,292	7,890	504,764
2002	215,968	23,401	11,448	36,859	181,874	41,277	13,135	523,962
2003	225,852	23,103	11,017	40,135	178,275	44,282	13,922	536,586
2004	242,163	22,878	13,581	36,856	186,426	45,948	13,106	560,958
2005	263,132	26,269	14,744	48,849	192,722	46,633	15,987	608,336

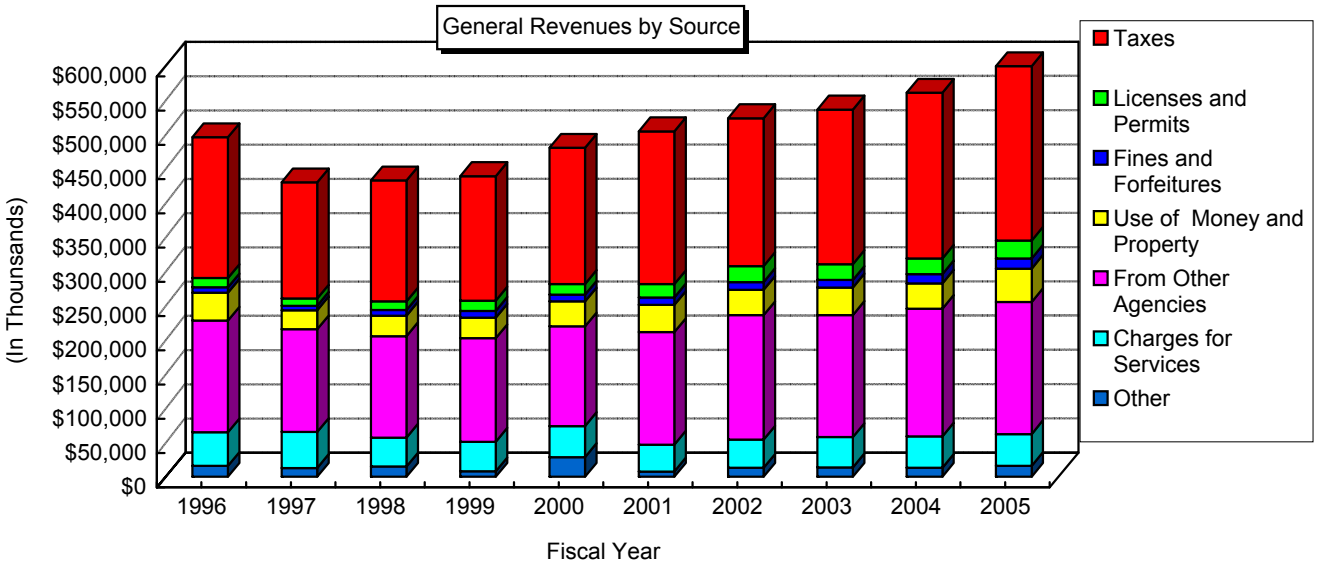
Notes:

(1) The figures include all governmental fund types (General, Special Revenue, and Capital Projects Funds), including the revenues for the Long Beach Housing Authority and the Long Beach Redevelopment Agency, in accordance with generally accepted accounting principles. Long Beach Housing Authority and Long Beach Redevelopment Agency revenues for fiscal years 1996 through 2005 are as follows (in thousands):

Fiscal Year-end (2)	Taxes	Licenses and Permits	Use of Money and Property	From Other Agencies	Other	Total Revenues
1996	$ 17,018	$ 497	$ 5,123	$ 46,868	$ 3,482	$ 72,988
1997	15,462	-	3,962	38,967	1,005	59,396
1998	17,793	-	3,111	38,259	960	60,123
1999	16,206	5	3,020	37,281	994	57,506
2000	20,788	8	3,473	36,278	651	61,198
2001	21,749	-	3,805	36,692	848	63,094
2002	28,400	-	4,974	42,186	787	76,347
2003	30,253	-	8,076	52,068	772	91,169
2004	44,617	-	3,908	61,432	1,291	111,248
2005	54,238	220	11,384	61,615	3,666	131,123

(2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(3) Revenues are on the actual (GAAP) basis.



Source: City of Long Beach, Department of Financial Management.

City of Long Beach

Exhibit 3

Tax Revenues by Source -
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1) and (2)	Property Taxes	Sales and Use	Oil Production	Franchises (3)	Utility Users	Business License	Transient Occupancy	Other (4)	Totals
1996	$ 68,055	$ 31,495	$ 3,694	$ 7,694	$ 68,151	$ 8,848	$ 10,392	$ 7,496	$ 205,825
1997	55,538	27,637	3,104	6,812	56,082	7,359	9,207	4,041	169,780
1998	60,136	30,140	2,937	7,033	55,170	7,316	10,475	3,491	176,698
1999	59,499	30,310	2,577	7,463	58,562	7,298	11,479	4,593	181,781
2000	66,635	37,362	2,479	9,695	57,396	7,752	12,788	4,864	198,971
2001	72,737	43,415	2,365	23,706	57,151	8,052	13,336	2,525	223,287
2002	80,621	41,246	2,257	9,976	55,838	8,067	12,447	5,516	215,968
2003	87,264	44,863	2,245	13,363	50,883	8,430	13,134	5,670	225,852
2004	107,825	42,383	2,306	14,460	45,339	9,284	14,089	6,478	242,164
2005	124,463	48,216	2,335	16,670	39,216	9,879	15,527	6,826	263,132

Notes:

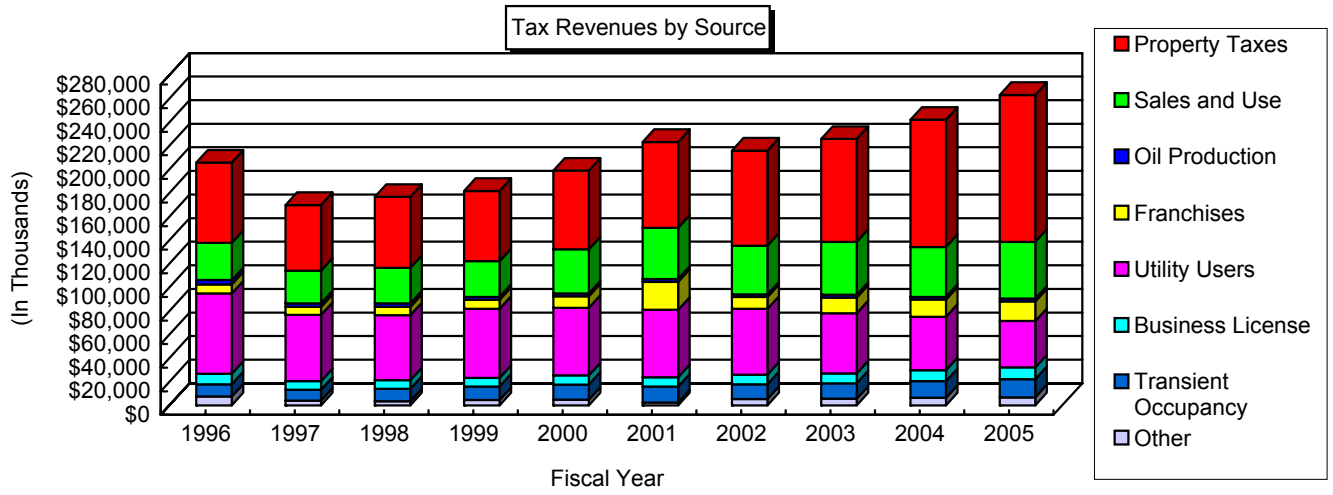
(1) Tax revenues by source include all Governmental Fund Types (General, Special Revenue, and Capital Projects Funds), including property tax and transient lodging tax for the Long Beach Redevelopment Agency as indicated below in accordance with generally accepted accounting principles. The Long Beach Housing Authority had no tax revenues in fiscal year 1996 through 2005.

Fiscal Year-end (2)	Property Taxes (In Thousands)	Transient Occupancy/ Other (In Thousands)
1996	$ 14,946	$ 2,072
1997	13,574	1,888
1998	15,593	2,200
1999	11,229	2,337
2000	18,061	2,727
2001	18,917	2,832
2002	25,796	2,604
2003	27,475	2,778
2004	41,718	2,899
2005	50,977	3,261

(2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(3) Starting in fiscal year 1997, cable franchise fees were not recorded in the Special Revenue Funds. The amounts are $2,228,000, $2,340,000, $2,478,000, $2,544,000, $2,507,000, $2,661,000 and $2,765,000 for fiscal years 1999, 2000, 2001, 2002, 2003, 2004 and 2005 respectively.

(4) Includes Real Property Transfer, Special Parking, Miscellaneous Taxes, and transfers from funds in lieu of taxes.



Source: City of Long Beach, Department of Financial Management.

