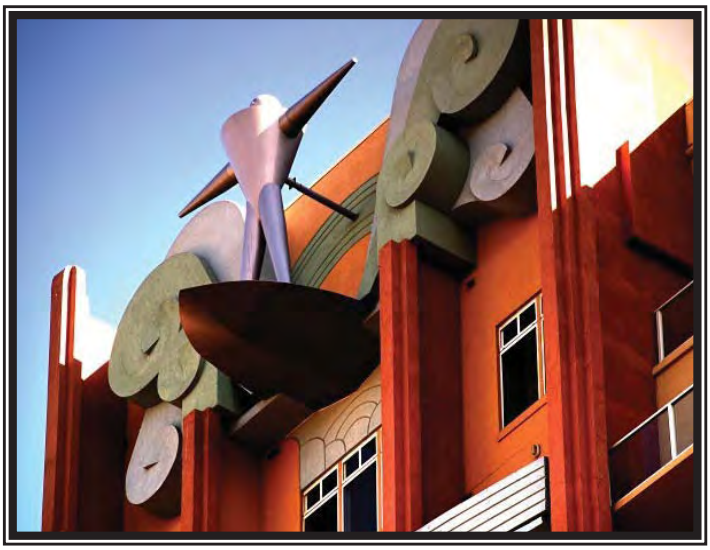
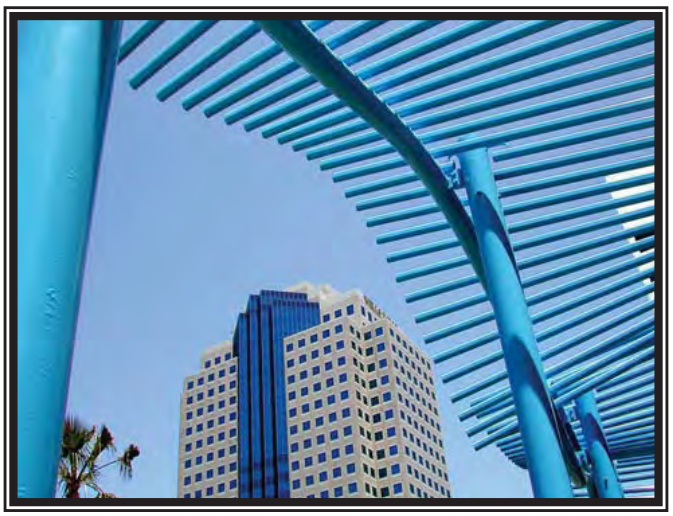
City of Long Beach

California





Comprehensive Annual

Financial Report

Fiscal Year Ended September 30, 2010

City of Long Beach, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by the Department of Financial Management
Lori Ann Farrell, Director

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

PREPARED BY THE DEPARTMENT OF FINANCIAL MANAGEMENT

CITY OF LONG BEACH, CALIFORNIA

For the Fiscal Year Ended
September 30, 2010

Lori Ann Farrell
Director of Financial Management

Stephen W. Hannah
City Controller

Francine Wiegelman
Accounting Operations Officer

Cathy Pingol
Senior Accountant

Bart Ramos
Senior Accountant

Angie Tran
Accountant

Jim Sugita
Accountant

Daniel Thurber
Investment Manager

Mary Williams
Accounting Operations Officer

Michael Carrigg
Senior Accountant

Mary Hebert
Senior Accountant

Kim-Hang Nguyen
Accountant

Lucy Hong
Accountant

Amanda Johnson
Accountant

John Zanier
Administrative Officer

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City of Long Beach
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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INTRODUCTORY SECTION

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CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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

PATRICK H. WEST
CITY MANAGER

April 25, 2011

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, 2010. 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 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 has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. As the cost of internal controls should not 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 are free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by KPMG LLP, an international public accounting firm fully licensed and qualified to perform audits of the State of California (State) and local governments within the State. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2010 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, 2010 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 Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

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

The City has seven independent fiscal entities that are considered blended component units and one discretely presented component unit. These entities vary widely in function and provide essential services.

For a more detailed overview of the City's component units, see the MD&A and the Notes to the Basic Financial Statements.

Profile of the Government

The City of Long Beach, incorporated in 1897, is the sixth largest city in the state of California and is located within Los Angeles County in Southern California. The City occupies a land area of approximately 50 square miles, serves a population of 494,709, and is one of the 40 largest cities in the United States, larger than such well-known communities as Cleveland, St. Louis, Miami, Minneapolis, Pittsburgh, and Kansas City. One of the nation's most demographically diverse cities, Long Beach has significant populations of African-American, Latino, Cambodian, and Caucasian residents. City Council members are elected from nine geographically disparate districts, which has ensured that the various elements of the population are well represented in actions and policies. The strengths inherent in the City's diversity are reflected in its motto, "Many unique neighborhoods, one great city."

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

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

The City Council also either serves as or appoints the voting majority of the governing board for 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, a portion of Long Beach Bond Finance Authority, and the Long Beach Public Transportation Company.

The City Manager is responsible for directing and supervising the administration of all City Manager directed departments of the City, to ensure that laws, ordinances, orders, resolutions, contracts, leases,

and franchises are enforced and executed, and for appointing all City employees except for classified civil service employees, the City Clerk, elected officers, and their appointees.

The City provides a full range of municipal services, including police, fire, disaster preparedness, public health and environmental services, library, parks and recreation, social services, engineering, public works, waste management, 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, beaches, and marinas. The City also administers oil extraction operations under a trust agreement with the State.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager must submit a proposed budget to the Mayor on or before July 1st and the Mayor must present that proposed budget along with recommendations to the City Council on or before August 1st. 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 approved for each fund and department. The City Council adopted the fiscal year 2010 budget prior to September 30, 2009 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 funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriations between funds or departments require City Council approval. Total expenditures of each fund may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Continuing Challenges Test Governments at All Levels

While official economic growth figures confirmed that the recession had officially ended during 2010, the rippling after-effects of the financial meltdown continued to adversely impact governments, institutions, and households throughout the year. With grim unanimity, pundits and politicians agreed that the best thing about 2010 was its passing into history.

For the City, as with governmental jurisdictions throughout the nation, continuing fiscal challenges meant a redoubling of efforts to address current and future budget shortfalls while working to prioritize and maintain the level of services that the residents of Long Beach have come to expect. Through the efforts and partnership of City management, employees, and residents, Long Beach was successful in presenting a structurally balanced budget for fiscal year 2011, one, when adopted, had closed an $18.5 million deficit. Since 2004 the City has addressed and closed $180 million in deficits with a minimal reduction in essential services despite the reality of diminishing resources. It has also been successful in maintaining a $9 million Budget Stabilization Fund.

It is a sobering reality, however, that the greatest challenges for the City's fiscal integrity may lay ahead. While the determination of final figures is still in flux, it has been estimated that the aggregate deficits for fiscal years 2012, 2013, and 2014 may surpass $60 million. Perhaps the most significant reason for the projection of these deficits is the unfunded pension liability faced by the City. Under the current structure, the City's long-term future unfunded pension liability approaches $1.2 billion. Working with employee bargaining units to address this liability and within the statutorily mandated framework will be one of the greatest challenges faced by the City in the coming decade. As Mayor Bob Foster has said, "If we do not reform our pension system, the costs will outstrip our capability to provide essential services." The City is committed to being at the forefront of the effort to address and resolve this issue.

Another significant threat to the City's future fiscal stability is the State's inclination to take funds from local governments. While this threat was thought to have been significantly reduced by the passage of Proposition 22, new initiatives such as the Governor's recently expressed intention to eliminate Redevelopment Agencies may result in the loss of millions of dollars that would be used for reinvestment in the City's most problematic areas. The City along with other municipalities is currently working to challenge this proposal.

Despite such daunting realities, the City has fundamental reasons for optimism. Its dedicated and tireless employees, fortuitous coastal location, wonderful climate, honored institutions of education and commerce, and creative and committed residents are all harbingers of eventual success in facing and meeting the challenges ahead.

A Commitment to Sustainability

The City Council adopted the Long Beach Sustainable City Action Plan on February 2, 2010. This plan is intended to guide operational, policy, and financial decisions to create a more sustainable Long Beach.

Sustainability is an overall philosophy that will enable the City to meet the needs of the present without compromising the ability of future generations to meet their own needs. The Sustainable City Action Plan includes measurable goals and actions that are intended to be challenging, yet realistic. The components include:

1. Buildings and Neighborhoods
2. Energy
3. Green Economy and Lifestyle
4. Transportation
5. Urban Nature
6. Waste Reduction
7. Water

Among the 2010 achievements in the arena of sustainability were:

- Developed a pending Ordinance banning single use plastic bags.
- Launched a Residential Energy Efficiency Rebate Program.
- Completed the Rain Barrel Pilot Program, delivering and installing 100 rain barrels.
- Adopted a Model Landscape Ordinance instituting water-efficient landscape standards.
- Entered into the Local Government Energy Efficiency Partnership with Southern California Edison (SCE), which provides incentives and outreach for energy efficiency.
- The City's waste-to-energy facility processed 496,858 tons of refuse that would have gone to landfills, while generating $22 million in "tip" fees and $25 million in electricity sales.
- Completed the Vista Bike Boulevard Project and began construction of protected bike lanes downtown on Broadway and 3rd Street.
- Diverted 69% of the City's waste stream from landfills through recycling, waste-to-energy processing, and other means.

In 2010, Long Beach was again awarded for having one of the top ten green fleets in the nation. The Environmental Protection Agency also awarded the Port of Long Beach with the Region's

Environmental Achievement Award for its clean air technology program. In addition, *Bicycling Magazine* ranked Long Beach in the top 25 Bike-Friendly Cities in the United States.

Citywide Achievements in 2010

In his annual State of the City address, Mayor Bob Foster recently noted areas for recognition both as achievements in the past year and as areas of continued focus for 2011:

- Long Beach continues to be a safer city. The murder rate is the lowest since 1971 and gang-related murders were down 53.8% from 2009. Overall violent crime was down by 13%.
- The Long Beach Fire Department handled over 59,000 calls for service in 2010.
- 19.3 miles of streets were repaired and 14.6 miles of sidewalks were replaced.
- The City's storm drain system was enhanced by the installation of debris traps at pumping stations to ensure improved coastal water quality.
- Despite economic conditions, there were noteworthy retail and commercial additions in Long Beach including a Marshall's Department Stores in Bixby Knolls and a TJ Maxx in Los Altos and a state-of-the-art Von's supermarket downtown.
- Funding was secured for the replacement of the Gerald Desmond Bridge. The replacement of the Gerald Desmond Bridge is a $1 billion project that will generate 4,000 construction jobs; the new bridge will also enhance the competitive future of the adjacent Port of Long Beach.
- In a unique financial arrangement, the City's Redevelopment Agency, the State, and private developers reached an agreement to replace the aging Superior Court building with a new structure on Broadway Avenue. The Court's existing site on Ocean Boulevard will revert to the City for an anticipated landmark development.
- In addition to completing Phase One of the Colorado Lagoon Restoration Project, Long Beach also facilitated the acquisition of 34 acres of land for the restoration of the Los Cerritos Wetlands. Along with an additional 100 acres in Seal Beach, more than 200 acres of the wetlands are now in public hands for the first time in more than a century.

The Port of Long Beach

Celebrating its centenary in 2011, the Port of Long Beach and its adjacent neighbor, the Port of Los Angeles, combine to form one of the largest and busiest seaports in the world, ranking with such international hubs as Singapore, Hong Kong, and Shanghai. The Port of Long Beach is responsible for 30,000 jobs in the City itself and 316,000 jobs in the five county Southern California region. Nationally, 1.4 million jobs throughout the United States are related to Long Beach-generated trade.

As a stark indicator of the global recession, the Port of Long Beach suffered precipitous declines in outbound and inbound cargo volumes from 2008 to 2009, but recent statistics point to a strong rebound as the worldwide economy recovers. In 2010, the port handled almost $150 billion in imports and exports, including 6.26 million 20-foot equivalent containers (TEUs), a 23.7 % increase over 2009. This represents the largest year-to-year increase in the port's 100-year history.

In addition to its leadership role as an economic engine, the port has also resolved to become the most environmentally committed port facility in the world. Through the Green Port Policy adopted by the Board of Harbor Commissioners, the port is taking the necessary steps to protect wildlife habitat, improve air and water quality, clean soil and undersea sediments, and create a sustainable port culture.

Long Beach Airport - LGB

Long Beach Airport, enhanced by its convenient location, ease of accessibility and the art deco charm of its historic terminal building, continues to be an increasingly popular venue for airline passengers traveling to and from Southern California. After a slight decline in passenger volumes from 2008 to 2009, the airport resumed its pattern of growth in 2010. Total enplanements grew by 2.1% to 2,970,609.

Six airlines offer direct flights from Long Beach Airport to destinations throughout the United States facilitating convenient domestic and international connections. Airlines departing Long Beach Airport fly nonstop to major hubs across the country including Chicago, Boston, San Francisco, New York, Denver, Seattle, and Washington, D.C. The airport currently hosts Alaska/Horizon Airlines, Delta Air Lines, Jet Blue Airways, U.S. Airways, Allegiant Airlines, and Frontier Airlines. In 2010, construction continued on a new parking structure that is projected to be completed on schedule and within budget. Finally, years of planning, inclusive of all community stakeholders, culminated in the December 2010 groundbreaking for a new boarding lounge and concession area.

Undaunted by the Past, Confident in the Future

Long Beach Mayor Bob Foster summarized recent history when he said, "We have weathered a great storm and been tested and tempered by hard times." He also noted that the fundamental strengths of the City remain intact: its prime coastal location and nationally enviable climate, enthusiastic and diverse residents, access to honored institutions of learning, and the means to generate economic growth.

The challenges facing City management, employees, and residents remain the same:

- Ensuring that the City will be a safe community for all its neighborhoods.
- Maintaining a commitment to sustainability and environmental consciousness.
- Facilitating a continued focus on the lives and education of the City's youth.
- Encourage economic opportunities that are available to all.
- Affirm that government will be responsive, transparent, and accountable.

The knowledge that these goals can and will be achieved will confidently guide all participants as they face the challenges of the future.

Cash Management Policies and Practices

To maintain flexibility in cash management, the City employs a pooled cash system (see Note 4 to the Basic Financial Statements in the Financial Section). Under the City's pool, all available cash is invested daily in various securities, while maintaining reasonable liquidity to meet maturing obligations and maximizing returns through the use of competitive rate comparisons from various investment sources. The City is also pleased to announce that the City's investment pool continues to be rated as AAA by the Standard and Poor's rating agency signaling the safety and low risk of the portfolio.

Risk Management

The City is self-insured for workers' compensation and tort liability. While the City has accumulated funds in the City's Insurance Internal Service Fund to meet losses as they arise, additional contributions will soon be necessary to meet potential future liabilities. 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 16 to the Basic Financial Statements in the accompanying Financial Section of this report.

Debt Administration

During fiscal year 2010, the City and its agencies issued approximately $536.9 million in debt as follows:

Fund / Agency	Amount (millions)	Purpose
General Fund	$ 55.1	Tax Revenue Anticipation Notes
Redevelopment	34.0	Tax Allocation Bonds
Harbor	200.8	Harbor Revenue Bonds
Harbor	158.1	Harbor Refunding Bonds
Water	22.7	Water Refunding Bonds
Airport	61.4	Airport Revenue Bonds
Airport	4.8	Airport Commercial Paper
	$ 536.9	

The Tax Revenue Anticipation Notes were issued in October 2009 to meet the cash flow needs of the City's General Fund and were repaid before the fiscal year ended. General Fund revenues, mostly from tax receipts, were accumulated to pay off the notes.

More detailed information about the debt position of the City is reported in Notes 8 through 12 of the Notes to the Basic Financial Statements in the accompanying Financial Section of this report as well as in the Schedules of Debt Capacity 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. 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 annually by CalPERS. The City's funding policy is to make contributions as determined by CalPERS.

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

The City also provides post retirement health care benefits under the provisions of the City's Personnel Ordinance where upon retirement from the City, retirees, their spouses, and eligible dependents are allowed to use the cash value of the employee's accumulated unused sick leave to pay for health, dental, vision, short- and long-term disability, and long-term care insurance under the City's Retired Employees' Health Insurance Program. As of September 30, 2010, there were 561 participants in this program. Consistent with Governmental Accounting Standards Board (GASB) statement for *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*, requirements (GASB No. 45), the City hired an independent actuarial firm to analyze and calculate the City's unfunded accrued actuarial liability for these other post employment benefits. The results of this study have been presented to the City Council's Budget Oversight Committee as part of implementing GASB No. 45 during fiscal year 2008.

Additional information on the pension arrangements and post employment health care benefits can be found in Notes 14 and 15 of the Notes to the Basic Financial Statements in the accompanying Financial Section of this report.

Independent Audit

Section 803 of the City Charter requires the City Auditor, at least once in each fiscal year, to audit the financial 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 for the audit of the City's Basic Financial Statements for the fiscal year ended September 30, 2010. The Independent Auditors' report has been included in this report.

Certificate of Achievement

For the third year in a row the Government Finance Officers Association (GFOA) of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

PATRICK H. WEST
CITY MANAGER

DAVID NAKAMOTO
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

Directory of City Officials
As of September 30, 2010

Bob Foster
Mayor

Suja Lowenthal
Vice-Mayor
2nd District

Robert Garcia
Councilmember
1st District

Dee Andrews
Councilmember
6th District

Gary DeLong
Councilmember
3rd District

James Johnson
Councilmember
7th District

Patrick O'Donnell
Councilmember
4th District

Rae Gabelich
Councilmember
8th District

Gerrie Schipske
Councilmember
5th District

Steven Neal
Councilmember
9th District

Elected Department Heads

City Attorney	Robert E. Shannon
City Auditor	Laura Doud
City Prosecutor	Douglas P. Haubert

Appointed by Council or Commission

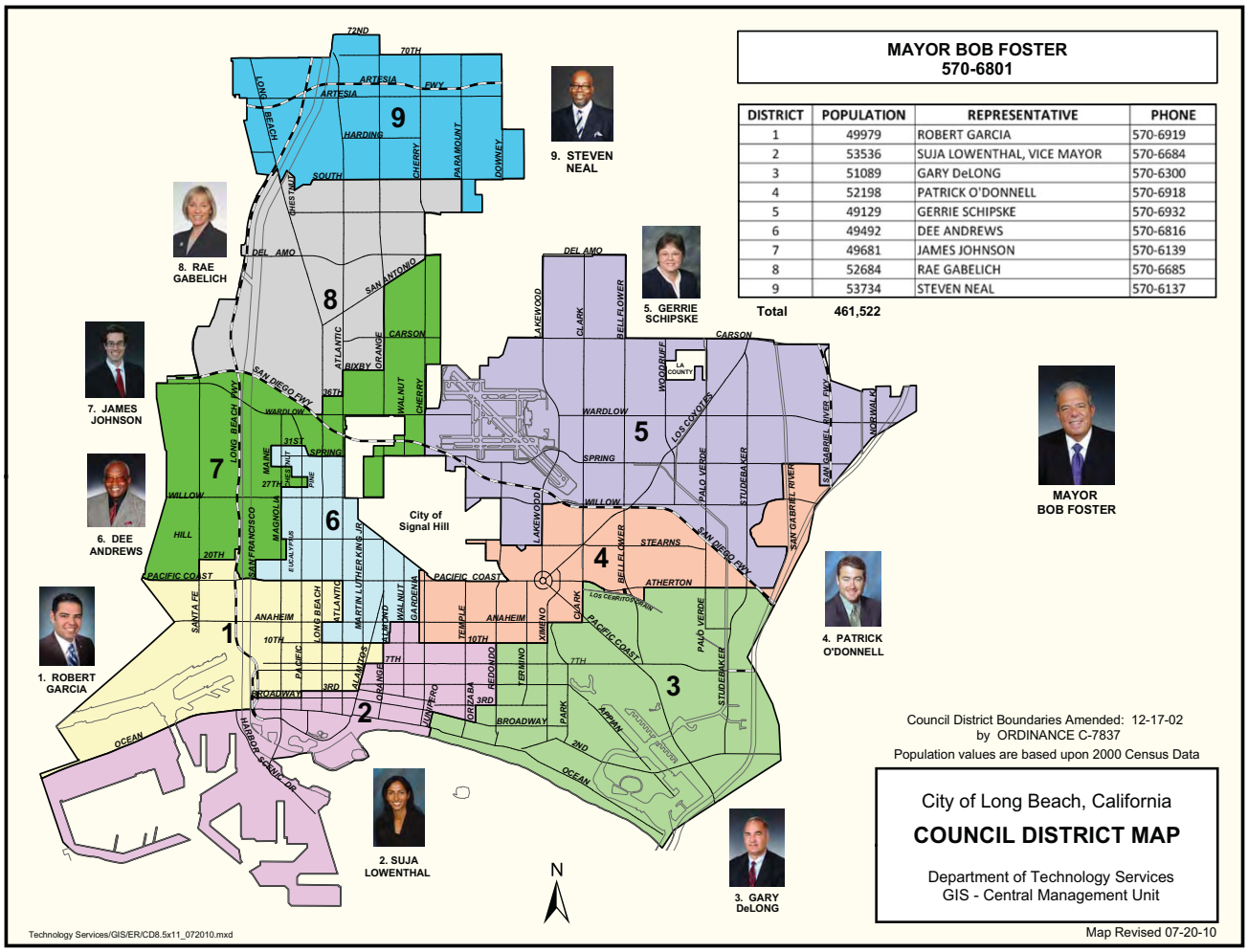
City Clerk	Larry Herrera
Executive Director - Civil Service	Mario R. Beas
Executive Director - Harbor	Richard D. Steinke
General Manager - Water	Kevin L. Wattier

City Manager
Patrick H. West

Assistant City Manager
Suzanne Frick

Deputy City Manager
Reginald I. Harrison

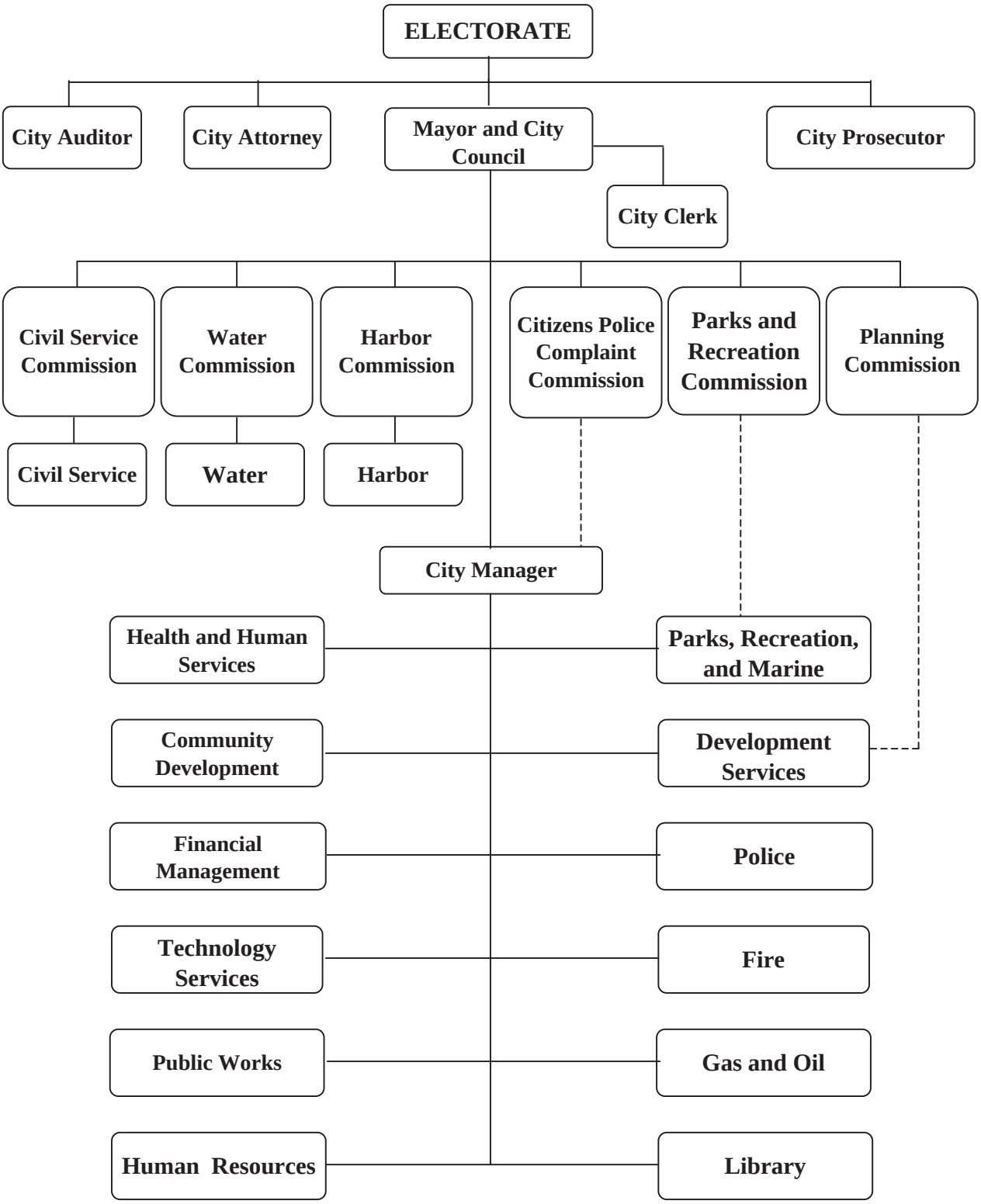
Director of Community Development	Dennis Thys
Director of Financial Management	Lori Ann Farrell
Director of Health and Human Services	Ronald Arias
Director of Human Resources	Suzanne R. Mason
Director of Library Services	Eleanore Schmidt
Director of Long Beach Gas and Oil	Christopher J. Garner
Director of Parks, Recreation and Marine	Phil T. Hester
Acting Director of Planning and Building	Reginald I. Harrison
Director of Public Works	Michael P. Conway
Director of Technology Services	Curtis Tani
Fire Chief	Alan Patalano
Chief of Police	Jim McDonnell



DISTRICT	POPULATION	REPRESENTATIVE	PHONE
1	49979	ROBERT GARCIA	570-6919
2	53536	SUJA LOWENTHAL, VICE MAYOR	570-6684
3	51089	GARY DeLONG	570-6300
4	52198	PATRICK O'DONNELL	570-6918
5	49129	GERRIE SCHIPSKE	570-6932
6	49492	DEE ANDREWS	570-6816
7	49681	JAMES JOHNSON	570-6139
8	52684	RAE GABELICH	570-6685
9	53734	STEVEN NEAL	570-6137
Total	461,522		

LONG BEACH CITY GOVERNMENT
ORGANIZATIONAL CHART

As of September 30, 2010



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Long Beach California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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President

Executive Director

FINANCIAL SECTION

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, 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, 2010, 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. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us and, our opinion, insofar as it related to the amounts included for the discretely presented component unit, is based solely on the report of the other audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the 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, 2010, and the respective changes in financial positions and, where applicable, cash flows thereof and the respective budgetary comparisons for General Fund, and the Housing Development 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 reports dated April 25, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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 or on compliance. The reports is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The information in the Management's Discussion and Analysis on pages 3 to 27 and the schedules of the funding progress on pages 135 and 136, is not a required part of the financial statements, but is 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 this information. However, we did not audit this information, and accordingly, we express no opinion on it.

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

KPMG LLP

April 25, 2011

MANAGEMENTS DISCUSSION AND ANALYSIS

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As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

Financial Highlights

Government-wide Basis:

- The assets of the City exceeded its liabilities as of September 30, 2010 by $4.1 billion (*net assets*). Of this amount, $840.4 million may be used to meet the government's ongoing General Fund, grant, 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 increased by $162.3 million, reflecting a $166.8 million increase in net assets for business-type activities and a $4.5 million decrease in net assets for governmental activities.
- The City's total long-term liabilities, including such items as bonds, notes, leases payable, accrued self-insured claims, and retiree benefits, decreased by $9.4 million, or 0.4 percent, during the fiscal year. The change reflects a $26.4 million decrease for business-type activities offset by a $16.9 million increase for governmental activities.

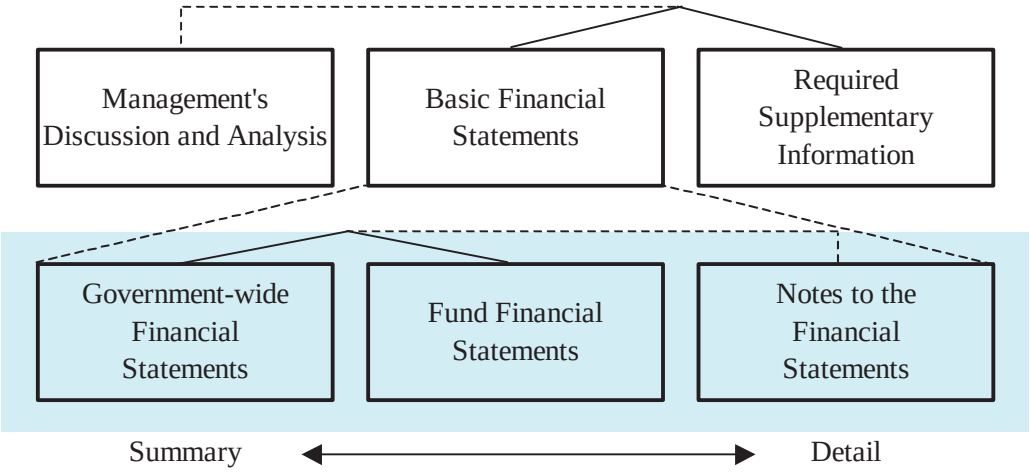
Fund Basis:

- As of September 30, 2010, the City's governmental funds reported a deficit unreserved fund balance of $64.6 million. The governmental funds, excluding the General Fund, reported combined unreserved deficit fund balances of $100.3 million. The deficit fund balance primarily results from the requirement to reserve fund balance for land held for resale, debt service, future capital projects, and non-current receivables totaling $364.6 million in the Redevelopment Agency of the City of Long Beach's (Agency) Capital Projects Fund and $54.3 million in the Housing Development Fund. $87.5 million in fund balances designated for subsequent years' appropriations helps to offset the Agency's Capital Projects Fund deficit fund balance.
- As of September 30, 2010, the unreserved fund balance for the General Fund was $35.7 million, or 9.3 percent of total General Fund expenditures and is equal to the current $26.7 million Emergency Reserve plus the $9.0 million Budget stabilization Reserve. In total, the fund's fund balance decreased $11.7 million primarily resulting from the State's borrowing of $10.8 million of the City's property tax revenues.
- As of September 30, 2010, the unreserved fund balance for the Agency's Capital Projects Fund was deficit $187.8 million. The deficit fund balance primarily results from the requirement to reserve fund balance for land held for resale, debt service, future capital projects, and non-current receivables totaling $364.6 million in the fund.
- As of September 30, 2010, the unreserved fund balance of the Housing Development Fund was $24.2 million, or 103.3 percent of total fund expenditures. As compared to the prior fiscal year, unreserved fund balance decreased by $17.0 million, primarily resulting from the increase in the reserve for long-term receivables related to a loan made to the Agency for the State's Supplemental Educational Revenue Augmentation Fund (SERAF) transfer.

Overview of the Financial Statements

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

REQUIRED COMPONENTS OF THE ANNUAL FINANCIAL REPORT



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 on 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 legislative and legal, general government, public safety, public health, community and cultural, public works, and City oil operations. Business-type activities include those related to gas, water and sewer utilities, airport and solid waste management operations, towing, tidelands, marina and Rainbow Harbor area operations, as well as tidelands oil revenue operations and the Port of Long Beach (the Harbor).

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate transportation company for which the City is the sole stakeholder and, therefore, has authority to affect the company. Financial information for this

component unit is reported separately from the financial information presented for the primary government itself. Also included in the governmental activities of the government-wide financial statements are the Housing Authority of the City of Long Beach, the Long Beach Housing Development Company, the Agency, 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, and the Long Beach Capital Improvement Corporation. Although legally separate from the City, these component units are blended with the primary government because of their close governance by, or financial relationships with, the City.

Fund financial statements: The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in Government Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Development Fund, and the Agency's Capital Projects Fund. Each is considered to be a major fund. 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 General Fund and major Special Revenue Funds are located in the basic financial statements.

Proprietary funds: Proprietary funds are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. Proprietary funds provide the same type of information contained in the business-type activities portion of the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds: enterprise and internal service.

- ***Enterprise funds*** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the gas and water utilities, solid waste management operations, tidelands operations, tideland oil revenue operations, and the Harbor, all of which are classified as major funds. The City also reports enterprise operations for the sewer 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 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; and the City's risk management and self-insurance programs, including workers' compensation and general liability, compensated absences, payroll taxes, and health and retirement benefits. Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into governmental activities in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements in the Additional Financial Information section of this report.

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

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

Other Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. The combining statements referred to above in connection with non-major governmental funds and internal service funds are presented in the Required Supplementary Information and Other Supplementary Information section, along with information regarding capital assets.

The following table provides a summary of the significant features of the financial statements as well as insight into how the information is compiled for statement presentation:

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire Entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services.	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of other entities or groups.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus; except agency funds which do not have a measurement focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Current assets and liabilities that come due during the year or soon thereafter. Excludes capital assets and long-term debt.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets held in trustee or agency capacity for others.
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during the year or soon thereafter; expenditures when goods and services have been received and the related liability is due and payable.	All revenues and expenses during year regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-Wide Financial Analysis

Analysis of Net Assets: Net assets may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, the City reported positive net assets balances for both governmental and business-type activities, with total assets exceeding liabilities by $4.1 billion.

Below are the three components of net assets and their respective fiscal year-end balances:

- **Invested in capital assets net of related debt:** At September 30, 2010, invested in capital assets net of related debt represents 56.9 percent, or $2.4 billion, of the City's total net assets compared to 54.2 percent, or $2.2 billion, at September 30, 2009. The component consists of capital assets (land and easements, structures and improvements, infrastructure, and equipment) net of accumulated depreciation reduced by debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- **Restricted net assets:** At September 30, 2010, restricted net assets account for 22.9 percent, or $949.4 million, of the City's total net assets compared to 16.5 percent, or $657.1 million, at September 30, 2009. This component of net assets represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets:** At September 30, 2010, unrestricted net assets account for 20.3 percent, or $840.4 million, of the City's total net assets compared to 29.3 percent, or $1.2 billion, at September 30, 2009. Restricted net assets may be used to meet the City's ongoing obligations to citizens and creditors. Total unrestricted net assets at September 30, 2010 is composed of a $157.3 million from governmental activities and $683.1 million from business-type activities compared to $185.3 million from governmental activities and $982.1 million from business-type activities for the prior year.

Net Assets
September 30, 2010 and 2009
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and Other Assets	$ 1,131,117	$ 1,086,313	$ 2,526,375	$ 2,395,556	$ 3,657,492	$ 3,481,869
Capital Assets	692,544	698,735	3,325,179	3,168,831	4,017,723	3,867,566
Total Assets	1,823,661	1,785,048	5,851,554	5,564,387	7,675,215	7,349,435
Liabilities:						
Current Liabilities	368,479	342,279	607,734	461,040	976,213	803,319
Noncurrent Liabilities, Net	781,022	764,106	1,772,849	1,799,200	2,553,871	2,563,306
Total Liabilities	1,149,501	1,106,385	2,380,583	2,260,240	3,530,084	3,366,625
Net Assets:						
Invested in Capital Assets, Net of Related Debt	170,432	203,709	2,184,850	1,954,565	2,355,282	2,158,274
Restricted	346,412	289,658	603,007	367,477	949,419	657,135
Unrestricted	157,316	185,296	683,114	982,105	840,430	1,167,401
Total Net Assets	$ 674,160	$ 678,663	$ 3,470,971	$ 3,304,147	$ 4,145,131	$ 3,982,810

Change in Current Assets and Current Liabilities: Governmental activities current assets increased by $44.8 million, or 4.1 percent, as compared to fiscal year 2009 increase of $7.1 million, or 0.7 percent, and primarily resulted from a $19.1 million increase in property taxes receivable, of which $10.8 million is due to the long-term borrowing of property tax by the State, and a $22.4 million increase in non-pooled cash and cash equivalents. The increase in governmental activities current liabilities of $26.2 million, or 7.7 percent, primarily resulted from $7.4 million increase in accounts payable, a $9.7 million increase in deferred revenue related to a year-end accrual of tax increment receivable by the Agency, and a $8.6 million increase in accrued employee benefits.

The increase in business-type activities current and other assets of $130.8 million, or 5.5 percent, primarily resulted from the change in fair value of the gas prepay derivative instrument (see Note 13) of $179.1 million, a $54.3 million increase in the Airport's current assets as result of the issuance of bonds for the construction of a new parking facility offset by a $91.3 million decrease in Harbor cash primarily as a result of the redemption of the Harbor's 200A revenue Bonds. The decrease in non-current

liabilities of $26.4 million primarily resulted from the redemption of the Harbor's 2000A Revenue Bonds offset by the issuance of new debt by both the Harbor and the Airport. Further information concerning this activity can be found in Notes 9 through 11.