Exhibit 4

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

Fiscal Year-end (1) and (3)	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Collections as Percent of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percent of Current Levy
1996	$ 58,910	$ 54,144	91.9 %	$ 2,152	$ 56,296	95.6 %	$ 4,564	7.7 %
1997	57,408	52,932	92.2	1,905	54,837	95.5	4,214	7.3
1998	58,522	56,504	96.6	3,185	59,689	102.0	3,755	6.4
1999	59,378	56,320	94.8	3,636	59,956	101.0	2,857	4.8
2000	66,177	63,892	96.5	2,989	66,881	101.1	2,873	4.3
2001	70,841	69,338	97.9	2,322	71,660	101.2	3,160	4.5
2002	77,731	77,587	99.8	3,682	81,269	104.6	2,536	3.3
2003 (4)	83,222	85,699	103.0	2,245	87,944	105.7	2,401	2.9
2004	100,538	99,745	99.2	8,634	108,379	107.8	2,489	2.5
2005	116,299	113,610	97.7	11,388	124,998	107.5	2,442	2.1

Notes:

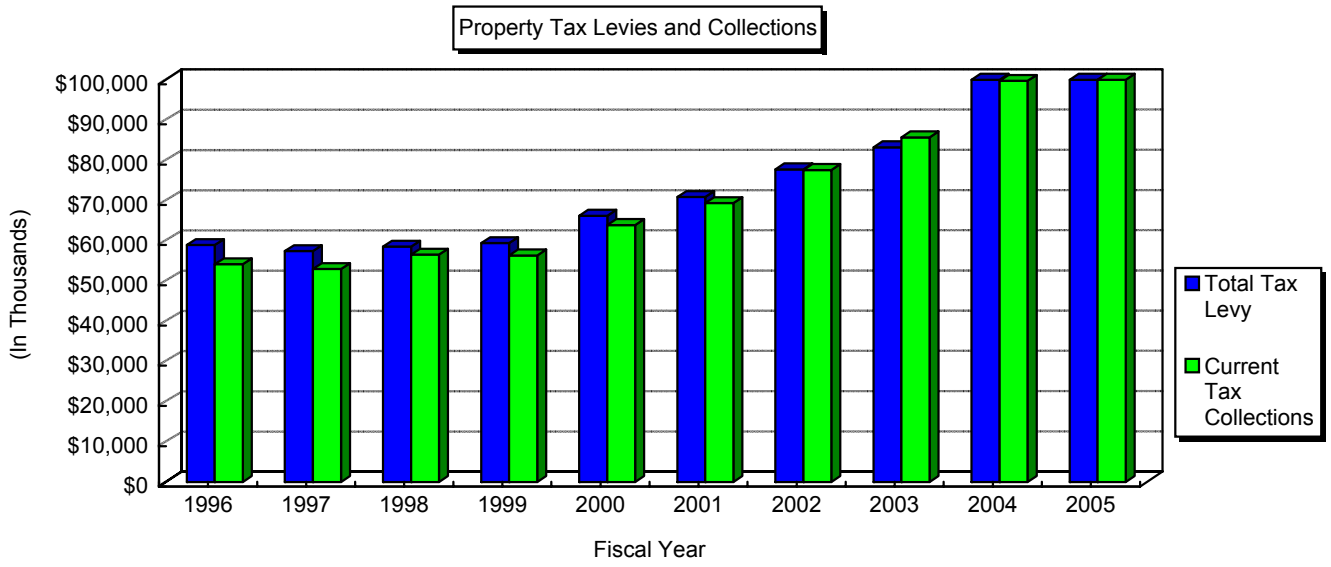
(1) Total tax collections for fiscal years 1996 through 2005 include redevelopment tax increment collections, excluding interest and penalties, in accordance with generally accepted accounting principles as follows:

Fiscal Year-end (3)	Collections (In Thousands)
1996	$ 14,946
1997	13,574
1998	15,593
1999	11,229
2000	18,061
2001	18,917
2002	25,796
2003	27,475
2004	41,718
2005	50,977

(2) Excludes interest, penalties and Los Angeles County administrative cost.

(3 Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Since the County of Los Angeles, which distributes the property tax, is on a June 30 fiscal year-end, the amounts for the City are for the twelve months from July 1, 1995 through June 30, 1996 for comparison purposes.

(4) Fiscal year 2003 current tax collections inlcudes approximately $2,870,000 in unsecured redevelopment tax increment receipts which resulted from a secured parcel audit for the entire City and its redevelopment areas for the fiscal years 1998 through 2002. The audit resulted in the correction of misallocated tax rate areas.



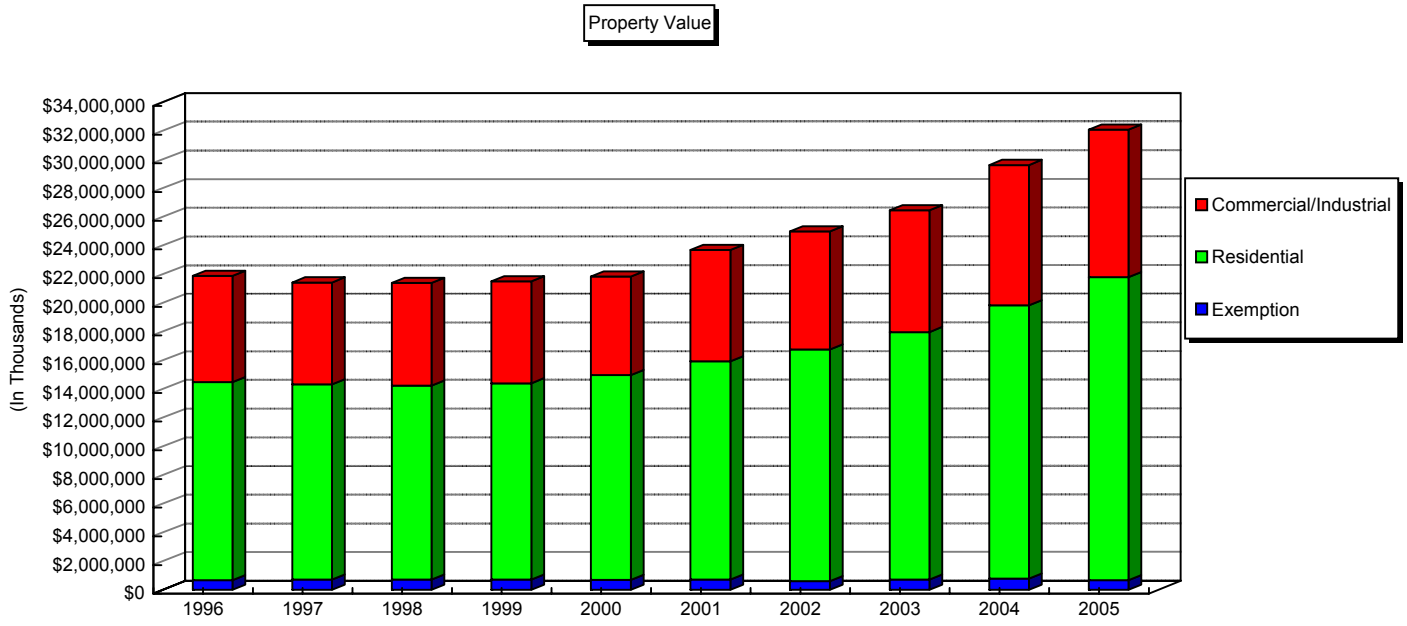
Source: City of Long Beach, Department of Financial Management.

Exhibit 5

City of Long Beach

Assessed and Actual Value of Taxable Property -
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end	Assessed Value				Property Value			
	Land	Improvements	Personal Property	Total	Commercial/ Industrial	Residential	Exemption	Total
1996	$ 9,497,846	$ 10,971,486	$ 1,408,258	$ 21,877,590	$ 7,396,839	$ 13,817,142	$ 663,609	$ 21,877,590
1997	9,520,895	10,527,383	1,379,679	21,427,957	7,112,998	13,594,231	720,728	21,427,957
1998	9,544,327	10,376,690	1,482,025	21,403,042	7,161,264	13,521,115	720,663	21,403,042
1999	9,513,719	10,422,267	1,579,619	21,515,605	7,113,133	13,684,447	718,025	21,515,605
2000	9,530,997	10,853,314	1,448,289	21,832,600	6,867,889	14,275,847	688,864	21,832,600
2001	10,463,320	11,828,763	1,396,288	23,688,371	7,768,092	15,195,079	725,200	23,688,371
2002	11,332,200	12,365,006	1,292,787	24,989,993	8,232,188	16,149,319	608,486	24,989,993
2003	11,925,024	12,839,549	1,689,844	26,454,417	8,483,488	17,248,508	722,421	26,454,417
2004	13,544,321	14,219,548	1,849,360	29,613,229	9,780,753	19,049,275	783,201	29,613,229
2005	15,104,108	15,147,436	1,818,167	32,069,711	10,273,437	21,117,812	678,462	32,069,711



Source: Los Angeles County Office of the Assessor.