The following table provides information from the Statement of Activities of the City for the fiscal years 2009 and 2010:

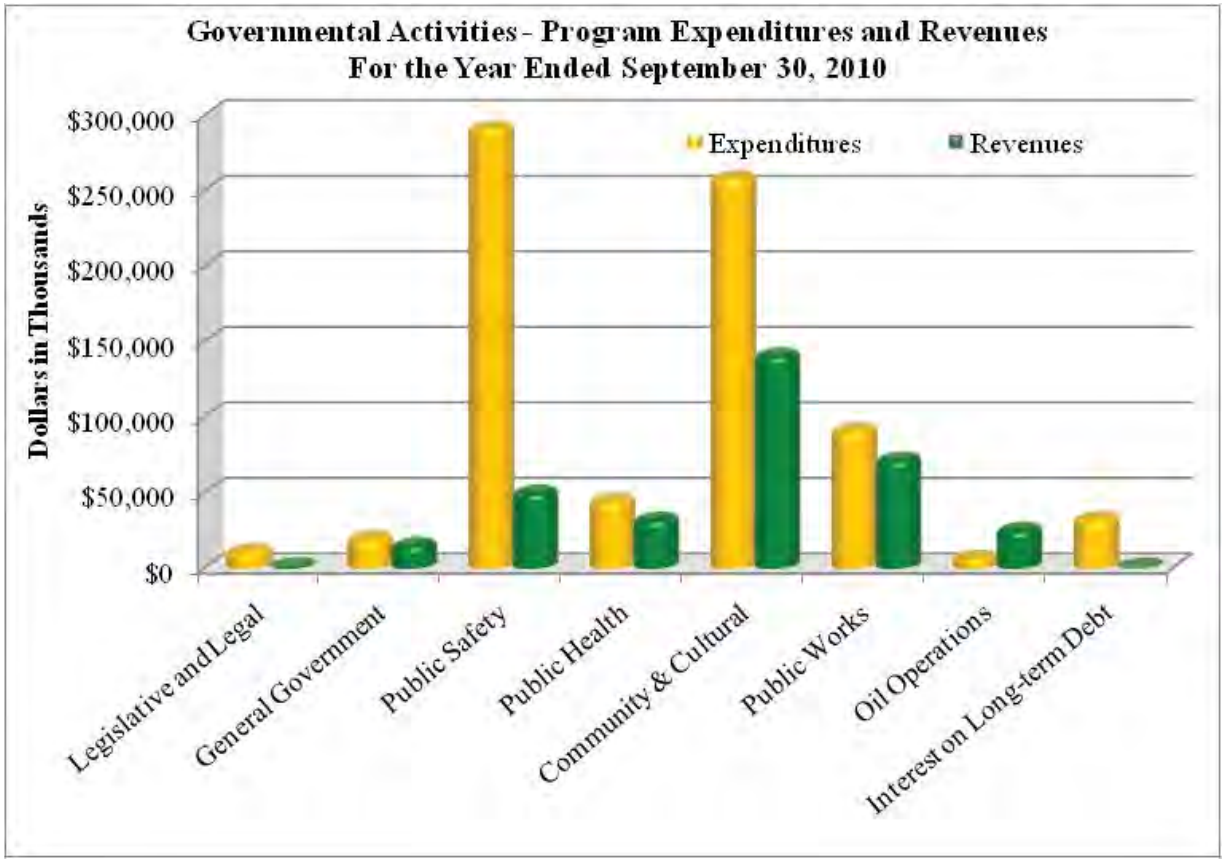
Changes in Net Assets
September 30, 2010 and 2009
(In Thousands)

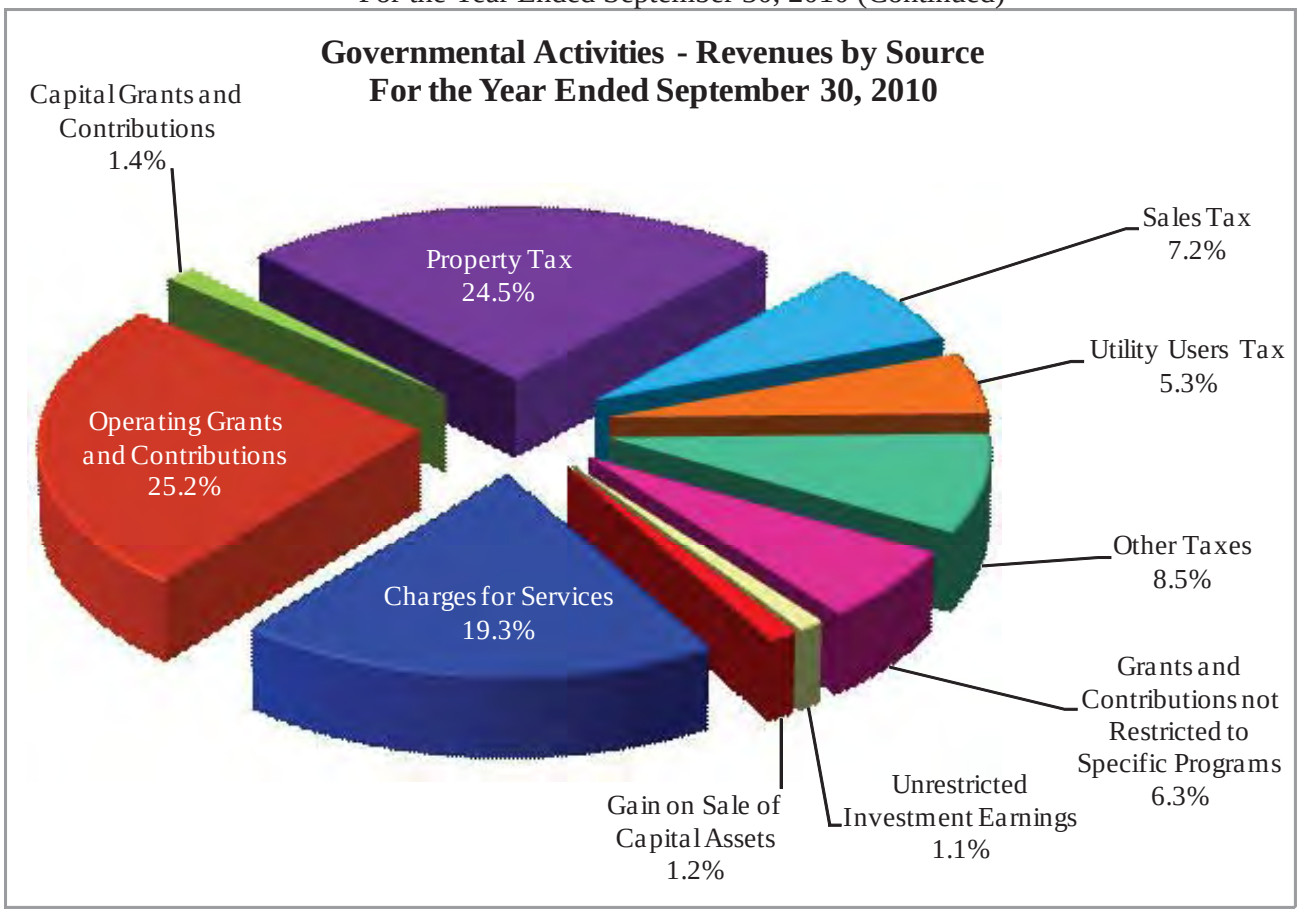
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	$142,051	$132,801	$1,029,931	$ 902,552	$1,171,982	$1,035,353
Operating Grants and Contributions	185,899	172,281	597	1,213	186,496	173,494
Capital Grants and Contributions	10,395	3,595	32,001	25,210	42,396	28,805
General Revenues:						
Taxes:						
Property	180,262	196,402	-	-	180,262	196,402
Sales	53,144	51,585	-	-	53,144	51,585
Utility Users	39,240	39,901	-	-	39,240	39,901
Other	62,889	61,250	-	-	62,889	61,250
Grants and Contributions Not Restricted to Specific Programs	46,058	48,364	-	-	46,058	48,364
Unrestricted Investment Earnings	7,837	14,712	14,554	26,890	22,391	41,602
Gain (Loss) on Sale of Capital Assets	8,539	(1,024)	-	-	8,539	(1,024)
Total Revenues	736,314	719,867	1,077,083	955,865	1,813,397	1,675,732
Expenses:						
Legislative and Legal	11,527	12,866	-	-	11,527	12,866
General Government	19,792	16,292	-	-	19,792	16,292
Public Safety	291,399	302,025	-	-	291,399	302,025
Public Health	44,731	47,134	-	-	44,731	47,134
Community & Cultural	258,512	227,772	-	-	258,512	227,772
Public Works	91,375	95,354	-	-	91,375	95,354
Oil Operations	6,923	8,004	-	-	6,923	8,004
Interest on Long-Term Debt	32,744	35,831	-	-	32,744	35,831
Gas	-	-	77,531	90,364	77,531	90,364
Water	-	-	71,442	76,895	71,442	76,895
Sewer	-	-	14,607	13,224	14,607	13,224
Airport	-	-	37,762	32,113	37,762	32,113
Solid Waste Management	-	-	71,632	83,245	71,632	83,245
Towing	-	-	8,916	7,883	8,916	7,883
Tidelands	-	-	117,071	124,711	117,071	124,711
Tideland Oil Revenue	-	-	276,850	178,636	276,850	178,636
Harbor	-	-	218,262	225,991	218,262	225,991
Total Expenses	757,003	745,278	894,073	833,062	1,651,076	1,578,340
Increase (Decrease) in Net Assets before Transfers	(20,689)	(25,411)	183,010	122,803	162,321	97,392
Capital Assets Transfers	(101)	(1,337)	101	1,337	-	-
Transfers	16,287	19,601	(16,287)	(19,601)	-	-
Total Change in Net Assets	(4,503)	(7,147)	166,824	104,539	162,321	97,392
Net Assets, Beginning of Year	678,663	685,810	3,304,147	3,199,608	3,982,810	3,885,418
Net Assets - October 1	$674,160	$678,663	$3,470,971	$3,304,147	$4,145,131	$3,982,810

Analysis of Changes in Net Assets: The City's total net assets increased by 4.1 percent, or $162.3 million, during fiscal year 2010 compared to the prior year's increase of 2.5 percent, or $97.4 million. The change is the result of a decrease in governmental activities net assets of $4.5 million and an increase in business-type net assets activities of $166.8 million (which includes an increase related to Harbor activities of $120.2 million). The prior year change consisted of a $7.1 million decrease in net assets in governmental activities offset by a $104.5 million increase in business-type activities. The change in net assets consists of program revenues and general revenues of $1.4 billion and $412.5 million, respectively, reduced by program expenses of $1.7 billion. Specific factors related to the change in net assets for governmental and business-type activities are found on pages 10 through 16**.**

Governmental activities: The following charts illustrate program expenses and revenues by function, and revenues by source. Public Safety is the largest function at 38.5 percent of total governmental expense, followed by Community and Cultural at 34.1 percent, Public Works at 12.1 percent, and Public Health at 5.9 percent. Property, sales, and other taxes, representing 45.6 percent of total governmental activities revenues, are general revenues used to support overall government functions and are therefore not shown as program revenues. Operating grants and contributions comprise 25.2 percent and charges for services 19.3 percent of governmental revenue.

Governmental activities decreased the City's net assets by $4.5 million, an improvement of $2.6 million from fiscal year 2009 net asset decrease of $7.1 million. The City's net transfers decreased by $3.3 million and program revenues increased $29.7 million as compared to the prior fiscal year. These improvements were offset by an increase in governmental activities expense of $11.7 million and a decrease in general revenues of $13.2 million.





- Property tax, including Agency property tax increment, decreased $16.1 million, or 8.2 percent, from the fiscal year 2009 increase of $23.2 million, or 13.4 percent. The decrease was primarily attributable to lower assessed values consistent with the decline in the real estate market. The current year percentage decrease was 16.2 percent in the General Fund, and 9.9 percent in both the Agency, and Housing Development Funds.
- Sales tax revenue increased by $1.6 million, or 3.0 percent, primarily from the Location Agreement Program (LAP). LAP is a revenue sharing program with retailers and distributors designed to attract new business and sales activity.
- Utility Users' tax decreased by $661 thousand, or 1.7 percent. The decrease, primarily in gas utility user taxes, was the result of a 35.5 percent decrease in the price of natural gas that ultimately lead to a reduction in the value of provided taxable services.
- Other tax revenue increased $1.6 million, or 2.7 percent and was primarily composed of increases in transient occupancy taxes, water and gas pipeline fees, and real estate property transfer tax revenue. Transient occupancy taxes increased $826 thousand reflecting a slight recovery from the effects of the sluggish economy. Pipeline fees increased $316 thousand and real estate property transfer tax decreased $85 thousand as the local economy showed sign of a recovery.
- Unrestricted investment earnings declined $6.9 million, or 46.7 percent, due to the lower investment rates available associated with the federal reserves attempts to bolster the economy.
- Charges for services increased $9.2 million, or 7.0 percent, reflecting the following:

- Legislative and Legal increased $598 thousand, or 226.5 percent, primarily due to reimbursement from Long Beach Unified School Districts and Long Beach Community College for election related charges. Elections are normally held every two years.
- Public Safety charges for services increased by $3.0 million, or 8.1 percent, primarily as a result of rate increases for hazardous material, ambulance fees and fire plan check fees.
- Public Health decreased $1.2 million, or 12.7 percent. The impact of diminished demand that resulted from business closures as well as a decrease in assigned staff led to a reduction in health inspections and related penalty fees. In addition, dog licenses and penalties also decreased. In fiscal year 2009, the City started a license canvassing program that enabled the City to not only collect license fees but past-due penalties as well. Past-due penalty collection leveled off in fiscal year 2010.
- General Government, Community and Cultural, and Public Works revenue remained relatively flat with increase of $289 thousand, a decrease of $136 thousand and an increase of $182 thousand, respectively.
- Oil operations revenue in the City's uplands oil extraction area increased by $6.5 million, 34.4 percent, over the prior year. The average price per barrel in fiscal year 2010 was $71.54 representing an increase of $22.08 as compared to the fiscal year 2009 per barrel average of $49.46.

▪ Operating grants and contributions increased by $13.6 million, or 7.9 percent, primarily resulting from:

- Public Safety operating grants and contributions decreased $2.9 million, or 22.5 percent, as result of decreases in Federal funding for the Urban Areas Security Initiative Grant and State reimbursements related to the provision of City provided fire department assets and personnel for fighting California wildfires. Fiscal year 2009 was an extraordinary year with many large lengthy fires throughout the state.
- Public Health operating grants and contributions increased by $1.2 million, or 5.5 percent, primarily due to a $3.5 million increase in federal grant funding offset by decreases in State, county, and private association grants. Increased claims in federal grants, due to American Recovery and Reinvestment Act (ARRA) funding, included the Woman, Infant, Children, Homeless Supportive Housing, Lead Base Hazardous Housing programs, and HUD Healthy Homes initiatives.
- Community and Cultural operating grants increased by $8.4 million, or 8.0 percent, primarily due to ARRA federal grants including the summer Youth Employment Community Development Block Grant, Homeless Prevention, and Neighborhood Stabilization programs. In addition, fiscal year 2010 saw a shift of over $8.0 million from Home Investment Partnership Act funding to HUD Section 8 funding. HUD Section 8 included an increase in the voucher program that enables very low-income families, the disabled, and the elderly to get decent, sanitary, and safe private housing and the Veterans Affairs Supportive Housing Assistance Program of $7.9 million and $432 thousand, respectively.
- Public Works' operating grants and contributions increased $7.2 million, or 22.8 percent, primarily from an increase in sidewalk and street project funding from the ARRA Intermodal Surface Transportation Efficiency Act (ISTEA) and Measure R revenue of $9.5 million and $4.2 million, respectively, offset by a decrease in project funding from State grants and gas tax revenue of $4.2 million and $1.8 million, respectively.

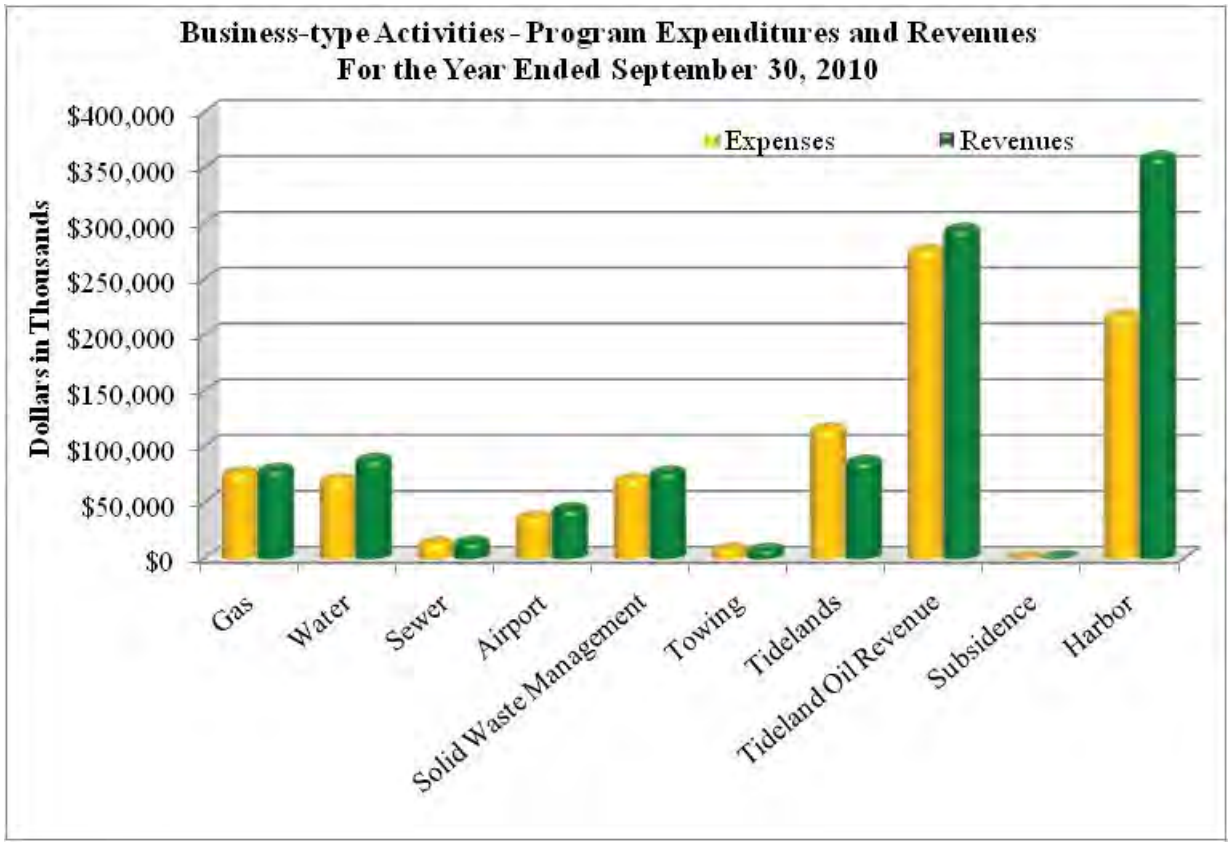
- Capital grants and contributions increased by $6.8 million, or 189.2 percent, reflecting:
  - Parks and Recreation capital grants and contributions increased $1.0 million due to increases in park impact fees and State, county, and private association grants.
  - Public Works' capital grants and contribution increased $5.2 million, or 239.1 percent, as a result of proceeds from the Belmont special assessments bonds used to enhance parking in the Belmont area, a contribution from Rancho Los Cerritos Foundation for the construction of a visitor center at the Rancho, an increases in ARRA clean water grant funding and State grants under Proposition 40, Proposition 50, and Proposition 12.

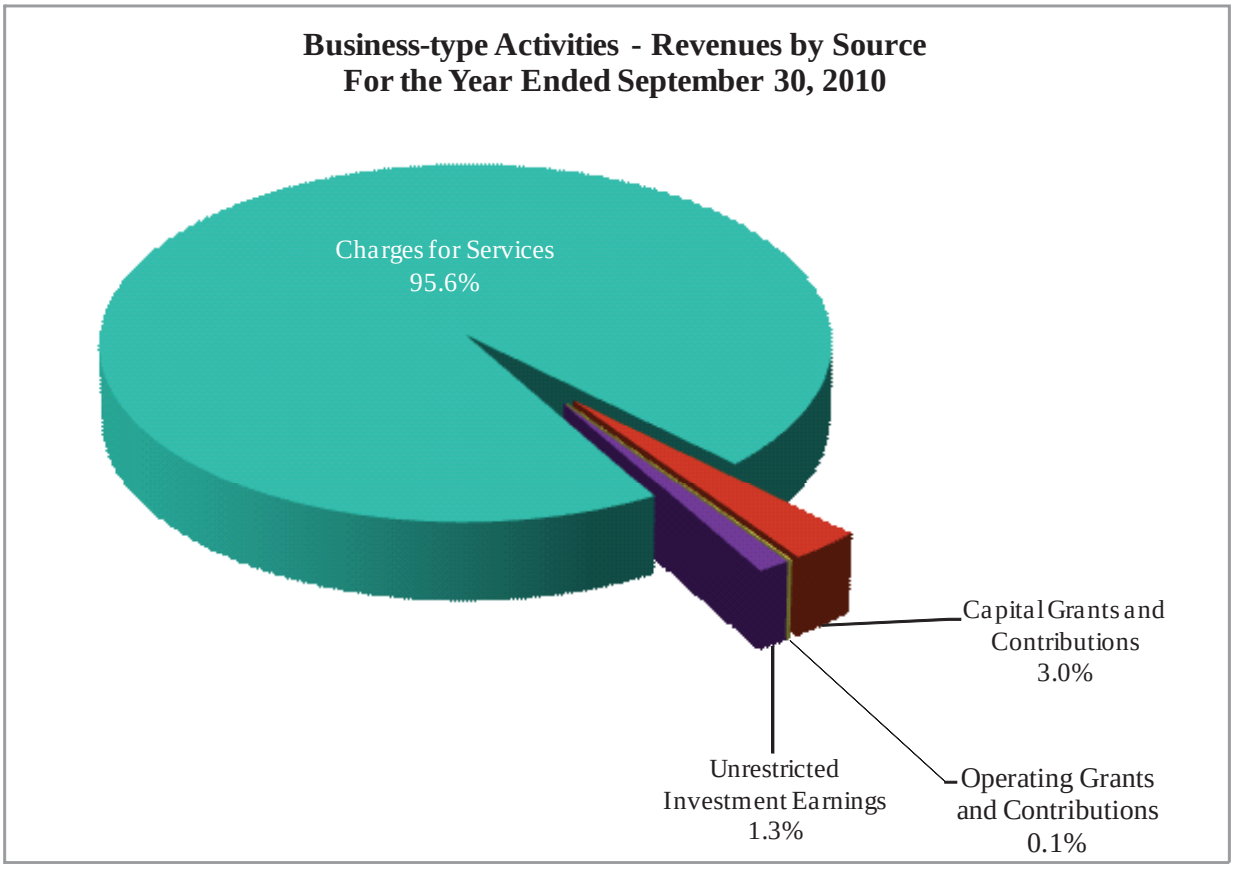
Governmental activities expenses increased by $11.7, or 1.6 percent, in fiscal year 2010. Details include:

- A decrease in Legislative and Legal expense of $1.3 million in fiscal year 2010 that was composed of a decrease in City Attorney expenses of $2.0 million due to the increased support for enterprise funds and the Agency and a decrease in the Mayor and City Council of $190 thousand. This was offset by an increase of $773 thousand for the City Clerk as fiscal year 2010 was an election year and, in addition to normal election year activities, the City Clerk conducted two special elections; one for a council position and one for the school district.
- General Government expenses increased $3.5 million, or 21.5 percent. While each department's expenses decreased as compared to the prior fiscal year, the year ended with a net increase due to a significant reduction in expense allocation through the indirect cost plan for all general fund functions. This decrease in expense allocation primarily resulted from direct billing and reduced allocable costs as departments strive to meet their reduced budgets. In addition, non-departmental expense increased due to the LAP.
- Public Safety expenses decreased by $10.6 million, or 3.5 percent, as a result of a reduction in allocable internal service costs. These costs include vehicle maintenance, liability insurance, and information technology support services. This was offset by an increase in police and fire labor costs, net of labor cost transfers to proprietary funds, of $1.9 million and $625 thousand, respectively.
- Public Health expenses decreased by $2.4 million, or 5.1 percent, primarily due to the downsizing and/or elimination of various programs, including rehabilitation and prenatal, in March and September of fiscal year 2009 as a result of cuts in State funding. Program reductions were in place for a full year in fiscal year 2010. Departmental expense decreases were augmented by a reduction in allocable internal service costs.
- Community and Cultural expense increase of $30.7 million or 13.5% primarily resulted from the $29.5 million SERAF payment mandated by the State from the Agency's Capital Projects Fund.
- Public Works' expense decreased by $4.0 million, or 4.2 percent, and is attributed to a reduction in transportation projects funded by proposition A and C and allocable internal service costs. $638 thousand of the expense decrease relates to public work's proportionate share of a fiscal year 2009 consent judgment for civil penalties of $1.5 million and legal fees reimbursement of $200 thousand payable to State Water Resources Control Board for non-compliance with State Laws and regulation related to underground storage tanks.
- Oil operations expense decreased by $1.1 million, or 13.5 percent, reflecting the decrease in oil field abandonment cost while operational expense remained relatively flat with a decrease of $171 thousand.

- The decrease of $3.1 million, or 8.6 percent, in interest on long-term debt is attributed to normal debt service payments.

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





Business-type activities increased the City's overall net assets by $166.8 million, or 5.0 percent, accounting for the total growth in net assets. The fiscal year 2010 increase in business-type net assets is $62.3 million more than the 2009 fiscal year increase of $104.5 million. Key elements of the increase in fiscal year 2010 are:

- The Harbor's net assets increased by $120.2 million, or 5.0 percent. This increase was due to operating income and net non-operating revenue of $321.6 million and $18.7 million, respectively, offset by operating expenses of $ 184.6 million, representing virtually no change from the prior fiscal year. The Harbor's operating income increased by $9.4 million, or 7.4 percent, from last year, and is attributed to a $10.3 million, or 3.3 percent, increase in operating revenue. Transfers out increased $12.3 million to $30.5 million resulted from the acceleration of the annual 10 percent transfer to the Tidelands Fund from a two fiscal year delay to a single fiscal year delay. Two transfers were recorded in fiscal year 2010, one based on 2009 net income and one based on 2010 net income.

- Tideland Fund net assets increased by $23.4 million, or 10.5 percent. The increase resulted from a one-time additional $12.0 million, 10% of net income, transfer from the Harbor as result of a change to the City's charter, an increase of $6.3 million from the Tidelands Oil Fund per the revenue sharing agreement for the optimized water flood program, and $4.7 million primarily in ARRA grant revenue related to the Colorado Lagoon restoration project.

- Water Fund net assets increased by $18.3 million, or 7.5 percent. 87.6 percent of this increase was due to net operating income and non-operating income of $7.7 million and $8.3 million, respectively. $2.3 million, or 12.6 percent, is related to capital grants and contributions from the

state and federal governments for the seawater desalination project and developer contributions for infrastructure projects.

- Gas Utility Fund net assets decreased by $8.1 million, or 14.9 percent. The Gas Utility Fund income before contributions and transfers was $3.8 million offset by $11.9 million for operating transfers out.
- The $10.1 million, or 2.8 percent, increase in non-major business-type activities net assets represents a $9.5 million decrease from the prior fiscal year. The year-over-year combined decrease primarily resulted from a $7.9 million decrease in the Airport Fund, mostly from a $5.5 million decrease in capital grants and contributions, and a $1.7 million decrease in the Subsidence Fund as a result of $1.7 million reduction in revenues from investments.

Governmental Funds Financial Analysis

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

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *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, 2010, the City's governmental funds reported a combined ending fund balance of $519.4 million, a net decrease of $0.5 million over the prior year. This change is primarily the result of decreases in the General Fund and Housing Development Fund of $11.7 million and $714 thousand, respectively, offset by increases in the fund balances in the Agency's Capital Projects Fund and other non-major governmental funds of $1.8 million and $10.0 million respectively. Significant increases in other non-major governmental fund include the Community Development Grants Fund, the Upland Oil Fund, The Housing Assistance Fund, and the Transportation Fund of $1.5 million, $5.2 million, $1.5 million, and $1.3 million, respectively.

The assets of governmental funds increased by $79.1 million, or 7.4 percent, over the previous fiscal year. The increase was primarily attributable to a $23.1 million increase in non-pooled cash and cash equivalent, a $25.0 million increase in receivables, a $22.3 million in advances from other funds, and a $15.8 million increase in non-current receivables, offset by a 6.1 million decrease in pooled cash and cash equivalents, a $2.3 million decrease in accounts receivable, and a $2.6 million decrease in other assets. Significant changes in assets was primarily due to the issuance of new bonds, an increase in property tax receivable and advances to other funds due to the $10.8 million long-term borrowing of property tax by the State an increase in long-term receivable related to the developer assistance for retail improvements and rental units and 2nd mortgage assistance home improvement programs.

Governmental fund liabilities increased by $79.6 million, or 14.4 percent, over the prior fiscal year. The increase resulted from an increase of $36.5 million in deferred revenue, primarily related to the increases in property taxes receivable and long-term receivables, and an increase of advances from other funds of $34.8 million. $24.5 million of the increase related to an advance made to the Agency to assist in its SERAF payment to the State, and $10.8 million of the increase represents a State authorized loan from the Subsidence Fund related to the State's borrowing of property taxes.

Of total fund balance, the net unreserved fund balance is deficit of $64.6 million, down approximately $43.8 million from the previous fiscal year's net unreserved fund balance of deficit of $20.8 million. With the exception of the Agency's Capital Projects Fund, all other governmental funds reported

positive unreserved fund balance aggregating to $123.2 million. The Agency's Capital Projects Fund reported a net unreserved fund balance deficit of $187.8 million. The deficit fund balance primarily results from the requirement to reserve fund balance for land held for resale, debt service, future capital projects, encumbrances, and non-current receivables totaling $364.6 million in the fund. Total fund balance for the Agency Capital Projects Fund is $176.8 million. The General Fund's unreserved ending fund balance at September 30, 2010 totaled a net $35.7 million and is equal to the current $26.7 million Emergency Reserve plus the $9.0 million Budget stabilization Reserve.

The *reserved* fund balance classification indicates funds committed for: (a) non-current receivables including long-term advances to other funds ($193.6 million) that are not available to spend; (b) reserves for land held for resale ($196.3 million) that are not available to spend; (c) asset seizure funds restricted by law ($3.6 million); (d) commitments for contracts and purchase orders ($8.5 million); (e) future capital projects and special programs ($68.3 million); (f) required bond reserves to pay debt service ($108.1 million); and (g) other restricted purposes including a reserve for estimated oil field abandonment ($5.5 million).

Long-term advances due from other funds are recorded as fund balance reserved for non-current receivables. The long-term advances due from other funds (e.g., loan to the Agency) have no specified repayment date; therefore, the General Fund has reserved fund balance in the amount of $104.6 million. 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 $35.7 million represents 9.3 percent of total General Fund expenditures of $383.7 million.

The General Fund's fund balance decreased by $11.7 million during fiscal year 2010, a swing of $13.0 million when compared to the 2009 fiscal year increase of $1.3 million. Revenue decreased $14.3 million; $10.8 million of this decrease resulted from the State's borrowing of property tax. Total expenditures decreased $277 thousand and were composed of a decrease in debt-related expenditures of $6.3 million offset by an increase in non-debt-related expenditures of $6.1 million. Other financing sources had an increase of $1.1 million inclusive of an increase in debt proceeds of $988 thousand.

General Fund Revenues and Other Financing Sources

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

General Fund Revenues and Other Financing Sources
September 30, 2010 and 2009
(In Thousands)

Revenues and Other Financing Sources	Fiscal Year 2009-10	Percentage of Total	Fiscal Year 2008-09	Percentage of Total
Taxes	$ 202,823	53.9%	$ 213,021	54.8%
Licenses and Permits	16,759	4.4%	12,910	3.3%
Fines and Forfeitures	17,042	4.5%	19,501	5.0%
Use of Money and Property	16,872	4.5%	20,258	5.2%
From Other Agencies	46,501	12.4%	49,464	12.7%
Charges for services	27,290	7.2%	27,052	7.0%
Other Revenue	7,744	2.1%	7,152	1.9%
Other Financing Sources	41,326	11.0%	39,025	10.1%
	$ 376,357	100%	$ 388,383	100%

- Tax revenue decreased by $10.2 million. Property tax decreased by $12.8 million, due to the State's long-term borrowing of $10.8 million and a decrease in assessed values. The State is required to pay back the borrowed property taxes during June of 2013. In addition, utility users taxes and pipeline franchise receipts decreased $661 thousand and $1.2 million, respectively, primarily due to decreased consumption in response to the distressed economy. These decreases were offset by an increase in sales tax, $12.8 million, and transient occupancy tax, $268.6 thousand, both primarily resulting from the increased consumer activity related to the economy beginning to rebound from its bottom.

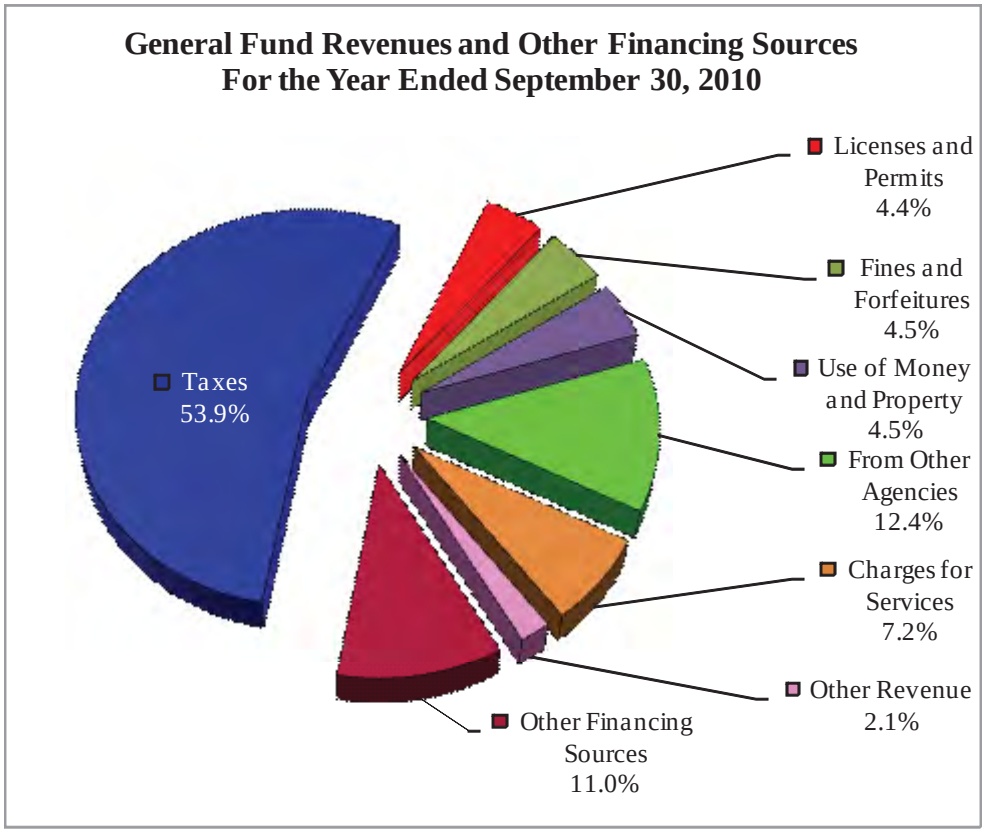
- Licenses and permits increased $3.9 million. $1.4 million of the increase is attributed to an increase in the year-over-year rate of collections for emergency ambulance fees, $1.2 million from the new solid waste hauler permit fees, and $922 thousand in fire plan check fees.

- Fines and forfeitures decreased $2.5 million and resulted primarily from a $2.1 million decrease in revenue from the issuance of parking citations and a $340 thousand decrease in vehicle code fines. The decrease in the issuance parking citations resulted from greater compliance with City parking restrictions.

- The use of money and property decrease of $3.4 million is attributed to the low yields available from authorized investments as specified by the City's investment policy.

- Revenue from other agencies decreased by a net $3.0 million primarily due to decreases in Property Tax in-lieu-of Vehicle License Fee revenue of $1.2 million and a decrease in reimbursements for State-mandated program costs of $1.2 million.

- Other financing sources increased $1.3 million primarily from a $988 thousand resulting from a lease agreement for new ambulances whereby the City has unspent proceeds from the lease as the City is pending final delivery of the ambulances.