Exhibit 6

City of Long Beach
Property Tax Rates -
All Overlapping Governments
Per $100 of Assessed Value -
Last Ten Fiscal Years

Fiscal Year-end	County (A)	Special Districts (A)	Total
1996	$ 1.0018	$ 0.0099	$ 1.0117
1997	1.0016	0.0109	1.0125
1998	1.0016	0.0111	1.0127
1999	1.0014	0.0109	1.0123
2000	1.0014	0.0183	1.0197
2001	1.0013	0.0263	1.0276
2002	1.0011	0.0376	1.0387
2003	1.0010	0.0428	1.0438
2004	1.0010	0.0611	1.0621
2005	1.0009	0.0651	1.0660

Note: (1)

In 1978, a State Constitutional Amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the county and shared with all other jurisdictions. All other jurisdictions and the county can levy a tax rate for voter-approved debt.

Secured taxes are due on November 1 and February 1, and become delinquent on December 10 and April 10, for the first and second installments, respectively. There is a 10% penalty and a $10.00 cost after the date taxes become delinquent. Unsecured taxes are due on March 1 and become delinquent on August 31 when a penalty of 10% is added. If taxes are not paid by October 31, an additional penalty of 1.5% per month accrues.

The County of Los Angeles collects the taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations and on the tax rate for voter-approved debt. Rates are applied to assessed valuations. Starting in fiscal year 1991, the County began deducting an administrative cost from the property tax collections before distribution to the cities.

Beginning with fiscal year 1975, redevelopment tax increments were allocated to the Long Beach Redevelopment Agency. These are computed based on the redevelopment property increment values multiplied by the total tax rate for that fiscal year. Redevelopment property increment values represent the difference between the base value of properties designated for redevelopment and their market value.

Sources:

(1) Taxpayers Guide compiled under the supervision of the Los Angeles County Auditor-Controller.

(A) "04-05 SEC Tax Rates and Ratios Report" provided by the Los Angeles County Auditor-Controller.

City of Long Beach

Exhibit 7

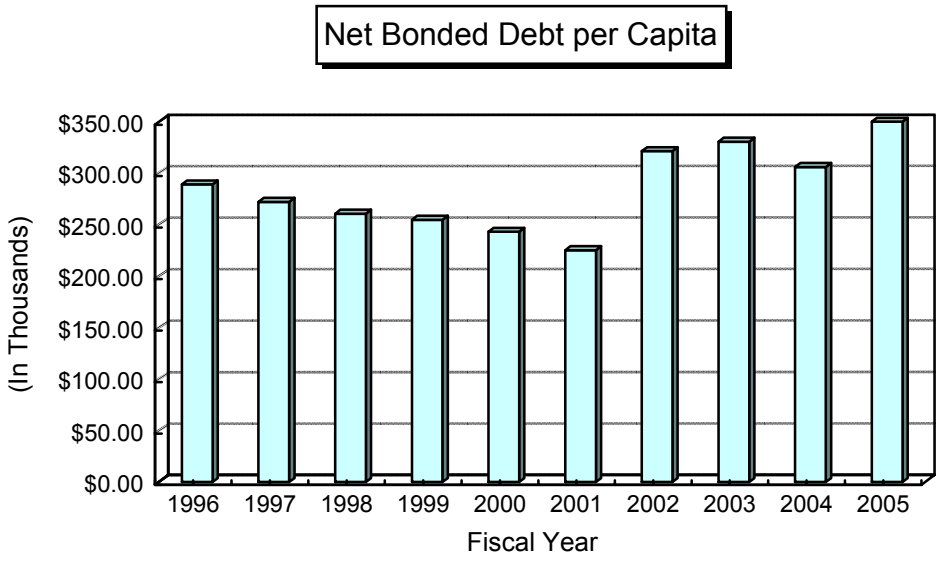
Ratio of Net General and Redevelopment Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita -
Last Ten Fiscal Years
(In Thousands Except Estimated Population)

Fiscal Year-end (2)	Estimated Population (A)	Assessed Value (B)	Gross Bonded Debt (1)	Ratio of Gross Bonded Debt to Assessed Value	Less Debt Service Reserve (1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	425,807	$ 21,877,590	$ 137,535	0.63 %	$ 14,451	$ 123,084	0.56 %	$ 289.06
1997	441,718	21,427,957	134,640	0.63	14,427	120,213	0.56	272.15
1998	446,227	21,403,042	134,925	0.63	18,635	116,290	0.54	260.61
1999	452,905	21,515,605	132,115	0.61	16,756	115,359	0.54	254.71
2000	457,608	21,832,600	129,160	0.59	17,925	111,235	0.51	243.08
2001	461,522	23,688,371	121,480	0.51	17,522	103,958	0.44	225.25
2002	473,131	24,989,993	174,060	0.70	22,016	152,044	0.61	321.36
2003	480,973	26,454,417	179,974	0.68	20,989	158,985	0.60	330.55
2004	487,100	29,613,229	175,292	0.59	26,258	149,034	0.50	305.96
2005	491,564	32,069,711	355,444	1.11	39,059	316,385	0.99	643.63

Notes:

(1) Includes Redevelopment bonds issued during fiscal years 1993, 2002, 2003 and 2005.

(2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.



Sources:

(A) California Department of Finance for fiscal years 1996 through 2005. In 1996 the City of Long Beach Planning and Building Department calculated the city population based on redistricting to be 425,807. The estimated population per the California Department of Finance for fiscal year 1996 was 437,708.

(B) "SV-13 G Report FY 04-05 Assessed Valuations" compiled under the supervision of the Los Angeles County Auditor-Controller.

Exhibit 8

City of Long Beach

Computation of Legal Debt Margin

September 30, 2005

(In Thousands)

Net Assessed Valuation		$ 31,391,249
Plus Exempt Property		678,462
Total Assessed Valuation (1)		$ 32,069,711
Debt Limit - 15 Percent of Total Assessed Valuation (1)		$ 4,810,457
Amount of Debt Applicable to Debt Limit:		
Redevelopment Bonded Debt	$ 355,444	
Less:		
Assets in Redevelopment Debt Service Fund, Available for Payment of Principal	39,059	
Total Amount of Debt Applicable to Debt Limit		316,385
Legal Debt Margin (1)		$ 4,494,072

Note:

(1) The fiscal year 2005 debt limit is based on assessed valuation and reflects valuation for the property in redevelopment project areas.

Source: City of Long Beach, Department of Financial Management.
"SV-13 G Report FY 04-05 Assessed Valuations" compiled under the supervision of the Los Angeles County Auditor-Controller.

Exhibit 9

City of Long Beach
Schedule of Direct and Overlapping Debt
September 30, 2005
(In Thousands)

DIRECT DEBT:		Outstanding	Exclusions	Outstanding
City of Long Beach				
Lease Revenue Bonds (1)		$ 259,155	$ (114,580)	$ 144,575
Marks-Roos Bonds (2)		33,985	-	33,985
Certificates of Participation		4,315	-	4,315
Pension Obligations		97,255	-	97,255
Total Direct Debt		394,710	(114,580)	280,130
OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable			
Los Angeles County	3.835 %	16,205	(15,584)	621
Los Angeles Community College District	0.052	694,705	(694,344)	361
Cerritos Community College District	0.404	36,706	(36,558)	148
Compton Community College District	2.356	39,100	(38,179)	921
Long Beach Community College District	88.322	35,800	(4,181)	31,619
Compton Unified School District	0.030	58,655	(58,637)	18
ABC Unified School District	1.532	55,560	(54,709)	851
Long Beach Unified School District	88.325	252,235	(29,448)	222,787
Los Angeles Unified School District	0.063	4,791,690	(4,788,671)	3,019
Paramount Unified School District	9.156	33,775	(30,683)	3,092
Los Angeles County Flood Control District	3.821	142,420	(136,978)	5,442
Metropolitan Water District	1.964	419,390	(411,153)	8,237
Total Overlapping Tax And Assessment Debt (3)		6,576,241	(6,299,125)	277,116
OVERLAPPING GENERAL FUND OBLIGATION DEBT:				
Los Angeles County General Fund Obligations	3.835	1,350,178	(1,298,399)	51,779
Los Angeles County Pension Obligations	3.835	1,050,097	(1,009,826)	40,271
Los Angeles County Superintendent of Schools Certificates of Participation	3.835	21,785	(20,950)	835
Long Beach Community College District Certificates of Participation	88.322	34,300	(4,006)	30,294
Los Angeles Unified School District Certificates of Participation	0.063	599,653	(599,275)	378
Long Beach Unified School District Certificates of Participation	88.325	62,405	(7,286)	55,119
Compton Unified School District Certificates of Participation	0.030	30,425	(30,416)	9
Paramount Unified School District Certificates of Participation	9.156	29,835	(27,103)	2,732
County Sanitation District No. 1 Certificates of Participation	1.144	27,621	(27,305)	316
County Sanitation District No. 2 Certificates of Participation	0.166	42,648	(42,577)	71
County Sanitation District No. 3 Certificates of Participation	84.400	32,406	(5,055)	27,351
County Sanitation District No. 8 Certificates of Participation	2.308	16,875	(16,486)	389
County Sanitation District No. 19 Certificates of Participation	37.938	7,682	(4,768)	2,914
Total Overlapping General Fund Obligation Debt		3,305,910	(3,093,452)	212,458
Total Gross Overlapping Combined Debt		9,882,151	(9,392,577)	489,574
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		(39,230)	(37,726)	(1,504)
Total Net Overlapping Combined Debt		9,842,921	(9,354,851)	488,070
Total Net Direct And Overlapping Combined Debt (3) (4)		$ 10,237,631	$ (9,469,431)	$ 768,200

Notes:

(1) The lease revenue bonds amount is net of the Civic Center Project 1997 Series A $925,000 principal payment paid to the trustee on September 15, 2005 as required by the bond resolution for principal due to bondholders on October 1, 2005.

(2) The Marks-Roos Bonds amount is net of the Temple and Willow Facility 1998 Series A & B Bonds $600,000 principal payment paid to the trustee on September 15, 2005 as required by the bond resolution for principal due to bondholders on October 1, 2005. Includes Temple and Willow Facility 2005 Series A Bonds.

(3) Excludes 1915 Act and Mello-Roos Act bonds.

(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Exhibit 10

City of Long Beach
Ratio of Annual Debt Service for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(In Thousands)

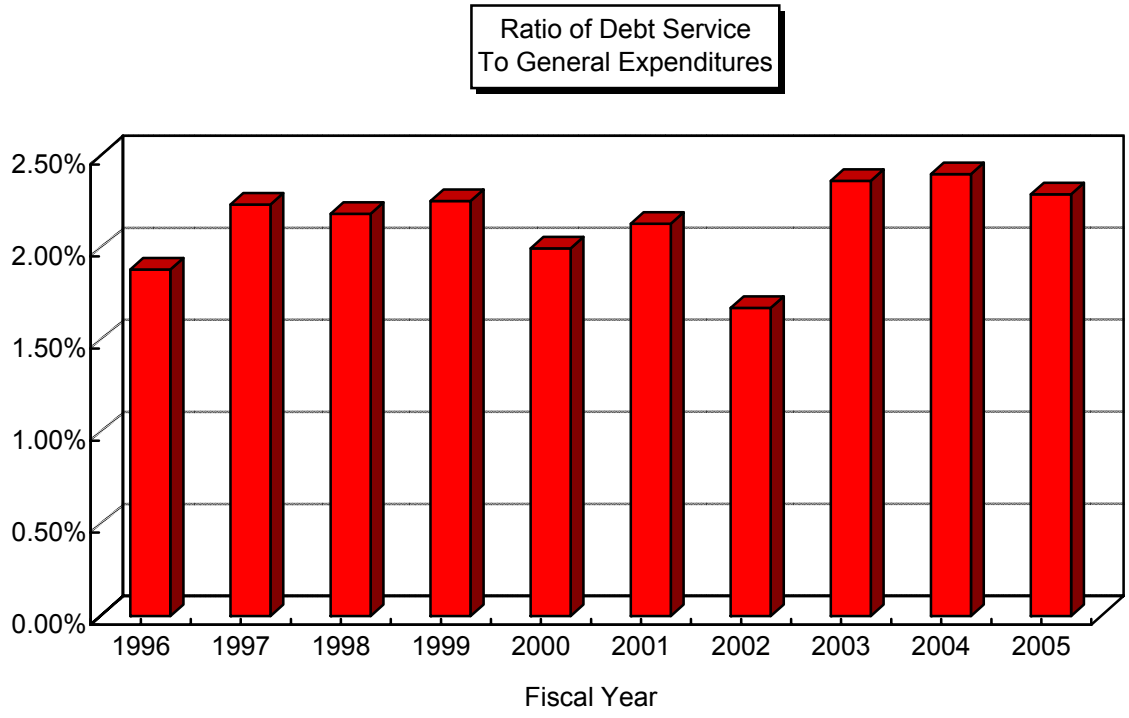
Fiscal Year-end (1) and (2)	Principal	Interest	Total Debt Service	Total General Expenditures (3)	Ratio of Debt Service to General Expenditures
1996	$ 2,775	$ 8,213	$ 10,988	$ 583,739	1.88%
1997	2,895	8,081	10,976	490,894	2.24%
1998	3,035	7,746	10,781	493,536	2.18%
1999	2,810	7,738	10,548	467,942	2.25%
2000	2,955	6,809	9,764	488,767	2.00%
2001	3,155	7,422	10,577	496,349	2.13%
2002	2,740	7,000	9,740	581,575	1.67%
2003	3,570	10,238	13,808	584,118	2.36%
2004	4,682	10,017	14,699	612,191	2.40%
2005	4,607	9,844	14,451	630,938	2.29%

Notes:

(1) The figures include all governmental fund types (General, Special Revenue and Capital Projects Funds), including the Long Beach Housing Authority and the Long Beach Redevelopment Agency, in accordance with generally accepted accounting principles.

(2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. The amounts for the fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(3) Expenditures are on the actual (GAAP) basis.



Source: City of Long Beach, Department of Financial Management.

Exhibit 11

City of Long Beach

Schedule of Revenue Bond Coverage for Proprietary Funds

Gas Fund Revenue Bond Coverage

Last Ten Fiscal Years

(In Thousands)

Fiscal Year-end (1) and (3)	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non-Operating Income (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Times Coverage
1996	$ 80,526	$ 45,736	$ 34,790	$ 2,208	$ 36,998	$ 465	$ 596	$ 1,061	34.9
1997	66,455	46,975	19,480	1,969	21,449	475	580	1,055	20.3
1998	69,511	49,492	20,019	2,251	22,270	495	563	1,058	21.0
1999	75,654	47,757	27,897	2,004	29,901	510	545	1,055	28.3
2000	70,874	56,478	14,396	1,511	15,907	530	524	1,054	15.1
2001	124,691	118,667	6,024	1,855	7,879	550	502	1,052	7.5
2002	62,301	51,289	11,012	1,004	12,016	575	478	1,053	11.4
2003	75,323	64,331	10,992	738	11,730	600	452	1,052	11.2
2004	83,752	73,059	10,693	5,360	16,053	625	424	1,049	15.3
2005	98,998	84,109	14,889	5,858	20,747	655	394	1,049	19.8

Water Fund Revenue Bond Coverage

Last Ten Fiscal Years

(In Thousands)

1996	$ 70,784	$ 56,027	$ 14,757	$ 4,022	$ 18,779	$ 985	$ 2,669	$ 3,654	5.1
1997	60,247	45,122	15,125	3,095	18,220	1,045	2,627	3,672	5.0
1998	56,395	42,932	13,463	3,130	16,593	1,125	2,539	3,664	4.5
1999	57,619	43,854	13,765	6,043	19,808	1,325	2,247	3,572	5.5
2000	60,252	46,508	13,744	1,066	14,810	1,385	2,194	3,579	4.1
2001	57,773	46,526	11,247	4,554	15,801	1,450	2,138	3,588	4.4
2002	58,969	48,324	10,645	1,616	12,261	1,505	2,080	3,585	3.4
2003	58,944	44,653	14,291	1,162	15,453	1,570	2,019	3,589	4.3
2004	63,185	47,752	15,433	2,055	17,488	1,645	1,954	3,599	4.9
2005	64,522	50,146	14,376	1,710	16,086	1,110	1,884	2,994	5.4

Solid Waste Management Fund

SERRF Authority Revenue Bond Coverage

Last Ten Fiscal Years (2)

(In Thousands)

1996	$ 88,480	$ 58,215	$ 30,265	$ 3,145	$ 33,410	$ -	$ 11,023	$ 11,023	3.0
1997	73,745	49,418	24,327	4,882	29,209	-	9,623	9,623	3.0
1998	75,034	49,056	25,978	5,043	31,021	-	9,623	9,623	3.2
1999	66,486	49,643	16,843	2,886	19,729	3,000	9,623	12,623	1.6
2000	65,005	52,409	12,596	5,004	17,600	3,400	9,307	12,707	1.4
2001	71,188	59,387	11,801	6,219	18,020	3,700	9,069	12,769	1.4
2002	67,931	58,441	9,490	5,376	14,866	3,900	8,814	12,714	1.2
2003	69,441	55,073	14,368	(6,332)	8,036	4,200	5,088	9,288	0.9
2004	71,198	56,169	15,029	(2,424)	12,605	4,500	4,914	9,414	1.3
2005	70,128	58,046	12,082	1,819	13,901	6,185	4,985	11,170	1.2

Notes:

(1) Operating expenses exclude depreciation; non-operating income excludes interest expense.