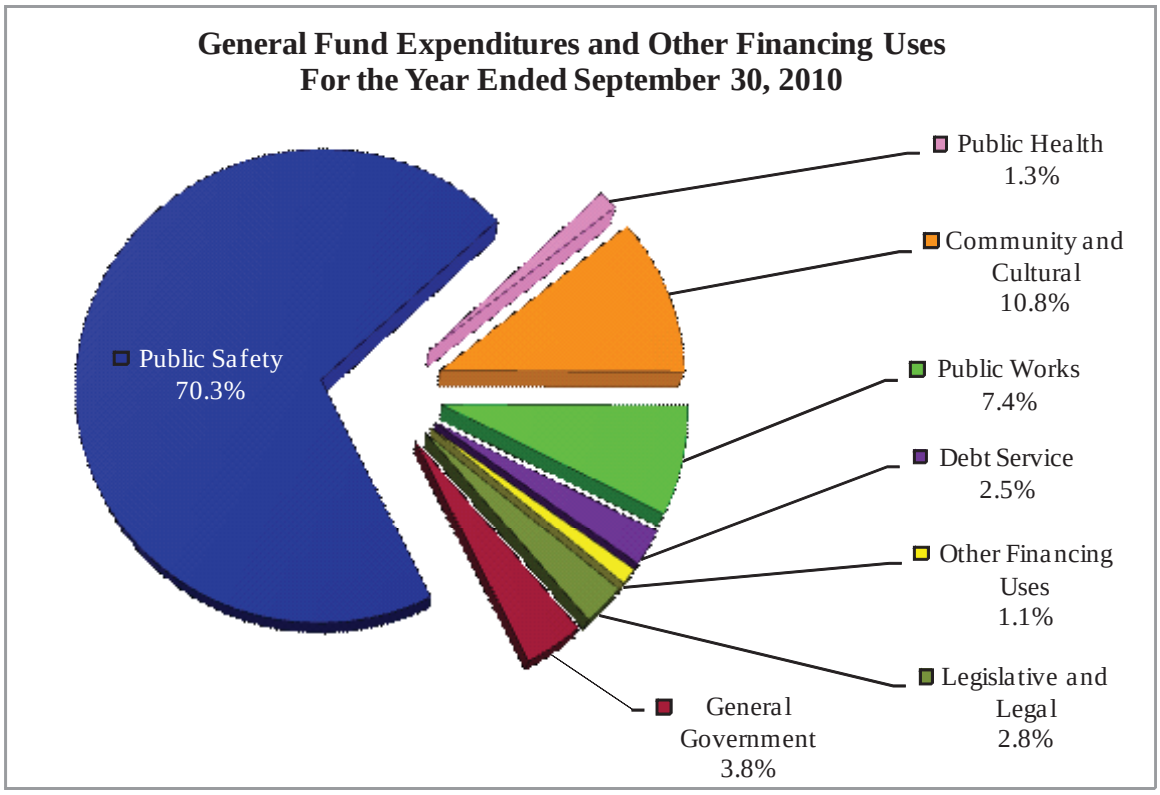
General Fund Expenditures

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

General Fund Expenditures and Other Financing Uses
September 30, 2010 and 2009
(In Thousands)

Expenditures and Other Financing Uses	Fiscal Year 2009-10	Percentage of Total	Fiscal Year 2008-09	Percentage of Total
Legislative and Legal	$ 10,806	2.8%	$ 11,649	3.0%
General Government	14,772	3.8%	9,037	2.3%
Public Safety	272,905	70.3%	269,085	69.6%
Public Health	5,132	1.3%	4,962	1.3%
Community and Cultural	41,844	10.8%	44,172	11.4%
Public Works	28,517	7.4%	29,017	7.5%
Debt Service	9,707	2.5%	16,038	4.1%
Other Financing Uses	4,328	1.1%	3,085	0.8%
	$ 388,011	100%	$ 387,045	100%

- Current expenditures and other financing uses increased by $966 thousand, or 0.2 percent, as compared to fiscal year's 2009 increase of $1.0 million, or 0.3 percent. In fiscal year 2010, Public Safety increased $3.8 million, primarily as a result of negotiated salary enhancements. General Government expenditures increased $5.7 from sales tax rebates from Location Agreement Program (a revenue sharing program) and as a result of a shift of indirect cost recovery to Legislative and Legal functional areas due to direct billing. Budget decreases furthered this impact due to lower general fund support costs to allocate. Community and Cultural expenditures decreased $2.3 million, primarily in non-personal-related expenditures, and included lower costs associated with the City place parking garage and a reduction in the support to Long Beach Museum of the Arts. Debt service decreased $6.3 million due to a reduction in the amount of regular scheduled debt service payments and other financing uses increased $1.2 million.



Other Major Governmental Funds

Other notable changes in major governmental funds include the following:

- The Housing Development Fund's currentexpenditures decreased $7.2 million, or 31.8 percent, in fiscal year 2010. This is primarily attributed to a decrease in second mortgage assistance programs and rehabilitation loans to property owners of $6.6 million and $418 thousand, respectively. Second mortgage assistance expense declined as program winded-down since funding for second mortgage assistance programs was depleted mid fiscal year 2010. Other changes include an increase in land transfers of $760 thousand, a decrease in transfers in of $6.7 million and an increase in operating transfers out of $670 thousand.

- The Agency's Capital Project total expenses increased $31.6 million or 57.0 percent primarily from the SEFAF payment to the State of $29.5 million listed as community and cultural expense. Other financing sources increased $29.0 million due to proceeds from the issuance of $33.0 million in new bonds and an increase in land transfer of $1.5 million offset by decreases in transfers in and transfer out of $1.7 million and $3.6 million, respectively.

Proprietary Funds Financial Analysis

Enterprise Funds: The enterprise funds' total net assets at September 30, 2010 totaled $3.5 billion. Total unrestricted net assets amounted to $705.8 million before the allocation of internal service fund activities. The total growth in net assets was $166.8 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 Tidelands, Tideland Oil Revenue, and Harbor Funds reported unrestricted net assets of $54.3 million, $2.3 million, and $607.3 million, respectively. The Water and Solid Waste Management Funds reported unrestricted net assets of $38.4 million and $49.6 million, respectively. The Gas Utility Fund reported a deficit unrestricted net assets of $53.9 million primarily as result of interest on debt service. The Solid Waste Management Fund reported a deficit in investment in capital assets net of related debt of $37.4 million due to the extension of the original repayment terms resulting from the refunding of the SERRF series 1995 lease revenue refunding bonds. Other business-type funds reported unrestricted net assets of $7.7 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 deficit net assets of $104.9 million and deficit unrestricted net assets of $172.9 million at September 30, 2010. The deficits result from deficit unrestricted net assets of $82.8 million in the Insurance Internal Service fund and $112.0 million in the Employee Benefit Internal Service Fund. It is the City's practice to bill City departments on a pay-as-you-go basis for functions performed by both funds. Therefore, the long-term portion of related liabilities associated with these funds are not fully funded. City management believes that, over the long-term, current and future billing rates are sufficient to remediate any net asset deficit. In addition, City management believes that the cash position of each fund is sufficient to cover the current costs related to health insurance, workers' compensation, and general liability claims.

Fiduciary Funds

The City maintains fiduciary funds for the assets of private purpose trust and agency funds including the Miller Trust Fund, the Mayor's Fund for the Homeless, and various agency funds held by the City as an agent for individuals, private organizations, and other governmental units. The private purpose trust funds are held in trust for the benefit of the Main Library Miller room staffing and books, and for homeless services expenditures, with net assets of $870 thousand and $104 thousand, respectively, at September 30, 2010.

General Fund 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.

The General Fund's final budgets for revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of $1.1 million from the original adopted budget consisting of additional appropriation for expenditures of $2.9 million enlarged by a decrease in revenue forecasts of $2.8 million covered by an increase in other financing sources of $4.7 million. As a result of negotiations with labor unions, agreeing to defer fiscal year 2010 general salary increases; the furlough program was

discontinued resulting in a $6.7 million reallocation across departments. Since furlough savings were offset by an increase in forecasted salaries and there was no net impact to the General Fund. Significant appropriation increases offset by corresponding revenue revision include the following:

- Non-departmental appropriation of $367 thousand for sales tax rebates per the LAP. LAP's are designed to attract new business, create jobs, and enhances sales tax revenue through revenue sharing with retailers and distributors.
- Fire appropriation increase of $135 thousand for overtime to backfill employees who left fire station to provide staffing at wild land fires. Appropriation is offset by reimbursement from the State.
- Police appropriation increase of $380 thousand to fund the Police cadet program, a youth intervention/prevention program, a software upgrade for the Narcotics Lab and as new server for the Crime Lab. Expenditure were offset by asset forfeiture revenue revisions.
- Parks and Recreation appropriation increase for the operating cost for the Rancho Los Cerritos historic site covered by the Rancho Los Cerritos Foundation donation of $49 thousand.

Significant appropriation increases using reserved and unreserved fund balance include the following:

- Police appropriation increase of $213 thousand for the north Long Beach PAL facility rent not covered by anticipated sublease. Prior revenue reserved from bus shelter advertising covered appropriation.
- Police appropriation increase of $459 thousand to implement memorandum of understanding with the Long Beach Police Officers Association to pay $500 annually to each permanent police officer for self-provided firearms. Appropriation was covered from release of prior asset forfeiture funds.
- Parks and recreation increase of $20 thousand for Cambodian Day Parade cost and Library services increase of $10 thousand to fund material and supplies. Both appropriations were covered by designated fund balance.

Budgeted revenue of $4.7 million was transferred from transient occupancy tax and oil production tax to operating transfers from the Agency's Capital Projects Fund and Upland Oil Special Revenue Fund, respectively, to align budget to the recording of the transactions. Further information is provided in Note 6 - Interfund Receivable, Payables, and Transfers.

The General Fund reflects a net negative ending fund balance variance of $11.6 million on a budgetary basis, which consists of unfavorable variances in revenue and expenditures of $21.6 million and $157 thousand, respectively, offset by a favorable variance in other financing sources of $10.2 million.

General Fund actual revenues were below budget for the most part across the board with unfavorable variances in property tax, sales tax, utility users tax, other taxes, fines and forfeitures, use of money and property, charges for services, and other revenue of $9.0 million, $188 thousand, $2.6 million, $4.7 million, $2.8 million, $1.3 million, $838 thousand, and $2.1 million, respectively. Forecasted property tax revenue took into account valuation adjustments, a decrease in supplemental property tax, and an increase in delinquencies; hence the variance of $9.0 million is primarily due the proposition 1A, which resulted in $10.8 million, or 8%, reduction of property tax allocated to the City by the State. Sales tax remained relatively flat, with the expected decline in the economy being offset by revenue enhancements from the Location Agreement Program (discussed on previous page). Utility users tax variance is primarily due to the conservation of electric, gas and water outpacing rate increases. The other taxes unfavorable variance is primarily due to a decrease in natural gas pipeline franchise fees and transient occupancy tax of $3.8 millions and a $383 thousand, respectively. The decline in pipeline

franchise fees is due to reduced volume and gas prices and transient occupancy tax is attributed to lower rooms rates and lower occupancy.

General Fund expenditures were less than budgeted. Of the total appropriations of $383.9 million, inclusive of debt service, approximately 0.04%, or $157 thousand, went unspent. There were no unusual variances.

General Fund other financing sources and uses had a favorable variance of $10.2 million. Operating transfer from Upland Oil special revenue fund for royalties due to the City was conservatively estimated at $40.00 per barrel. Actual average price per barrel in fiscal year 2010 was $71.540. This created a favorable variance of $7.0 million. The operating transfers in from Solid Waste Management Fund exceeded budget by $3.4 million primarily due to the transfer of tip fees differential to the General Fund. Additional information regarding these transfers can be found in Note 6.

Capital Assets 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 $4.0 billion, net of accumulated depreciation, representing an increase over the prior fiscal year of $150.2 million, or 3.9%. The change consists of a relatively small decrease for governmental activities of $6.2 million offset by an increase in business-type activities of $156.3 million. Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Capital Assets, Net of Depreciation
September 30, 2010 and 2009
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	$ 152,000	$ 142,711	$ 921,686	$ 921,562	$ 1,073,686	$ 1,064,273
Rights-of-way	81,334	81,334	209,689	209,689	291,023	291,023
Water Rights	-	-	40	-	40	-
Construction in Progress	24,382	17,325	448,708	252,838	473,090	270,163
Buildings	168,246	176,416	1,087,708	1,131,787	1,255,954	1,308,203
Improvements Other than Buildings	39,775	42,414	214,669	224,872	254,444	267,286
Infrastructure	180,210	185,280	419,953	408,574	600,163	593,854
Machinery and Equipment	12,680	15,255	15,842	14,521	28,522	29,776
Automotive	33,917	38,000	6,233	4,296	40,150	42,296
Patents	-	-	651	692	651	692
Total Net Capital Assets	$ 692,544	$ 698,735	$ 3,325,179	$ 3,168,831	$ 4,017,723	$ 3,867,566

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

- Governmental activities' net capital assets decreased 0.9 percent or $6.2 million and consisted of decreases in buildings, improvements other than buildings, infrastructure, machinery and equipment, automotive of $8.1 million, $2.6 million, $5.1 million, $2.6 million and $4.1 million, respectively, offset by increases in land and construction in progress of $9.3 million and $7.0 million, respectively.

- In fiscal year 2010, the City exchanged the public service yard on San Francisco Avenue, with a book value of $215 thousand, for approximately 37.77 acres of wetlands property with a fair market value of $9.7 million, previously owned by a limited liability corporation. The majority of the increase in land in governmental activities is due to this exchange.
- Governmental activities' construction in progress increased by $7.1 million as a result of ongoing projects, including the El Dorado Nature Center, the Rancho Los Cerritos Visitor Center, skate parks, and traffic mitigation infrastructure projects.
- Decreases in the remaining Governmental activities' asset categories are attributed to greater depreciation expense than asset additions. Significant asset additions include infrastructure – completion of storm drain projects, land improvement – completion of the Michael Green skate park project, and equipment for public safety and personal computer replacements.
- Business-type activities' net capital assets increased 4.9 percent or $156.3 million and consisted of increases in construction in progress, infrastructure, machinery and equipment and automotive of $195.9 million, $11.4 million, $1.3 million and $1.9 million, respectively, offset by decreases in building and improvement other than building of $44.0 million and $10.2 million, respectively.
- The Gas Utility Fund's capital assets increased by $5.3 million due to increased capacity as result of repair and replacement of aged existing gas pipelines.
- The Harbor Fund's capital assets increased by $150.6 million and consisted of an increase in construction in progress (CIP) of $192.4 million offset by a decrease in non-CIP assets of $41.8 million. Completed projects put into service during fiscal year 2010 include building upgrades on Piers G and T and infrastructure improvements including irrigation systems for storm water pollution prevention and traffic signals within the harbor plaza.
- The Water Fund's capital assets decreased by $1.4 million primarily as a result of depreciation expense of $12.3 million, a decrease in ongoing projects of $9.5 million offset by asset additions of $20.5 million. Completed projects include upgrades to the Water Department's administration building, including heating, ventilation, and air conditioning, a concrete security wall for the ground water treatment plant and ongoing distribution system improvement of $15.0 million. These improvements to the distribution system include the large valve replacement and water meter replacement programs.
- Solid Waste decrease of $3.6 million in capital assets is due to depreciation expense.
- The Tidelands Fund's capital assets decreased by $12.9 million and are composed depreciation expense net of decrease to accumulated depreciation due to asset disposals of $16.8 million offset by an increase of capital asset of $3.9 million. Significant completed projects for fiscal year 2010 include an upgrade to the Queen Mary fire alarm system and beach rest room replacements.
- The Airport Fund's capital assets increased by $18.5 million predominately due to CIP for the construction of a new parking structure, the airport terminal area improvement project, and the air carrier ramp reconstruction project.
- The Sewer Fund's capital assets decreased by $125 thousand primarily due to depreciation expense and a decrease of ongoing projects of $9.0 million offset by a increase in completed projects of $10.8 million for the sewer pipeline rehabilitation program.

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

Long-Term Indebtedness: At September 30, 2010, the City had total net long-term obligations outstanding of $2.7 billion. Of this amount, $2.4 billion relates to notes, bonds certificates of participation, and capital leases. The remaining balance relates to accrued oil field abandonment cost, environmental remediation, self-insurance, employee benefit obligations, and payments to the State of California.

The table below provides summarized information (including comparative amounts from the preceding year) for the City's outstanding long-term debt obligations at September 30, 2010. Major changes in debt service obligations during the year include the following:

Outstanding Debt Obligations
September 30, 2010 and 2009
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Notes Payable	$ 8,415	$ 9,057	$ 73,326	$ 117,407	$ 81,741	$ 126,464
Bonds Payable	520,103	537,122	1,746,692	1,744,010	2,266,795	2,281,132
Certificates of Participation	-	-	-	6,945	-	6,945
Capital Leases	52,497	27,227	541	565	53,038	27,792
Total Outstanding	$ 581,015	$ 573,406	$ 1,820,559	$ 1,868,927	$ 2,401,574	$ 2,442,333

- Governmental activities bonds payable decreased $17.0 million as a result of the early redemption of the 1997 series A Civic Center bonds along with scheduled bond principal payments. This was offset by the issuance of $33.0 million of 2010, series A and B Tax Allocation Revenue Bonds by the Agency's Capital Projects Fund.
- Governmental activities capital leases payable increased $25.3 million due primarily to the private placement lease used to advance refund the Civic Center bonds and new leases for ambulances and computer hardware.
- Business Type activities long-term indebtedness decreased $48.4 million primarily as result of the following activity:
    - The Water Utility Fund, taking advantage of lower interest rates, issued bonds to advance refund $24.3 million of the 1997 series A bonds.
    - The Harbor entered into two bond issues during fiscal year 2010; the 2010 series A for $200.8 million to fund capital projects and the 2010 series B for $158.1 million to advance refund bonds in order to take advantage of lower interest rates. In addition, the Harbor redeemed $214.8 million of the 2000 series A bonds at a redemption price of 101 percent of par value.
    - Airport bonds payable increased due to the issuance of the 2009 revenue bonds Series A, B, and C for $61.4 million. The 2009 revenue bonds were issued to finance the construction of a new parking structure and to call the remaining 1997 certificates of participation.
- Other changes in long-term debt were the result of scheduled debt service payments.

Additional information on the City's long-term obligations can be found in Notes 9 through 12 of the basic financial statements.

Economic Factors and Next Year's Budget and Rates

At September 30, 2010, the unemployment rate, not seasonally adjusted, for the City was 11.7 percent and reflects an increase from a rate of 11.6 percent a year ago. This compares to the State and national unemployment rates of 12.2 percent and 9.6 percent, respectively.

Fiscal year 2011 represents the fourth year after the completion of the initial Financial Strategic Plan (Plan), which was used to eliminate the projected structural deficits in the City's General Fund in fiscal years 2004 through 2007. The structural deficit was the amount by which the City's spending exceeded its revenues. The Plan has now evolved into an ongoing long-term fiscal planning tool with rolling three-year revenue and expense projections. Highlights of the fiscal year 2011 budget are as follows:

In compliance with City Council's Financial Policy to achieve and maintain a structurally balanced budget, the proposed fiscal year 2011 General Fund budget is without a structural deficit for the fourth year in a row. This accomplishment, which is dependent on departments operating within their approved spending limits, continues to be a challenge for the City.

The fiscal year 2011 adopted General Fund revenue budget represents a decline of 1.7 percent, or $6.5 million, from fiscal year pre-audited 2010 actuals. Of the $385.3 million of budgeted revenue in fiscal year 2011, $29.3 million are operating transfer from other funds and $1.8 million are one-time in nature. Budgeted revenue together with 2011 appropriation of $384.3 million reflects a positive projected net fund balance change of $1.0 million as compared to $4.1 million from the final fiscal year 2010 budget. The largest structural revenue sources for fiscal year 2011 were property tax, sales and use tax, sales tax in-lieu, property tax in-lieu, transient occupancy tax, and Upland Oil revenue. These revenue sources comprise 48.4 percent of total General Fund budgeted revenues. Below is a closer look at some of these key General Fund resources.

- Secured real property tax and unsecured personal property tax revenue of $74.2 million, a decrease of $1.7 million from the final fiscal year 2010 budget, reflects a decline property value countywide due to the impact of foreclosures, appeals, and property value reassessments.
- Sales and use tax revenue is budgeted to account for $51.3 million, or 13.3 percent, of General Fund revenue in fiscal year 2011. Although flat growth is expected in fiscal year 2011 receipts, overall a 4.4 percent growth is anticipated due to the relocation of a new sales tax generator in the City.
- Utility users' tax revenue (applied to electricity, gas, telephone, and water bills) is projected at $41.8 million, or 10.9 percent, of 2011 General Fund revenue, with a modest increase of $100 thousand from final 2010 budget.

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

The fiscal year 2011 adopted General Fund operating budget of $384.3 million supports over 170 programs spanning several key areas of service delivery. The adopted budget required $2 million in new revenue sources; $18 million or approximately 6 percent of each departments' discretionary budgets, in service reduction or cost efficiencies; and $18 million in cost saving solutions generated by employee unions through deferred compensation increases to balance the General Fund budget.

As part of the fiscal year 2011 budget development process, the financial strategic plan, which provides a three-year continuous outlook on revenue sources and commitments, was updated. The plan highlighted a five-pronged approach for restoring structural balance.

- Reduction of Departmental Expenditures – The City must continue its efforts to reduce the size of government while preserving the quality and availability of core services. Departments were asked to provide $7.2 million or approximately 2 % reduction in operating cost.
- Employee Participation – The City must work with its employees and unions to find ways to preserve the provision of core services. If the City and its employees cannot reach an understanding, the City must take the required cost saving steps while ensuring the quality and availability of core services to its citizens.
- Potential New Revenue – The City must focus on further diversifying its revenue base by attracting new business by cultivating an environment that fosters development and expansion for new and current businesses and by aggressively pursuing cost recovery through user fees and charges. Over the past seven years, new revenue and funding sources have been the pillars to the City's budget balancing strategy.
- Government Reform – The City is continually exploring ways to streamline or reinvent the way service is provided to the community, to become a more cost-effective, modern organization. Efforts include consolidating services and organizational reconfiguration to align declining resources to demand.
- Pension Reform – Escalating cost of public pension, fueled by catastrophic market losses in statewide CALPERS systems, is the most significant threat to the fiscal sustainability of local governments throughout California. Pension reform includes increases in employee contribution for current employees: reductions in benefits for new employees though increased retirement ages, lower benefits formulas, and expanded definition of final compensation on which pension benefits are based.

In addition, fiscal year 2011 marked the sixth consecutive year the City adopted a performance-based budget. The City's full-scale implementation of its Focus on Results (FOR) performance-based management system has aligned the City's financial resources and operations with the City Council and community's priorities, improving the efficiency of City operations and increasing accountability at all levels of the organization.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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City of Long Beach

Statement of Net Assets

September 30, 2010

(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	$ 23,107	$ 81,615	$ 104,722	$ -
Non-Pooled Cash and Cash Equivalents	77,684	37,543	115,227	47,640
Pooled Investments	102,482	339,221	441,703	-
Non Performing Investments	797	3,138	3,935	-
Interest Receivable	368	632	1,000	-
Property Tax Receivable, Net	180,866	-	180,866	-
Accounts and Loans Receivables, Net	14,240	124,580	138,820	9,474
Due from Other Governments	52,670	17,991	70,661	-
Internal Balances	4,963	(4,963)	-	-
Inventory	1,726	4,796	6,522	1,107
Other Assets	2,134	47,288	49,422	274
Land Held for Resale	196,310	-	196,310	-
Noncurrent Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	312	312	-
Non-Pooled Investments	2,799	113,562	116,361	-
Other Noncurrent Assets:				
Pooled Investments	245,998	814,270	1,060,268	-
Non-Pooled Investments	42,038	27,101	69,139	-
Other Noncurrent Receivables	137,421	11,876	149,297	-
Derivative Instrument	-	284,582	284,582	-
Land and Other Capital Assets not being Depreciated	257,716	1,580,123	1,837,839	8,707
Capital Assets, net of Accumulated Depreciation	434,828	1,745,056	2,179,884	75,580
Other Assets	45,514	622,831	668,345	-
Total Assets	1,823,661	5,851,554	7,675,215	142,782
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities and Deferred Inflows:				
Accounts Payable	45,699	85,192	130,891	2,174
Accrued Wages and Benefits Payable	53,795	12,150	65,945	3,395
Accrued Interest Payable	10,762	32,796	43,558	-
Deferred Revenue, Credits and Other Payables	197,079	30,896	227,975	19,803
Deferred Inflow - Derivative	-	284,582	284,582	-
Employee Benefits and Accrued Long-Term Obligations	33,409	23,819	57,228	6,641
Bonds, Loans, Capital Leases and Other Long-Term Obligations	27,735	138,299	166,034	-
Noncurrent Liabilities:				
Deferred Revenue, Credits and Other Payables	5,057	11,025	16,082	21,763
Employee Benefits and Accrued Long-Term Obligations	222,685	26,096	248,781	1,115
Bonds, Loans, Capital Leases and Other Long-Term Obligations	553,280	1,735,728	2,289,008	-
Total Liabilities and Deferred Inflows	1,149,501	2,380,583	3,530,084	54,891
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	170,432	2,184,850	2,355,282	84,286
Restricted for:				
Asset Seizure Money	3,635	-	3,635	-
Debt Service	83,796	152,902	236,698	-
Capital Projects	88,467	268,810	357,277	17
Public Safety	563	-	563	-
Public Health	2,686	-	2,686	-
Community and Cultural	150,099	-	150,099	-
Health Care Insurance	11,342	-	11,342	-
Other Purposes	5,824	181,295	187,119	-
Unrestricted	157,316	683,114	840,430	3,588
Total Net Assets	$ 674,160	$ 3,470,971	$ 4,145,131	$ 87,891

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, 2010
(In Thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Legislative and Legal	$ 11,527	$ 862	$ 98	$ -
General Government	19,792	14,968	-	762
Public Safety	291,399	40,072	9,969	304
Public Health	44,731	8,422	24,070	-
Community and Cultural	258,512	26,186	112,981	1,985
Public Works	91,375	25,985	38,781	7,344
Oil Operations	6,923	25,556	-	-
Interest on Long-Term Debt	32,744	-	-	-
Total Governmental Activities	757,003	142,051	185,899	10,395
Business-Type Activities:				
Gas	77,531	80,605	-	-
Water	71,442	87,151	-	2,263
Sewer	14,607	15,186	-	310
Airport	37,762	38,820	361	6,060
Solid Waste Management	71,632	78,772	186	-
Towing	8,916	8,529	-	-
Tidelands	117,071	82,948	50	4,705
Tideland Oil Revenue	276,850	295,680	-	-
Subsidence	-	496	-	-
Harbor	218,262	341,744	-	18,663
Total Business-Type Activities	894,073	1,029,931	597	32,001
Total Primary Government	$ 1,651,076	$ 1,171,982	$ 186,496	$ 42,396
Component Unit:				
Long Beach Public Transportation Company	$ 86,411	$ 17,181	$ 51,773	$ 13,555
		Taxes:		
		Property		
		Sales		
		Utility Users		
		Other		
		Grants and Contributions Not Restricted to Specific Programs		
		Unrestricted Investment Earnings		
		Gain on Sale of Capital Assets		
		Capital Asset Transfers		
		Transfers		
		Total General Revenues and Transfers		
		Change in Net Assets		
		Net Assets, Beginning of Year		
		Net Assets, End of Year		

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
$ (10,567)	$ -	$ (10,567)	$ -
(4,062)	-	(4,062)	-
(241,054)	-	(241,054)	-
(12,239)	-	(12,239)	-
(117,360)	-	(117,360)	-
(19,265)	-	(19,265)	-
18,633	-	18,633	-
(32,744)	-	(32,744)	-
(418,658)	-	(418,658)	-
-	3,074	3,074	-
-	17,972	17,972	-
-	889	889	-
-	7,479	7,479	-
-	7,326	7,326	-
-	(387)	(387)	-
-	(29,368)	(29,368)	-
-	18,830	18,830	-
-	496	496	-
-	142,145	142,145	-
-	168,456	168,456	-
(418,658)	168,456	(250,202)	-
-	-	-	(3,902)
180,262	-	180,262	-
53,144	-	53,144	-
39,240	-	39,240	-
62,889	-	62,889	-
46,058	-	46,058	-
7,837	14,554	22,391	938
8,539	-	8,539	-
(101)	101	-	-
16,287	(16,287)	-	-
414,155	(1,632)	412,523	938
(4,503)	166,824	162,321	(2,964)
678,663	3,304,147	3,982,810	90,855
$ 674,160	$ 3,470,971	$ 4,145,131	$ 87,891

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2010
(In Thousands)

	General	Housing Development	Redevelopment Capital Projects	Other Governmental Funds	Total September 30, 2010
ASSETS					
Pooled Cash and Cash Equivalents	57,580	$ 31,953	$ 68,033	$ 90,007	$ 247,573
Non-Pooled Cash and Cash Equivalents	2,588	20	60,210	14,777	77,595
Non Performing Investments	178	85	111	180	554
Non-Pooled Investments	3,680	-	38,358	-	42,038
Receivables:					
Interest Receivable	22	-	155	-	177
Property Taxes	83,395	-	100,424	-	183,819
Accounts Receivable	27,829	11	442	4,902	33,184
Notes and Loans Receivable	2,055	-	-	-	2,055
Due from Other Governments	15,702	-	245	35,899	51,846
Due from Other Funds	11,606	50	-	188	11,844
Allowance for Receivables	(24,458)	-	-	(803)	(25,261)
Other Assets	20	-	1,623	95	1,738
Advances to Other Funds	103,604	42,407	22,267	22,660	190,938
Land Held for Resale	-	11,701	181,039	3,570	196,310
Other Noncurrent Receivables	987	88,225	5,286	42,205	136,703
Total Assets	284,788	174,452	478,193	213,680	1,151,113
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	8,164	3,083	7,864	22,697	41,808
Accrued Wages and Benefits Payable	11,293	98	213	2,142	13,746
Accrued Interest Payable	98	-	-	-	98
Due to Other Funds	6,130	50	158	11,449	17,787
Deferred Revenues	88,384	88,870	106,033	55,174	338,461
Accrued Claims	-	-	210	-	210
Deposits and Collections Held in Trust	3,491	22	207	3,814	7,534
Advances from Other Funds	16,414	3,809	186,702	5,160	212,085
Total Liabilities	133,974	95,932	301,387	100,436	631,729
Fund Balances (Deficit):					
Reserved for:					
Other Noncurrent Receivables	104,591	42,407	23,943	22,660	193,601
Asset Seizure Money	3,635	-	-	-	3,635
Encumbrances	329	33	2,992	5,162	8,516
Future Advances to Other Funds	1,486	-	-	-	1,486
Future Capital Projects and Special Programs	-	-	53,555	14,793	68,348
Housing Development	-	166	-	-	166
Land Held for Resale	-	11,701	181,039	3,570	196,310
Estimated Oil Field Abandonment Costs	-	-	-	3,798	3,798
Debt Service	5,038	-	103,080	-	108,118
Unreserved, Designated for:					
Subsequent Years' Appropriations					
General Fund	9,000	-	-	-	9,000
Special Revenue Funds	-	24,213		46,259	70,472
Capital Projects Funds	-	-	-	17,002	17,002
Emergency					
General Fund	26,735	-	-	-	26,735
Unreserved, Undesignated, Reported in:					
Capital Projects Funds	-	-	(187,803)	-	(187,803)
Total Fund Balance	150,814	78,520	176,806	113,244	519,384
Total Liabilities and Fund Balances	$ 284,788	$ 174,452	$ 478,193	$ 213,680	$ 1,151,113

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

City Of Long Beach

Reconciliation of the Governmental Funds Balance Sheet to
Governmental Activities in the Statement of Net Assets
September 30, 2010
(in Thousands)

Total governmental fund balances	$	519,384
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in the governmental activities, which are not included in the internal service funds, are not financial resources and, therefore, are not reported in the funds.		579,830
Certain property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the funds.		12,830
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.		131,778
Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds. Liability amount has been reduced by interest receivables for federal subsidy on Build America and Recovery Zone Economic Development Bonds.		(487,358)
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 activities in the statement of net assets.		(82,304)
Net assets of governmental activities	$	674,160

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

City of Long Beach
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2010
(In Thousands)

	General	Housing Development	Redevelopment Capital Projects	Other Governmental Funds	Total September 30, 2010
Revenues:					
Taxes:					
Property	$ 66,385	$ 20,902	$ 83,610	$ -	$ 170,897
Sales	51,072	-	-	2,072	53,144
Utility Users	39,240	-	-	-	39,240
Other Taxes	46,126	-	3,218	13,545	62,889
Licenses and Permits	16,759	75	64	20,586	37,484
Fines and Forfeitures	17,042	-	-	-	17,042
Use of Money and Property	16,872	474	3,171	27,046	47,563
From Other Agencies	46,501	777	762	193,929	241,969
Charges for Services	27,290	-	-	2,634	29,924
Other Contributions	-	-	-	2,898	2,898
Other	7,744	579	695	4,673	13,691
Total Revenues	335,031	22,807	91,520	267,383	716,741
Expenditures:					
Current:					
Legislative and Legal	10,806	-	-	-	10,806
General Government	14,772	62	379	2,141	17,354
Public Safety	272,905	-	-	18,713	291,618
Public Health	5,132	-	-	38,710	43,842
Community and Cultural	41,844	15,267	86,645	124,323	268,079
Public Works	28,517	-	-	17,485	46,002
Oil Operations	-	-	-	6,718	6,718
Total Current Expenditures	373,976	15,329	87,024	208,090	684,419
Capital Improvements	-	-	-	38,956	38,956
Loss on Disposition of Land Held for Resale	-	7,127	2,397	-	9,524
Debt Service:					
Principal	2,945	934	9,130	795	13,804
Interest	6,605	47	18,156	39	24,847
Debt Administration Fees	157	-	33	5	195
Total Expenditures	383,683	23,437	116,740	247,885	771,745
Excess of Revenues Over (Under) Expenditures	(48,652)	(630)	(25,220)	19,498	(55,004)
Other Financing Sources (Uses):					
Debt Issuance	988	-	33,429	-	34,417
Land Transfers	-	243	(284)	-	(41)
Transfers In	40,338	3,339	3,662	9,067	56,406
Transfers Out	(4,328)	(3,666)	(9,789)	(18,523)	(36,306)
Total Other Financing Sources (Uses)	36,998	(84)	27,018	(9,456)	54,476
Net Change in Fund Balances	(11,654)	(714)	1,798	10,042	(528)
Fund Balances - October 1	162,468	79,234	175,008	103,202	519,912
Fund Balances - September 30	$ 150,814	$ 78,520	$ 176,806	$ 113,244	$ 519,384

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

City Of Long Beach

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2010

(in Thousands)

Excess of revenue and other sources over expenditures and other uses - total governmental funds	$	(528)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost associated with the acquisition of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		2,887
Net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins and donations) is a decrease to net assets.		(1,161)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		9,365
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.		10,682
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net 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.		(16,808)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.		(1,599)
Internal service funds are used by management to charge the cost of certain services to individual funds. The net loss of certain activities of internal service funds is reported as governmental activities.		(7,341)
Change in net assets of governmental activities	$	(4,503)

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, 2010
(In Thousands)

	Budgeted Amounts					
	Original	Final	Actual	Encumbrances Ending	Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
Revenues:						
Property Taxes	$ 75,360	$ 75,360	$ 66,385	$ -	$ 66,385	$ (8,975)
Sales Taxes	51,260	51,260	51,072	-	51,072	(188)
Utility Users Taxes	41,775	41,775	39,240	-	39,240	(2,535)
Other Taxes	55,534	50,844	46,126	-	46,126	(4,718)
Licenses and Permits	15,720	15,820	16,759	-	16,759	939
Fines and Forfeitures	19,825	19,825	17,042	-	17,042	(2,783)
Use of Money and Property	18,213	18,213	16,872	-	16,872	(1,341)
From Other Agencies	45,397	45,572	46,501	-	46,501	929
Charges for Services	28,076	28,128	27,290	-	27,290	(838)
Other	8,327	9,872	7,744	-	7,744	(2,128)
Total Revenues	359,487	356,669	335,031	-	335,031	(21,638)
Expenditures:						
Legislative and Legal						
Mayor and City Council	5,168	5,166	5,054	19	5,073	93
City Attorney	1,398	1,547	1,447	-	1,447	100
City Clerk	5,910	5,962	4,305	83	4,388	1,574
General Government						
City Auditor	2,334	2,423	2,398	22	2,420	3
City Manager	2,717	2,773	2,642	1	2,643	130
Civil Service	2,154	2,199	2,124	6	2,130	69
Financial Management	10,639	10,897	10,735	7	10,742	155
Planning and Building	97	130	201	-	201	(71)
Non Departmental	(8,125)	(10,148)	(3,328)	1	(3,327)	(6,821)
Public Safety						
Police	189,369	191,238	189,854	17	189,871	1,367
Fire	72,021	72,248	71,814	29	71,843	405
City Prosecutor	4,611	4,808	5,126	-	5,126	(318)
Planning and Building-Code Enforcement	2,952	3,023	2,686	-	2,686	337
Police and Fire Annuity	3,500	3,500	3,425	-	3,425	75
Public Health	4,707	5,086	5,132	-	5,132	(46)
Community and Cultural						
Community Development	1,953	2,147	1,582	10	1,592	555
Library	14,472	14,614	14,416	3	14,419	195
Planning and Building-Community Planning	970	970	424	-	424	546
Parks and Recreation	25,186	25,686	25,422	76	25,498	188
Public Works	27,938	28,747	28,517	55	28,572	175
Total Current Expenditures	369,971	373,016	373,976	329	374,305	(1,289)
Debt Service:						
Principal	3,583	3,587	2,945	-	2,945	642
Interest	7,281	7,147	6,605	-	6,605	542
Debt Administration Fees	105	105	157	-	157	(52)
Total Expenditures	380,940	383,855	383,683	329	384,012	(157)
Excess of Expenditures Over Revenues	(21,453)	(27,186)	(48,652)	(329)	(48,981)	(21,795)
Other Financing Sources (Uses):						
Debt Issuance	-	-	988	-	988	988
Transfers In	25,849	30,539	40,338	-	40,338	9,799
Transfers Out	(3,708)	(3,747)	(4,328)	-	(4,328)	(581)
Total Other Financing Sources	22,141	26,792	36,998	-	36,998	10,206
Net Change in Fund Balance	688	(394)	(11,654)	(329)	(11,983)	(11,589)
Fund Balances - October 1, Budgetary Basis	162,153	162,153	162,468	-	162,153	-
Encumbrances, Beginning of the Year	315	315	-	-	315	-
Fund Balances - September 30, Budgetary Basis	$ 163,156	$ 162,074	$ 150,814	$ (329)	$ 150,485	$ (11,589)

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

City of Long Beach
Housing Development Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2010
(In Thousands)

	Budgeted Amounts		Actual				Variance with Final
	Original	Final	On GAAP Basis	Encumbrances Ending	Land Held For Resale	Actual On Budgetary Basis	Budget - Favorable (Unfavorable)
Revenues:							
Property Taxes	$42,947	$42,947	$ 20,902	-	-	$ 20,902	$ (22,045)
Other Taxes	-	-	-	-	-	-	-
Licenses and Permits	137	137	75	-	-	75	(62)
Use of Money and Property	6,192	6,272	474	-	-	474	(5,798)
From Other Agencies	1,781	3,281	777	-	-	777	(2,504)
Other	761	783	579	-	-	579	(204)
Total Revenues	51,818	53,420	22,807	-	-	22,807	(30,613)
Expenditures:							
General Government							
Financial Management	450	377	62	-	-	62	315
Community and Cultural							
Community Development	84,046	102,563	15,267	33	-	15,300	87,263
Total Current Expenditures	84,496	102,940	15,329	33	-	15,362	87,578
Loss on Disposition of Land Held for Resale	-	-	7,127	-	(7,127)	-	-
Debt Service:							
Principal	1,833	1,833	934	-	-	934	899
Interest	38	49	47	-	-	47	2
Debt Administration Fees	14	14	-	-	-	-	14
Total Expenditures	86,381	104,836	23,437	33	(7,127)	16,343	88,493
Excess of Revenues Over (Under) Expenditures	(34,563)	(51,416)	(630)	(33)	7,127	6,464	57,880
Other Financing Sources (Uses):							
Debt Issuance	969	981	-	-	-	-	(981)
Land Transfers	-	-	243	-	(243)	-	-
Transfers In	42,672	41,057	3,339	-	-	3,339	(37,718)
Transfers Out	(2,773)	(3,673)	(3,666)	-	-	(3,666)	7
Total Other Financing Sources (Uses)	40,868	38,365	(84)	-	(243)	(327)	(38,692)
Net Change in Fund Balance	6,305	(13,051)	(714)	(33)	6,884	6,137	19,188
Fund Balances - October 1, Budgetary Basis	79,232	79,232	79,234	-	-	79,232	-
Encumbrances - Beginning of the Year	2	2	-	-	-	2	-
Fund Balances - September 30, Budgetary Basis	$85,539	$66,183	$ 78,520	(33)	6,884	$ 85,371	$ 19,188

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, 2010
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	$ 15,021	$ 40,773	$ 55,379	$ 80,556
Non-Pooled Cash and Cash Equivalents	72	3,114	366	6,613
Non Performing Investments	104	25	61	288
Non-Pooled Investments	-	-	-	-
Receivables:				
Interest Receivable	12	-	57	94
Accounts Receivable	4,730	5,780	9,861	4,833
Due from Other Governments	-	-	623	3,277
Due from Other Funds	853	-	-	27,384
Other Receivables	-	-	-	-
Allowance for Receivables	(503)	(313)	(383)	(231)
Deposits				
Inventory	1,616	2,522	-	-
Prepaid Gas-Current	23,230	-	-	-
Other Assets-Current	-	566	-	-
Total Current Asset	45,135	52,467	65,964	122,814
Noncurrent Assets:				
Restricted Noncurrent assets				
Non-Pooled Cash and Cash Equivalents	-	-	-	-
Non-Pooled Investments	23,782	-	11,002	13,723
Noncurrent Receivables:				
Other Noncurrent Receivables (net)	-	-	2,482	-
Advances to Other Funds	1,778	-	-	-
Derivative Instrument	284,582	-	-	-
Capital Assets:				
Land and Other Capital Assets not being Depreciated	4,596	35,229	6,730	49,021
Capital Assets net of Accumulated Depreciation	89,988	224,058	27,074	289,723
Prepaid Gas-Long Term	564,856	-	-	-
Other Assets-Long-Term	-	331	-	-
Total Noncurrent Assets	969,582	259,618	47,288	352,467
Total Assets	1,014,717	312,085	113,252	475,281

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

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Total Proprietary Funds September 30, 2010	September 30, 2010
$ 36,618	$ 815,131	$ 191,628	$ 1,235,106	$ 124,014
-	35	27,343	37,543	89
-	2,229	431	3,138	243
-	-	27,101	27,101	-
-	200	269	632	15
43,495	56,846	4,664	130,209	1,520
-	9,987	4,104	17,991	824
-	1,300	500	30,037	10,323
-	-	72	72	-
-	(3,950)	(321)	(5,701)	(211)
				396
-	576	82	4,796	1,726
-	-	-	23,230	-
-	23,494	-	24,060	-
80,113	905,848	255,873	1,528,214	138,939
-	312	-	312	-
-	63,329	1,726	113,562	2,799
-	9,168	225	11,875	718
-	27,000	16,414	45,192	-
-	-	-	284,582	-
-	1,440,774	43,773	1,580,123	3,189
-	959,559	154,654	1,745,056	109,525
-	-	-	564,856	-
-	57,644	-	57,975	45,514
-	2,557,786	216,792	4,403,533	161,745
80,113	3,463,634	472,665	5,931,747	300,684

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, 2010
(In Thousands)
(continued)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
LIABILITIES				
Current Liabilities Payable from Current Assets:				
Accounts Payable	2,611	7,405	4,587	3,444
Accrued Wages	530	581	374	791
Accrued Interest Payable	11,762	153	1,335	3,545
Due to Other Funds	310	493	189	3,360
Deferred Revenues	153	67	3	3,699
Collections Held in Trust	-	-	616	104
Customers Deposits	1,731	669	-	-
Advances from Developers	-	135	-	-
Employee Benefits	-	-	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Environmental Remediation - Current	-	-	-	-
Due to State of California	-	-	-	-
Obligations Under Capital Leases-Current	-	-	-	25
Bonds Payable Due Within One Year	10,400	-	7,305	5,740
Other Long-Term Obligations-Current	-	-	-	1,371
Unamortized Discount/Deferred cost	-	-	-	-
Total Current Liabilities	27,497	9,503	14,409	22,079
Noncurrent Liabilities:				
Advances from Other Funds	-	-	-	24,045
Deferred Revenues	-	-	-	5,356
Deferred Inflow - Derivative	284,582	-	-	-
Employee Benefits	-	-	-	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	-
Environmental Remediation	-	-	-	-
Site Restoration	-	1,000	-	-
Due to State of California	-	-	-	-
Obligations Under Capital Leases	-	-	-	516
Other Long-Term Obligations	5,504	11,000	-	34,840
Unamortized Discount/Deferred cost	-	-	-	-
Bonds Payable	640,155	27,915	73,250	153,800
Unamortized Discount (Premium) Deferred cost	10,470	(524)	1,866	(10,984)
Total Noncurrent Liabilities	940,711	39,391	75,116	207,573
Total Liabilities	968,208	48,894	89,525	229,652
NET ASSETS (DEFICIT)				
Investment in Capital Assets, Net of Related Debt	87,015	220,493	(37,405)	167,014
Restricted for:				
Debt Service	682	4,341	11,396	15,787
Capital Projects	12,682	-	103	2,326
Health Care Insurance	-	-	-	-
Aquarium	-	-	-	6,199
Subsidence	-	-	-	-
Unrestricted	(53,870)	38,357	49,633	54,303
Total Net Assets (Deficit)	$ 46,509	$ 263,191	$ 23,727	$ 245,629
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
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2010	September 30, 2010
20,439	33,139	13,567	85,192	3,891
118	9,207	549	12,150	40,049
-	14,624	1,377	32,796	3,213
2,279	26,589	286	33,506	911
-	14,981	6,747	25,650	-
1,521	-	339	2,580	542
-	-	-	2,400	-
-	-	130	265	-
-	-	-	-	6,760
-	11,300	-	11,300	25,896
-	12,501	18	12,519	708
53,468	-	-	53,468	-
-	-	-	25	4,981
-	42,175	905	66,525	9,280
-	-	17,082	18,453	-
-	-	(172)	(172)	-
77,825	164,516	40,828	356,657	96,231
-	-	-	24,045	-
-	-	5,669	11,025	-
-	-	-	284,582	-
-	-	-	-	113,185
-	-	-	-	83,656
-	25,000	-	25,000	-
-	-	96	96	-
-	-	-	1,000	-
-	-	-	-	380
-	-	-	516	35,114
-	-	4,000	55,344	-
-	-	(299)	(299)	-
-	693,485	59,680	1,648,285	82,850
-	32,628	(1,574)	31,882	(5,785)
-	751,113	67,572	2,081,476	309,400
77,825	915,629	108,400	2,438,133	405,631
-	1,618,664	129,069	2,184,850	52,023
-	112,126	8,570	152,902	2,949
-	209,899	43,800	268,810	1,679
-	-	-	-	11,342
-	-	6,710	12,909	-
-	-	168,386	168,386	-
2,288	607,316	7,730	705,757	(172,940)
$ 2,288	$ 2,548,005	$ 364,265	3,493,614	$ (104,947)
			(22,643)	
			$ 3,470,971	

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

City of Long Beach

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)

For the Fiscal Year Ended September 30, 2010

(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
Operating Revenues:				
Licenses and Permits	$ -	$ -	$ -	$ 210
Fines and Forfeitures	-	-	-	393
Fees, Concessions and Rentals	-	-	-	36,033
From Other Agencies	-	-	-	674
Charges for Services	79,305	87,151	77,419	45,629
Other	427	-	-	-
Total Operating Revenues	79,732	87,151	77,419	82,939
Operating Expenses:				
Personal Services	14,141	16,855	12,580	36,568
Purchases of Gas and Water	14,754	21,588	-	-
Maintenance and Other Operations	10,908	28,648	52,028	51,586
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	-
Amortization	93	-	265	1,285
Depreciation	4,103	12,331	3,728	17,909
Total Operating Expenses	43,999	79,422	68,601	107,348
Operating Income (Loss)	35,733	7,729	8,818	(24,409)
Non-Operating Income (Expenses):				
Interest Income	835	302	2,588	1,234
Interest Expense	(33,513)	(1,773)	(3,632)	(9,816)
Gain on Disposition of Capital Assets	(142)	9,830	-	(150)
Capital Asset to/(from) Other Funds	-	-	101	-
Operating Grants	-	-	186	50
Other Income (Expenses)	873	(57)	1,353	11
Total Non-Operating Income (Expenses)	(31,947)	8,302	596	(8,671)
Income (Loss) Before Contributions and Transfers	3,786	16,031	9,414	(33,080)
Capital Grants and Contributions	-	2,263	-	4,705
Transfers:				
Transfers In	-	-	-	51,728
Transfers Out	(11,923)	-	(6,767)	-
Change in Net Assets	(8,137)	18,294	2,647	23,353
Net Assets (Deficit) - October 1	54,646	244,897	21,080	222,276
Net Assets (Deficit) - September 30	$ 46,509	$ 263,191	$ 23,727	$ 245,629
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
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2010	September 30, 2010
$ -	$ -	$ -	$ 210	$ -
-	-	-	393	-
290,151	318,274	31,033	675,491	-
-	-	-	674	-
5,527	-	23,655	318,686	321,902
-	3,365	-	3,792	6,385
295,678	321,639	54,688	999,246	328,287
4,108	46,877	15,616	146,745	36,499
-	-	-	36,342	-
5,631	51,149	31,336	231,286	42,462
-	-	-	-	2,788
-	-	-	-	13,475
-	-	-	-	49,148
-	-	-	-	163,376
267,073	-	-	267,073	-
-	2	(124)	1,521	9,291
-	86,617	9,025	133,713	14,783
276,812	184,645	55,853	816,680	331,822
18,866	136,994	(1,165)	182,566	(3,535)
-	7,931	1,664	14,554	749
-	(33,052)	(3,866)	(85,652)	(7,664)
-	(2)	(1,140)	8,396	(141)
-	-	-	101	-
-	-	361	597	-
2	20,105	7,867	30,154	6,255
2	(5,018)	4,886	(31,850)	(801)
18,868	131,976	3,721	150,716	(4,336)
-	18,663	6,370	32,001	1,202
-	-	-	51,728	-
(18,874)	(30,451)	-	(68,015)	(3,813)
(6)	120,188	10,091	166,430	(6,947)
2,294	2,427,817	354,174	3,327,184	(98,000)
$ 2,288	$ 2,548,005	$ 364,265	$ 3,493,614	$ (104,947)
			166,430	
			394	
			$ 166,824	

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

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Business-Type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
Cash Flows from Operating Activities:				
Receipts from Customers	$ 80,628	$ 88,072	$ 83,246	$ 83,314
Receipts from Oil Companies	-	-	-	-
Receipts from Other Governments	-	-	-	2,367
Receipts from Other Funds	-	-	-	-
Payments for Employee Salaries	(13,864)	(16,692)	(12,545)	(36,482)
Payments for Goods and Services	(20,249)	(46,539)	(59,405)	(53,337)
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Entities	-	-	-	-
Payments in Lieu of Taxes	-	(5,568)	-	-
Other Income (Expense)	(908)	(265)	663	11
Net Cash Provided by (Used for) Operating Activities	45,607	19,008	11,959	(4,127)
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received from Other Governments	-	-	221	-
Operating Subsidies Paid to Other Funds	-	-	-	-
Clean Air Action Plan	-	-	-	-
Receipts from Prepayment of Gas Supply	20,612	-	-	-
Payments of Principal on Bonds Payable	(8,510)	-	-	-
Payments of Interest	(33,810)	-	-	-
Transfers In	-	-	-	43,359
Transfers Out	(11,923)	-	(6,767)	(909)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(33,631)	-	(6,546)	42,450
Cash Flows from Capital and Related Financing Activities				
Receipt of Capital Grants	-	2,555	-	-
Proceeds from the Sale of Capital Assets	-	10,039	-	23
Proceeds from Issuance of Long-Term Obligations	-	-	-	-
Proceeds from Issuance of Bonds	-	22,740	-	-
Original Issue Premium	-	3,021	-	-
Payment of Cost of Issuance	-	(386)	-	-
Receipts of Contributed Capital	-	-	-	-
Proceeds from Capital Leases Receivable from Other Funds	813	-	-	-
Principal Received on Other Long term Receivable	-	-	-	-
Payments for Capital Acquisitions	(9,565)	(11,133)	(37)	(5,120)
Payments of Principal on Bonds Payable	(970)	(1,405)	(7,050)	(5,515)
Payments of Principal on Other Long-Term Obligations	-	-	-	(2,232)
Payments to Defease Bonds	-	(24,290)	-	-
Redemption Premium	-	(486)	-	-
Payments to Redeem Commercial Paper	(11,755)	-	-	-
Payment of Deferred Financing Costs	-	-	-	-
Payments of Interest	(123)	(2,115)	(4,121)	(9,806)
Receipt of Federal Subsidy	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(21,600)	(1,460)	(11,208)	(22,650)
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	4,568	-	(7)	-
Payments for Investments	-	-	-	(334)
Payments from Other Government Entities	-	-	-	-
Payment to Joint Venture	-	-	-	-
Harbor Oil Operations Providing Cash	-	-	-	-
Receipts of Interest	835	302	805	1,250
Net Cash Provided by (Used for) Investing Activities	5,403	302	798	916
Net Increase (Decrease) in Cash and Cash Equivalents	(4,221)	17,850	(4,997)	16,589
Cash and Cash Equivalents - October 1	19,314	26,037	60,742	70,580
Cash and Cash Equivalents - September 30	$ 15,093	$ 43,887	$ 55,745	$ 87,169

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2010	September 30, 2010
$ -	$ 311,789	$ 54,040	$ 701,089	$ 6,609
301,882	-	-	301,882	-
-	-	-	2,367	-
-	-	-	-	322,625
(4,125)	(40,078)	(15,537)	(139,323)	(36,161)
(14,227)	(61,104)	(14,139)	(269,000)	(46,514)
-	-	-	-	(63,909)
-	-	-	-	(142,333)
-	-	-	-	(5,295)
(266,597)	-	-	(266,597)	-
-	-	(15,147)	(20,715)	-
2	-	101	(396)	6,250
16,935	210,607	9,318	309,307	41,272
-	-	361	582	-
-	-	(10,800)	(10,800)	-
-	140	-	140	-
-	-	-	20,612	-
-	-	-	(8,510)	-
-	-	-	(33,810)	-
-	-	-	43,359	-
(18,874)	(22,093)	-	(60,566)	(3,813)
(18,874)	(21,953)	(10,439)	(48,993)	(3,813)
-	(1,002)	6,116	7,669	1,014
-	-	-	10,062	627
-	-	4,750	4,750	31,920
-	373,825	61,440	458,005	-
-	-	-	3,021	-
-	-	(1,185)	(1,571)	(346)
-	-	2,478	2,478	188
-	-	-	813	-
-	-	68	68	-
-	(214,875)	(19,095)	(259,825)	(6,574)
-	(408,465)	(855)	(424,260)	-
-	-	(11,480)	(13,712)	(13,174)
-	-	-	(24,290)	(33,200)
-	-	-	(486)	-
-	(31,400)	-	(43,155)	-
-	-	-	-	-
-	(41,189)	(2,245)	(59,599)	(8,052)
-	-	981	981	-
-	(323,106)	40,973	(339,051)	(27,597)
-	-	530	5,091	-
-	-	(23,936)	(24,270)	2,823
-	-	496	496	-
-	4,000	-	4,000	-
-	29,792	-	29,792	-
-	9,286	1,313	13,791	751
-	43,078	(21,597)	28,900	3,574
(1,939)	(91,374)	18,255	(49,837)	13,436
38,557	906,852	200,716	1,322,798	110,667
$ 36,618	$ 815,478	$ 218,971	$ 1,272,961	$ 124,103

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)
(Continued)

RECONCILIATION OF OPERATING INCOME (LOSS)TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Business-Type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
Operating Income (Loss)	$ 35,733	$ 7,729	$ 8,818	$ (24,409)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	4,196	12,331	3,993	19,194
Other Income (Expense)	404	(227)	661	4,766
(Increase) Decrease in Accounts Receivable, Ne	3,348	943	(269)	(1,397)
(Increase) Decrease in Amounts Due from Other Governments	-	-	(297)	(3,061)
(Increase) Decrease in Amounts Due from Other Funds	469	-	-	-
(Increase) Decrease in Inventory	(140)	(165)	-	-
(Increase) in Other Assets	3,438	(134)	-	500
Increase (Decrease) in Environmental Liabilities	-	-	-	-
Increase (Decrease) in Accounts Payable	(1,444)	(1,210)	222	(1,028)
Increase in Accrued Wages Payable	9	163	(153)	85
Increase (Decrease) in Amounts Due to Other Funds	23	-	189	99
Increase in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenues	30	(14)	3	1,126
Decrease in Other Accrued Liability	-	(400)	-	-
Decrease in Collections Held in Trust	(459)	(8)	(1,128)	(2)
Total Adjustments	9,874	11,279	3,141	20,282
Net Cash Provided by (Used for) Operating Activities	$ 45,607	$ 19,008	$ 11,959	$ (4,127)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contribution of Capital Assets	-	-	102	-
Capitalized Interest	-	-	-	-
Accrued Capital Asset Costs	-	-	-	-
Accrued Litigation Costs	-	-	-	-
Capitalized Dredging Costs	-	-	-	-
Other	-	-	-	-

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2010	September 30, 2010
$ 18,866	$ 136,994	$ (1,165)	$ 182,566	$ (3,535)
-	86,619	8,901	135,234	24,074
2	2,423	137	8,166	5,956
6,275	(9,860)	(270)	(1,230)	1,834
477	-	-	(2,881)	276
-	-	-	469	(1,541)
-	51	(7)	(261)	(134)
-	-	-	3,804	-
-	(6,573)	(36)	(6,609)	814
(7,796)	(2,930)	2,156	(12,030)	(1,177)
(17)	-	75	162	20,820
(800)	(880)	(96)	(1,465)	111
-	-	-	-	(5,617)
-	4,763	(367)	5,541	-
-	-	-	(400)	-
(72)	-	(10)	(1,679)	(609)
(1,931)	73,613	10,483	126,741	44,807
$ 16,935	$ 210,607	$ 9,318	$ 309,307	$ 41,272
-	-	-	102	-
-	7,058	-	7,058	-
-	24,981	9,391	34,372	-
-	2,300	-	2,300	-
-	10,728	-	10,728	-
-	(86)	-	(86)	-

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

City of Long Beach
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2010
(In Thousands)

	Private Purpose Trust	Agency Funds
ASSETS:		
Pooled Cash and Cash Equivalents	$ 972	$ 15,828
Non Performing Investments	2	25
Investments at Par-Nonpooled	-	6,120
Non-Pooled Cash and Cash Equivalents		2,968
Accounts Receivable	-	32
Land	-	11,000
Total Assets	$ 974	$ 35,973
LIABILITIES:		
Accounts Payable	-	175
Due to Special Assessment Bondholders	-	4,803
Collections Held in Trust	-	30,995
Total Liabilities	-	35,973
NET ASSETS:		
Held in Trust for Private Purpose Trust Funds	$ 974	$ -

City of Long Beach
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended September 30, 2010
(In Thousands)

	Private Purpose Trust
ADDITIONS:	
Interest Income	$ 8
Contributions from Citizens	24
Total Additions	32
DEDUCTIONS:	
Community and Cultural	96
Change in Net Assets	(64)
Net Assets, October 1	1,038
Net Assets, September 30	$ 974

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

BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 – REPORTING ENTITY

Organization

The City of Long Beach (City) operates under a City Charter originally adopted in 1921 and last amended in 2010. The City Charter establishes the current Mayor-Council-City Manager form of government, sets forth the powers and duties of the Mayor and City Council, and defines the roles, duties, and form of organization of the City's various boards, commissions, and other offices. The City is divided into nine council districts, with 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, community development, and public works 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 fees and charges designed to recover the full cost of providing services, including capital costs such as depreciation and debt service. Accordingly, the financial activities of these operations are accounted for as enterprise funds.

The accompanying basic financial statements present the financial activity of the City 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 11-member Board of Commissioners, comprised of the nine City Council members and two representatives elected by housing assistance benefit recipients. The Authority's administrative functions are directed and performed by City employees. The financial activity of the Authority is included in the Housing Assistance Fund, a non-major governmental fund.

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 five-member governing boards 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 Agency project areas, debt, 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 Agency's 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 or for other purposes related to the Agency's mandate. 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 Agency is required to set aside 20 percent of its incremental property tax revenues to meet these needs. It is the Company's responsibility to assist the City and the 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 Authority (SERRF) is a joint powers authority between the City of Long Beach and the Los Angeles County Sanitation District Number 2. SERRF was created to finance the construction of a waste-to-energy facility through the issuance of lease revenue bonds. Payments under the lease are intended to service bonded debt issued to finance construction of the project. For financial reporting purposes, the capital lease between SERRF and the City has been eliminated, and the financial activities of SERRF are included in the Solid Waste Management Enterprise Fund (see Note 19).

Non-profit Financing Corporations and Authorities

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

For the most part, these non-profit corporations enter into capitalizable leases with the City. However, for financial reporting purposes, such lease transactions are eliminated, and the related financing obligations and related capital assets are carried at cost in the accompanying basic financial statements.

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

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

Separately issued financial statements are required for the Agency and the Company due to financing and or legal requirements. These separately issued financial statements may be obtained at 333 West Ocean Boulevard, 6th Floor, Long Beach, California 90802. 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 non-profit corporation formed in 1963 to purchase the local public transit system from a private carrier. The City is LBT's sole stakeholder.

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

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

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 non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements with the exception of exchange or exchange-like transactions between governmental functions that if eliminated would distort direct cost and program revenue. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, operating grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and capital grants and contributions, including special assessments, that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items are not included among program revenues, as they are appropriately reported as general revenues.

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

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the City's financial statements for the year ended September 30, 2009, from which the summarized information was derived.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

- Revenue is recorded when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, and except for reimbursement-basis government revenues, 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. 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.

- Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal and covenant compliance, demonstrate the sources and uses of liquid resources, and demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The City reports the following major governmental and enterprise funds:

Major Governmental Funds

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

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 Company are accounted for in the Housing Development Fund.

The *Redevelopment Capital Projects Fund* is used to account for the acquisition, relocation, demolition, and sale of properties for the Agency's redevelopment areas. Agency projects are mainly financed with property tax increment funds, operating transfers from the Community Development Grants 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 Agency's bonded debt and other long-term obligations.

Major Enterprise Funds

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

The *Water Fund* is used to account for the activities associated with the 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 SERRF Authority Function is combined with the City's Solid Waste Management Function for the purpose of financial statement presentation.

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

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

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

Other Fund Types:

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

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

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. As permitted by GAAP, the City has not elected to apply those Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after 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. The effect of interfund activity has been eliminated from the government-wide financial statements.

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

Business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services 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

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

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

The pool investments are based on three investment strategies designed to meet any demand for funding by using a combination of short-term on demand accounts and highly liquid investments. In addition, several individual funds maintain specific investments over and above any pooled cash balances. Interest income arising from pooled cash and investments is apportioned to the participating funds based on the relationship of their respective daily cash balances to the total of pooled cash and investments. Investments are stated at fair value as of September 30, 2010.

Receivables and Payables

Activities 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.

The City defines capital assets as assets with an initial, individual cost of more than five thousand dollars 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
Patent	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, as a policy, are amortized using the effective interest rate 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, and laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. Nonexpendable portions of the private purpose trust funds are reported as held in trust. The City's other restricted net assets are restricted but ultimately expendable. 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 one percent of assessed value, but may be adjusted for specific voter-approved indebtedness. Property taxes are levied by the Los Angeles County (County) Tax Assessor and shared among all other local taxing authorities within the City. Accordingly, the County collects property taxes and distributes such taxes on the basis of the taxing authorities' tax rate percentages, allowing for such adjustments as may be authorized for voter-approved debt. Secured property taxes are levied during September of every year and become a lien on real property on January 1 of the calendar year for which taxes are levied. These tax payments can be made in two equal installments: the first is due November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. The City recognizes property tax receivable when levied and defers portion that is neither intended nor available to finance current year expenditures.

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. Beginning August 1, 2007, management employees, upon retirement, have 75 percent of his/her outstanding vacation leave converted to sick leave.

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

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

Budgetary Principles

The City Council adopted the fiscal year 2010 budget prior to September 30, 2009 for all funds except for agency funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Budget information is presented in the accompanying basic financial statements for the General Fund and the Housing Development 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. For budgetary purposes, the City records an encumbrance as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received as required by GAAP.

Implementation of New Accounting Pronouncements

The following summarizes implemented GASB pronouncements and their impact, if any, on the financial statements:

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Application of this statement was effective for the City's fiscal year ended September 30, 2010 and did not materially impact the City's financial statements.

In December 2009, GASB issued Statement No. 57, *OPEB Measurement by Agent Employers*. The Statement amends GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. The City has chosen to implement the Statement early making it effective for the City's fiscal year ended September 30, 2010. The Statement did not materially impact the City's financial statements.

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The Statement is intended to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. Governments that have filed for bankruptcy are required to disclose information regarding the pertinent conditions and events giving rise to the petition for bankruptcy, the expected gain, and the effects upon services. For governments that are not expected to emerge from bankruptcy as going concerns, this Statement requires remeasurement of assets to a value that represents the amount expected to be received. Finally, this Statement classifies gains or losses resulting from remeasurement of liabilities and assets as an extraordinary item. Application of this Statement was effective for the City's fiscal year ended September 30, 2010 and its application did not materially impact the City's financial statements.

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

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. Application of this Statement is effective for the City's fiscal year ending September 30, 2011.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Application of this Statement is effective for the City's fiscal year ending September 30, 2011.

Estimates

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

Reclassifications

Certain immaterial amounts reported in fiscal year 2009 have been reclassified to conform to the fiscal year 2010 presentation. Such reclassifications had no effect on the previously reported change in net assets.

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

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

	Total Governmental Funds (Page 32)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Assets (Page 29)
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	$ 247,573	$ -	$ 124,014	$ (348,480)	$ 23,107
Non-Pooled Cash and Cash Equivalents	77,595	-	89	-	77,684
Pooled Investments	-	-	-	102,482	102,482
Non Performing Investments	554	-	243	-	797
Interest Receivable	177	176	15	-	368
Property Taxes Receivable, Net	183,819	-	-	(2,953)	180,866
Accounts Receivable	33,184	-	1,520	(34,704)	-
Notes and Loans Receivable	2,055	-	-	(2,055)	-
Due from Other Governments	51,846	-	824	-	52,670
Due from Other Funds	11,844	-	10,323	(22,167)	-
Allowance for Receivables	(25,261)	-	(211)	25,472	-
Accounts and Loans Receivables, Net	-	-	-	14,240	14,240
Internal Balances	-	-	-	4,963	4,963
Deposits	-	-	396	(396)	-
Inventory	-	-	1,726	-	1,726
Other Assets	1,738	-	-	396	2,134
Advances to Other Funds	190,938	-	-	(190,938)	-
Land Held for Resale	196,310	-	-	-	196,310
Noncurrent Restricted Assets:					
Non-Pooled Investments	-	-	2,799	-	2,799
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	245,998	245,998
Noncurrent Non-Pooled Investments	42,038	-	-	-	42,038
Other Noncurrent Receivables	136,703	-	718	-	137,421
Capital Assets:					
Nondepreciable	-	254,527	3,189	-	257,716
Depreciable, Net	-	325,303	109,525	-	434,828
Other Noncurrent Assets	-	-	45,514	-	45,514
Total Assets	$ 1,151,113	$ 580,006	$ 300,684	$ (208,142)	$ 1,823,661

(continued)

	Total Governmental Funds (Page 32)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Assets (Page 29)
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 41,808	$ -	$ 3,891	$ -	$ 45,699
Accrued Wages and Benefits Payable	13,746	-	40,049	-	53,795
Accrued Interest Payable	98	7,451	3,213	-	10,762
Due to Other Funds	17,787	-	911	(18,698)	-
Deferred Revenue	338,461	-	-	(141,382)	197,079
Accrued Claims	210	-	-	(210)	-
Deposits and Collections Held in Trust	7,534	-	542	(8,076)	-
Advances from Other Funds	212,085	-	-	(212,085)	-
Long-term Liabilities Due Within One Year					
Bonds Payable	-	11,858	9,280	(21,138)	-
Certificates of Participation Payable	-	-	-	-	-
Notes Payable	-	273	-	(273)	-
Capital Leases Payable	-	1,343	4,981	(6,324)	-
Enviromental Remediation	-	45	708	(753)	-
Accrued Self Insurance Claims Payable	-	-	25,896	(25,896)	-
Employee Benefits Payable	-	-	6,760	(6,760)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	33,409	33,409
Total LT Debt and Other LT Obligations	-	-	-	27,735	27,735
Long-term Liabilities Due Beyond One Year					
Deferred Revenue, Credits and Other Payables	-	-	-	5,057	5,057
Bonds Payable	-	420,238	77,065	(497,303)	-
Notes Payable	-	8,142	-	(8,142)	-
Capital Leases Payable	-	12,721	35,114	(47,835)	-
Police and Fire Annuities Payable	-	19,038	-	(19,038)	-
Estimated Oil Field Abandonment Costs Payable	-	6,410	-	(6,410)	-
Enviromental Remediation	-	16	380	(396)	-
Accrued Self Insurance Claims Payable	-	-	83,656	(83,656)	-
Employee Benefits Payable	-	-	113,185	(113,185)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	222,685	222,685
Total LT Debt and Other LT Obligations	-	-	-	553,280	553,280
Total Liabilities	631,729	487,535	405,631	(375,394)	1,149,501
Fund Balance / Net Assets					
Total Fund Balance / Net Assets	519,384	92,471	(104,947)	167,252	674,160
Total Liabilities and Fund Balance / Net Assets	$ 1,151,113	$ 580,006	$ 300,684	$ (208,142)	$ 1,823,661

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

	Total Governmental Funds (Page 34)	Debt and Capital Related Transactions	Internal Service Funds	Reclass	Eliminations	Statement of Activities (Pages 30-31)
Revenues:						
Taxes	$ 326,170	$ -	$ -	$ 9,365	$ -	$ 335,535
Licenses and Permits	37,484	-	-	(37,484)	-	-
Fines and Forfeitures	17,042	-	-	(17,042)	-	-
Use of Money and Property / Unrestricted Investment Earnings	47,563	-	749	(40,475)	-	7,837
From Other Agencies	241,969	-	-	(241,969)	-	-
Charges for Services	29,924	-	-	(29,924)	-	-
Other Contributions	2,898			(2,898)		-
Other	13,691	-	-	(13,691)	-	-
Program Revenue						
Charges for Services	-	-	6,385	135,783	(117)	142,051
Operating Grants and Contributions	-	-	-	189,843	(3,944)	185,899
Capital Grants and Contributions	-	-	-	10,395	-	10,395
Other Financing Sources :						
Issuance of Long-term Debt	34,417	-	-	-	(34,417)	-
General Revenues						
Grants and Contributions Not Restricted to Specific Programs	-	129	-	45,929	-	46,058
Gain on Sale of Capital Assets	-	8,539	-	-	-	8,539
Capital Asset Transfers, Net	(41)	(60)	-	-	-	(101)
Transfers, Net	20,100	-	(3,813)	-	-	16,287
Total Revenues	771,217	8,608	3,321	7,832	(38,478)	752,500
Expenditures / Expenses:						
Current:						
Legislative and Legal	10,806	170	551	-	-	11,527
General Government	17,354	418	2,136	-	(116)	19,792
Public Safety	291,618	193	(412)	-	-	291,399
Public Health	43,842	613	276	-	-	44,731
Community and Cultural	268,079	(3,311)	559	(2,873)	(3,942)	258,512
Public Works	46,002	45,478	(105)	-	-	91,375
Oil Operations	6,718	205	-	-	-	6,923
Capital Improvements						
Capital Improvements	38,956	(38,956)	-	-	-	-
Loss on Disposition of Land Held for Resale	9,524	-	-	(9,524)	-	-
Debt Service:						
Principal	13,804	(13,804)	-	-	-	-
Interest on Long-Term Debt	24,847	234	7,663	-	-	32,744
Debt Administration Fees	195	(195)	-	-	-	-
Total Expenditures / Expenses	771,745	(8,955)	10,668	(12,397)	(4,058)	757,003
Net Change in Fund Balances	$ (528)	$ 17,563	$ (7,347)	$ 20,229	$(34,420)	$ (4,503)

NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2010 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Cash and investments in City pool	$ 1,623,493
Non-performing short-term investment	3,962
Cash and investments held by bond trustee	310,127
Total cash and investments	$ 1,937,582

Cash and Investments as of September 30, 2010 consist of the following:

Cash and deposits	$ 113,126
Outstanding Checks	(12,168)
Investments	1,836,624
Total cash and investments	$ 1,937,582

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, 2010 is as follows (in thousands):

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Pooled Cash and Cash Equivalents	$ 23,107	$ 81,615	$ 16,800	$ 121,522	$ -
Non-Pooled Cash and Cash Equivalents	77,684	37,543	2,968	118,195	-
Pooled Investments	102,482	339,221	-	441,703	47,640
Non Performing Investments	797	3,138	27	3,962	-
Noncurrent Pooled Investments	245,998	814,270	-	1,060,268	-
Noncurrent Non-Pooled Investments	42,038	27,101	6,120	75,259	-
Restricted Assets:					
Non-Pooled Cash and Cash Equivalents	-	312	-	312	-
Non-Pooled Investment	2,799	113,562	-	116,361	-
Total Deposits and Investments	$ 494,905	$ 1,416,762	$ 25,915	$ 1,937,582	$ 47,640

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

The table below identifies the investment types that are authorized by the City's investment policy for the City's Investment pool. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not include debt proceeds held by bond trustees that are governed by the provisions of debt agreements.

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
Asset-backed Securities	5 years	20%	None
Mortgage-backed Securities	5 years	20%	None

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

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and 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, 2010 (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (in years)
Cash and Investments in City Pool		
Inter-Department Loan (Health Savrs)[1]	$ 2,383	8.604
U.S. Treasury Notes	333,400	0.514
Federal agency securities	1,136,279	1.036
Money Market Account	137	0.003
Local Agency Investment Fund (LAIF)	50,116	0.003
Government Managed Rate Account	220	0.003
Subtotal City Pool	1,522,535	
Cash and Deposits	113,126	
Outstanding Checks	(12,168)	
Total City Pool	$ 1,623,493	
Non Performing Investment - Short Term	$ 3,962	-
Cash and Investments Held by bond Trustee		
Guaranteed Investment Contracts	$ 48,263	21.295
Money Market Funds	120,384	-
U.S. Treasury Notes	79,996	1.239
Federal agency securities	49,758	2.620
Time Certificates of Deposit	10,000	1.000
City Bonds	1,726	8.675
Total held by Bond Trustees	$ 310,127	

[1]Loan authorized as a long-term investment by the City Council

Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City had no investments that were highly sensitive to market interest rate changes as of September 30, 2010. Highly sensitive investments are investments whose sensitivity to market interest rate fluctuations are not fully addressed by use of one of the five methods for reporting interest rate risk.