(2) 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.

(3) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the fiscal year ended 1996 are for a fifteen month period from July 1, 1995 through September 30, 1996.

Source: City of Long Beach, Department of Financial Management.

Exhibit 12

City of Long Beach
Schedule of Revenue Bond Coverage for Proprietary Funds
Civic Center Revenue Bond Coverage
Last Ten Fiscal Years (2)
(In Thousands)

Fiscal Year-end (3)	Operating Revenue (2)	Operating Expenses (1) and (2)	Net Operating Income	Non-Operating Income (Loss) (1) and (2)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
1996	$ 12,782	$ 7,103	$ 5,679	$ 948	$ 6,627	$ 2,865	$ 1,937	$ 4,802	1.4
1997	10,313	5,142	5,171	826	5,997	1,560	1,176	2,736	2.2
1998	10,272	5,807	4,465	6,510	10,975	720	1,808	2,528	4.3
1999	10,207	5,859	4,348	424	4,772	795	2,091	2,886	1.7
2000	10,178	6,549	3,629	2,047	5,676	875	2,087	2,962	1.9
2001	10,314	5,988	4,326	1,877	6,203	915	2,048	2,963	2.1
2002	11,805	7,509	4,296	1,203	5,499	950	2,008	2,958	1.9
2003	11,749	6,515	5,234	675	5,909	850	1,965	2,815	2.1
2004	11,899	6,893	5,006	378	5,384	885	1,929	2,814	1.9
2005	10,867	6,549	4,318	432	4,750	925	1,891	2,816	1.7

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

1998	$ 19,666	$ 14,256	$ 5,410	$ (58)	$ 5,352	$ -	$ 784	$ 784	6.8
1999	21,644	13,818	7,826	1,642	9,468	605	1,882	2,487	3.8
2000	22,891	15,019	7,872	1,288	9,160	630	1,858	2,488	3.7
2001	24,560	15,181	9,379	2,168	11,547	655	1,832	2,487	4.6
2002	27,101	14,942	12,159	674	12,833	680	1,806	2,486	5.2
2003	26,382	14,258	12,124	52	12,176	710	1,778	2,488	4.9
2004	24,684	15,557	9,127	656	9,783	740	1,749	2,489	3.9
2005	25,900	17,399	8,501	1,809	10,310	770	1,717	2,487	4.1

Notes:

(1) Operating expenses exclude depreciation; non-operating income excludes interest expense.

(2) The Civic Center Authority was dissolved in December 1997. The Civic Center Project 1997 Bonds were issued in December 1997 to refund the Civic Center Authority Bonds and to provide additional project funds for improvements. The 1998 Non-Operating Income consists of $4.6 million in miscellaneous revenues as a result of the Civic Center Authority dissolution.

(3) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. As a result the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996. Also, since the Civic Center debt service is due on September 1, the principal amount reflects cash payments for September 1, 1995 and September 1, 1996. The interest amount reflects cash payments for September 1, 1995, and March 1 and Septembe 1, 1996.

Source: City of Long Beach, Department of Financial Management.

Exhibit 13

City of Long Beach
Schedule of Revenue Bond Coverage for Proprietary Funds
Tideland Operating Segment
Revenue Bond Coverage
Last Five Fiscal Years (2)
(In Thousands)

Fiscal Year-end (4)	Beginning Unreserved Fund Balance	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non - Operating Income (Loss) (1)	Net Amount Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Times Coverage
2001	$ N/A	$ 19,240	$ 20,746	$ (1,506)	$ 2,952	$ 1,446	$ 905	$ 84	$ 989	-
2002	N/A	27,783	37,623	(9,840)	5,724	(4,116)	1,000	2,761	3,761	-
2003	N/A	31,699	37,496	(5,797)	2,088	(3,709)	-	6,558	6,558	-
2004	N/A	32,390	37,600	(5,210)	1,815	(3,395)	-	6,558	6,558	-
2005	N/A	33,593	43,633	(10,040)	1,679	(8,361)	-	6,558	6,558	-

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

1996	$ 5,012	$ 16,321	$ 13,731	$ 2,590	$ 943	$ 8,545	$ 60	$ 2,238	$ 2,298	3.7
1997	3,279	13,056	10,716	2,340	294	5,913	2,150	1,500	3,650	1.6
1998	1,338	13,975	11,171	2,804	(83)	4,059	2,240	1,411	3,651	1.1
1999	821	13,940	10,617	3,323	358	4,502	2,335	1,316	3,651	1.2
2000	3,310	14,055	11,017	3,038	1,830	8,178	2,435	1,214	3,649	2.2
2001	1,014	14,995	10,727	4,268	(79)	5,203	2,545	1,107	3,652	1.4
2002	974	15,564	10,812	4,752	470	6,196	2,660	991	3,651	1.7
2003	1,412	16,171	10,293	5,878	(370)	6,920	2,785	867	3,652	1.9
2004	1,851	16,223	10,759	5,464	571	7,886	2,915	734	3,649	2.2
2005	1,950	16,008	11,395	4,613	300	6,863	3,060	592	3,652	1.9

Notes:

(1) Operating expenses exclude depreciation; non-operating income excludes interest expense.

(2) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2001 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 1995 Series A and 1995 Series B, (2) to fund a reserve fund for the Series 2001 Bonds, and (3) to pay certain costs of issuance in connection with the Series 2001 Bonds. Fiscal year 2001 reflects final bond payment of $1,000,000 for the Parking Authority Refunding bonds.

(3) The Marina Refunding Revenue Bonds Series 1986 were refunded by the Marina Refunding Revenue Bonds Series 1995. Current debt service payments for the 1986 Bonds were covered by the 1995 refunding issue proceeds.

(4) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the fiscal year ended 1996 are for a fifteen month period from July 1, 1995 through September 30, 1996.

Source: City of Long Beach, Department of Financial Management.

Exhibit 14

City of Long Beach
Schedule of Revenue Bond Coverage for Proprietary Funds
Rainbow Harbor Area Segment
Revenue Bond Coverage
Last Seven Fiscal Years (3)
(In Thousands)

Fiscal Year-end (2)	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non-Operating Income (1) (Loss)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Times Coverage
1999	$ 3,779	$ 3,589	$ 190	$ 501	$ 691	$ -	$` -	$ -	-
2000	2,036	3,572	(1,536)	429	(1,107)	-	-	-	-
2001	2,170	3,808	(1,638)	372	(1,266)	-	2,440	2,440	-
2002	2,486	3,799	(1,313)	384	(929)	65	2,440	2,505	-
2003	2,672	3,740	(1,068)	596	(472)	80	2,437	2,517	-
2004	4,609	5,537	(928)	154	(774)	90	2,434	2,524	-
2005	5,386	8,897	(3,511)	337	(3,174)	1,455	2,430	3,885	-

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

1996	$ 218,650	$ 52,479	$ 166,171	$ 4,698	$ 170,869	$ 15,175	$ 39,128	$ 54,303	3.1
1997	177,230	36,874	140,356	15,189	155,545	16,620	47,384	64,004	2.4
1998	188,587	38,238	150,349	16,635	166,984	18,690	42,371	61,061	2.7
1999	198,483	39,952	158,531	5,220	163,751	22,680	44,637	67,317	2.4
2000	225,504	45,286	180,218	3,436	183,654	26,715	39,806	66,521	2.8
2001	228,079	50,573	177,506	14,080	191,586	28,290	46,165	74,455	2.6
2002	223,999	40,085	183,914	6,386	190,300	17,960	51,239	69,199	2.8
2003	249,542	45,394	204,148	(2,524)	201,624	30,145	60,757	90,902	2.2
2004	280,782	59,755	221,027	12,987	234,014	32,590	60,474	93,064	2.5
2005	329,208	66,737	262,471	26,524	288,995	34,215	58,444	92,659	3.1

Notes:

(1) Operating expenses exclude depreciation and amortization; non-operating income excludes amortization and interest expense.

(2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(3) 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.

Source: City of Long Beach, Department of Financial Management.

Exhibit 15

City of Long Beach

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year-end	Estimated Population (A)	Median Age (B)	Public School Enrollment (C)	Unemployment Rate (D)
1996	425,807	29.8	88,530	8.2 %
1997	441,718	29.0	91,932	6.6
1998	446,227	28.9	89,408	6.2
1999	452,905	29.0	91,465	5.6
2000	459,900	29.0	94,527	5.5
2001	467,300	30.8	95,193	5.7
2002	473,100	31.0	97,369	6.3
2003	480,400	N/A	97,370	6.4
2004	487,100	N/A	97,560	5.9
2005	491,564	N/A	96,319	6.5

Sources:

(A) California Department of Finance. In 1996 the City of Long Beach Planning and Building Department calculated the city population based on the redistricting to be 425,807. The estimated population per the California Department of Finance for fiscal year 1996 was 437,708.