Disclosures Relating to Credit Risk

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

Presented below are the minimum ratings required by California Government Code, the City's investment policy, and the actual rating as of September 30, 2010 for each investment type (in thousands):

Investment Type	Legal Rating	Rating as of Year End: Total	Not Required To Be Rated	AAA	Unrated
Cash and Investments in City Pool					
Inter-Department Loan (Health Savrs)	N/A	$ 2,383	$ 2,383	$ -	$ -
U.S. Treasury Notes	N/A	333,400	333,400	-	-
Federal agency securities	N/A	1,136,279	-	1,136,279	-
Money Market Account	N/A	137	-	137	-
Local Agency Investment Fund (LAIF)	N/A	50,116	-	-	50,116
Government Managed Rate account	N/A	220	220	-	-
Subtotal City Pool		1,522,535	336,003	1,136,416	50,116
Cash and Deposits		113,126	-	-	113,126
Outstanding Checks		(12,168)	-	-	(12,168)
Total City Pool		$ 1,623,493	$ 336,003	$ 1,136,416	$ 151,074
Non Performing Investment - Short Term	N/A	$ 3,962	$ -	$ -	$ 3,962
Cash and Investments Held by bond Trustee					
Guaranteed Investment Contracts	N/A	$ 48,263	$ 48,263	$ -	$ -
Money Market Funds	N/A	120,384	120,384	-	-
U.S. Treasury Notes	N/A	79,996	-	79,996	-
Federal agency securities	N/A	49,758	-	49,758	-
Time Certificates of Deposit	N/A	10,000	-	-	10,000
City Bonds	N/A	1,726	-	-	1,726
Total held by Bond Trustees		$ 310,127	$ 168,647	$ 129,754	$ 11,726

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	$ 195,234
Federal Home Loan Bank	Federal Agency Securities	329,562
Federal Home Loan Mortgage Association	Federal Agency Securities	318,718
Federal National Mortgage Association	Federal Agency Securities	292,765
U.S. Treasuries	U.S. Treasury Notes & bonds	333,400

Custodial Credit Risk

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

As of September 30, 2010, the City reported deposits of $113.2 million, collateralized in compliance with California Government Code, less $12.2 million for checks outstanding.

Investment in State Investment Pool

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

Component Unit

The Long Beach Transportation Company (LBT) is authorized to participate in the investments listed below, at June 30, 2010. In June 2010, LBT diversified its investment in LAIF to other similarly structured investments vehicles managed by an independent manager. In addition, the overnight sweep account was closed and monies were moved to a money market account.

	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 an investment, the greater the sensitivity of its fair value to changes in market interest rates. LBT manages its exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to no more than two years.

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, 2010 (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (in years)
Cash Equivalents		
Local Agency Investment Fund (LAIF)	$ 19,524	0.56
Bank of America Money market	2,029	N/A
Fidelity Municipal Money market	100	N/A
Russell Money Market	1,276	N/A
Total Cash Equivalents	$ 22,929	
Investments		
iShares Barclays 1-3 year Treasury Bond	$ 5,156	1.93
PIMCO 1-3 year US Treasury Index	5,152	1.89
iShares Barclays MBS Bond	2,605	2.21
iShares Barclays Short-Term Treasury Bond	5,129	0.41
iShares Barclays TIPS Bond	2,625	3.45
Russell Investment Grade Bond	1,326	4.40
PIMCO Short-Term	1,270	0.60
Russell Short duration bond	1,294	2.30
Total Investments	$ 24,557	

LBT also has cash on hand and deposits with financial institutions totaling $154 thousand which do not have interest rate risk.

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. Rating on the investments, excluding LAIF and money market accounts are as follows at June 30, 2010:

Investment Type	Rating
iShares Barclays 1-3 year Treasury Bond	AAA/Aaa
PIMCO 1-3 year US Treasury Index	AAA/Aaa
iShares Barclays MBS Bond	AAA/Aaa
iShares Barclays Short-Term Treasury Bond	AAA/Aaa
iShares Barclays TIPS Bond	AAA/Aaa
Russell Investment Grade Bond	AA
PIMCO Short-Term	AA
Russell Short duration bond	A

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 five percent 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 percent 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 percent 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, 2010 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	Redevelopment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Activities:						
Receivables:						
Interest [1]	$ 22	$ -	$ 155	$ -	$ 15	$ 192
Taxes	83,395	-	100,424	-	-	183,819
Accounts, Unrestricted	27,829	11	442	4,902	1,520	34,704
Notes and Loans	2,055	-	-	-	-	2,055
Due from Other Governments	15,702	-	245	35,899	824	52,670
Total Receivables	129,003	11	101,266	40,801	2,359	273,440
Less Allowance for Receivables	(24,458)	-	-	(803)	(211)	(25,472)
Net Receivables	$ 104,545	$ 11	$ 101,266	$ 39,998	$ 2,148	$ 247,968

	Gas Utility	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue	Harbor	Nonmajor Proprietary Funds	Total
Business-Type Activities:								
Receivables:								
Interest, Unrestricted	$ 12	$ -	$ 57	$ 94	$ -	$ 200	$ 269	$ 632
Accounts, Unrestricted	4,730	5,780	9,861	4,833	43,495	56,846	4,664	130,209
Other Receivables	-	-	-	-	-	-	72	72
Due from Other Governments	-	-	623	3,277	-	9,987	4,104	17,991
Total Receivables	4,742	5,780	10,541	8,204	43,495	67,033	9,109	148,904
Less Allowance for Receivables	(503)	(313)	(383)	(231)	-	(3,950)	(321)	(5,701)
Net Receivables	$ 4,239	$ 5,467	$ 10,158	$ 7,973	$ 43,495	$ 63,083	$ 8,788	$ 143,203

1) Governmental activities interest receivable on Statement of Net Assets differs by $176 thousand from total interest receivable listed above due to federal subsidy receivables on Agency issued Build America and Recovery Zone Economic Development Bonds.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2010 is as follows (in thousands):

	Receivable - Due to:								
	General	Housing Develop-ment	Nonmajor Govern-mental	Gas Utility	Tidelands	Harbor	Nonmajor Proprietary Funds	Internal Service Funds	Total Due from
Payable- Due from:									
General	$ -	$ -	$ 57	$ -	$ -	$ -	$ 500	$ 5,573	$ 6,130
Housing Development	-	-	-	-	-	-	-	50	50
RDA Capital Projects	-	50	-	-	-	-	-	108	158
Nonmajor Governmental	10,237	-	131	-	-	-	-	1,081	11,449
Gas Utility	42	-	-	-	-	-	-	268	310
Water	85	-	-	-	-	-	-	408	493
Solid Waste Management	-	-	-	-	-	-	-	189	189
Tidelands	808	-	-	853	-	1,300	-	399	3,360
Tidelands Oil Revenue	-	-	-	-	2,219	-	-	60	2,279
Harbor	142	-	-	-	25,165	-	-	1,282	26,589
Nonmajor Proprietary	1	-	-	-	-	-	-	285	286
Internal Service	291	-	-	-	-	-	-	620	911
Total Due to	$ 11,606	$ 50	$ 188	$ 853	$ 27,384	$ 1,300	$ 500	$ 10,323	$ 52,204

	Receivable - Advances from:							
	General	Housing Develop-ment	RDA Capital Projects	Nonmajor Governern-mental	Gas Utility	Harbor	Nonmajor Proprietary Funds	Total Advances to
Payable - Advances to:								
General	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,414	$ 16,414
Housing Development	-	-	-	3,809	-	-	-	3,809
RDA Capital Projects	101,344	42,407	-	15,951	-	27,000	-	186,702
Nonmajor Governmental	2,260	-	-	2,900	-	-	-	5,160
Tidelands	-	-	22,267	-	1,778	-	-	24,045
Total Advances from	$ 103,604	$ 42,407	$ 22,267	$ 22,660	$ 1,778	$ 27,000	$ 16,414	$ 236,130

Due To / Due From Other Funds

The General Fund has provided $10.2 million to non-major governmental funds. $2.5 million was provided to the Community Development Grants Fund to cover operating expenses prior to receipt of grant funds from the Home Investment Partnership Act, Community Development Block Grant, and Workforce Investment Act. In addition, the General Fund provided the General Grants Fund and Health Fund, $4.6 million and $3.1 million, respectively, for temporary cash flow in order to cover expenses for the Urban Area Security Initiative Grant and various health grants including the Homeless Supportive Housing Grant.

In fiscal year 2009, the General Fund accrued a liability for a consent judgment for civil penalties of $1.5 million and legal fees reimbursement of $200 thousand payable to State Water Resources Control Board for non-compliance with State Laws and regulation related to underground storage tanks and allocated these expenses to the Gas fund, Water Fund, and Tidelands Fund in the amounts of $42 thousand, $85 thousand, and $808 thousand, respectively. As of September 2010, the Gas Fund, the Water Fund, and Tidelands Fund amounts due to the General Fund are still outstanding. Finally, as of September 30, 2010, the Harbor owed the General Fund $142 thousand for port security police services in the Harbor area.

In fiscal year 2005, the General Fund advanced the General Services Internal Service Fund $291 thousand to cover expenditures incurred in advances of cost reimbursement Homeland Security grants. This amount is still outstanding as of September 30, 2010.

Under the 1992 Optimized Waterflood Program Agreement, the Tidelands Fund receives 8.5 percent of the incremental oil revenue generated by the injection of water into the oil fields in the Tidelands area. As of September 30, 2010, $2.2 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund.

The City, under authority of the City Charter Chapter XII, Section 1209(c)(4), and with the approval of the Board of Harbor Commissioners, adopted a resolution to transfer 10 percent, or $12.4 million, of the Harbor net income for fiscal year 2009 to the City's Tidelands Fund. In July 2010, Board of Harbor Commissioners approved an additional transfer based on the Harbor's 2010 audited financial statements for a total amount of $24.4 million. This amount is recorded as a due to the Tidelands Fund and due from the Harbor and will be paid in fiscal year 2011.

As of September 30, 2010, the Harbor owed the Tidelands fund $722 thousand for port security police services in the Harbor area.

In fiscal year 2010, the Harbor advanced $1.3 million to the Tidelands funds for phase I of the Colorado Lagoon Restoration project in exchange for future mitigation credits expected to be received in phase II of the project.

Employee Benefits overhead costs, such as funding for health benefits and paid time off, relating to the wages and salaries accrued at September 30, 2010 are payable from various funds to the Employee Benefits Internal Service Fund in the amount of $10.3 million at September 30, 2010.

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 2010, the City transferred funds to the Agency that included federal grants monies and Open Space Bonds proceeds for use on Agency projects including acquisition and design cost of park sites in downtown and north Long Beach. At September 30, 2010, outstanding balances in the General Fund, Housing Development Fund, and General Capital Projects Fund (a non-major governmental fund) totaled $101.3 million, $4.0 million, and $15.0 million, respectively. The Agency makes discretionary payments to the City annually, which in fiscal year 2010 amounted to approximately $2.8 million. Interest on the advances are equal to the City Investment pool or are set at 0.05 percent above the City interest rate payments on the City's Tax Anticipation Note. It is the intent of the City and the Agency that the Agency repays 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 non-current receivables.

Community redevelopment law in the State requires that 20 percent of annual net property tax increment revenues be set aside for low- and moderate-income housing. Effective in fiscal year 1986, the Agency was allowed to defer a portion or 100 percent of the housing set-aside based on the financial obligations. In fiscal year ended September 30, 2010, the payment of the entire housing set-aside for all the project areas was deferred totaling $20.9 million to enable the Agency to pay the SERAF as required by the State Assembly Bill AB26 4X. This deferral, the previous year's deferred payments for the Downtown Project Area of $16.4 million, total $37.3 million as of September 30, 2010 and is included as long-term advance to the Agency's Capital Projects fund from the Housing Development Fund.

In fiscal year 2010, the Agency executed a promissory for $270 thousand in favor of the Housing Development Company in exchange for certain real property located on Atlantic Ave. Loan payments are at zero interest and past due amounts will bear interest at 5%. Agency's Capital

Projects Fund has agreed to pay $50 thousand of the total amount on or before October 1, 2010 and consequently is listed as short-term. The balance remaining of $220 thousand, together with prior advances for property acquisition and residential construction project total $1.2 million listed as a long-term advance between the funds.

In December 1993, the City agreed to convey to the Agency real property for the Central Long Beach Project equal to the fair market value less any costs of demolition and remediation of the property or $1.9 million. Pursuant to the loan agreement, the Agency is required to make a loan repayment equal to at least one percent of the net tax increment received by the Agency for the Central Long Beach Project Area. The funds paid to the City are required to be utilized for gang prevention and other youth-related activities. In fiscal year 2010, the Agency made a loan repayment of $171 thousand to the City. The balance of this advance on September 30, 2010 in the General Capital Projects Fund was $948 thousand.

In 1990, the Agency received a $30.0 million advance from the Harbor for the expansion of the Long Beach Convention and Entertainment Center. The resulting note, payable solely from the Downtown Project Area's transient occupancy taxes, was scheduled to be repaid commencing on October 1, 1997. In August 1995, the agreement was amended to defer payment until a certificate of occupancy was issued for the Aquarium of the Pacific Project, which was completed in fiscal year 1998. In 2002, a subsequent amendment deferred further the scheduled quarterly payments of $441 thousand over 16 years. In 2009, the agreement was further amended. Under the terms of the amendment, the pledge of transient occupancy taxes was relieved, $435 thousand of the original outstanding advance was forgiven, and the Agency agreed to reimburse the Harbor up to a maximum of $27.0 million, using a pledge of future tax increment revenues, for costs of new project area improvements submitted by the Harbor pursuant to the Agency's West Long Beach Industrial Project Area Public Improvement Reimbursement Agreement between the Agency and the Harbor dated September 1, 2009. Further, the amendment stipulated that at July 1, 2015, if the Harbor has not submitted requests for reimbursement equivalent to the maximum amount allowable, the amount of the advance equal to the remaining unused balance of the agreement shall be forgiven. At September 30, 2010, the total aggregate balance outstanding was $27.0 million.

In accordance with the Owner Participation Agreement by and among the Agency, Long Beach Bond Finance Authority, and the Aquarium of the Pacific, all Agency 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 Agency will be reimbursed for any such advances together with accrued interest, at an interest rate equal to the rate earned on the City Treasurer's Investment Pool, as monies are available. At September 30, 2010, the Agency had advanced $22.3 million to the Tideland fund for the bond payment, including accrued interest of $439 thousand.

In fiscal year 2001, the Company (accounted for in the Housing Development Fund) entered into a $4.0 million zero interest loan agreement with the City for the acquisition of 26 parcels of land, each containing a four-plex apartment building for affordable rental housing for low and very low-income residents. The Company is required to make the principal payments to the City using 25 percent of the proceeds from repayments of promissory notes from the developer. Any remaining balance of the promissory note owed on April 1, 2034 shall be immediately due and payable. The Company's outstanding loan balance with Community Development Grants Fund, a non-major governmental fund, is $3.8 million at September 30, 2010.

In November 1993, the City issued $13.5 million in Gas Utility Bonds (1993 Bonds) with interest rates ranging from 2.6 percent to 5.125 percent 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 2006 Revenue Bonds with interest rates ranging from 2.0 percent to 3.125 percent. 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 to the Gas Fund at September 30, 2010 is $1.8 million. The current amount due to the Gas Fund at September 30, 2010 is $853 thousand.

In July 2004, the Community Development Grants Fund entered into a loan agreement with the Housing Assistance Special Revenue Fund, both non-major governmental funds, in the amount of $2.9 million to cover additional housing assistance payments, which exceeded HUD funding. This has been recorded as advances to/from the respective funds.

The General Fund advanced the Health Special Revenue Fund, a non-major governmental fund, $2.0 million to cover initial costs associated with the Health Special Revenue Fund's inception. In September 2009, the General Fund advanced the Development Special Revenue Fund, a non-major governmental fund $260 thousand, to cover ongoing cost. Both debts have no anticipated repayment date and remain outstanding as of September 30, 2010.

The Subsidence non-major business-type fund advanced interest earning on reserves to the General fund in the amount of $4.1 million in both fiscal year 2005 and 2006. This was allowed under State law passed in fiscal year 2004 to retain interest earned on that reserve for subsidence contingencies for the previous calendar year. In fiscal year 2007, the General Fund started repayment of $500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2010 is $5.6 million, of which $5.1 million is long-term and $500 thousand is current.

The Subsidence Fund advanced the General Fund $10.8 million in fiscal year 2010, which is equal to the 8% reduction of property tax allocated to the City of Long Beach. Pursuant to California Assembly Bill No. 15 Chapter 14. Section 11 (a) notwithstanding any other law, a city that has established a reserve for subsidence contingencies may, for the 2009-10 fiscal year only, retain interest earned on that reserve for the previous three calendar years in an amount not to exceed the amount of the revenue reduction incurred by that city pursuant to Section 100.06 of the revenue and taxation code.

Interfund Transfers

The City regularly transfers current financial resources from one fund to another. At September 30, 2010, interfund transfers are as follows (in thousands):

	Transfers To:					
	General	Housing Development	Redevelopment Capital Projects	Nonmajor Governmental Funds	Tidelands	Total Transfers Out
Transfers Out of:						
General	$ -	$ -	$ -	$ 4,328	$ -	$ 4,328
Housing Development	-	-	3,662	4	-	3,666
Redevelopment Capital Projects	4,503	2,397	-	486	2,403	9,789
Nonmajor Governmental	14,437	942	-	3,144	-	18,523
Gas	11,923	-	-	-	-	11,923
Solid Waste Management	5,662	-	-	1,105	-	6,767
Tideland Oil Revenue	-	-	-	-	18,874	18,874
Harbor	-	-	-	-	30,451	30,451
Internal Service Funds	3,813	-	-	-	-	3,813
Total Transfers In	$ 40,338	$ 3,339	$ 3,662	$ 9,067	$ 51,728	$ 108,134

The General Fund transferred a total of $4.3 million to non-major governmental funds in Fiscal year 2010. $186 thousand was transferred to the General Grants Fund, a non-major governmental fund, as a City match for various federal and county grants. $383 thousand was transferred to Fire Public Safety Oil Production Act Fund to cover revenue shortfalls from Proposition H. $326 thousand was transferred to Health Fund to assist coverage of indirect cost allocation charges. $176 thousand was transferred to Community Development Grants Fund to provide a City-match to the Workforce Investment Act Grant and $3.3 million was transferred to General Capital Project Fund for ongoing projects such as City street and sidewalk construction, and City building improvements, maintenance, and repairs.

The Housing Development Fund transferred a total of $3.7 million to the Agency's Capital Projects Fund, $330 thousand to support project development in the Central Long Beach Project area, and $3.3 million for payment of bond principal and interest payments related to the Agency's 2005B Housing Bonds.

The Agency's Capital Project Fund transferred $4.5 million to the General Fund: $829 thousand for the City Place Garage debt service and $3.7 million for the return of transient occupancy tax previously allocated to the Agency for the Aquarium of the Pacific bonds debt service.

The Agency's Capital Project Fund transferred $2.4 million to the Tidelands Fund as part of an agreement to assist in the payment of Aquarium debt service.

The Agency's Capital Project Fund transferred $2.1 million of 2005 Housing Bond proceeds and $272 thousand from other funding sources to the Housing Development Fund for various projects.

Non-major governmental funds transferred $14.4 million to the General Fund in fiscal year 2010. The Upland Oil Properties Fund, included transferred $13.6 million to the General Fund for royalties due the City. The Community Development Grants Fund transferred $600 thousand to the General Fund for a portion of interest payments due on the 2006 Open Space Bonds. The General Capital Projects Fund transferred $243 thousand of Park Impact fees (previously transferred from the Park

and Public Safety Facility Development Fund to the General Capital Projects Fund) to the General Fund to assist in payment of debt service on the 2006 Parks and Open Space bonds.

The Community Development Grants Fund, a non-major governmental fund, transferred $942 thousand to the Housing Development Fund pursuant to an agreement between the City and the Company. Under the agreement, HUD has designated the City as a participating jurisdiction to receive allocations of funds to facilitate the development of affordable rental housing and homeownership affordability. Funds were used to finance Multi family rehabilitation loans and the Second Mortgage Assistance Program (SMAP).

Community Development Grants Fund, Parking and Business Area Improvement fund, Upland Oil Fund, Business Assistance fund and General Capital Project Fund, transferred $2.5 million, $366 thousand, $75 thousand, $21 thousand and $171 thousand, respectively, to other non-major governmental funds. Included in these is the Community Development Grants Fund transfer of $2.5 million to the General Capital Projects Fund to assist funding sidewalk, storm drain, and skate park projects and a transfer from Parking and Business Area Improvement fund to the Belmont Parking Meter Fund as part of the call and subsequent early retirement of the 1993 Belmont Shore Parking Meter Bonds.

The Gas Utility Fund transferred $11.9 million to the General Fund as allowed by City charter.

The Solid Waste Management Fund transferred $3.1 million to the General Fund based on a Joint Powers Agreement between the City and the Los Angeles County Sanitation District Number 2 (District). Under the agreement, net remaining retained earnings over the required amount as stipulated in the agreement can be distributed equally between the District and the City.

The Southeast Resource Recovery Facility (SERRF) operating in the Solid Waste Management Fund charges fees to dispose waste called “tip fees”. Tips fees are established by The County Sanitation District an can fluctuate depending on demand. The variance of $2.4 million between tip fees collected and disposal cost charged for the City’s refuse disposals was transferred to the General Fund in fiscal year 2010.

The Solid Waste Management Fund transferred $1.1 million to non-major governmental funds. This includes $800 thousand to finance various capital projects and $200 thousand for the purchase of land.

The Solid Waste Management Fund transferred $200 thousand to the General Fund and $200 thousand to the Community Development Grants Fund, a non-major governmental fund, in exchange for two parcels of land on Atlantic Avenue. The Solid Waste Management Fund plans to develop the land into an Urban Environmental Education Center focusing on long-term environmental benefits of promoting a sustainable City through green initiatives.

The Tidelands Oil Revenue Fund shares revenue from the tidelands oil operation under an optimized water flood program. In fiscal year 2010, $18.9 million was transferred to the Tidelands Fund under this program.

The Harbor accrued an operating transfer of $24.4 million and due to the Tidelands Fund as allowed by the City Charter. An additional $6.0 million was transferred to Tidelands Fund to assist with the Aquarium debt service.

Internal Service Fund transfers reflect cable franchise fee revenue from the General Services Internal Service Fund to the General Fund in the amount of $3.8 million. An additional $35 thousand was also transferred to cover debt service payments for the ambulance billing system capital lease.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 is as follows (in thousands):

Governmental Activities:	Balance at October 1, 2009	Increase	Decrease	Balance at September 30, 2010
Capital Assets not being Depreciated:				
Land	$ 142,711	$ 9,809	$ (520)	$ 152,000
Rights-of-way	81,334	-	-	81,334
Construction In Progress	17,325	22,585	(15,528)	24,382
Total Capital Assets not being Depreciated	241,370	32,394	(16,048)	257,716
Capital Assets being Depreciated:				
Buildings	273,074	159	(706)	272,527
Improvements Other than Buildings	75,031	745	(68)	75,708
Infrastructure	407,200	7,936	-	415,136
Machinery and Equipment	73,003	3,888	(13,352)	63,539
Automotive	92,579	5,610	(5,201)	92,988
Other Assets	30,719	-	-	30,719
Total Capital Assets being Depreciated	951,606	18,338	(19,327)	950,617
Less Accumulated Depreciation for:				
Buildings	(96,658)	(7,926)	303	(104,281)
Improvements Other than Buildings	(32,617)	(3,384)	68	(35,933)
Infrastructure	(221,920)	(13,006)	-	(234,926)
Machinery and Equipment	(57,748)	(5,888)	12,777	(50,859)
Automotive	(54,579)	(8,958)	4,466	(59,071)
Other Assets	(30,719)	-	-	(30,719)
Total Accumulated Depreciation	(494,241)	(39,162)	17,614	(515,789)
Total Capital Assets being Depreciated, Net	457,365	(20,824)	(1,713)	434,828
Governmental Activities Capital Assets, Net	$ 698,735	$ 11,570	$ (17,761)	$ 692,544

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

Legislative and Legal	$ 193
General Government	289
Public Safety	4,130
Public Health	620
Community and Cultural	4,869
Public Works	14,278
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	14,783
Total governmental activities depreciation	$ 39,162

Capital asset activity for business-type activities for the year ended September 30, 2010 is as follows (in thousands):

Business-type Activities:	Balance at October 1, 2009	Increase	Decrease	Balance at September 30, 2010
Capital Assets not being Depreciated:				
Land	$ 921,562	$ 155	$ (31)	$ 921,686
Rights-of-way	209,689	-	-	209,689
Water Rights	-	40	-	40
Construction In Progress	252,838	293,481	(97,611)	448,708
Total Capital Assets not being Depreciated	1,384,089	293,676	(97,642)	1,580,123
Capital Assets being Depreciated:				
Buildings	2,187,938	43,454	(8,522)	2,222,870
Improvements Other than Buildings	402,864	5,264	(2,747)	405,381
Infrastructure	1,018,762	36,259	(914)	1,054,107
Machinery and Equipment	37,419	9,983	(1,026)	46,376
Automotive	26,264	992	(387)	26,869
Patents	815	-	-	815
Total Capital Assets being Depreciated	3,674,062	95,952	(13,596)	3,756,418
Less Accumulated Depreciation for:				
Buildings	(1,056,151)	(87,159)	8,148	(1,135,162)
Improvements Other than Buildings	(177,992)	(14,526)	1,806	(190,712)
Infrastructure	(610,188)	(24,728)	762	(634,154)
Machinery and Equipment	(24,950)	(6,152)	568	(30,534)
Automotive	(19,916)	(1,107)	387	(20,636)
Patents	(123)	(41)	-	(164)
Total Accumulated Depreciation	(1,889,320)	(133,713)	11,671	(2,011,362)
Total Capital Assets being Depreciated, Net	1,784,742	(37,761)	(1,925)	1,745,056
Business-type Activities Capital Assets, Net	$ 3,168,831	$ 255,915	$ (99,567)	$ 3,325,179

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

Depreciation was charged to functions/programs of business-type activities as follows:

Gas	$ 4,103
Water	12,331
Solid Waste Management	3,728
Tidelands	17,909
Harbor	86,617
Non-major business-type funds	
Sewer	2,167
Airport	6,853
Towing	5
Total business-type activities depreciation	$ 133,713

Capitalized Interest

There was no capitalized interest in fiscal years 2009 and 2010.

Component Unit

Capital asset activity of the LBT for the year ended June 30, 2010 was as follows (in thousands):

	Balance at July 1, 2009	Increases	Decreases	Balance at June 30, 2010
Capital Assets not being Depreciated:				
Land	$ 5,525	$ -	$ -	$ 5,525
Construction in Progress	1,126	3,116	(1,060)	3,182
Total Capital Assets not being Depreciated	6,651	3,116	(1,060)	8,707
Capital Assets being Depreciated:				
Buildings and Improvements	38,987	877	-	39,864
Fleet	117,412	6,405	(978)	122,839
Communications Systems	6,865	42	-	6,907
Fare Collection System	7,437	6	-	7,443
Office, Shop and Garage Equipment	15,646	3,542	(36)	19,152
Passenger Facilities	4,128	627	(610)	4,145
Total Capital Assets being Depreciated:	190,475	11,499	(1,624)	200,350
Less Accumulated Depreciation for:				
Buildings and Improvements	(23,025)	(2,703)	-	(25,728)
Fleet	(62,949)	(10,651)	978	(72,622)
Communications Systems	(6,572)	(97)	-	(6,669)
Fare Collection System	(2,627)	(945)	-	(3,572)
Office, Shop and Garage Equipment	(13,001)	(1,392)	36	(14,357)
Passenger Facilities	(1,701)	(731)	610	(1,822)
Total Accumulated Depreciation	(109,875)	(16,519)	1,624	(124,770)
Total Capital Assets being Depreciated, Net	80,600	(5,020)	-	75,580
Total LBT Capital Assets, Net	$ 87,251	$ (1,904)	$ (1,060)	$ 84,287

NOTE 8 – SHORT-TERM NOTE PAYABLE

In October 2009, the City issued Tax Revenue Anticipation Notes for $54,000,000. The short-term notes carried a 2.5 percent coupon rate. The notes are a general obligation of the City payable from taxes, income, revenue, and other moneys attributable to its 2009-2010 fiscal year. Note proceeds may be used for General Fund expenditures, including current and capital expenditures. The entire balance and interest were due and paid in September 2010.

NOTE 9 – CHANGE IN LONG -TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2010 was as follows (in thousands):

	Balance at October 1 2009	Additions	Reductions	Balance at September 30, 2010	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Revenue Bonds	$ 222,770	$ -	$ (43,875)	$ 178,895	$ 10,955
Tax Allocation Bonds	323,890	32,980	(9,130)	347,740	10,183
Plus (less) deferred amounts:					
Premium	8,963	-	(476)	8,487	-
Discount	(2,312)	-	988	(1,324)	-
Refunding	(5,955)	-	1,787	(4,168)	-
Issuance costs	(10,234)	(380)	1,087	(9,527)	-
Total Bonds Payable	537,122	32,600	(49,619)	520,103	21,138
Notes Payable	9,057	557	(1,199)	8,415	273
Capital Leases	27,227	32,908	(5,976)	54,159	6,324
Refunding	-	(1,331)	11	(1,320)	-
Issuance costs	-	(346)	4	(342)	-
Total Capital Leases Payable	27,227	31,231	(5,961)	52,497	6,324
Police and Fire Annuities	21,494	969	(3,425)	19,038	-
Estimated Oil Field Abandonment Costs	6,210	200	-	6,410	-
Enviromental Remediation	384	1,088	(323)	1,149	753
Accrued Self-Insured Claims	115,170	13,475	(19,093)	109,552	25,896
Employee Benefits	97,746	30,004	(7,805)	119,945	6,760
Governmental Activities Long-Term Liabilities	$ 814,410	$ 110,124	$ (87,425)	$ 837,109	$ 61,144
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	$ 1,728,770	$ 443,100	$ (457,060)	$ 1,714,810	$ 66,525
Plus (less) deferred amounts:					
Premium	54,227	36,490	(14,866)	75,851	-
Discount	(1,090)	(118)	255	(953)	-
Refunding	(24,550)	(10,028)	7,308	(27,270)	-
Issuance Cost	(13,347)	(5,033)	2,634	(15,746)	-
Total Bonds Payable	1,744,010	464,411	(461,729)	1,746,692	66,525
Certificates of Participation	7,480	-	(7,480)	-	-
Discount	(103)	-	103	-	-
Refunding	(328)	-	328	-	-
Issuance costs	(104)	-	104	-	
Total Certificates of Participation	6,945	-	(6,945)	-	-
Notes Payable	117,597	4,751	(48,551)	73,797	18,453
Issuance costs	(190)	(381)	100	(471)	(172)
Total Notes Payable	117,407	4,370	(48,451)	73,326	18,281
Capital Leases	565	-	(24)	541	25
Due to State of California	52,991	267,550	(267,073)	53,468	53,468
Estimated Oil Field Abandonment Costs	26,700	-	(1,700)	25,000	-
Enviromental Remediation	20,224	-	(7,609)	12,615	12,519
Accrued Claims Liability	-	11,300	-	11,300	11,300
Site Restoration	1,400	-	(400)	1,000	-
Business-Type Activities Long-Term Liabilities	$ 1,970,242	$ 747,631	$ (793,931)	$ 1,923,942	$ 162,118

NOTE 10 – BONDS PAYABLE

At September 30, 2010, bonded indebtedness consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding September 30, 2010
GOVERNMENTAL ACTIVITIES					
GENERAL CITY BONDS:					
Skylinks Golf	05/01/03	05/01/29	1.57% - 6.3%	$ 6,890	$ 5,730
Parking Plaza Bonds	06/14/01	11/01/27	4.4% - 5.375%	11,500	9,545
Public Safety Facility	03/01/02	11/01/31	3.0% - 5.25%	40,915	36,615
Towne Center Site Refinancing	11/01/04	11/01/30	Variable	11,595	10,555
Parks and Open Spaces	11/07/06	05/01/31	4.0% - 5.0%	24,320	24,320
Total General City Bonds				95,220	86,765
REDEVELOPMENT BONDS:					
Tax Allocation Bonds:					
1992 Multiple Series -					
Downtown Project Refunding	12/01/92	11/01/17	2.9% - 6.0%	81,020	27,015
West Long Beach Industrial	12/01/92	11/01/17	2.9% - 6.0%	36,470	12,165
2002A West Beach	06/25/02	08/01/18	5.15%	8,895	5,349
2002A Downtown Project	06/25/02	08/01/24	5.25% - 7.1%	26,820	14,259
2002A North Long Beach	06/25/02	08/01/31	6.10%	40,290	8,169
2002A Poly High	06/25/02	08/01/12	4.81%	1,710	406
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.0% - 5.5%	21,860	19,160
2002B Downtown	12/05/02	11/01/22	2.25% - 5.5%	25,920	22,615
2005A & B Central	03/02/05	08/01/40	3.52% - 5.34%	56,930	53,340
2005A Los Altos	03/02/05	08/01/20	2.2% - 4.0%	4,685	3,340
2005A & B North Long Beach	03/02/05	08/01/35	3.52% - 5.16%	64,080	58,525
2005A Poly High	03/02/05	08/01/24	3.79% - 4.9%	2,558	2,558
2005A West Beach	03/02/05	08/01/20	4.59% - 4.66%	840	840
2005B Housing	03/02/05	08/01/40	3.52% - 5.44%	55,665	52,185
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	7,690
2005C North Long Beach Project	02/01/06	08/01/31	3.70% - 5.50%	27,145	27,144
2010A North Long Beach Recover Zone	04/28/10	08/01/40	7.90% - 8.36%	22,235	22,235
2010B North Long Beach Build America	04/28/10	08/01/25	2.39% - 7.90%	10,745	10,745
Total Redevelopment Bonds				495,768	347,740
INTERNAL SERVICE BONDS:					
Fleet Services:					
1998 Temple and Willow Facility Series B	05/01/98	10/01/27	4.0% - 5.5%	29,565	22,425
2005 Temple and Willow Facility Series A	05/01/05	05/01/28	2.75% - 4.5%	8,145	6,930
Total Fleet Services				37,710	29,355
Employee Benefits Fund:					
2002 Pension Obligation Refunding Bonds	09/01/02	09/01/21	4.73% - 5.18%	87,950	58,630
1995 Pension Obligation Bonds Series	10/01/95	09/01/11	5.9% - 7.24%	108,635	4,145
Total Employee Benefits				196,585	62,775
Total Internal Service Funds				234,295	92,130
Total Governmental Activities Bonds Payable				$ 825,283	$ 526,635

Description	Date Issued	Final Maturity	Range of Interest Rates*	Authorized and Issued	Outstanding September 30, 2010
BUSINESS-TYPE ACTIVITIES:					
ENTERPRISE BONDS:					
Gas Utility Fund:					
2005 Gas Utility	03/02/05	08/01/13	2.0% - 3.125%	$ 7,675	$ 2,760
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.5%	635,665	578,790
2007B Natural Gas Purchase	10/18/07	11/15/33	4.9% - 5.07%	251,695	69,005
Total Gas Utility Fund				895,035	650,555
Water Fund:					
1997A Water	10/01/97	05/01/24	4.0% - 5.75%	46,945	5,175
2010A Water	09/15/10	05/01/24	4.0% - 5.75%	22,740	22,740
Total Water Fund				69,685	27,915
Solid Waste Management Fund:					
2003 SERRF	12/01/03	12/01/18	2.0% - 5.375%	120,235	80,555
Tidelands Fund:					
Aquarium of the Pacific	05/03/01	11/01/30	3.875% - 5.5%	129,520	117,795
2006 Rainbow Harbor Refinancing	04/04/06	05/01/24	3.375% - 5.0%	50,785	41,745
Total Tidelands Fund				180,305	159,540
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.0% - 6.0%	206,330	119,660
2002B Harbor	06/19/02	05/15/27	3.0% - 5.5%	150,000	57,815
2004 Harbor	05/15/04	05/15/18	2.5% - 5.0%	113,410	61,500
2005 Harbor	05/15/05	05/15/25	3.5% - 5.0%	257,975	137,765
2010A Harbor	05/15/10	05/15/25	0.4% - 5.0%	200,835	200,835
2010B Harbor	05/15/10	05/15/27	3.0% - 5.0%	158,085	158,085
Total Harbor Fund				1,086,635	735,660
Airport Fund:					
2009A Airport	12/08/09	06/01/22	4.0% - 5.0%	9,795	9,795
2009B Airport	12/08/09	06/01/16	3.0% - 5.0%	6,755	5,900
2009C Airport	12/08/09	06/01/39	7.0% - 7.8%	44,890	44,890
Total Airport Fund				61,440	60,585
Total Business-Type Activities Bonds Payable				2,413,335	1,714,810
Total Primary Government Bonded Indebtedness				$ 3,238,618	$2,241,445

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

Principal Payments - Governmental Activities

Year-End	Skylinks Golf	Parking Plaza	Public Safety Facility	Towne Center Refinance	Parks Open Space
2011	$ 175	$ 335	$ 945	$ 220	$ -
2012	180	350	980	240	-
2013	190	365	1,030	255	-
2014	200	385	1,080	275	-
2015	215	405	1,140	295	-
2016 - 2020	1,275	2,375	6,650	1,835	4,055
2021 - 2025	1,705	3,065	8,590	2,670	7,965
2026 - 2030	1,790	2,265	10,995	3,820	10,015
2031 - 2035	-	-	5,205	945	2,285
Totals	$ 5,730	$ 9,545	$ 36,615	$ 10,555	$ 24,320

(Continued)

	Principal Payments Governmental Activities			Total Annual Debt Service Requirements		
Year-End	Redevelopment Capital Projects	Fleet	Employee Benefits	Principal	Interest	Total
2011	$ 10,183	$ 1,025	$ 8,255	$ 21,138	$ 27,475	$ 48,613
2012	10,705	1,075	4,315	17,845	26,270	44,115
2013	11,452	1,125	4,530	18,947	25,459	44,406
2014	12,000	1,175	4,760	19,875	24,520	44,395
2015	12,583	1,240	5,000	20,878	23,517	44,395
2016 - 2020	72,117	7,245	29,150	124,702	101,309	226,011
2021 - 2025	78,530	9,180	6,765	118,470	68,028	186,498
2026 - 2030	49,618	7,290	-	85,793	41,140	126,933
2031 - 2035	51,371	-	-	59,806	20,667	80,473
2036 - 2040	39,181	-	-	39,181	7,203	46,384
Totals	$ 347,740	$ 29,355	$ 62,775	$ 526,635	$ 365,588	$ 892,223

In May 2003, the City issued $6.9 million in Long Beach Bond Finance Authority Lease Revenue bonds, Skylinks Golf Course Project, Series 2003. 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 2003 bonds. Interest rates range from 1.57 percent to 6.30 percent.

In November 2004, the City issued $11.6 million 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, 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 2009 ranged from 1.97 percent to 6.27 percent. For the purpose of illustration, a fixed rate of 1.97 percent has been used in the table above.

In November 2006, the City issued $24.3 million in Long Beach Bond Finance Authority Leases Revenue Bonds. The bonds were issued to finance the acquisition and development costs of new parks and open spaces focusing on densely populated and underserved areas in Long Beach. The bonds bear interest rates ranging from 4.00 percent to 5.00 with maturing dates of May 1, 2018 through May 1, 2031. Annual debt service payments range from $1.1 million to $2.5 million.

In March 2005, the City issued $192.4 million in Long Beach Bond Finance Authority Bonds 2005 Series A Revenue Bonds and Series B Taxable Revenue Bonds. $184.8 million of the bonds were issued to provide funds to finance certain projects of the Agency, to finance certain housing projects of the 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 2.20 percent to 5.44 percent. Refunding and defeasement of the 1993 Gas Utility Bonds was included in this issue. The $7.7 million Series 2005 refunding bonds for the Gas Utility, with a total debt service of $8.7 million, are payable through August 1, 2013 with interest rates ranging from 2.00 percent to 3.13 percent. The refunding issue resulted in an accounting gain of approximately $50 thousand which will be recognized over the life of the bonds. Aggregate debt service decreased by $908 thousand, thereby resulting in an economic gain of approximately $474 thousand.

In April 2010, the City issued $33.0 million in Long Beach Bond Finance Authority Bonds 2010 Series A Taxable Recovery Zone Economic Development Bonds and Series B Taxable Build America Bonds. The bonds were issued to finance Agency activities within or of benefit to the North Long Beach Redevelopment area, fund reserve requirements, and pay for issuance cost of the bonds.

A portion of the proceeds will fund the construction of a new fire station near the project area, including an emergency resource center and related traffic and offsite improvements. Proceeds will also renovate an existing building adjacent to the project area for use as a police station, fund improvements to Long Beach Boulevard, and medians of other roadways and finance the planning, design, and construction of a new library and community center in the vicinity of the project area.

Interest rates on Series A range from 7.9% to 8.36% and B ranges from 2.39% to 7.90%. The Agency expects to receive a cash subsidy from the United States Treasury pursuant to the American Recovery and Reinvestment Act on or about each interest payment date of 45% and 35%, respectively, of the interest paid on the bonds.

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 Utility	Water	Solid Waste Management	Tidelands	Harbor	Airport	Principal	Interest	Total
2011	$ 10,400	$ -	$ 7,305	$ 5,740	$ 42,175	$ 905	$ 66,525	$ 87,315	$ 153,840
2012	10,035	490	7,635	5,970	44,815	1,090	70,035	84,566	154,601
2013	9,040	1,755	8,005	6,215	46,965	1,125	73,105	81,248	154,353
2014	7,305	1,850	8,410	6,525	49,115	1,170	74,375	77,569	151,944
2015	6,840	1,960	8,860	6,835	51,920	1,215	77,630	73,765	151,395
2016 - 2020	46,390	11,120	40,340	38,005	261,800	6,940	404,595	305,595	710,190
2021 - 2025	95,610	10,740	-	43,265	216,095	8,755	374,465	210,177	584,642
2026 - 2030	137,675	-	-	38,130	22,775	11,095	209,675	128,257	337,932
2031 - 2035	108,945	-	-	8,855	-	14,165	131,965	84,516	216,481
2036 - 2040	218,315	-	-	-	-	14,125	232,440	21,004	253,444
Totals	$ 650,555	$ 27,915	$ 80,555	$ 159,540	$ 735,660	$ 60,585	$ 1,714,810	$ 1,154,012	$ 2,868,822

In fiscal year 2004, the Harbor 2002 Series B Bonds were remarketed from a variable interest rates to fixed with coupon rates of 3.00 percent to 5.50 percent. On May 13, 2010, the Harbor Board issued the 2010B Revenue Refunding Bonds and used a portion of the proceeds to redeem $63,060,000 of the outstanding 2002B bonds.

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

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

City, the State, or any other public agency (other than the special obligation of the Issuer as provided in the Bonds).

The 2007 Series A bonds have fixed interest rates ranging from 4.25 percent to 5.50 percent with an average of 4.70 percent. Series B are indexed at 67 percent of the three-month London Interbank Offered Rate (LIBOR), plus a spread between 1.41 percent to 1.55 percent.

The Harbor 2010A Bonds, dated March 31, 2010, amounting to $200.8 million were issued to finance certain capital improvements at the Harbor, to fund a reserve fund for the Series 2010A Bonds, and to pay the costs of issuing the Series 2010A Bonds. The Serial bonds will mature on May 15 of each year from 2011 to 2025 in amounts ranging from $1.5 million to $18.3 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 0.4% to 5%. The Series 2010A Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Series 2010A Bonds maturing on or after May 15, 2021 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2020, at a redemption price equal to 100% of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium. The City of Long Beach Harbor Revenue Bonds Series 2010A is secured by the Harbor's gross revenues.

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

Advance Refundings

In August 2002, the City issued $88.0 million of Taxable Pension Obligation Series A and Series B to provide payment and defeasement of a portion of the Pension Obligation Bonds Series 1995 (Prior Bonds). In December 2005, with $79.0 million outstanding, the City remarketed these variable-rate bonds. The Series 2002A Bonds in the aggregate principal amount of $38.3 million and the Series 2002B Bonds in the aggregate principal amount of $38.3 million were remarketed on December 30, 2006 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, 2006, $1.2 million aggregate principal amount for both the Series 2002A Bonds and the Series 2002B Bonds (which were not being remarketed) were redeemed by the City. The interest rates range from 4.73 percent to 5.18 percent.

In December 2002, the Agency issued $47.8 million in Long Beach Bond Finance Authority Downtown and West Long Beach Industrial Redevelopment Project Areas 2002 Series B Tax Allocation Revenue Bonds (Series B bonds). These 2002 Series B bonds were issued to refund $25.7 million of the outstanding Series 1992A Downtown and West Long Beach Industrial Bonds with interest rates ranging from 2.90 percent to 6.00 percent, to repay certain amounts owed by the Agency to the Harbor, 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 2.00 percent to 5.50 percent for the West Long Beach Industrial Project and 2.25 percent to 5.50 percent for Downtown Project.

In February 2006, the Agency issued $35.0 million in Long Beach Bond Finance Authority Tax Allocation Revenue Bonds Downtown and North Long Beach Redevelopment Project Areas 2005 Series C bonds (Series C bonds). These 2005 Series C bonds were issued to purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) and the outstanding Redevelopment Agency of the City of Long Beach 2002 Tax Allocation bonds (North Long Beach Redevelopment Project) in order to advance refund a portion of the outstanding Long Beach Bond Finance Authority Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High, and West Beach Redevelopment Project Areas) 2002 Series A and to finance certain Agency projects within or of benefit to the Downtown Project Area. The interest rates for the Series C bonds range from 3.25 percent to 5.50 percent.

In May 2005, the Long Beach Financing Authority issued $8.0 million 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 $13.0 million. The interest rates range from 2.75 percent to 4.50 percent. The refunding resulted in an accounting loss of $598 thousand, which will be recognized over the life of the bonds. Aggregate debt service decreased by $316 thousand, thereby resulting in an economic gain of $333 thousand.

Southeast Resource Recovery Facility Authority Bond Issue

The Southeast Resource Recovery Facility Authority (SERFF) issued $120.2 million in lease revenue bonds Series A and Series B in December 2003 (Series 2003) to refund the SERFF'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 $170.0 million. The 2003 Bonds have interest rates ranging from 2.00 percent through 5.38 percent. The refunding issue resulted in an accounting loss of approximately $2.1 million, which will be recognized over the life of the bonds. Aggregate debt service increased by approximately $4.9 million over the next 15 years to level overall debt service requirements, thereby resulting in an economic loss of approximately $6.4 million.

Tidelands Rainbow Harbor Refunding Bonds

In April 2006, the Long Beach Bond Finance Authority issued $50.8 million in Lease Revenue Bonds 2006 Series A (Rainbow Harbor Refinancing Project) (2006 Series A) to refinance costs of improvements in the Rainbow Harbor area of the City including the refunding of the Long Beach Bond Finance Authority Lease Revenue Bonds (Rainbow Harbor Refinancing Project) 1999 Series A, to refinance the costs of a portion of the 1,471 parking garage at 200 Shoreline Drive including the refunding of the 1997 Certificates of Participation (Queensway Bay Parking Facility), and to fund a reserve fund and pay costs of issuance for the bonds. The 2006 Series A bonds are payable through May 1, 2024 with total debt service in the amount of $73.2 million. The interest rates range from 3.38 percent to 5.00 percent. The refunding resulted in an accounting loss of $3.5 million, which will be recognized over the life of the bonds. Aggregate debt service decreased by $2.2 million, thereby resulting in an economic gain of $1.5 million.

Harbor Revenue Refunding Bonds

In May 2004, the City issued the City of Long Beach Harbor Revenue Refunding Bonds 2004 Series A and Series B bonds amounting to $113.4 million to 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 refunding resulted in a difference between the reacquisition price and

net carrying amount on the old debt of $1.4 million. 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. On May 13, 2010, the Harbor Board issued the 2010B Revenue Refunding Bonds and used a portion of the proceeds to redeem $12.1 million of the outstanding 2004A bonds.

In May 2005, the City issued the City of Long Beach Harbor Revenue Refunding Bonds Series 2005A and B (the 2006 Bonds), amounting to $258.0 million 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 refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of $4.2 million, which will be recognized over the life of the bonds. The aggregate debt service decreased by $84.7 million thereby resulting in an economic gain of approximately $24.2 million. On May 13, 2010, the Harbor Board issued the 2010B Revenue Refunding Bonds and used a portion of the proceeds to redeem $78.4 million of the outstanding 2005A bonds.

The City of Long Beach Harbor Revenue Refunding Bonds Series 2010B (the 2010B Bonds) are secured by the Harbor Department's gross revenues. The 2010B Bonds, dated April 29, 2010, amounting to $158.1 million, together with the Harbor contribution of $5.3 million were used to purchase $63.1 million aggregate principal amount of the City's Harbor Revenue Bonds, Series 2002B, $12.1 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2004A, and $78.4 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2005A, from the holders thereof; to fund a reserve fund for the Series 2010B Bonds; and to pay the costs of issuing the Bonds. The refunding resulting in an accounting loss of $2.1 million, $722 thousand, and $4.0 million for the 2002, 2004, and 2005 bonds partial defeasements, respectively, and are being amortized over the shorter of the life of the original bonds and the 2010B bonds. The 2010B refundings resulted in an aggregate economic gain of $4.0 million.

Serial bonds aggregating to $158.1 million will mature on May 15 of each year from 2011 to 2027 in amounts ranging from $130 thousand to $21.5 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging 3.0% to 5%.

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

Water Revenue Refunding Bonds

On September 29, 2010, the Water Fund issued $22.7 million in Water Revenue Refunding Bonds, Series 2010A (the Series 2010A Bonds) at a premium of 3.0 million, to (a) to advance refund 82.4% or $24.3 million of the outstanding 1997A Water Revenue Refunding Bonds at a redemption premium of 2% over par value, (b) fund a reserve fund for the 2010 Bonds, and (c) pay the cost of issuing the 2010 Bonds. The Series 2010A Bonds bear interest ranging from 3.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2010. Principal payments are due May 1, commencing on May 1, 2012.

The remaining Series 1997A Bonds maturing on May 1, 2015 are not subject to redemption prior to maturity, and remain outstanding in the amount of $5.2 million at September 30, 2010. The initial

issuance premium of $3.0 million on the Series 2010A is reported as an addition to long-term debt and is amortized using the effective interest rate method over the life of the Bonds.

In addition, the refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 1997A Bonds of $2.7 million. This difference is considered to be a deferred loss on the refunding and is reported in the basic financial statements as a deduction from bonds payable. The deferred loss on refunding is being amortized using the straight-line method over the life of the Series 2010A bonds, which have the same maturity as the old debt. The Refunded Series 1997A Bonds were refunded in order to take advantage of lower interest rates to achieve debt service savings. The Department reduced its aggregate debt service payments by $3.3 million, with the refunding structured to achieve such savings upfront over fiscal years 2011 and 2012. The economic gain from the refunding (difference between the present value of the old and new debt service payments) was $3.3 million.

The Series 2010A Bonds and any Parity Obligations (including the Series 1997A Bonds) are secured by a first lien upon and pledge of all of the net revenues of the entire water system (the Water Enterprise Fund) of the City of Long Beach. Net revenues are defined as all gross revenues derived by the ownership and operation of the Water Enterprise Fund less operation and maintenance costs. The Board of Water Commissioners has covenanted, on behalf of the City, to set rates and charges for the supply of water to its customers sufficient to provide net revenues each year equal to at least 1.10 times the aggregate annual amount of principal and interest due on the Bonds and any parity obligations (including the Series 1997A Bonds).

Additional Advance Refunding Bonds

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. However, for financial reporting purposes, such refunding transactions generally result in accounting losses. In accordance with GAAP 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.

Pledged Revenue

The City has pledged a portion of future oil revenues from the Upland Oil Fund to repay the 2004 Towne Centre Site Refinancing Project Bonds, variable rate bonds. The bonds were issued to refund bonds originally issued to finance the acquisition of land and construction of the Long Beach Towne Centre, a retail and entertainment complex. Upland Oil Fund oil revenues are projected to produce 592 percent of the debt service requirements over the life of the bonds. As of September 30, 2010, the total principal and interest requirement for the bonds was $14.6 million (Principal $10.6 million, estimated interest of $4.0 million at 3.00%), payable semiannually through November 1, 2030. For the current year, principal and interest paid were $423 thousand secured by oil revenues of $5.0 million.

The Agency has pledged a portion of future tax increment revenues to repay advances from the City made in between 1974 and 2010. The advances were made to finance Agency activities within or of benefit to various project areas. The advances are payable solely from tax increment revenues. Tax increment revenues are projected to produce 2,344 percent of the debt service requirements over the life of the advances. As of September 30, 2010, the total principal and interest requirement for the advances is $121.2 million ($70.8 million for principal and $50.4 million for interest). At present, the Agency has a maximum termination date of December 2047. For the current year, principal and interest paid and tax increment revenues received were $3.0 million and $83.6 million.

Special Assessment Debt

The City serves as the facilitating agent for a number of no-obligation special assessment debt issues. Funding from these issues has been used to improve streets and other City infrastructure, as well as assisting City residents and businesses with the cost of major structural repairs and installation of seismic resistant improvements to their properties. The City has no obligation to service the debt on these special assessment issues; therefore, no liability has been recorded in the City's books for the special assessment debt.

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, 2010, aggregate special assessment debt issued through the City consisted of seven issues and is summarized as follows:

- Dates Issued: 10/01/93 – 6/15/10
- Final Maturities: 10/01/13 – 9/1/37
- Range of Interest Rates: 2.0% – 6.375%
- Amounts Authorized and Issued: $4,279,234 – $43,000,000
- Range of Amounts Outstanding: $1,060,000 – $39,180,000
- Aggregate Outstanding at September 30, 2010: $86,889,234

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 $43.0 million 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 24.

Earthquake Assessment

In 1990, the City, acting on behalf of certain property owners, formed the Earthquake Repair Assessment District 90-3 (District). In June 1991, the District issued $17.4 million of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds (LOI Bonds) for the construction and installation of seismic resistance improvements to eligible commercial and residential properties within the City. The principal and interest was to be paid from the annual collection of special assessments on property within the District. As of September 30, 1996, $10.1 million in LOI Bonds were outstanding. In September 1996, the LOI Bonds' Fiscal

Agent determined that there were insufficient funds to make full payment of principal and interest due to significant delinquencies in payment of assessments. Under the provisions of the LOI Bond covenants, the City is required to commence judicial foreclosure proceedings upon delinquent assessments and to diligently pursue such foreclosure proceedings to completion. To date, the City has fulfilled its responsibility and will continue such action to ultimate resolution.

To structure a remedy for the default, the City formed the 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 $2.1 million in Series 2005A Bonds and $1.2 million Series B Bonds. Series A was sold on the open market to private investors, the City purchased Series B bonds. The proceeds from the sale were used to fund an escrow to defease the 1997 Bonds.

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

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

Toledo Utility Underground

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

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

Conduit Debt

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

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

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

At September 30, 2010, the City's Conduit Debt outstanding consisted of the following (in thousands):

Description	Final Maturity	Amount Authorized	Outstanding at September 30, 2010
Carnival Bonds	2022	$ 32,100	$ 25,405
Grisham Housing Bonds Series A	2035	10,245	9,688
Jamboree West Gate Home Mortgage Revenue Bonds	2037	13,000	11,818
Total Conduit Debt		$ 55,345	$ 46,911

NOTE 11 – NOTES, CERTIFICATES OF PARTICIPATION, COMMERCIAL PAPER NOTES, AND OTHER LONG-TERM OBLIGATIONS

At September 30, 2010, the City had notes and installments payable, certificates of participation, commercial paper, and other long-term obligations, which consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding September 30, 2010
GOVERNMENTAL ACTIVITIES					
NOTES PAYABLE:					
Health Fund					
Health Facility	04/22/05	04/22/19	Variable	$ 3,586	$ 2,382
Housing Development Fund:					
State of California	01/23/92	01/23/22	3%	1,016	1,015
California Housing Finance Agency	02/05/02	02/05/12	3%	600	310
California Housing Finance Agency	03/13/03	03/13/13	3%	1,300	867
Total Housing Development Fund				2,916	2,192
Redevelopment Capital Projects Fund:					
Los Angeles County	01/21/92	12/10/31	3.75%	3,695	3,695
Cal-Can Holding, LLC	12/02/09	12/02/11	0.0%	146	146
Total Redevelopment Capital Projects Fund				3,841	3,841
ANNUITY OBLIGATION:					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	19,038
Governmental Activities Notes and Annuity Obligation				$ 47,943	$ 27,453
BUSINESS-TYPE ACTIVITIES					
NOTES PAYABLE:					
Gas Utility Fund					
Commercial Paper Notes	07/01/05	N/A	0.2-4.6%	$ 17,259	$ 5,504
Water Fund:					
Commercial Paper Notes	01/08/03	N/A	0.3-3.7%	11,000	11,000
Tidelands Fund:					
State of Calif DBAW/Seawalls	09/12/94	08/01/24	4.5%	1,151	815
State of Calif DBAW/Downtown Marina	08/09/81	08/01/11	4.5%	3,900	292
State of Calif DBAW/Downtown Marina	03/29/82	08/01/12	4.5%	3,500	563
State of Calif DBAW/Downtown Marina	11/08/82	08/01/12	4.5%	600	94
State of Calif DBAW/Shoreline Marina	04/17/02	08/01/37	4.5%	31,718	28,673
State of Calif DBAW/Basin 8	02/20/98	08/01/28	4.5%	2,650	2,152
State of Calif DBAW/Basin 4	12/17/07	08/01/37	4.5%	3,289	3,069
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.5%	700	553
Total Tidelands Fund				47,508	36,211
Sewer Fund:					
Commercial Paper Notes	06/11/09	N/A	0.2-0.3%	4,000	4,000
Airport Fund:					
Commercial Paper Notes	07/01/05	N/A	1.40-3.92%	21,082	17,082
Business-type Activities Notes and Certificates of Participation				$ 100,849	$ 73,797

Housing Development Fund Loan

The Housing Development Fund has authorization to borrow $3.9 million from the California Housing Finance Agency at 3.00 percent interest rate. The Housing Development Fund received $3.9 million from the California Housing Finance Agency. $2.0 million, utilized for a revolving loan program for the acquisition and rehabilitation of multiple residential buildings for revitalization, has been paid in full as of September 30, 2010. The remaining amount of $1.9 million, utilized for the acquisition and/or rehabilitation of multi-family rental units, has an outstanding balance of $1.2 million as of September 30, 2010.

In fiscal year 1992, the Housing Development Fund entered into a loan agreement totaling $1.0 million with the State of California Department of Housing and Community Development for construction and rehabilitation. The project, Lois Apartments, was completed in fiscal year 1993. Interest on the loan accrues from the date the funds were disbursed at an annual simple interest rate of 3.00 percent. As of September 30, 2010, the outstanding balance of the loans was $1.0 million.

The Redevelopment Capital Fund Loans

The Agency has an agreement to pay Los Angeles County 49.44 percent of tax increment generated by the Los Altos Area, payable commencing in 2020 at a simple interest rate of 3.75 percent. The tax increment, including interest, due to the County at September 30, 2010 totaled $6.7 million.

In the fiscal year ended September 30, 2010, the Agency executed a promissory note for $146 thousand in favor of Cal-Can Holdings, LLC as partial consideration in the purchase of real property on 2144 W. 16th Street, Long Beach, California. This note is due and payable in full at the earlier of the resale of the real property or second anniversary of the date of the promissory note.

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 Activities					
Year-end	Health Fund	Housing Development Fund	Redevelopment Capital Projects Fund	Principal	Interest	Total
2011	$ 273	$ -	$ -	$ 273	$ 14	$ 287
2012	275	310	146	731	44	775
2013	277	867	-	1,144	174	1,318
2014	279	-	-	279	9	288
2015	281	-	-	281	7	288
2016 - 2020	997	-	-	997	11	1,008
2021 - 2025	-	1,015	-	1,015	882	1,897
2036	-	-	3,695	3,695	2,955	6,650
Totals	$ 2,382	$ 2,192	$ 3,841	$ 8,415	$ 4,096	$ 12,511

Police and Fire Annuity Obligation Program

The City administers a Police and Fire Annuity Program (Program) under the City Charter Section 187. Enrollment in the program was termination in 1945. The terminated Program covers a diminishing number of public safety retirees or their surviving spouses. At September 30, 2010, there were 62 participants in this program.

Total expenditures to this closed group of individuals amounted to $3.4 million for the fiscal year ended September 30, 2010. The City's accrued Program liability was $19.0 million at September 30, 2010. 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, 2009	$ 21,494
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(3,425)
Estimated Change in Annualized Value of Benefits	969
Accrued Program Liability at September 30, 2010	$ 19,038

The number of Program participants diminishes each year. Since 1997, the number of program participants has been reduced by 143 individuals. The following table presents additional information for the Program (dollars in thousands):

Year-end	Number of Participants	Annuity Benefits Paid	Accrued Program Liability
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
2006	106	4,589	29,896
2007	81	4,277	27,432
2008	75	3,930	24,775
2009	67	3,721	21,494
2010	62	3,425	19,038

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	Gas Utility	Water	Tidelands	Sewer	Airport	Principal	Interest	Total
2011	$ -	$ -	$ 1,371	$ -	$ 17,082	$ 18,453	$ 1,662	$ 20,115
2012	-	-	1,124	-	-	1,124	1,604	2,728
2013	-	-	828	-	-	828	1,549	2,377
2014	-	-	867	-	-	867	1,511	2,378
2015	-	-	907	-	-	907	1,471	2,378
2016 - 2020	-	-	5,188	-	-	5,188	6,698	11,886
2021 - 2025	-	-	6,416	-	-	6,416	5,391	11,807
2026 - 2030	-	-	7,311	-	-	7,311	3,824	11,135
2031 - 2035	-	-	8,313	-	-	8,313	2,078	10,391
2036 - 2040	-	-	3,886	-	-	3,886	271	4,157
Indeterminant	5,504	11,000	-	4,000	-	20,504	-	20,504
Totals	$ 5,504	$ 11,000	$ 36,211	$ 4,000	$ 17,082	$ 73,797	$26,059	$ 99,856

Gas Commercial Paper

In July 2005, the City authorized the Gas Department's issuance and sales, from time to time, of City's subordinate Gas Utility Revenue Commercial Paper Notes, Series A and Series B (taxable), in an aggregate principal amount not to exceed $35.0 million. Commercial paper is used for pipeline integrity projects. The program termination date is July 1, 2020 unless earlier terminated or extended in accordance with program terms. In fiscal years 2006, 2007, and 2008, commercial paper issuances were $7,.8 million, $7.5 million, and $2.0 million respectively, less a fiscal year 2010 repayment of $11.8 million, for a balance outstanding of $5.5 million as of September 30, 2010. Interest rates have ranged from 0.20 percent to 4.60 percent over the period of issuance. The Commercial Paper Notes shall not have maturities exceeding 270 days and shall not bear interest rate in excess of the lesser of (a) 12.00 percent per annum and (b) the maximum rate of interest permitted by law. The Gas Department has the ability to refinance on a long-term basis by renewal of Commercial Paper Notes and the future issuance of revenue bonds; accordingly, the $5.5 million has been classified as a long-term obligation.

Water Commercial Paper

On October 17, 2002, the Board of Water Commissioners approved Resolution WD-1170, which authorized the issuance and sale of up to $15.0 million of City of Long Beach, California Subordinate Water Revenue Commercial Paper Notes (notes), Series A (tax-exempt), and Series B (taxable). The City's Water Enterprise subordinate net revenues secure the notes. The City Council approved the issuance and sale on October 29, 2002. Proceeds from the variable debt will be used for interim financing needs to assist with completing reclaimed system expansion projects that are partially funded by federal and state grants and for seawater desalination research and development, which is partially funded by a federal grant.

On January 8, 2003, Series A notes in the amount of $6.0 million were issued. The notes are issued in denominations of $100 thousand and integral multiples of $1 thousand in excess of $100 thousand and will mature not more than 270 days after date of issuance. On March 19, 2008, Series A notes in the amount of $2.0 million were issued. On April 6, 2009, additional Series A notes in the

amount of $3.0 million were issued. Interest rates have ranged from 0.26% to 3.72%. The water utility has the ability and intends to continue to extend the notes for periods greater than a year; accordingly, the outstanding amount has been classified as a long-term obligation.

Tidelands Loans

The Tidelands Fund entered into various loan agreements between August 1981 and December 2007 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 $47.5 million as of September 30, 2010. The amount outstanding at September 30, 2010 is $36.2 million. Principal payments in the amount of $1.4 million were paid in fiscal year 2010 at an interest rate of 4.50 percent.

Harbor Commercial Paper

The Harbor Department authorized the issuance of up to $383.5 million in Commercial Paper notes. In 1994, the Harbor Department issued $148.0 million of Series A Commercial Paper Notes to pay for acquisition costs of property, facilities, and oil rights in the North Harbor District. The commercial paper and related interest obligation were fully paid during the 2010 fiscal year.

Sewer Commercial Paper

On May 7, 2009, the Board of Water Commissioners approved Resolution WD-1255, which authorized the issuance and sale of up to $20.0 million of City of Long Beach, California Senior Sewer Revenue Commercial Paper Notes (notes), Series A (tax-exempt), and Series B (taxable). The City's Sewer Enterprise net revenues secure the notes. The notes are further supported by credit enhancement in the form of an Irrevocable Letter of Credit, issued initially by Union Bank, N.A. pursuant to a reimbursement agreement. The City Council approved the issuance and sale on June 2, 2009. Proceeds from the variable debt will be used for interim financing of sewer system improvements and sewer pipe rehabilitation and replacement programs.

On June 11, 2009, Series A notes in the amount of $4.0 million were issued. The notes are issued in denominations of $100 thousand and integral multiples of $1 thousand in excess of $100 thousand and will mature not more than 270 days after date of issuance. Interest rates have ranged from 0.20 percent to 0.30 percent. The Department has the ability and intends to continue to extend the notes to periods greater than a year; accordingly, the outstanding amount has been classified as a long-term obligation.

Airport Commercial Paper

On October 19, 2004, the City Council authorized the Airport to issue, on an as needed basis, up to $15.0 million of variable rate, Airport Projects Commercial Paper Notes for short-term financing of qualified Airport Capital Projects. On May 20, 2008, the City Council authorized the program to be expanded to up to $25.0 million. 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. Commercial paper issuances for fiscal years 2007, 2008, 2009, and 2010 were $1.0 million, $7.0 million, $8.3 million, and $4.8 million, respectively, less a fiscal year 2010 repayment of $4.0 million leaving a balance outstanding of $17.1 million as of September 30, 2010. Interest rates have ranged from 0.15 percent to 4.30 percent. The Airport has the ability to and intends to keep on extending the notes to periods longer than a year; accordingly, $13.3 million of the outstanding amount has been classified as a long-term obligation. A portion of Airport commercial paper has been classified as a current obligation since management intends to repay $3.8 million of the commercial paper during fiscal year 2011.

NOTE 12 – LEASING ARRANGEMENTS

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

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding at September 30, 2010
GOVERNMENTAL ACTIVITIES:					
General Fund:					
City Light and Power (a)	05/01/96	10/03/19	8.73%	$ 18,500	$ 12,714
Parking Citation Device (b)	01/22/07	12/22/10	3.99%	200	13
Voting Equipment (c)	03/15/07	03/15/12	3.93%	900	289
Ambulance Bill (d)	09/05/07	09/05/12	3.93%	158	64
Pitney Bowes Mailer (e)	09/05/07	09/05/12	3.82%	170	72
Ambulances (f)	03/24/10	03/24/16	3.08%	988	912
Total General Fund				20,916	14,064
Internal Service Funds:					
Civic Center Fund:					
Parking System (g)	10/24/08	10/24/13	4.99%	421	272
Civic Center Projects (h)	08/01/10	04/01/27	4.30%	31,450	30,594
Total Civic Center Fund				31,871	30,866
Fleet Services Fund:					
Fire Equipment Lease (i)	10/01/05	09/30/15	3.50%	5,279	2,869
Ambulance & Boats (j)	10/27/06	10/27/13	3.76%	2,191	794
Sweepers (k)	09/05/07	09/05/11	3.91%	4,336	1,055
Total Fleet Services Fund				11,806	4,718
General Services Fund:					
Software (l)	03/15/07	03/15/14	3.93%	4,400	2,351
Computer equipment (m)	03/07/08	03/07/12	2.68%	1,300	476
IBM Mainline upgrade (n)	10/01/08	09/01/13	3.64%-4.24%	346	214
Personal Computers and laptops (o)	08/21/09	08/21/13	3.09%	1,358	1,007
Disaster Recovery Hardware (p)	08/20/10	08/20/15	2.64%	470	463
Total General Services Fund				7,874	4,511
Total Governmental Activities Leases				$ 72,467	$ 54,159
BUSINESS-TYPE ACTIVITIES:					
Tidelands Fund:					
Convention Center (q)	10/01/05	10/01/26	4.99%	$ 649	$ 541

(a) The City entered into a capital lease agreement in May 1996 to improve and replace the street lighting infrastructure in the City. The lease is payable monthly; the amount varies by year, with the initial year at $57 thousand per month and the maximum amount for the sixth through 25 years at $169 thousand per month.

(b) The City entered into a capital lease agreement in January of 2007 to purchase hand held parking citation devices. The lease is payable in monthly installments of $5 thousand through December 2010.

(c) The City financed voting equipment, hardware, and software in March 2007. The lease is payable in monthly installments of $17 thousand through March 2012.

(d) The City entered into a capital lease agreement to finance an ambulance billing system. The lease is payable in monthly installments of $3 thousand through September 2012.

(e) The City financed the acquisition of a mailing machine though a capital lease agreement in September 2007. The lease is payable in monthly installments of $3 thousand though fiscal year 2012.

(f) In March 2010, the City financed the purchase of ambulances through a capital lease with monthly installments of $15 thousand through March 2016.

(g) The City entered into capital lease in October 2008 to finance the purchases and installation of parking equipment in the Civic Center parking structure. Monthly installments of $8 thousand are due through October 2013.

(h) The City entered into a private placement capital lease to redeem the 1997 series A Lease Revenue and Refunding Bonds. Original bonds proceeds were used for Civic Center complex capital projects. Advanced refunding resulted in an accounting loss of $1.3 million and an economic gain of $1.2 million.

(i) The City entered into a capital lease agreement to finance the acquisition of equipment for the Fire Department including two ladder trucks, ten pumper trucks, and a life-saving boat in October 2005. The lease is payable in monthly installments of $52 thousand through September 2015.

(j) The City entered into a capital lease agreement in October 2006 for the purchase of paramedic vehicles and fire rescue boats. Monthly installments of $30 thousand are payable through October 2013.

(k) The City entered into a capital lease agreement in September 2007 for the procurement of street sweepers. The lease is payable in monthly installments of $98 thousand through September 2011.

(l) The City entered into a capital lease agreement to finance the development of a billing and collection system in March 2007. The lease is payable in monthly installments of $60 thousand through March 2014.

(m) The City entered into a capital lease agreement in March 2008 to finance the purchases of personal computers. The lease is payable in monthly installments of $29 thousand through March 2012.

(n) The City entered into a capital lease agreement in October 2008 to upgrade the city's computer mainframe. Equipment of $272 thousand were financed at an interest rate of 3.64 percent and software of $73 thousand were financed at 4.24 percent. Total monthly installment of $6,000 are payable through September 2013.

(o) The City entered into a capital agreement for the purchase of personal computers and laptops in August 2009. The lease is payable in monthly installments of $30 thousand through August 2013.

(p) In August 2010, the City entered into a capital lease agreement to finance computer hardware for the Emergency Communication & Operation Center to facilitate the City's disaster recovery strategy to maintain critical financial management and human resource operations. Monthly installments of $8 thousand are due through August 2016.

(q) The City entered into a capital lease to finance the installation of a surface membrane to the Convention Center roof. The lease is payable in annual installments of $52 thousand through October 2026.

Aggregate future debt service payments under the City's governmental activities capital leases

	Principal Payments By Fund - Governmental Activities				Annual Debt Service Requirements		
Year-end	General	Civic Center	Fleet Services	General Services	Principal	Interest	Total
2011	$ 1,343	$ 1,594	$ 1,921	$ 1,466	$ 6,324	$ 2,684	$ 9,008
2012	1,270	1,413	899	1,315	4,897	2,426	7,323
2013	1,209	1,477	690	1,186	4,562	2,193	6,755
2014	1,364	1,453	593	453	3,863	1,972	5,835
2015	1,517	1,505	615	91	3,728	1,764	5,492
2016 - 2020	7,361	8,655	-	-	16,016	5,678	21,694
2021 - 2025	-	10,964	-	-	10,964	2,162	13,126
2026 - 2030	-	3,805	-	-	3,805	165	3,970
Totals	$ 14,064	30,866	$ 4,718	$ 4,511	$ 54,159	$ 19,044	$ 73,203

are as follows (in thousands):

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

	Tidelands Fund		
Year-end	Principal	Interest	Total
2011	$ 25	$ 27	$ 52
2012	26	26	52
2013	28	24	52
2014	29	23	52
2015	30	22	52
2016 - 2020	177	84	261
2021 - 2025	226	35	261
Totals	$ 541	$ 241	$ 782

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	Total
2011	$ 258,325
2012	241,047
2013	249,420
2014	247,570
2015	245,351
2016-2020	1,179,565
2021-2025	930,910
2026-2030	311,643
2031-2035	47,118
2036-2040	39,795
2041-2045	37,533
2046-2050	36,464
2051-2055	19,786
2056-2060	12,481
2061-2065	11,231
2066-2070	8,162
2071-2075	4,863
2076-2080	4,716
2081-2085	3,590
2086-2090	48
Total	$ 3,889,618

NOTE 13 – DERIVATIVE INSTRUMENTS

At September 30, 2010, the City had the following hedging derivative instruments outstanding within business-type activities:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms
Pay-Fixed Interest Rate Swap	To reduce the risks associated with the change in interest rates related to the 2007 Series B Variable Rate Bonds.	$69.0 million	11/18/2007	11/15/2033	Receive 67% LIBOR plus 1.424%, pay fixed at 4.685%
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	157.4 million MMBtu[1]	11/18/2007	9/30/2037	Pay variable receive fixed for scheduled notional quantities.

[1] MMBtu is one million British Thermal Units.