(B) The Los Angeles County Health Department population projections are used for fiscal year 1995. The City of Long Beach, Department of Planning and Building Advance Planning Division's estimate is used for fiscal years 1996 through 2002. As of fiscal year 2003, Advanced Planning no longer compiles this estimate.

(C) California Department of Education. Annual school census from Long Beach Unified School District for preschool, grades Kindergarten through 12.

(D) Average annual rate reported by California Employment Development Department (EDD).

Exhibit 16

City of Long Beach

Construction Value and Bank Deposits -

Last Ten Fiscal Years

Fiscal Year-end (2)	Construction (A) Industrial Number of Permits	Industrial Valuation (000's)	Commercial & Office Number of Permits	Commercial & Office Valuation (000's)	Residential Number of Permits	Residential Valuation (000's)	All Others Number of Permits	All Others Valuation (000's) (1)	Bank Deposits (000's) (B)
1996	10	$ 2,233	42	$ 24,610	87	$ 13,340	7,291	$ 191,743	$ 4,658,000
1997	8	1,942	21	20,614	61	13,071	5,748	112,171	3,983,000
1998	5	9,471	53	66,847	110	19,344	6,022	130,303	4,142,000
1999	2	6,627	39	48,232	61	20,697	6,470	123,666	4,084,000
2000	6	16,528	33	17,425	133	25,145	6,465	133,232	4,193,201
2001	16	12,486	37	57,391	119	113,972	6,744	166,041	4,352,495
2002	6	9,500	42	78,737	105	78,512	7,350	184,706	4,741,291
2003	35	5,000	32	59,229	63	120,566	8,581	235,922	5,271,266
2004	24	7,550	20	9,411	94	49,226	8,487	200,632	5,760,711
2005	3	2,525	17	13,385	90	74,325	8,387 (1)	205,464 (1)	5,816,005

Notes:

(1) The All Others valuation for fiscal year 1996 includes permits for the Los Altos and Marina Pacifica shopping center improvements, Long Beach Aquarium of the Pacific and Boeing SeaLaunch projects; fiscal year 2001 includes permits for the Camden development and pier improvements at the Port of Long Beach; fiscal year 2002 includes permits for numerous alterations and additions to residential units, tenant improvements for the Carnival Cruise Terminal and Boeing Building 52, and the addition of shark tanks, life support equipment, restrooms and retail area at the Aquarium of the Pacific, and fiscal year 2003 includes permits for earthquake retrofit of the Public Safety building, construction of a 130,000 square-foot wharf, wharf upgrade and conveyor system at Pier G, construction of a one-story police station, tenant development of a 14-screen cinema and Gameworks, and tenant improvements for the Carnival Cruise Terminal and Boeing Building 52.

The All Others valuation for fiscal year 2004 includes permits for: installation of 2 canopies and 13 explosive detection devices at the Long Beach Airport, remodel of the World Trade Center, seismic retrofit of Trimark's Pacific Temple Lofts, install duct and structural support at Pier D, tenant improvements for Superior Super Warehouse and Public Safety building, tenant improvement and expansion of Coast Cadillac and Toyota Motors Manufacturing USA, and tenant development of Club V.

In fiscal year 2004, a decrease in the number of permits and the valuation of these permits was primarily due to lower number of construction for large, residential building complexes and issuance of the $16 million permit in fiscal year 2003 for earthquake retrofitting of the Public Safety building in comparison to the current fiscal year.

(2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

Sources:

(A) City of Long Beach, Department of Planning and Building.

(B) The data for the fiscal years 1996 through 2005 is from the Federal Deposit Insurance Corporation as of June 30.

Exhibit 17

City of Long Beach
Principal Taxpayers
September 30, 2005
(In Thousands)

Taxpayer	Type of Business	2004-2005 Assessed Valuation	Percent of Total Net Assessed Valuation
The Boeing Company	Industrial	$ 497,798	1.72 %
AES Alamitos LLC	Power Plant	292,200	1.01
Trizechahn Centers, Inc.	Office Building	144,284	0.50
Greit One World Trade Center LP	Office Building	113,648	0.39
Camden Realty Inc.	Apartments	96,470	0.33
Arco Terminal Services Corp	Industrial	79,320	0.27
350 Ocean Garage LLC	Commercial	70,754	0.24
200 Oceangate LLC	Office Building	59,300	0.20
Alamitos Bay Partnership	Hotel	54,127	0.19
EQR California LLC	Apartments	53,227	0.18
	Total	$ 1,461,128	5.03 %

Note:
Beginning with fiscal year 1989, the State Board of Equalization has deleted the public utility "unitary" values from the total public utility assessed value. The valuations exclude mineral rights, possessory interest and unsecured assessed valuations.

Source: California Municipal Statistics, Inc.

City of Long Beach
Miscellaneous Utility Statistics

Gas Utility
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1)	Consumption in Sales Dollars				Consumption in Cubic Feet				Average Rate per MCF (2)	Average No. of Customers
	Residential	Commercial Industrial	Others	Total	Residential	Commercial Industrial	Others	Total		
1996	$ 48,249	$ 24,720	$ 30	$ 72,999	6,403,666	7,040,942	8,323	13,452,931	$ 5.43	138
1997	43,097	18,144	65	61,306	5,783,834	5,571,864	30,913	11,386,611	5.38	138
1998	46,133	18,706	30	64,869	6,270,643	6,362,973	22,828	12,656,444	5.13	139
1999	52,352	18,462	34	70,848	6,844,493	6,481,684	23,780	13,349,957	5.31	140
2000	47,083	18,122	14	65,219	6,016,099	6,174,824	15,237	12,206,160	5.31	140
2001	87,404	32,083	25	119,512	6,036,334	5,414,312	16,657	11,467,303	10.42	140
2002	42,400	13,886	81	56,367	6,049,213	4,848,943	39,049	10,937,205	5.15	144
2003	49,888	18,354	1,350	69,592	5,651,109	4,287,971	640,659	10,579,739	6.58	145
2004	56,173	21,486	2,006	79,665	5,810,339	5,366,542	805,992	11,982,873	6.65	145
2005	63,556	25,579	2,440	91,575	5,735,844	5,298,961	757,496	11,792,301	7.77	149

Notes:

(1) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(2) MCF = thousand cubic feet

Ten Largest Gas Users
For the Fiscal Year Ended September 30, 2005
(In Thousands)

	Consumption	
	In Dollar Sales	In Cubic Feet
Montenay Pacific Power Corporation	$2,394	306,384
Memorial Hospital	1,030	122,854
Long Beach Aquarium Cogeneration	795	91,013
National Gypsum	559	680,244
International Garment & Finish	375	41,633
American Textile	353	46,854
Edington Oil	351	875,540
Long Beach Convention Center	351	42,452
Long Beach Community College	318	75,401
THUMS Cogeneration	221	351,991
Total	$6,747	2,634,366

Other Gas Utility Miscellaneous Statistics:

Number of gas meters	152,007	
Average daily consumption	32,308	MCF
Gas mains	921.5	miles

Source: City of Long Beach, Long Beach Department of Gas & Oil.

City of Long Beach
Miscellaneous Utility Statistics
Water Utility
Last Ten Fiscal Years
(In Thousand Gallons)

	Consumption		Source of Supply			
Fiscal Year-end (1)	Daily Average Demand	Annual Demand	Total Pumped	Total Purchased	Total Reclaimed	Total Available Supply
1996	64,281	29,252,458	7,733,422	21,514,638	1,993,882	31,241,942
1997	63,374	23,134,900	7,479,258	15,652,253	1,647,829	24,779,340
1998	59,561	21,743,070	7,700,837	14,038,964	1,370,203	23,110,004
1999	60,615	22,127,958	7,703,443	14,421,188	1,494,353	23,618,984
2000	63,619	23,220,794	8,076,869	15,143,925	1,691,167	24,911,961
2001	61,226	22,347,490	7,971,945	14,375,569	1,363,361	23,710,875
2002	62,259	22,724,523	8,478,643	14,245,880	1,789,900	24,514,423
2003	60,308	22,012,177	7,445,369	14,567,169	1,670,638	23,683,176
2004	63,331	23,115,870	8,354,494	14,761,376	1,956,084	25,071,954
2005	53,118	19,388,070	7,041,640	14,536,539	1,382,586	22,960,765

Note:
(1) Effective July 1,1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year end. The amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

Ten Largest Water Users
For the Fiscal Year Ended September 30, 2004
(In Thousands)

	Consumption	
	In Dollar Sales	In Gallons
City of Long Beach	$ 2,831	1,214
Long Beach Unified School District	706	270
Montenay Pacific Power Corporation	489	234
AES Southland LLC	425	318
California State University, Long Beach	319	143
L.A. County Community Development	256	93
Generation LLC, Long Beach	236	111
Veterans Affairs Medical Center	212	99
Memorial Medical Center	211	96
L.A. Department of Water and Power	206	93
Total	$ 5,891	2,671

Other Water Utility Miscellaneous Statistics:

Number of water services	94,860
Number of fire hydrants	6,501
Water mains	907 miles

Source: City of Long Beach, Water Department.