Interest Rate Swap Objective and Terms: As a means to lower financing costs and to reduce the risks associated with the fluctuation of market interest rates, the LBBFA entered into a series of interest rate swaps in connection with the 2007 Gas Prepay Bonds, Series B (Prepay Bonds) in the amount of $251.7 million. In July of 2009, a tender offer was submitted to bondholders reducing the Prepay Bond's outstanding notional amounts to $69.0 million as follows:

Maturity Date	Notional Amounts (in thousands)	Synthetic Fixed Rate	Variable Rate	Spread
11/15/2025	$ 19,195	4.903%	1.662%	1.410%
11/15/2026	25,175	4.930%	1.682%	1.410%
11/15/2027	24,630	4.955%	1.702%	1.450%
2/15/2033	5	5.067%	1.802%	1.430%
	$ 69,005	4.931% [2]	1.684% [3]	1.424% [2]

[2] Percentages are weighted average.
[3] The weighted average floating rate is based on the present value of 67% of the forward three-month LIBOR rate curve at 9/30/09, plus the indicative spread.

The objective of the swap was to effectively change the variable interest rate on the Prepay Bonds to a synthetic weighted average fixed rate of 4.93 percent (pay-fixed interest rate swap). The Prepay Bonds and the related swap agreements mature on the dates specified above and the swap's notional amount of $69.0 million matches the $69.0 million variable-rate Prepay Bonds. The swap was effective at the same time the Prepay Bonds were issued on October 18, 2007.

Starting in fiscal year 2008-09, under the swap agreement, LBBFA paid Merrill Lynch Capital Services, Inc. (MLCS) fixed payments based on the above schedule. In October 2007, the Alternative Floating Rate Option was used to calculate interest paid to LBBFA. The Alternate Floating Rate Option means a per annum rate, not to exceed the maximum interest rate payable on the Prepay Bonds, expressed as a decimal, equal to 67 percent of the three-month LIBOR, as quoted by the British Bankers Association (BBA), plus a spread as defined above, not to exceed a rate of 15 percent per annum for any calculation period.

Commodity Swap Objective and Terms: The City entered into a natural gas commodity price sale agreement with Royal Bank of Canada Capital Markets (RBC) to hedge against a reduction in its gas sale revenues resulting from changes in monthly market index prices. Under the swap agreement, the City pays a floating natural gas price over a 30-year period and receives specified fixed natural gas prices for notional quantities of natural gas as determined in the Prepaid Gas Agreement. In consideration for the agreement, the City remitted $892.6 million to the seller. Settlement provisions of the contract permit the City to take delivery of the gas or to pay a settlement price equal to the applicable Index Price (NGI So Cal Border Index) for the month in which the gas delivery occurs, less $0.83 per one million MMBtu. The swap was effective at the same time the Prepay Bonds were issued on October 18, 2007 and continues through November 1, 2037.

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

Fair Value: The interest rate swap, with the market price quoted by MLCS, had a negative fair value of approximately $9.1 million at October 1, 2009. During the current period, the fair value decreased $3.3 million to a negative fair value of $12.4 million as of September 30, 2010.

The commodity swap, with the market price quoted by the RBC, had a fair value of $114.6 million at October 1, 2009. During the current period, fair value increased $182.4 million to a fair value of $297.0 million as of September 30, 2010.

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

Maturity Date	Fair Value, October 1, 2009	Change in Fair Value	Fair Value, September 30, 2010
11/15/2025	$ (2,454)	$ (930)	$ (3,384)
11/15/2026	(3,327)	(1,208)	(4,535)
11/15/2027	(3,352)	(1,172)	(4,524)
2/15/2033	(1)	-	(1)
	(9,134)	(3,310)	(12,444)
Commodity Swap			
11/1/2037	114,651	182,375	297,026
Total	$ 105,517	$ 179,065	$ 284,582

The increase in fair value of the commodity swap is netted against the decrease in fair value of the interest rate swap and is reported as a deferred inflow on the statement of net assets.

Credit Risks: As of September 30, 2010, the interest rate swap counterparty was rated A2 by Moody's and rated A by Standard & Poor's. As of September 30, 2010, the commodity swap counterparty was rated AAA by Moody's and AA- by Standard & Poor's.

Merrill Lynch Commodities, Inc., a wholly owned subsidiary of Merrill Lynch and Co. Inc. (Guarantor) entered into a Prepaid Natural Gas Purchase and Sale Agreement with the LBBFA to sell and deliver gas to the LBBFA. In the event the Guarantor credit rating falls below a credit rating of BBB+ as rated by Standard & Poor's or Fitch Ratings, or a Baa1 as rated by Moody's Investor

Services, Inc., the Guarantor will post acceptable market value of collateral equal to or greater than the current present value of the remaining savings as specified in the Agreement on the date of the credit downgrade. If the rating by any one of the rating agencies should be restored to a level greater than BBB+ or Baa1, LBBFA will return the collateral posted by the following month.

Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows (in thousands):

Fiscal Year Ending September 30	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Net Swap Payments	Total Interest
2011	$ -	$ 3,403	$ 1,575	$ 4,978
2012	-	3,403	1,016	4,419
2013	-	3,403	715	4,118
2014	-	3,403	521	3,924
2015	-	3,403	394	3,797
2016 - 2020	-	17,015	1,405	18,420
2021 - 2025	19,195	16,309	1,039	17,348
2026 - 2030	49,805	1,836	293	2,129
2031 - 2034	5	1	-	1
Total	$ 69,005	$ 52,176	$ 6,958	$ 59,134

As rates vary, variable-rate bond interest payments and net swap payments will vary.

Termination Risks: In accordance with the Trust Indenture and the Prepaid Natural Gas Purchase and Sale Agreement, the issuer has the right to optionally redeem Prepay Bonds either pursuant to the covered Indenture at no market risk or a Triggering Event as described in the Prepaid Natural Gas Purchase and Sale Agreement.

NOTE 14 – RETIREMENT PROGRAMS

Plan Description – Public Employees' Retirement System (CalPERS)

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

Safety*:* Vested first and second tier safety employees who retire at age 50 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to three percent of the employee's highest paid year of employment for each year of credited service. Retirees under the first tier are eligible to receive a maximum annual five percent cost-of-living increase while those under the second tier are eligible to receive a maximum annual two percent cost-of-living increase.

Miscellaneous: Vested first and second tier non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7 percent of their highest paid year of employment for each year of credited service. The City created tier three for non-safety employees hired after October 1, 2006. Vested tier three non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of their highest paid year of employment for each year of credited service. Retirees under the first tier are eligible to receive a maximum annual five percent cost-of-living increase while those under the second and third tier are eligible to receive a maximum annual two percent cost-of-living increase. Audited annual financial statements and ten-year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy

For the fiscal year ended September 30, 2010, Safety and Miscellaneous plan participants were required to contribute nine percent and eight percent of their annual covered salary, respectively. For miscellaneous employees, the City pays six percent of the participant contributions and the employee pays two percent. For safety employees, the City pays seven percent of the participant contributions and the employee pays two percent. In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll; the current rates are 11.830 percent for miscellaneous employees and 16.007 percent for safety employees. For fiscal year 2011, the contribution rates will be 12.297 percent for miscellaneous employees and 17.097 percent for safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2010, the City's annual pension cost (APC) of $69.1 million for CalPERS was equal to the City's annual required contribution (ARC) of $76.7 million less employees contributions of $7.6 million. The ARC was determined as a part of the June 30, 2007 actuarial valuations.

The City's APC, the percentage of APC contributed to the plans, and the net pension obligation for the miscellaneous and safety plans for the fiscal years ended September 30, 2008, 2009, and 2010 are as follows (dollars in thousands):

Fiscal Year	Miscellaneous Annual Pension Cost	Safety Annual Pension Cost	Annual Pension Costs (APC)	Percentage Contribution
2008	$ N/A	$ N/A	$ 67,800	100%
2009	40,503	31,512	72,015	100%
2010	37,546	31,530	69,076	100%

Actuarial Methods and Assumptions

A summary of principal assumptions and methods used to determine the annual required contribution rate for fiscal year 2010 for miscellaneous and safety employees is shown below:

	Assumptions
Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Amortization Period	Closed
Average Remaining Period	30 Years as of the Valuation Date
Asset Valuation Method	15-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%.

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

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the funding status for the miscellaneous and safety plans were as follows (dollars in thousands):

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)	Funded Ratio Actuarial Value Basis (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Miscelaneous	$ 1,630,805	$ 1,846,094	$215,289	88.3%	$ 222,150	96.9%
Safety	1,652,960	1,730,518	77,558	95.5%	137,923	56.2%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the

actuarial accrued liability for benefits. The initial unfunded actuarial accrued liability (or excess assets) associated with these retirement plans are being amortized as a level percentage of projected payroll on a closed basis.

Plan Description – Public Agency Retirement System – Defined Benefit Plan

In November 1994, the City established Public Agency Retirement System (PARS) Defined Benefit Plans for Special Status Contractors and Seasonal and Temporary Employees (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 percent times the final average of the participant's highest 36 consecutive month's salary times the years of service. The Plan requires employee contributions of 6.20 percent of earnings (Contractors Special Status) and three percent of earnings (Seasonal and Temporary Employees). All employees enter the Plan upon hire and all benefits are vested after five years of service (Contractors Special Status) or immediately (Seasonal and Temporary Employees) and employees are always vested in their employee contributions. It is assumed that upon termination, employees will choose to receive an actuarially equivalent lump-sum (based on the actuarial assumptions described below). Audited annual financial statements are available from PARS Public Agency Retirement Services, 4350 Von Karman Avenue, Ste. 100, Newport Beach, CA 92660.

Funding Policy and Annual Pension Cost

The City's funding policy is to make the contribution as determined by the Plan's actuary as of September 30, 2008 valuation date. The following information describes the calculation methodology:

- The Plan's APC for the fiscal year ended September 30, 2010 is based on the period from October 1, 2007 to September 30, 2008. The APC for fiscal year ending 2010 is $97 thousand, the same amount contributed for this period.
- The actuarial liabilities and assets are valued as of September 30, 2008.
- 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 past years and future years. This allocation is made by multiplying the projected benefit by a fraction, the numerator of which is the participant's total credited years of service on the valuation date, and the denominator is the participant's total credited years of service at anticipated benefit commencement.

The unfunded actuarial liability is the difference between the actuarial accrued liability and plan assets. This difference is amortized as a level dollar amount (in the 2009 actuarial valuation used to determine the 2010/11 APC, a seven-year amortization is used for the September 30, 2006 unfunded liability and a 10-year amortization is used for all other gains and losses) to determine the unfunded actuarial liability rate. The actuarial value of Plan assets is based on a five-year smoothing of gains

and losses. The net pension obligation information below is based on periods from October 1 through September 30:

Funded Status and Funding Progress

Fiscal Year	Annual Pension Costs	Actual Contribution	Percentage Contribution	Net Pension Obligation
2008	$ 20,546	$ 20,546	100%	$ -
2009	16,352	16,352	100%	-
2010	97,376	97,376	100%	-

As of the most recent actuarial valuation date, September 30, 2009, the Plan's funding status was (dollars in thousands):

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)	Funded Ratio Actuarial Value Basis (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PARS	$ 889	$ 1,123	$ 234	79.2%	$ 8,376	2.8%

Actuarial Methods and Assumptions

The following is a summary of September 30, 2009 actuarial assumptions:

Interest Rate: 5.25%

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	30%
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.

NOTE 15 – POST RETIREMENT HEALTH CARE BENEFITS

General Plan Description

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

Under the provisions of the City's Personnel Ordinance, upon retirement, the City allows retirees, their spouses, and eligible dependents to use the cash value at retirement of the retiring employee's accumulated unused sick leave to pay for health, dental, and long-term care insurance premiums. Full-time City employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested. The City has provided two one-time early retirement incentive programs. The first had a maximum value of $25 thousand for employees, based on age, who retired during calendar year 1996, and the second incentive offered a 16-hour increase in sick leave per year of service to management employees who retired by June 30, 2004. In all cases, once the cash value of the retired employee's unused sick leave is exhausted, the retiree can terminate coverage or elect to continue paying the premiums at the retiree's expense.

At September 30, 2010, there were 561 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 $19.5 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for the fiscal year ended September 30, 2010 were $7.8 million, and are included in the expenses of the Employee Benefits Internal Service Fund.

Termination Benefits

As of September 30, 2010, the City has recorded a liability in the Employee Benefits Internal Service Fund of $101.9 million based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16). The liability takes into account an estimate of future usage, additional leave accumulation, and wage increases for both current retirees and active employees, an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996 and 2009 negotiated public safety health benefit supplements as described below.

Fire Retirement Supplement Benefit

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

Police Retirement Supplement Benefit

- The Long Beach Police Officers Association agreed to extend a September 30, 2009 midpoint adjustment of 3.20% for sergeants, 14.80% for lieutenants and 9.3% for corporals

and officers, to a 2% minimum increase per year. The midpoint adjustment is based on the Strategic Plan Cities Survey of salaries in similar cities.

- Supplement eligibility is limited to employees retiring on or after September 30, 2009 and before benefits level reaches what it would have been had the September 30, 2009 adjustment been made.
- Benefit formula is equal to the difference between CalPERS retirement had the September 30, 2009 midpoint adjustment been made and actual retirement benefits received by CalPERS.
- Supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA).
- Account will be adjusted as long as retiree or beneficiaries are receiving CalPERS.

The actuarial study assumes an investment return of 5.0 percent; wage increases of 3.5 percent per year for miscellaneous and 4.5 percent per year for safety employees, and insurance premium increases of 4.5 percent. The estimated current portion of such obligation of $6.8 million has been fully funded and the long-term portion of the liability of $95.2 million is being funded, over time, through burden rates charged to the various City funds, applied as a percent of current productive salaries.

Other Postemployment Benefits

As of September, 30, 2010, the City has also recorded a liability in the Employee Benefits Internal Service Fund of $18.0 million based on an actuarial study of the "implicit subsidy" as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). While the City does not directly contribute any funding towards the cost of premiums for retirees, the ability to obtain coverage at an active employees rate constitutes an economic benefit to the retirees. The inclusion of the retirees in the City's health care benefit plans increases the overall health plan rates. The economic benefit is defined as an "implicit subsidy" under GASB 45.

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

This plan does not issue a separate financial report.

Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. As of September 30, 2010, the City has not prefunded the plan.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 11,734
Interest on net OPEB obligation	520
Adjustment to annual required contribution	(782)
Annual OPEB cost	11,472
Contribution made	(3,854)
Increase in net OPEB obligation	7,618
Net OPEB obligation – beginning of year	10,404
Net OPEB obligation – end of year	$ 18,022

The ARC was determined as part of the September 2010 actuarial valuation. For the year ended September 30, 2010, the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2008	$ 8,102	35.2%	$ 5,249
9/30/2009	$ 8,461	39.1%	$10,404
9/30/2010	$11,472	33.6%	$18,022

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2010 was as follows (in thousands):

Actuarial accrued liability (AAL)	$ 120,714
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 120,714
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll	$ 321,931
UAAL as a percentage of covered payroll	37.5%
ARC as a percentage of covered payroll	3.6%

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

notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

The September 30, 2010 actuarial valuation used the Entry Age Normal Cost method. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), an annual healthcare trend rate that begins at 11.3 percent for HMO plans and 8.6 percent for PPO plans that grades down to 4.5 percent for all plans by September 30, 2021, and an inflation assumption of 3.0 percent. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level amount over the participants' working lifetime. The actuarial value of plan assets was $0. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of payroll method on an open basis over 30 years.

NOTE 16 – SELF-INSURANCE PROGRAMS

The City has adopted separate self-insurance programs for workers' compensation and general liability claims. At September 30, 2010, the City accrued non-discounted estimates totaling $109.6 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual, and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has no outstanding annuities payable. The City has recorded a current liability of $25.9 million and a long-term liability of $83.7 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2010 is dependent on future developments. Based upon actuary evaluation, City's management believes that the aggregate accrual adequately represents such losses.

A summary of the City's claims activity for the fiscal years ended September 30, 2010 and 2009 is as follows (in thousands):

	Workers' Compensation Claims	General Liability Claims	Total
Balance at October 1, 2008	$ 92,040	$ 18,289	$ 110,329
Additions	12,753	9,158	21,911
Payments	(12,942)	(4,128)	(17,070)
Balance at September 30, 2009	91,851	23,319	115,170
Additions (Reductions)	14,098	(624)	13,474
Payments	(13,797)	(5,295)	(19,092)
Balance at September 30, 2010	$ 92,152	$ 17,400	$ 109,552

Component Unit

Under its insurance program, the LBT retains the risk for each occurrence of workers' compensation and public liability and property damage claimed up to $2.0 million and $1.0 million, respectively. Claims in excess of $2.0 million for workers' compensation and $1.0 million for public liability and property damage are covered under policies in force with an independent insurer up to $25.0 million for workers' compensation and $10.0 million for public liability and property damage. Individual claim settlements for both workers' compensation and public liability and property damage did not exceed the insurance coverage limits in fiscal years 2010 and 2009.

The level of risk retention is dictated by the insurance market and the rates available to the LBT. LBT weights the increased premium costs against the risk level attempting to minimize overall program expenses. Risk retention levels for public liability and property damage did not change during fiscal year 2010.

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 or an actuarial report 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):

	Workers' Compensation	Public Liability and Property Damage	Total
Balance at July 1, 2008	$ 5,026	$ 1,765	$ 6,791
Reserves:			
New claims	457	558	1,015
Adjustments to existing claims	1,909	1,091	3,000
Payments	(2,048)	(1,868)	(3,916)
Balance at June 30, 2009	5,344	1,546	6,890
Reserves:			
New claims	376	444	820
Adjustments to existing claims	2,228	917	3,145
Payments	(2,257)	(1,957)	(4,214)
Balance at June 30, 2010	$ 5,691	$ 950	$ 6,641

During 2008, LBT began using an annual actuarial and claim review for open workers' compensation cases to ensure adequate reserves are maintained. Reserve levels were significantly increased in 2008 to meet projected future medical costs of older claims.

NOTE 17 – GOVERNMENTAL ACTIVITIES FUND BALANCE

The composition of the reserved portion of the fund balances for governmental funds at September 30, 2010 is as follows (in thousands):

	General Fund	Major Governmental Funds Other than General Fund	Nonmajor Governmental Funds	Totals
Reserved for:				
Other Noncurrent Receivables (a)	$ 104,591	$ 66,350	$ 22,660	$ 193,601
Asset Seizure Money (b)	3,635	-	-	3,635
Encumbrances	329	3,025	5,162	8,516
Future Advances to Other Funds - Restricted by City Charter	1,486	-	-	1,486
Transportation Projects (c)	-	-	5,986	5,986
Housing Development - Restricted by State law	-	166	-	166
Future Projects	-	53,555	8,807	62,362
Land Held For Resale	-	192,740	3,570	196,310
Estimated Oil Field Abandonment Costs	-	-	3,798	3,798
Debt Service Covenants	5,038	103,080	-	108,118
Totals	$ 115,079	$ 418,916	$ 49,983	$ 583,978

(a) The reserve for non-current 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 non-current receivables funds mainly consists of $101.3 million due from the Agency's 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. In addition, $2.0 million and $260 thousand is due from the Health Fund and Development Services Fund, respectively, for advances to cover cash flow. There is no repayment date for these advances.

Additional major governmental fund' advances to other funds consist of $42.4 million due to the Housing Development Special Revenue Fund from the Agency's Capital Projects Fund and a long term receivable in the Agency's Capital Projects Fund of $23.9 million mainly representing long-term notes receivable that do not provide current available resources.

Non-major Governmental long-term receivable reserves consist of the Housing Assistance Fund advance from the Community Development Grants Fund in the amount of $2.9 million resulted from a loan needed to meet current 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, $3.8 million due to the Community Development Grants Fund from the Housing Development Special Revenue Fund and $16.0 million due to the General Capital Projects Fund from the Agency's Capital Projects Fund.

(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 $82.8 million and $100.6 million, respectively. The City's management believes the cash position is sufficient to cover the current costs related to retired health insurance, workers' compensation, general liability claims and current operating costs in the Insurance and Employee Benefits Internal Service funds. The City's management intends to adjust billings to City departments as needed to ensure that adequate cash positions are maintained.

NOTE 18 – GAS UTILITY FUND

The Gas Utility Fund is comprised of the Gas Operating and LBBFA Gas Prepay Functions and is used to account for the activities associated with the distribution of natural gas to the City's customers. The LBBFA Gas Prepay Function was formed to account for the 2007 A and B Natural Gas bonds that were issued in October 2007, for the purchase of gas at a predetermined price. The following schedules summarize the activity and account balances that comprise the Gas Utility Fund:

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Net Assets
September 30, 2010
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (Credit)	Gas Utility Fund
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	$ 15,016	$ 5	$ 15,021	$ -	$ 15,021
Non-Pooled Cash and Cash Equivalents	6	66	72	-	72
Non Performing Investments	104	-	104	-	104
Receivables:					
Interest Receivable	-	12	12	-	12
Accounts Receivable	3,066	2,785	5,851	(1,121)	4,730
Due from Other Funds	2,196	-	2,196	(1,343)	853
Allowance for Receivables	(503)	-	(503)	-	(503)
Inventory	1,616	-	1,616	-	1,616
Prepaid Gas-Current	-	23,230	23,230	-	23,230
Total Current Assets	21,501	26,098	47,599	(2,464)	45,135
Noncurrent Assets:					
Restricted Noncurrent assets					
Non-Pooled Investments	650	23,132	23,782	-	23,782
Noncurrent Receivables:					
Advances to Other Funds	1,778	-	1,778	-	1,778
Derivative - Fair Value	-	284,582	284,582	-	284,582
Capital Assets:					
Land and Other Assets not Being Depreciated	4,596	-	4,596	-	4,596
Capital Assets Net of Accumulated Depreciation	89,988	-	89,988	-	89,988
Prepaid Gas - Long-Term	-	564,856	564,856	-	564,856
Total Noncurrent Assets	97,012	872,570	969,582	-	969,582
Total Assets	118,513	898,668	1,017,181	(2,464)	1,014,717
LIABILITIES					
Current Liabilities payable from Current Assets:					
Accounts Payable	3,732	-	3,732	1,121	2,611
Accrued Wages	530	-	530	-	530
Accrued Interest Payable	14	11,748	11,762	-	11,762
Due to Other Funds	310	1,343	1,653	1,343	310
Deferred Revenues	153	-	153	-	153
Customers Deposits	1,731	-	1,731	-	1,731
Bonds Payable Due Within One Year	990	9,410	10,400	-	10,400
Total Current Liabilities	7,460	22,501	29,961	2,464	27,497
Noncurrent Liabilities:					
Deferred Inflow - Derivative	-	284,582	284,582	-	284,582
Other Long-Term Obligations	5,504	-	5,504	-	5,504
Bonds Payable	1,770	638,385	640,155	-	640,155
Unamortized Discount/Deferred cost	(45)	10,515	10,470	-	10,470
Total Noncurrent Liabilities	7,229	933,482	940,711	-	940,711
Total Liabilities	14,689	955,983	970,672	2,464	968,208
NET ASSETS (DEFICIT)					
Investment in Capital Assets, Net of Related Debt	87,015	-	87,015	-	87,015
Restricted for:					
Debt Service	682	-	682	-	682
Capital Projects	12,682	-	12,682	-	12,682
Unrestricted	3,445	(57,315)	(53,870)	-	(53,870)
Total Net Assets (Deficit)	$ 103,824	$ (57,315)	$ 46,509	$ -	$ 46,509

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Revenues, Expenses and Changes in Fund Net Assets
September 30, 2010
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (credit)	Gas Utility Fund
Operating Revenues:					
Charges for Services	$ 79,305	$ 23,118	$ 102,423	$ 23,118	$ 79,305
Other	427	-	427	-	427
Total Revenues	79,732	23,118	102,850	23,118	79,732
Operating Expenses:					
Personal Services	14,141	-	14,141	-	14,141
Purchases of Gas	34,476	3,396	37,872	(23,118)	14,754
Maintenance and Other Operations	10,906	2	10,908	-	10,908
Amortization	11	82	93	-	93
Depreciation	4,103	-	4,103	-	4,103
Total Operating Expenses	63,637	3,480	67,117	(23,118)	43,999
Operating Income	16,095	19,638	35,733	-	35,733
Non-Operating Income (Expense):					
Interest Income	105	730	835	-	835
Interest Expense	(123)	(33,390)	(33,513)	-	(33,513)
Loss on Dispostion of Fixed Assets	(142)	-	(142)	-	(142)
Other Income	1,279	(406)	873	-	873
Total Non-Operating Income (Expense)	1,119	(33,066)	(31,947)	-	(31,947)
Income Before Contributions and Transfers	17,214	(13,428)	3,786	-	3,786
Operating Transfers:					
Operating Transfers In	22,725	-	22,725	22,725	-
Operating Transfers Out	(11,923)	(22,725)	(34,648)	(22,725)	(11,923)
Change in Net Assets	28,016	(36,153)	(8,137)	-	(8,137)
Net Assets (Deficit), October 1	75,809	(21,163)	54,646	-	54,646
Net Assets (Deficit), September 30	$103,825	$ (57,316)	$ 46,509	$ -	$ 46,509

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Gas Operating Function	LBBFA Gas Prepay Function	Eliminations Increase (decrease)	Gas Utility Fund
Cash Flows from Operating Activities:				
Receipts from Customers	$ 80,628	$ 23,071	$ (23,071)	$ 80,628
Payments for Employee Salaries	(13,864)	-	-	(13,864)
Payments for Goods and Services	(43,839)	519	23,071	(20,249)
Other Income	1,237	(2,145)	-	(908)
Net Cash Provided by Operating Activities	24,162	21,445	-	45,607
Cash Flows from Non-Capital Financing Activities:				
Transfers In	22,725	-	(22,725)	-
Receipts from Prepayment of Gas Supply	-	20,612	-	20,612
Payments of Principal on Bonds Payable	-	(8,510)	-	(8,510)
Payments of Interest	-	(33,810)	-	(33,810)
Transfers Out	(11,923)	(22,725)	22,725	(11,923)
Net Cash Provided by (Used for) Non-Capital Financing Activities	10,802	(44,433)	-	(33,631)
Cash Flows from Capital and Related Financing Activities:				
Principal Received on Capital Leases from other funds	813	-	-	813
Payments for Capital Acquisitions	(9,565)	-	-	(9,565)
Payments of Principal on Bonds Payable	(970)	-	-	(970)
Payments to Redeem Commercial paper	(11,755)	-	-	(11,755)
Payments of Interest	(123)	-	-	(123)
Net Cash Used for Capital and Related Financing Activities	(21,600)	-	-	(21,600)
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	4,568	-	4,568
Receipts of Interest	105	730	-	835
Net Cash Provided by Investing Activities	105	5,298	-	5,403
Net Increase (Decrease) in Cash and Cash Equivalents	13,469	(17,690)		(4,221)
Cash and Cash Equivalents - October 1	1,553	17,761	-	19,314
Cash and Cash Equivalents - September 30	$ 15,022	$ 71	$ -	$ 15,093

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Gas Operating Function	LBBFA Gas Prepay Function	Eliminations Increase (decrease)	Gas Utility Fund
Operating Income	$ 16,095	$ 19,638	$ -	$ 35,733
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	4,114	82	-	4,196
Other Income (Expense)	810	(406)	-	404
Decrease in Accounts Receivable, Net	1,751	476	1,121	3,348
Decrease in Amounts Due from Other Funds	-	469	-	469
Decrease in Inventory	(140)	-	-	(140)
Decrease in Other Operating Assets/Gas Prepay	41	3,397	-	3,438
Increase (Decrease) in Accounts Payable	1,888	(2,211)	(1,121)	(1,444)
Increase in Accrued Wages Payable	9	-	-	9
Increase in Amounts Due to Other Funds	23	-	-	23
Increase in Deferred Revenues	30	-	-	30
Decrease in Collections Held in Trust	(459)	-	-	(459)
Total Adjustments	8,067	1,807	-	9,874
Net Cash Provided by Operating Activities	$ 24,162	$ 21,445	$ -	$ 45,607

Gas Rates

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

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

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

Effective April 1, 2009, the City entered into a three-year gas services contract with Shell Energy North America (SENA) to continue to provide storage, scheduling, forecasting, and balancing services. This contract replaced the prior gas services contract with SENA, which expired March 31, 2009. The current contract also provides a cost savings over the previous contract. Additional agreements with SENA allow for the purchase of additional gas supply, if needed, and also provide fixed-price gas, ceilings, and floor caps to protect LBGO customers from large fluctuations in the natural gas market. Purchases and related expenses under this contract for the year ended September 30, 2010 were $2.5 million.

NOTE 19 – SOLID WASTE MANAGEMENT FUND

The Solid Waste Management Fund is used to account for the City's refuse collection and resource recovery operations and includes the City's Solid Waste Management Function and the SERRF Function. SERRF was formed as a joint powers authority between the City 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 long-term receivable with a balance at September 30, 2010 of $2.5 million.

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

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

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Net Assets (Deficit)
September 30, 2010
(In Thousands)

	Solid Waste Management					
	Refuse Function	SERRF Function	SERRF Authority	Total Before Elimination	Eliminations Debit (Credit)	Solid Waste Management Fund
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	$ 23,722	$ 31,536	$ 121	$ 55,379	$ -	$ 55,379
Non-Pooled Cash and Cash Equivalents	3	-	363	366	-	366
Non Performing Investments	61	-	-	61	-	61
Receivables:				-		
Interest Receivable	-	-	57	57	-	57
Accounts Receivable	2,530	7,331	1,336	11,197	(1,336)	9,861
Due from Other Governments	6	617	-	623	-	623
Capital Leases Receivable-Current	-	-	7,305	7,305	(7,305)	-
Allowance for Receivables	(381)	(2)	-	(383)	-	(383)
Total Current Assets	25,941	39,482	9,182	74,605	(8,641)	65,964
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	11,002	11,002	-	11,002
Noncurrent Receivables:						
Capital Lease Receivable	-	-	73,250	73,250	(73,250)	-
Other Noncurrent Receivables	-	2,482	-	2,482	-	2,482
Capital Assets:						
Land and Other Capital Assets not being Depreciated	139	6,591	-	6,730	-	6,730
Capital Assets net of Accumulated Depreciation	24	27,050	-	27,074	-	27,074
Other Assets-Long-Term	-	-	653	653	(653)	-
Total Noncurrent Assets	163	36,123	84,905	121,191	(73,903)	47,288
Total Assets	26,104	75,605	94,087	195,796	(82,544)	113,252
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,128	4,795	-	5,923	1,336	4,587
Accrued Wages	362	12	-	374	-	374
Accrued Interest Payable	-	-	1,335	1,335	-	1,335
Due to Other Funds	183	6	-	189	-	189
Deferred Revenues	3	-	-	3	-	3
Collections Held in Trust	536	80	-	616	-	616
Obligations Under Capital Leases-Current	-	7,305	-	7,305	7,305	-
Bonds Payable Due Within One Year	-	-	7,305	7,305	-	7,305
Total Current Liabilities	2,212	12,198	8,640	23,050	8,641	14,409
Noncurrent Liabilities:						
Deferred Revenues	-	-	-	-	-	-
Deferred Credits and Other Deferred Liabilities	-	653	-	653	653	-
Obligations Under Capital Leases	-	73,250	-	73,250	73,250	-
Bonds Payable	-	-	73,250	73,250	-	73,250
Unamortized Discount/Deferred cost	-	-	1,866	1,866	-	1,866
Total Noncurrent Liabilities	-	73,903	75,116	149,019	73,903	75,116
Total Liabilities	2,212	86,101	83,756	172,069	82,544	89,525
NET ASSETS (DEFICIT)						
Investment in Capital Assets, Net of Related Debt	163	(47,567)	-	(47,404)	(9,999)	(37,405)
Restricted for:						
Debt Service	-	-	11,396	11,396	-	11,396
Capital Projects	-	-	103	103	-	103
Unrestricted	23,729	37,071	(1,168)	59,632	9,999	49,633
Total Net Assets (Deficit)	$ 23,892	$ (10,496)	$ 10,331	$ 23,727	$ -	$ 23,727

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Revenues, Expenses and
Changes in Fund Net Assets (Deficit)
For the Fiscal Year Ended September 30, 2010
(In Thousands)

	Solid Waste Management					
	Refuse Function	SERRF Function	SERRF Authority	Total Before Elimination	Eliminations Debit (Credit)	Solid Waste Management Fund
Operating Revenues:						
Fees, Concessions and Rentals	$ -	$ -	$ 3,920	$ 3,920	$ 3,920	$ -
Charges for Services	37,659	47,277	-	84,936	7,517	77,419
Total Operating Revenues	37,659	47,277	3,920	88,856	11,437	77,419
Operating Expenses:						
Personal Services	12,094	486	-	12,580	-	12,580
Maintenance and Other Operations	26,275	33,270	-	59,545	(7,517)	52,028
Rental Expense	-	3,920	-	3,920	(3,920)	-
Amortization	-	-	265	265	-	265
Depreciation	7	3,721	-	3,728	-	3,728
Total Operating Expenses	38,376	41,397	265	80,038	(11,437)	68,601
Operating Income (Loss)	(717)	5,880	3,655	8,818	-	8,818
Non-Operating Income (Expenses):						
Interest Income	205	2,102	281	2,588	-	2,588
Interest Expense	-	-	(3,632)	(3,632)	-	(3,632)
Capital Assets to/(from) Other Funds	101	-	-	101	-	101
Operating Grants	186	-	-	186	-	186
Other Income (Expenses)	170	1,204	(21)	1,353	-	1,353
Total Non-Operating Income (Expenses)	662	3,306	(3,372)	596	-	596
Income (Loss) Before Contributions and Transfers	(55)	9,186	283	9,414	-	9,414
Transfers:						
Transfers Out	(1,305)	(5,462)	-	(6,767)	-	(6,767)
Change in Net Assets	(1,360)	3,724	283	2,647	-	2,647
Net Assets (Deficit) - October 1	25,252	(14,220)	10,048	21,080	-	21,080
Net Assets (Deficit) - September 30	$23,892	$(10,496)	$10,331	$ 23,727	$ -	$ 23,727

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Refuse Function	SERRF Function	SERRF Authority	Total Before Elimination	Eliminations Increase (Decrease)	Solid Waste Management Fund
Cash Flows from Operating Activities:						
Receipts from Customers	$ 37,749	$ 45,497	$ -	$ 83,246	$ -	$ 83,246
Receipts from Capital Lease	-	-	3,996	3,996	(3,996)	-
Payments for Employee Salaries	(12,056)	(489)	-	(12,545)	-	(12,545)
Payments for Goods and Services	(25,859)	(37,542)	-	(63,401)	3,996	(59,405)
Other Income (Expense)	171	512	(20)	663	-	663
Net Cash Provided by Operating Activities	5	7,978	3,976	11,959	-	11,959
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	221	-	-	221	-	221
Transfers Out	(1,305)	(5,462)	-	(6,767)	-	(6,767)
Net Cash Used for Non-Capital Financing Activities	(1,084)	(5,462)	-	(6,546)	-	(6,546)
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(37)	-	-	(37)	-	(37)
Payments of Principal on Bonds Payable	-	-	(7,050)	(7,050)	-	(7,050)
Payments of Principal on Other Long-Term Obligations	-	(7,050)	-	(7,050)	7,050	-
Payments of Interest	-	-	(4,121)	(4,121)	-	(4,121)
Net Cash Used for Capital and Related Financing Activities	(37)	(7,050)	(11,171)	(18,258)	7,050	(11,208)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	(7)	(7)	-	(7)
Principal Received under Capital Lease	-	-	7,050	7,050	(7,050)	-
Payments for Investments	-	-	-	-	-	-
Receipts of Interest	198	312	295	805	-	805
Net Cash Provided by Investing Activities	198	312	7,338	7,848	(7,050)	798
Net Increase (Decrease) in Cash and Cash Equivalents	(918)	(4,222)	143	(4,997)	-	(4,997)
Cash and Cash Equivalents - October 1	24,643	35,758	341	60,742	-	60,742
Cash and Cash Equivalents - September 30	$ 23,725	$ 31,536	$ 484	$ 55,745	$ -	$ 55,745

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)
(Continued)

RECONCILIATION OF OPERATING INCOME (LOSS)TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Refuse Function	SERRF Function	SERRF Authority	Total Before Elimination	Eliminations Increase (Decrease)	Solid Waste Management Fund
Operating Income (Loss)	$ (717)	$ 5,880	$ 3,655	$ 8,818	$ -	$ 8,818
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	7	3,721	265	3,993	-	3,993
Other Income (Expense)	170	512	(21)	661	-	661
(Increase) Decrease in Accounts Receivable, Net	73	(343)	77	(193)	(76)	(269)
Increase in Amounts Due from Other Governments	-	(297)	-	(297)	-	(297)
Increase (Decrease) in Accounts Payable	418	(272)	-	146	76	222
Increase in Accrued Wages Payable	(144)	(9)	-	(153)	-	(153)
Increase in Amounts Due to Other Funds	183	6	-	189	-	189
Decrease in Deferred Revenues	3	-	-	3	-	3
Increase (Decrease) in Deferred Credits	-	(80)	-	(80)	-	(80)
Increase (Decrease) in Collections Held in Trust	12	(1,140)	-	(1,128)	-	(1,128)
Total Adjustments	722	2,098	321	3,141	-	3,141
Net Cash Provided by Operating Activities	$ 5	$ 7,978	$ 3,976	$ 11,959	$ -	$ 11,959

NOTE 20 – OIL ABANDONMENT LIABILITY

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

Tideland Oil Revenues

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

Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2010, the State's total estimated abandonment cost liability is $389.4 million increasing by $44.7 million from fiscal year 2009. 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. Of the $389.4 million estimated liability, the State has put aside and deposited $217.2 million into the State's Oil Trust Fund - Abandonment Reserve as of September 30, 2010 as provided for in Assembly Bill (AB) 137.