Exhibit 20

City of Long Beach
Miscellaneous Statistics
Public Works Department
Airport
Last Ten Fiscal Years

Fiscal Year-end (1)	Commercial Passengers		Air Cargo (Pounds) (000's)		Number of Aircraft Landings & Take Offs				Fuel Flowage (Gallons) (000's)
	Enplaned	Deplaned	Enplaned	Deplaned	Air Carrier	Air Taxi	General Aviation	Military	
1996	291,559	288,770	49,524	24,241	9,908	6,053	597,873	2,268	14,794
1997	274,029	268,283	44,551	21,485	9,035	4,678	433,958	1,596	14,555
1998	303,979	308,303	50,457	26,858	9,727	6,278	433,826	1,279	16,366
1999	461,411	451,064	55,486	34,066	15,518	6,535	480,538	2,033	20,163
2000 (2)	318,580	340,875	62,539	37,405	12,623	5,416	392,130	1,385	19,768
2001	280,528	277,590	67,705	46,571	9,913	6,400	344,937	764	17,104
2002 (3)	515,634	503,360	64,858	47,477	11,973	8,906	328,952	83	24,701
2003 (4)	1,386,078	1,371,173	66,498	48,805	27,702	7,501	303,238	929	42,929
2004 (5)	1,479,623	1,462,348	65,035	48,384	28,478	7,458	307,232	825	45,313
2005	1,520,918	1,506,953	65,328	43,142	28,613	6,718	308,402	644	43,652

Notes:

(1) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. The amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(2) Commercial passenger count decreased due to cessation of service by Winair Airlines. General Aviation take offs and landings reflect modification of FAA Air Traffic Control Tower counting methodology which no longer includes aircraft transiting Long Beach Airport airspace.

(3) In fiscal year 2002 the total number of daily flights for JetBlue, American, and America West airlines increased from eleven to thirty-two.

(4) In fiscal year 2003, the total number of daily flights for JetBlue, American and America West Airlines increased from thirty-two to thirty-five. Horizon started operations in October 2002 with three commuter flights.

(5) In fiscal year 2004, all 41 air carrier slots were used: 36 flights from four commercial airlines - JetBlue, American, America West and Alaska; and 5 slots from cargo carriers - Airborne Express, Federal Express, and UPS.

Source: City of Long Beach, Public Works Department, Airport Bureau.

Exhibit 21

City of Long Beach

Miscellaneous Statistics
Last Ten Fiscal Years

Fiscal Year-end (2)	Trees Trimmed: Number of Trees	Refuse Collected: Tons Collected	Curbs & Alleys Swept: Miles	Southeast Resource Recovery Facility (SERRF): Tons of Refuse Received	Southeast Resource Recovery Facility (SERRF): Power Produced In Megawatt-Hours (1)
1996	21,500	251,907	207,406	589,042	322,756
1997	18,274	203,803	173,518	489,581	264,040
1998	23,169	209,262	190,018	464,324	258,735
1999	22,891	204,902	198,041	494,275	259,552
2000	23,427	211,051	189,953	480,515	267,580
2001	21,499	218,570	196,295	494,464	264,143
2002	21,807	224,776	195,778	504,626	272,239
2003	19,758	233,787	176,112	495,542	265,079
2004	14,908	224,331	164,253	490,196	267,888
2005	25,629	225,467	157,976	463,956	237,518

Notes:

(1) Megawatt-hours sold to Southern California Edison included in the total power produced is as follows

Fiscal Year (2)	Megawatt-Hours
1996	280,832
1997	230,681
1998	225,985
1999	226,699
2000	233,714
2001	230,712
2002	236,730
2003	230,619
2004	233,062
2005	206,640

(2) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

Source: City of Long Beach, Public Works and Long Beach Energy Departments

Exhibit 22

City of Long Beach
Miscellaneous Statistics
Harbor Department
Last Ten Fiscal Years

Fiscal Year-end (1)	Container Movements (2)	Cargo (3)	Number of Ship Calls
1996	3,769,935	97,710	5,834
1997	3,386,118	103,940	4,726
1998	3,972,378	107,959	4,673
1999	4,301,770	117,449	5,028
2000	4,564,529	126,785	5,428
2001	4,491,690	124,078	5,501
2002	4,694,432	125,620	5,036
2003	4,388,815	118,236	4,937
2004	5,355,972	138,023	4,997
2005	6,644,080	158,136	5,301

Notes:

(1) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 thorugh September 30, 1996.

(2) Twenty-foot equivalent units (TEU).

(3) Thousands of metric revenue tons.

Source: City of Long Beach, Harbor Department.

City of Long Beach
Summary of Major Employers
September 30, 2005

Employer	Number of Employees
Boeing	9,175
Long Beach Unified School District	9,050
City of Long Beach	6,153
Pacific Maritime Association	5,120
Long Beach Memorial Medical Center	4,675
California State University, Long Beach	4,050
Veterans Affairs Medical Center	2,345
Long Beach City College	1,810
St. Mary Medical Center	1,765
United States Postal Service	980
Ralphs	885
Pacific Hospital of Long Beach	800
CSULB Foundation	710
Long Beach Transit	695
Target Stores	670
Sam's Club	670
The Vons Companies	635
First Medical Staffing	630
Gulfstream Aerospace Corporation	600
Edge Management West	595
Queen Mary Seaport	580
Albertsons	540
Cambrian Homecare	535
Progressive Staff	530
Epson America Inc	530

Source: City of Long Beach, Department of Community Development, Long Beach Major Employer Directory-current listing. City of Long Beach Employees as of September 30, 2005 for permanent and part-time employees.

City of Long Beach
Other Miscellaneous Statistics
September 30, 2005

Date of incorporation	December 13, 1897
Form of government	Mayor/Council-Manager
Area	50 square miles
Streets	815 miles
Number of street lights	31,582
Storm drain lines	180 miles

	Fiscal Year 2005	Fiscal Year 2004
Fire Protection (adopted budget):		
Number of firefighters and officers	458	473
Other non-safety personnel	82	81
Total Fire Personnel	540	554
Number of stations	23	23
Police Protection (adopted budget):		
Number of police officers and other sworn personnel	975	968
Civilian personnel	485	530
Total Police Personnel	1,460	1,498
Number of stations	1	1
Number of substations (full facility)	2	2
Number of storefronts	4	4

Education (Elementary and Secondary):	2005	2004
Attendance Centers	91	91
Number of teachers	4,430	4,466
Number of students	96,319	97,560

Sewers:	
Sanitary sewers	712 miles
Manholes	16,041
Sanitary sewer pump stations	28
Storm drain pump stations	23
Recreation and culture:	
Number of parks (acres includes golf courses)	108 with 2,817 acres
Number of libraries	12
Number of library holdings (books, videos, tapes)	998,330
Number of library circulations	1,467,069
Employees:	
Permanent, classified service	3,915
Permanent, unclassified service	805
Part-time, temporary and seasonal	1,433
Total Employees	6,153

City of Long Beach
Infrastructure Maintenance and Improvements
September 30, 2005

	Public Works Department					
Fiscal Year-end (1)	City Streets Resurfaced and Striped (In Miles)	Red Curbs Repainted (In Linear Feet)	Traffic Signs Replaced	Burned-Out Street Lights Replaced	Sidewalk Repaired (In Square Feet)	Graffiti Removed (Number of Sites)
1996	80	780,000	5,460	7,220	67,650	34,222
1997	90	399,945	3,697	6,001	56,835	23,242
1998	69	150,025	3,514	3,997	52,862	21,806
1999	73	117,000	3,610	2,038	53,000	19,207
2000	67	171,061	5,549	2,395	546,000	29,431
2001	11	147,840	3,743	2,482	480,558	39,998
2002	81	128,000	4,949	4,379	540,615	59,708
2003	52	66,000	3,569	7,774	372,104	60,137
2004	53	79,200	3,813	8,367	426,559	34,852
2005	30	32,000	8,593	6,540	379,070	42,767

	Water Department						
Fiscal Year-end (1)	Cast Iron Water Mains Replaced (In Feet)	Fire Hydrants Repaired	Water Meters Repaired	Sewer Mains & Laterals Repaired (3)	Sewer Mains Cleaned (In Miles)	Sewer Manholes Chemically Treated.	Storm Drain Catch Basins Cleaned (2)
1996	58,946	1,111	17,351	26,283	588	11,909	5,900
1997	68,148	1,165	14,238	7,186	453	10,142	4,950
1998	70,583	185	12,200	1,600	405	7,959	4,990
1999	75,244	475	18,674	2,232	318	7,184	6,436
2000	75,005	183	17,561	4,524	257	4,843	5,070
2001	61,765	358	10,713	384	291	3,501	6,865
2002	85,297	732	2,960	147	396	5,000	6,269
2003	71,000	395	2,900	97	341	3,000	8,614
2004	63,960	376	7,076	316	437	3,000	10,202
2005	50,601	342	6,889	246	338	3,000	3,911

	Long Beach Energy Department		
Fiscal Year-end (1)	Gas Mains Replaced/ Relocated (In Feet)	Gas Mains Installed (In Feet)	Gas Meters Installed/ Removed/ Replaced
1996	9,728	4,754	7,749
1997	10,588	8,097	5,786
1998	8,230	6,698	7,537
1999	42,525	32,397	6,707
2000	10,932	4,892	6,707
2001	19,612	4,347	4,162
2002	28,324	10,102	5,697
2003	51,444	19,306	4,846
2004	10,388	4,450	4,716
2005	52,813	7,647	5,482

Notes:

(1) Effective July 1, 1995, the City changed its fiscal year-end to September 30, from a June 30 fiscal year end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(2) Effective October 1, 1998, the Water Department maintains the storm drain operations.

(3) For fiscal years 1996 through 2000, the Water Department tracked repairs by the number of feet. Beginning in fiscal year 2001, repairs are tracked according to the number of jobs.

Source: City of Long Beach

Exhibit 26

City of Long Beach
Schedule of Insurance in Force
September 30, 2005

LIABILITY [1]

Program	Expiration	Company/Policy Number	Kind of Insurance	Amount/limits by carrier	Limit by program
Excess Municipal Liability	07-01-06	Insurance Company of the State of Pennsylvania/ 4205-3012	Third party liability; public officials errors and omissions; unfair employment practices	$10,000,000 excess of $3,000,000 self-insured retention	$20 million over a $3 million self-insured retention
	07-01-06	Lexington Insurance/ 164-4603	Third party liability; public officials errors and omissions, unfair employment practices	$10,000,000 excess of $10,000,000	
Airport Liability	06-30-06	1.Old Republic Insurance ORPR0002309-02 2. Lloyds of London JDDNX0980702	General liability, products liability, hangarkeepers legal liability	$100,000,000 limit per occurrence with no deductible subject to various sublimits for personal injury, malpractice, excess auto, and excess employers liability including extended coverages and TRIA	
Aircraft Liability	06-30-06	Old Republic Insurance/ ORHL000708-02	Aircraft Liability and Hull insurance for two police Eurocopters	Liability Limit of $50,000,000 Single Limit including Passengers and Property Damage with no Deductible; Hull Limit of $2,529,463 for both Eurocopters excludes War, Noise, Pollution with deductible of $1,000 – Rotors Not In Motion and $126,473 – Rotors In Motion.	

1 Liability coverage for the SERRF Authority is purchased by the operator, Montenay Pacific Power Corporation.

City of Long Beach
Schedule of Insurance in Force
September 30, 2005
(Continued)

MISCELLANEOUS COVERAGES

Program	Expiration	Company	Kind of Insurance	Amount/Limit by carrier
Bonds	1. 06-30-06 2. 07-01-06	1. AIG – Primary Policy #2824389 2. Hartford Deductible Buydown Policy #72BPEBT4965	Employee dishonesty with faithful performance. Covers all officials and employees. Computer and electronic fraud coverage is included.	$10,000,000 ($2,500 deductible)
	Various	Hartford Insurance Company	Vehicle Verifier Bonds covering various employees	$5,000 per bond
Excess Workers Compensation	07-01-06	CSAC Excess Insurance Authority/ CPEIA-05-EWC-10	Excess workers' compensation and employer's liability over a $5,000,000 self-insured retention REINSURED LAYER: $145,000,000 Workers Compensation each occurrence excess of $5,000,000 Retention.; $25,000,000 - Terrorism	Statutory work comp; $5,000,000 employers' liability and Jones Act coverage
Travel Accident	10-15-07	AIG Life Insurance Co./ GTP8038087	Accidental death and dismemberment coverage for officials and employees injured on business travel and for guests in City helicopters	$500,000 per person, $5,000,000 aggregate
Special Events				
Primary layer	01-01-06	Axis Surplus Ins. Co./ ELP707041-05	Liability coverage available for persons or entities seeking a special event permit from the City. The City of Long Beach is an additional insured on these policies.	$250,000 per occurrence, $1,000,000 general aggregate
Excess layer	0-01-06	General Indemnity Ins. Co./ ZXB300938B	Liability coverage available for persons or entities seeking a special event permit from the City. The City of Long Beach is an additional insured on these policies.	$750,000 per occurrence, $1,500,000 general aggregate

City of Long Beach
Schedule of Insurance in Force
September 30, 2005
(Continued)

OTHER LIABILITY INSURANCE POLICIES

Entities purchasing under the direction of Risk Management that are directly related to the City of Long Beach are listed below.

Program	Expiration	Company	Kind of Insurance	Amount/Limit by carrier
Redevelopment Agency	09-29-06	Evanston Ins. Company /SLIP3000-05	General liability, errors and omissions liability, non-owned auto liability, employment practices liability	$5,000,000 ($10,000 deductible); $2,000,000 sublimit for employment practices ($10,000 deductible)
Long Beach K-9 Officers' Assn	09-29-06	Evanston Ins. Company /SLIP3000-05	Liability protection (dogs off-duty)	$1,000,000 per occurrence ($2,500 deductible)
Long Beach Housing Development Company	09-29-06	Evanston Ins. Company /SLIP3000-05	General liability, directors and officers liability, non-owned auto liability	$5,000,000 ($5,000 deductible); $2,000,000 sublimit for employment practices ($10,000 deductible)

The other Long Beach-based entities assisted by Risk Management include the Community Hospital of Long Beach, Rancho Los Cerritos Foundation, Partners of Parks, Long Beach Museum of Art Foundation, Long Beach Opera Association, Long Beach Public Library Foundation, Friends of the Long Beach Public Library Foundation, Aquarium of the Pacific, RMS Foundation (Queen Mary), and the Spring Street Corridor JPA.

Exhibit 26

City of Long Beach
Schedule of Insurance in Force
September 30, 2005
(Continued)

PROPERTY

Program	Expiration	Company	Kind of Insurance	Amount by carrier	Limit by program
General Property					
Primary Layer	07-01-06	Lexington Ins. Co./ RKS105900602	All Risk Property	$10,000,000	
Excess Layer A: 50% of $240 million xs $10 million	07-01-06	RKH – Great Lakes/ RKS105900602A	All Risk Property	$60,000,000	
	07-01-06	RKH – Lloyds of London/ RKS105900602C	All Risk Property	$60,000,000	
Excess Layer B: 50% of $90 million xs $10 million	07-01-06	Commonwealth/ US5736	All Risk Property	$18,000,000	$1 billion of All Risk property coverage for the full replacement value of City-owned property, including the Queen Mary properties
	07-01-06	AXIS Speciality/ TBD	All Risk Property	$10,800,000	
	07-01-06	Essex Ins. Co,/ EPEP10048	All Risk Property	$9,000,000	
	07-01-06	ARCH Ins./ ESP000834600	All Risk Property	$7,200,000	
Excess Layer C: 50% of $150 million xs $100 million	07-01-06	Commonwealth/ US5737	All Risk Property	$37,500,000	
	07-01-06	AXIS Speciality/ TBD	All Risk Property	$37,500,000	
Excess Layer D: $250 million xs $250 million	07-01-06	RKH – Lloyds of London/ RKS105900602C	All Risk Property	$250,000,000	
Excess Layer E: $500 million xs $5050 million	07-01-06	Ins. Co. of the West/ CHO187181102	All Risk Property	$500,000,000	
Boiler and Machinery					
	07-01-06	Lexington Ins. Co./ RKS105900602	Property damage and business interruption	$10,000,000	$100 million of coverage for the full replacement value of property damage and business interruption on City-owned properties, except SERRF (various deductibles ranging from $2,500 to $375,000 based on size and power)
Excess Layer A: 50% of $90 million	07-01-06	CNA/ BM1098667553	Property damage and business interruption	$45,000,000	
Excess Layer B: 50% of $90 million	07-01-06	Great Lakes/ RKS105900602A	Property damage and business interruption	$22,500,000	
	07-01-06	Lloyds of London / RKS105900602C	Property damage and business interruption	$22,500,000	

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