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 $6.4 million of which $3.8 million has been funded as of September 30, 2010 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 $40.0 million, plus accrued interest, was originally set aside for this purpose. Under provisions of State law that allowed the State's contractors to substantially increase oil production, and for a period of eight years that ended December 31, 1999, the City's Tidelands Fund received 50 percent of the interest earnings on the Reserve for Subsidence Contingences while the other 50 percent accrued to the Subsidence Fund. For a period of four years beginning January 1, 2000, 50 percent of the interest earnings were paid to the State of California while the other 50 percent accrued to the Subsidence Fund. After the expiration of the above provisions, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2010, the reserve balance within the Subsidence Fund is $157.6 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of $500 thousand for up to 20 years. This action was taken to assist the City in making $5 million contributions to the State in fiscal years 2005 and 2006. Also, per Assembly Bill No. 15, Chapter 14, approved by the Governor on July 28, 2009, a City that has established a Reserve for Subsidence Contingences may, for the 2009-10 fiscal year only, retain interest earned on that reserve for the previous three calendar years in an amount not to exceed the amount of the revenue reduction incurred by that City pursuant to Section 100.06 of the Revenue and Taxation Code. Repayment by the City to the Reserve for Subsidence Contingences of the amount so retained shall be made at the time the City is repaid for its reduction pursuant to Section 100.06 of the Revenue and Taxation Code. At September 30, 2010, total loan to the City's General Fund and interest retained amounts to $16.4 million.

Harbor Operations

The City operates the Port of Long Beach. Leasing activities comprise a significant portion of the Port's revenues. A provision for the long-term costs related to the abandonment and site clearance of oil properties purchased in March 1994 in the amount of $25.0 million has been recorded as of September 30, 2010. 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 21 – POLUTION REMEDIATION OBLIGATIONS

BKK Sites

Between 1947 and 1949, the City disposed of municipal waste in a landfill owned by BKK Corp located in Carson, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has identified the City as a potentially responsible party (PRP) under the Resources Conservation and Recovery Act and has threatened enforcement action. The County of Los Angeles has threatened a cross-claim against the City for contribution. As of September 30, 2010, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that covers the period in question that should mitigate any potential costs.

From the mid 1960s through 1987, the City disposed of municipal waste in a landfill owned by BKK Corp located in West Covina, California. It has been determined that the site is the source of groundwater contamination. The State department of Toxic Substances Control has a cleanup order to PRPs under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The primary PRPs have entered into a consent decree. Those parties in turn have threatened to compel the City to contribute part of the clean-up costs. As of September 30, 2010, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that covers the period in question that should mitigate any potential costs and therefore the cost of any potential remediation effort is considered immaterial.

Nation Resources Defense Council

The County of Los Angeles has filed a claim with the City for contribution / indemnification in the judgment that has not yet been rendered against them in Nation Resources Defense Council (NRDC) vs. County for violations of the federal Clean Water Act and their NPDES Permit. The site is located in Long Beach. The City has denied the claim. As of September 30, 2010, the affect of any potential remediation activity on the City was not estimable.

West Covina Site

Chevron (USA), Exxon Mobile Corporation, Conocophillips Company, Long Beach Oil Development Company (LBOD), and American Energy Operations, Inc. have been named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial action Order form the California Department of Toxic Substance Control). The site is located in West Covina. In response, the parties have filed claims against the City seeking unspecified damages. In 2005 and 2006, the parties entered into tolling agreements with the City. To date, no costs have been incurred in this matter. As of September 30, 2010, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that covers the period in question that should mitigate any potential costs and therefore the cost of any potential remediation effort is considered immaterial.

Long Beach Oil Development Company

In 2003, LBOD, a contractor for the City responsible for managing oil operations, was named in a lawsuit. During the period from 1939 to February 1989, LBOD deposited oil operations materials at three approved disposal sites. LBOD was named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial action Order form the California Department of Toxic Substance Control) for these sites and has sued the City seeking reimbursement for costs expended. As of September 30, 2010, there was insufficient information to develop an

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

Housing Development Company

In 2006, the Agency purchased property at 2085 Atlantic Boulevard at a reduced price with the knowledge that remediation activities for soil and groundwater contamination would have to be undertaken. In August 2007 the property was conveyed to the Company. The remediation activities, as directed by the Los Angeles Regional Water Quality Control Board (Regional Board), have been completed; however, continued monitoring of the site has been ordered. The original estimated liability for the monitoring, based on a cost estimate from the monitoring service provider, was $50 thousand. As of September 30, 2010, the remaining liability for the monitoring was $23 thousand. There is a remote possibility that the cost of monitoring may increase if the mandated monitoring period is extended. There is no reasonable expectation of any recovery associated with these remediation efforts.

Paramount Landfill

The City of Long Beach operated the Paramount Landfill from 1945 to 1948. After closure, the landfill was partitioned and all but one parcel has been sold. The remaining parcel was developed into Davenport Park. In May 2009, the Regional Board notified the City that additional groundwater monitoring is required for this site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is $60 thousand. As of September 30, 2010, the remaining liability for the monitoring was $38 thousand. There is a possibility that the cost of monitoring may increase if the mandated monitoring period is extended. There is no reasonable expectation of any recovery associated with these remediation efforts.

Metropolitan Transportation Authority (MTA) Bus Parking Lot

The Regional Board has notified the City that additional ground water monitoring for the former MTA bus parking lot may be required. MTA had requested site closure for the site prior to it being sold to the City. MTA pledged $300 thousand to pay for any future monitoring costs when the City acquired the property. Management has not recorded a liability because it is believed that the costs associated with any future monitoring would be less than the pledge of the MTA. At September 30, 2010, the site is still being evaluated and the City is waiting for final determination from the Regional Board as to the extent of, if any, additional monitoring activities may be required.

Union Pacific Railroad (UPRR) Site

The Regional Board has directed the City to perform ground water monitoring at the former UPRR site. The City performed the monitoring as directed. All monitoring wells have been closed and monitoring activities have ceased. At September 30, 2010, final determination for site closure was still pending and no liability related to activities at this site has been recorded within the financial statements.

Leaking Underground Storage Tanks (LUST)

The City has been named a responsible party for a number of LUST by the Regional Board. The Regional Board has directed that these sites be evaluated for remediation and continued monitoring activities. As of September 30, 2010, the estimated related liability for the future remediation, $674 thousand, and monitoring, $414 thousand, was $1.1 million. There is a possibility

that these costs may increase. There is no reasonable expectation of any recovery associated with these remediation efforts.

Installation Restoration Site 7

The Harbor is required to clean up the sediments of an area known as Installation Restoration Site 7 (IR Site 7). The remediation activities were undertaken per a remedial action order from the California Department of Toxic Substance Control. The Harbor has recognized a liability associated with IR Site 7 for fiscal year 2010 in the amount of $12.5 million, including long-term and short-term obligations. The Harbor Department has no knowledge of any additional future liabilities related to this site.

Long Beach Airport Site

In September 2009, the Regional Board identified the Airport as a potentially responsible party for groundwater and soil contaminants found in and around the Airport. The Airport was directed to prepare a technical work plan to characterize the groundwater and free product contaminants at the Airport. The original estimated liability was $150 thousand. As of September 30, 2010, the remaining liability was $114 thousand. There is a remote possibility of additional costs related to the determination of the source of the contaminant, for site monitoring, and potentially for site clean-up activities. There is no reasonable expectation of any recovery associated with these potential remediation efforts.

NOTE 22 – INVESTMENT IN JOINT VENTURES

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The City's Harbor Department and the Port of Los Angeles (the Venturers) have entered into a joint venture agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) for the purposes of finance and constructing an intermodal container transfer facility (Facility) to transfer cargo containers between trucks and railroad cars. The Facility has been leased to Southern Pacific Transportation Company, now merged with Union Pacific Railroad (the tenant). The Facility was developed by the tenant who has assumed operational responsibility for the Facility. The Venturers' share net income and equity distributions from ICTF equally. Audited balance sheets and statement of income and Venturers' equity (in condensed format) for the years ended June 30, 2010 and 2009 were as follows:

ICTF
Condensed Balance Sheet
June 30, 2010 and 2009
(In Thousands)

	2010	2009
Current Assets	$ 15,877	$ 19,361
Property and Equipment	2,843	2,951
Total Assets	$ 18,720	$ 22,312
Current Liabilities	$ 39	$ 172
Venturers' Equity:		
Port of Long Beach Harbor Department	9,520	10,891
Port of Los Angeles	9,161	11,249
Total Venturer's Equity	18,681	22,140
Total Liabilities and Venturers' Equity	$ 18,720	$ 22,312

ICTF
Condensed Statement of Income and Venturers' Equity
for the Years Ended June 30, 2010 and 2009
(In Thousands)

	2010	2009
Operating Revenues	$ 4,593	$ 5,901
Operating Expenses	(108)	(161)
Operating Income	4,485	5,740
Interest Income	56	248
Net Income	4,541	5,988
Venturers' Equity, July 1	22,140	24,152
Cash Disbursement to Venturers	(8,000)	(8,000)
Venturers' Equity, June 30	$ 18,681	$ 22,140

During fiscal year 2010, the ICTF authorized the cash distribution of $8.0 million to be shared equally by the Venturers.

Pursuant to an Indenture of Trust dated November 1, 1984, ICTF issued $53.9 million of 1984 Series A bonds on behalf of the tenant to construct the facility. On May 1, 1989, ICTF issued $52.3 million of 1989 Series A Refunding Revenue Bonds on behalf of the tenant to advance refund the 1984 Series A bonds.

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. The bonds are payable solely from payments by the Tenant under a long-term lease agreement for the use of the facility.

NOTE 23 – 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 24 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2010, business-type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

Gas Utility	$ 45
Water	3,574
Solid Waste Management	277
Tidelands	3,864
Tidelands Oil Revenue	17
Harbor	104,168
Non-major business-type funds	
Sewer	2,149
Airport	23,352
Total	$ 137,446

At September 30, 2010, the City's commitments for Internal Service Fund activity construction projects and for the purchase of goods and services aggregated to $2.2 million. The component unit, LBT, has $7.4 million in commitments at June 30, 2010, mainly for the purchase of new buses.

Health Insurance

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

Self Insurance

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

As stated in Note 16, the City is self-insured for its workers' compensation and liability claims. As claims are made against the City, they are routinely evaluated and appropriate accrued liabilities are recorded. Certain of these claims may ultimately reach the trial level and could result in judgments against the City. While the ultimate adverse effect, if any, of claims and judgments against the City cannot be estimated with certainty, it is the opinion of management, based upon consultation with the City Attorney and outside legal counsel as applicable, that such judgments against the City will not have a material adverse effect on the City's financial position beyond that already accrued for in the basic financial statements.

Environmental Remediation

The Harbor is required to clean up the sediments of an area known as Installation Restoration Site 7 (IR Site 7). The Harbor Department has recognized liabilities associated with IR Site 7 for fiscal year 2010 in the amounts of $12.5 million including long-term and short-term obligations.

Alameda Corridor Development Project

In December 1994, the Harbor and the Harbor Department of the City of Los Angeles (collectively the Ports) executed the purchase of the rights-of-way needed for the development of the Alameda Corridor Project (the Project), which is a comprehensive transportation corridor between the Ports and the central Los Angeles area. The Ports purchased these rights, sharing the cost on a 50/50 basis, from the three railroad companies then serving the Ports: Union Pacific Railroad Company; Southern Pacific Railroad Company; and Atchison, Topeka, and Santa Fe Railroad Companies. After the purchase, Southern Pacific merged into Union Pacific and Atchison, Topeka, and Santa Fe merged with Burlington Northern to form the Burlington Northern Santa Fe.

The total purchase is comprised of the right-of-way property from the three former railroad companies and a drill track from Southern Pacific to provide an additional right-of-way to access local businesses along the Project. As of September 30, 2010 and 2009, total costs to the Harbor related to the rights-of-way purchase amounted to $207.8 million for both years.

Construction of the Project began in 1997 and it was completed in April 2002. Funding for the Project came from federal, state, and local sources, and from the issuance of debt. Some of the benefits derived from the Project are the consolidation of the railroad services onto a single set of rail lines, the improvement of the rail transportation condition around the Ports, the securing of efficient and competitive service to and from the Ports, and the increase in public safety along the route on which Port-related traffic occurs. These benefits will extend to other governmental entities by allowing them to also utilize the right-of-way.

Repayment to the Ports for their investments in the right-of-way and for any advances provided to the Project will occur after the Project has generated revenues sufficient to retire all debt and to fund a maintenance reserve.

Potential Obligations Related to the Alameda Corridor Transportation Authority

The Alameda Corridor Use and Operating Agreement was executed by the Harbor, the Harbor Department of the City of Los Angeles (Port of Los Angeles), the Alameda Corridor Transportation Authority (ACTA), and the Burlington Northern Santa Fe and Union Pacific Railroads. This agreement provides for a payment of funds, known as a “Shortfall Advance,” to be made, under certain circumstances, to ACTA by the Harbor and the Port of Los Angeles. Revenues generated by Use Fees and Container Charges, paid by the railroads, will be used to pay debt service on ACTA financing, to establish and maintain a reserve account, and to pay ACTA’s reasonable expenses relating to administration of the rail corridor.

To the extent that the revenues from use and container charges are not sufficient to meet ACTA’s obligations, the Harbor and the Port of Los Angeles have agreed to advance the funds necessary to make up the difference. This obligation began after completion of the Corridor project and is limited to a total of 40 percent of the total annual required amount, with the Harbor and the Port of Los Angeles are each responsible for one-half, or 20 percent of the required amount.

ACTA’s latest Notice of Estimated Shortfall Advances and Reserve Accounting Funding (Notice) was transmitted to the Harbor on August 11, 2010; estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. It is anticipated that there

will be differences between estimates and actual results; the differences may be material. The projected shortfall for ACTA's fiscal year ending June 30, 2010, based on the Notice submitted by ACTA is $0. Based on the Notice; the total amount of the shortfall for fiscal year ending June 30, 2011 was estimated to be $9.3 million. Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. Reimbursement could begin as soon as 2018. The Harbor is funding a cash reserve to satisfy claims to the shortfall advance potential obligation. The balances of the reserve, as of September 30, 2010 and 2009, were $46.0 million each year.

Environmental Mitigation Costs

The Harbor disbursed $39.4 million in fiscal year 1997 to secure environmental mitigation credits that would allow the Port to complete projects within its complex. These credits are redeemed based on the number of acres of landfill complete by the Port.

An agreement between the Harbor, the Port of Los Angeles, and several federal and state regulatory agencies provided for the Harbor's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California. The land was transferred to the State in return for environmental mitigation credits to allow for the construction of up to 267 acres of landfill in the outer harbor area. During fiscal year 2007, the Harbor acquired an additional $11,400,000 of available environmental mitigation credits. No acquisitions or utilization of credits occurred during fiscal years 2010 and 2009.

The cost incurred in the acquisition of the land has been classified as a non-current asset. As of September 30, 2010, the Harbor has completed landfills that required the utilization of $6,493,000 of the available credits. The balance of environmental mitigation costs will be adjusted in the future as landfill credits are used for port development. The balance of the environmental mitigation credits is $44.3 million at September 30, 2010.

Desalination Prototype Site Restoration Cost

In fiscal year 2008, the Water Department completed construction of a subsurface seawater intake and discharge facility and began operating the demonstration scale prototype located at Cherry Beach along the coast of the City. A Coastal Development Permit granted by the California Coastal Commission required the Department to restore the project site to its pre-existing condition no later than May 21, 2012. Estimated site restoration costs of $1.0 million have been accrued as a long-term liability and recorded to nonoperating expenses. Operating costs of the facility were expensed as incurred.

In fiscal year 2010, the Department completed the study related to the Seawater Nanofiltration Desalination Process. The Department had to dismantle the 300 thousand gallon per day prototype desalination research and development facility which was located on land leased from th Los Angeles Department of Water and Power. The terms of the lease require the facility site to be restored to its original condition. Estimated site restoration costs of $400 thousand were accrued as a long-term liability during fiscal year 2007. During the current fiscal year, the accrued liability was reduced to zero and actual restoration costs related to the dismantling of the facility were recorded as an expense.

New Gerald Desmond Bridge Matching Contribution

The Harbor is actively pursuing the replacement of the Gerald Desmond Bridge. The total cost to replace the bridge is estimated at $950.0 million. The Harbor anticipates that funding of this project will come primarily from federal and state sources, but local matching funds will also be required.

In anticipation of the matching requirements, the Harbor Department has set aside funds to provide the expected 10 percent local match. As of September 30, 2010, $52.0 million have been earmarked for this project.

Green Port Infrastructure Commitment

In January 2007, the Harbor adopted a wide-ranging Green Port Policy that greatly expanded its commitment to sustain the environment by establishing new guidelines for port's current operations and future development. Key provisions include protection of the community from the harmful impacts of port operations and employment of state-of-the-art technology to minimize environmental impacts. Air emissions from ships at berth account for over one-third of all vessel air emissions. Providing electrification reduces emissions significantly. With electrification, or "cold ironing", vessels can shut down their auxiliary engines, while at berth, and plug into dockside electric substations.

Clean Air Action Plan (CAAP)

In November 2006, the governing boards of the Ports approved the landmark San Pedro Bay Ports CAAP. This plan commits the ports to an aggressive plan to reduce pollution by at least 45 percent in the next five years. The $2.0 billion plan addresses all port-related emission sources, ships, trains, trucks, terminal equipment, and harbor craft ,to significantly reduce health risks posed by air pollution. Projects funded from this reserve must improve air quality, foster the use of ship-to-shore electricity at the ports, and enhance use pollution-based impact fees to improve air quality and public health.

The Clean Trucks Program (CTP) is a key element of CAAP. Beginning October 1, 2008, CTP banned pre-1989 trucks from entering port's shipping terminals. By January 1, 2010, only trucks built after 1993 will be allowed into the port's shipping terminals, and by January 1, 2012, all trucks must meet 2007 federal Environmental Protections Agency emission standards that make new trucks more than 80 percent less polluting than older trucks. In order to assist with the replacement of trucks, the port offers three options: lease to own; grants for an engine retrofit; and loan subsidy for the purchase of clean trucks. While the port does not own or operate the more than 16 thousand drayage trucks that serve port terminals, CTP will greatly accelerate the reduction of air pollution and public health risks posed by dirty diesel trucks that would otherwise remain on the roadway for many years.

Pike Public Improvements

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

NOTE 25 – SUBSEQUENT EVENTS

City of Long Beach Senior Airport Revenue Bonds, Series 2010

In November 2010, the City issued $61.4 million of Senior Airport Revenue Bonds. The proceeds of the Series 2010A are partially funding the construction of a new passenger concourse at the Airport as well as to refund $3.8 million of the Airport's outstanding commercial paper. Series 2009B proceeds refunded $13.3 million of the Airport's outstanding commercial paper. Debt service on the Series 2010 bonds will be paid through revenues generated by the Airport.

Downgrade of AIG

On January 17, 2011, the Trustee for the Agency's Series 2005A and B bonds notified the Agency that the Moody's Investor Service rating for the AIG Match Funding Corporation (AIGMFC) long-term unsecured senior debt obligation had been downgraded from A3 to Baa1. Under the indenture of Trust, in connection with the issuance of these bonds, certain proceeds of the bonds were held in separate reserve accounts using an investment agreement, using a Guaranteed Investment Contract, with AIGFMC.

Prior to the recent downgrade of American International Group, Inc. (AIG), the Guarantor of AIGMFC, the Trustee required AIGMFC to deliver to a third party highly rated securities as collateral with a market value equal to or greater than the investment amount plus unpaid Interest. Upon notice by the Trustee to the City of the recent downgrade of AIG by Moody's Investor Service to A3, the Trustee, at the direction of the City, requested that AIGMFC repay the principal and unpaid interest on the investments together with a Termination amount. Under the Investment Agreement, AIGFMC has granted first rights to the pledged securities to the Trustee. As of the issuance date of the City's financial report, no specific termination amount had been determined.

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REQUIRED SUPPLEMENTARY INFORMATION

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

June 30 Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrued Liability (b)	Excess Funded (Deficit/ Unfunded) Assets (a) – (b)	Funded Status (AVA) (a) / (b)	Funded Status Market Value	Annual Covered Payroll (c)	Excess Funded (Deficit/ Unfunded) Assets as a % of Covered Payroll [(a) - (b)] / (c)
			Miscellaneous Employees				
2007	$1,489,681	$1,558,205	($68,524)	95.6%	111.2%	$204,765	(33.5)%
2008	1,576,158	1,667,773	(91,615)	94.5%	96.7%	215,224	(42.6)%
2009	1,630,805	1,846,094	(215,289)	88.3%	64.5%	221,150	(97.3)%
			Safety Employees				
2007	$1,514,813	$1,479,271	$35,542	102.4%	119.1%	$119,753	29.7%
2008	1,602,457	1,592,667	9,790	100.6%	103.1%	132,156	7.4%
2009	1,652,960	1,730,518	(77,558)	95.5%	69.8%	137,923	(56.2%)

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
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 %
2006	1,307,680	789,799	517,881	166%	7,927,910	6.53 %
2007	1,421,066	860,013	561,053	165%	8,460,717	6.63 %
2008	1,101,797	1,047,157	54,640	105%	9,178,269	0.60 %
2009	889,259	1,123,052	(233,793)	79%	8,376,247	(2.79) %

Postemployment Health Care Benefits
Analysis of Funding Progress
(Unaudited)

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a) – (b)	Funded Ratio (b) / (a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a) – (b)] / (c)
1/1/2006	$ 86,868	$ -	$ 86,868	0%	$284,484	30.5%
9/30/2008	110,324	-	110,324	0%	328,205	33.6%
9/30/2010	120,714	-	120,714	0%	321,931	37.5%

See accompanying independent auditors' report

ADDITIONAL FINANCIAL SECTION

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City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

	Special Revenue Funds	General Capital Projects	Total
ASSETS			
Pooled Cash and Cash Equivalents	$ 74,089	$ 15,918	$ 90,007
Non-Pooled Cash and Cash Equivalents	99	14,678	14,777
Non Performing Investments	129	51	180
Receivables:			
Accounts Receivable	4,902	-	4,902
Due from Other Governments	30,155	5,744	35,899
Due from Other Funds	131	57	188
Allowance for Receivables	(803)	-	(803)
Other Assets	89	6	95
Advances to Other Funds	6,709	15,951	22,660
Land Held for Resale	3,570	-	3,570
Other Noncurrent Receivables	42,205	-	42,205
Total Assets	$ 161,275	$ 52,405	$ 213,680
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 18,784	$ 3,913	$ 22,697
Accrued Wages and Benefits Payable	1,914	228	2,142
Due to Other Funds	11,334	115	11,449
Deferred Revenues	51,751	3,423	55,174
Deposits and Collections Held in Trust	3,813	1	3,814
Advances from Other Funds	5,160	-	5,160
Total Liabilities	92,756	7,680	100,436
Fund Balances:			
Reserved for:			
Other Noncurrent Receivables	6,709	15,951	22,660
Encumbrances	252	4,910	5,162
Future Capital Projects and Special Programs	7,931	6,862	14,793
Land Held for Resale	3,570	-	3,570
Estimated Oil Field Abandonment Costs	3,798	-	3,798
Unreserved, Designated for:			
Subsequent Years' Appropriations			
Special Revenue Funds	46,259	-	46,259
Capital Projects Funds	-	17,002	17,002
Total Fund Balance	68,519	44,725	113,244
Total Liabilities and Fund Balances	$ 161,275	$ 52,405	$ 213,680

See accompanying independent auditors' report

City of Long Beach

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2010

	Special Revenue Funds	General Capital Projects	Total
Revenues:			
Taxes:			
Sales	$ 2,072	$ -	$ 2,072
Other Taxes	13,545	-	13,545
Licenses and Permits	19,601	985	20,586
Use of Money and Property	26,804	242	27,046
From Other Agencies	187,793	6,136	193,929
Charges for Services	2,634	-	2,634
Other Contributions	-	2,898	2,898
Other	4,663	10	4,673
Total Revenues	257,112	10,271	267,383
Expenditures:			
Current:			
General Government	2,141	-	2,141
Public Safety	18,713	-	18,713
Public Health	38,710	-	38,710
Community and Cultural	124,323	-	124,323
Public Works	17,485	-	17,485
Oil Operations	6,718	-	6,718
Total Current Expenditures	208,090	-	208,090
Capital Improvements	19,408	19,548	38,956
Debt Service:			
Principal	795	-	795
Interest	39	-	39
Debt Administration Fees	5	-	5
Total Expenditures	228,337	19,548	247,885
Excess of Revenues Over (Under) Expenditures	28,775	(9,277)	19,498
Other Financing Sources (Uses):			
Transfers In	2,284	6,783	9,067
Transfers Out	(18,109)	(414)	(18,523)
Total Other Financing Sources (Uses)	(15,825)	6,369	(9,456)
Net Change in Fund Balances	12,950	(2,908)	10,042
Fund Balances - October 1	55,569	47,633	103,202
Fund Balances - September 30	$ 68,519	$ 44,725	$ 113,244

See accompanying independent auditors' report

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NONMAJOR CAPITAL PROJECTS FUND

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.

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 of Long Beach (City) operations.

The Police and Fire Public Safety Oil production Act Fund accounts for impact fee assessed on oil producers barrel production in the City and associated police officers and firefighters expenditures that the revenue supports. The fee was established under Proposition H, amending the Long Beach Municipal Code in fiscal year 2007.

The Community Development Grants Fund accounts for federal grants providing job training and employment opportunities for economically disadvantaged, unemployed, and under-employed persons, and federal grants from the U.S. Department of Housing and Urban Development (HUD). HUD grants are for the development of viable urban communities providing housing, suitable living environments, and expanding economic opportunities for persons of low and moderate- income.

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

The 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 the City.

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

The Business Assistance Fund is used to account for the Redevelopment Agency of the City of Long Beach 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 Gasoline Tax Fund is a Special Revenue Fund established to account for the City's share of the State of California's Highway User Tax collected by the State to finance any street-related purpose of the City's system of streets, including the maintenance thereof. The fund also accounts for City's share of the State of California's Traffic Congestion, and Relief Program to finance the cost of repairs to street surfaces and bridges, and for Non Harbor, U.S. Department of Transportation, and Federal Highway Administration Grants to finance certain transportation projects.

The Transportation Fund is a Special Revenue Fund established to account for the City's share of a 1.5 percent sales tax collected by the County to finance certain transportation projects under Proposition A (approved November 1980), Proposition C (approved November 1990), and for the City's share of the State of California's Proposition 1B Transportation Bond to finance repairs to the City's local streets, and for the City's share of the South Coast Air Quality Management District vehicle registration fee to finance programs that reduce the impact of air pollution from motor vehicles on the community.

The Other Special Revenue Fund consists of the *Certified Unified Program Agency Fund*, a fund established by the City to account for services relating to hazardous waste material, the *Parking and Business Area Improvement Fund*, a fund used to account for special revenue received from businesses and property owners located within business improvement districts, the *Special Advertising and Promotion Fund*, a fund required by the City's Municipal Code Section 3.64.100 to account for a portion of the transient occupancy tax revenue, and the *Park and Public Safety Facility Development Fund*, a fund established by City Ordinance C-6567 to account for developer fees to be used solely and exclusively for the purpose of funding parkland acquisition and recreation improvements.

City of Long Beach
Nonmajor Governmental Special Revenue Funds
Combining Balance Sheet
September 30, 2010
(In Thousands)

	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Upland Oil Properties	Belmont Shore Parking Meter Revenue
ASSETS						
Pooled Cash and Cash Equivalents	$ 1,678	$ 355	$ (5)	$ 815	$ 11,588	$ 775
Non-Pooled Cash and Cash Equivalents	-	-	16	16	-	51
Non Performing Investments	-	3	-	-	-	2
Receivables:						
Accounts Receivable	64	6	58	655	2,188	2
Due from Other Governments	6,663	-	5,617	8,200	-	-
Due from Other Funds	-	-	-	-	-	-
Allowance for Receivables	-	-	-	(418)	-	-
Other Assets-Current	-	-	64	-	-	-
Advances to Other Funds	-	-	6,709	-	-	-
Land Held for Resale	-	-	3,570	-	-	-
Other Noncurrent Receivables	-	-	40,614	-	-	-
Total Assets	$ 8,405	$ 364	$ 56,643	$ 9,268	$ 13,776	$ 830
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 554	$ -	$ 2,138	$ 2,000	$ 888	$ 12
Accrued Wages	69	111	362	846	-	-
Due to Other Funds	4,618	56	2,728	3,536	-	-
Deferred Revenues	2,329	-	41,066	297	-	-
Deposits and Collections Held in Trust	461	-	33	216	-	-
Advances from Other Funds	-	-	-	2,000	-	-
Total Liabilities	8,031	167	$ 46,327	8,895	888	12
Fund Balances:						
Reserved for:						
Other Noncurrent Receivables	-	-	6,709	-	-	-
Encumbrances	-	-	16	16	-	19
Future Capital Projects/Transportation	-	-	-	-	-	-
Land Held for Resale	-	-	3,570	-	-	-
Estimated Oil Field Abandonment Costs	-	-	-	-	3,798	-
Unreserved, Designated for:						
Subsequent Years' Appropriations	374	197	21	357	9,090	799
Total Fund Balances	374	197	10,316	373	12,888	818
Total Liabilities and Fund Balances	$ 8,405	$ 364	$ 56,643	$ 9,268	$ 13,776	$ 830

See accompanying independent auditors' report

Development Services	Housing Assistance	Gasoline Tax	Transportation	Other Special Revenue Funds	Total September 30, 2010	
						ASSETS
$ 5,071	$ 12,700	$ 4,799	$ 32,818	$ 3,495	$ 74,089	Pooled Cash and Cash Equivalents
-	16	-	-	-	99	Non-Pooled Cash and Cash Equivalents
9	-	14	91	10	129	Non Performing Investments
						Receivables:
110	501	-	2	1,316	4,902	Accounts Receivable
-	274	9,250	143	8	30,155	Due from Other Governments
-	-	18	113	-	131	Due from Other Funds
(24)	(120)	-	-	(241)	(803)	Allowance for Receivables
-	-	-	14	11	89	Other Assets-Current
-	-	-	-	-	6,709	Advances to Other Funds
-	-	-	-	-	3,570	Land Held for Resale
-	-	-	-	1,591	42,205	Other Noncurrent Receivables
$ 5,166	$ 13,371	$ 14,081	$ 33,181	$ 6,190	$ 161,275	Total Assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
$ 420	$ 98	$ 3,554	$ 8,224	$ 896	$ 18,784	Accounts Payable
250	160	-	66	50	1,914	Accrued Wages
126	81	113	51	25	11,334	Due to Other Funds
1,065	-	4,236	1,154	1,604	51,751	Deferred Revenues
2,452	561	-	-	90	3,813	Deposits and Collections Held in Trust
260	2,900	-	-	-	5,160	Advances from Other Funds
4,573	3,800	7,903	9,495	2,665	92,756	Total Liabilities
						Fund Balances:
						Reserved for:
-	-	-	-	-	6,709	Other Noncurrent Receivables
3	6	192	-	-	252	Encumbrances
-	-	5,986	1,945	-	7,931	Future Capital Projects/Transportation
-	-	-	-	-	3,570	Land Held for Resale
-	-	-	-	-	3,798	Estimated Oil Field Abandonment Costs
						Unreserved, Designated for:
590	9,565	-	21,741	3,525	46,259	Subsequent Years' Appropriations
593	9,571	6,178	23,686	3,525	68,519	Total Fund Balances
$ 5,166	$ 13,371	$ 14,081	$ 33,181	$ 6,190	$ 161,275	Total Liabilities and Fund Balances

City of Long Beach

Nonmajor Governmental Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

For the Fiscal Year Ended September 30, 2010

(In Thousands)

	Special Revenue					
	General Grants	Police and Fire Public safety Oil Production Act	Community Development Grants	Health	Upland Oil Properties	Belmont Shore Parking Meter Revenue
Revenues:						
Taxes:						
Sales	$ -	$ -	$ -	$ 2,072	$ -	$ -
Other Taxes	-	3,549	-	-	-	-
Licenses and Permits	-	-	5	4,702	-	-
Use of Money and Property	4	-	136	30	25,556	561
From Other Agencies	12,760	-	35,553	28,474	-	-
Charges for Services	46	-	-	1,330	-	3
Other	540	-	1,341	35	-	142
Total Revenues	13,350	3,549	37,035	36,643	25,556	706
Expenditures:						
Current:						
General Government	-	-	262	-	-	-
Public Safety	8,630	3,885	-	-	-	-
Public Health	966	-	-	36,527	-	-
Community and Cultural	3,756	-	31,598	-	-	455
Public Works	64	-	-	-	-	-
Oil Operations	-	-		-	6,718	-
Total Current Expenditures	13,416	3,885	31,860	36,527	6,718	455
Capital Improvements	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	265	-	530
Interest	-	-	-	24	-	15
Debt Administration Fees	-	-	-	-	5	-
Total Expenditures	13,416	3,885	31,860	36,816	6,723	1,000
Excess of Revenues Over (Under) Expenditures	(66)	(336)	5,175	(173)	18,833	(294)
Other Financing Sources (Uses):						
Transfers In	216	383	401	497	-	366
Transfers Out	-	-	(4,054)	-	(13,668)	-
Total Other Financing Sources (Uses)	216	383	(3,653)	497	(13,668)	366
Net Change in Fund Balances	150	47	1,522	324	5,165	72
Fund Balances (Deficit) - October 1	224	150	8,794	49	7,723	746
Fund Balances (Deficit) - September 30	$ 374	$ 197	$ 10,316	$ 373	$ 12,888	$ 818

See accompanying independent auditors' report

Special Revenue						
Development Services	Housing Assistance	Gasoline Tax	Transportation	Other Special Revenue Funds	Totals September 30, 2010	
						Revenues:
						Taxes:
$ -	$ -	$ -	$ -	$ -	$ 2,072	Sales
-	-	-	-	9,996	13,545	Other Taxes
11,424	-	-	-	3,470	19,601	Licenses and Permits
37	69	58	248	105	26,804	Use of Money and Property
4	72,792	19,741	18,466	3	187,793	From Other Agencies
1,240	-	-	-	15	2,634	Charges for Services
92	595	-	-	1,918	4,663	Other
12,797	73,456	19,799	18,714	15,507	257,112	Total Revenues
						Expenditures:
						Current:
1,874	-	-	-	5	2,141	General Government
6,198	-	-	-	-	18,713	Public Safety
-	-	-	-	1,217	38,710	Public Health
3,908	71,919	-	-	12,687	124,323	Community and Cultural
-	-	-	17,421	-	17,485	Public Works
-	-	-	-	-	6,718	Oil Operations
11,980	71,919	-	17,421	13,909	208,090	Total Current Expenditures
-	-	19,408	-	-	19,408	Capital Improvements
						Debt Service:
-	-	-	-	-	795	Principal
-	-	-	-	-	39	Interest
-	-	-	-	-	5	Debt Administration Fees
11,980	71,919	19,408	17,421	13,909	228,337	Total Expenditures
817	1,537	391	1,293	1,598	28,775	Excess of Revenues Over (Under) Expenditures
						Other Financing Sources (Uses):
-	-	-	-	421	2,284	Transfers In
-	-	-	-	(387)	(18,109)	Transfers Out
-	-	-	-	34	(15,825)	Total Other Financing Sources (Uses)
817	1,537	391	1,293	1,632	12,950	Net Change in Fund Balances
(224)	8,034	5,787	22,393	1,893	55,569	Fund Balances (Deficit) - October 1
$ 593	$ 9,571	$ 6,178	$ 23,686	$ 3,525	$ 68,519	Fund Balances (Deficit) - September 30

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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, 2010
(In Thousands)

	Sewer	Airport	Towing	Subsidence	Totals September 30, 2010
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	$ 6,275	$ 29,298	$ 568	$ 155,487	$ 191,628
Non-Pooled Cash and Cash Equivalents	-	27,339	4	-	27,343
Non Performing Investments	7	51	-	373	431
Non-Pooled Investments	1,865	25,236	-	-	27,101
Receivables:					
Interest Receivable	-	269	-	-	269
Accounts Receivable	768	3,432	464	-	4,664
Due from Other Governments	-	4,104	-	-	4,104
Due from Other Funds	-	-	-	500	500
Other Receivables	-	72	-	-	72
Allowance for Receivables	(50)	(13)	(258)	-	(321)
Inventory	82	-	-	-	82
Total Current Assets	8,947	89,788	778	156,360	255,873
Noncurrent Assets:					
Restricted Noncurrent assets					
Non-Pooled Investments	-	-	-	1,726	1,726
Noncurrent Receivables					
Other Noncurrent Receivables	-	225	-	-	225
Advances to Other Funds	-	-	-	16,414	16,414
Capital Assets:					
Land and Other Capital Assets Not Being Depreciated	1,420	42,353	-	-	43,773
Capital Assets Net of Accumulated Depreciation	46,798	107,741	115	-	154,654
Other Assets-Long-Term	-	-	-	-	-
Total Noncurrent Assets	48,218	150,319	115	18,140	216,792
Total Assets	57,165	240,107	893	174,500	472,665
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	467	13,063	37	-	13,567
Accrued Wages	170	293	86	-	549
Accrued Interest Payable	-	1,377	-	-	1,377
Due to Other Funds	92	151	43	-	286
Deferred Revenues	-	633	-	6,114	6,747
Collections Held in Trust	-	339	-	-	339
Advances from Developers	130	-	-	-	130
Environmental Remediation	-	18	-	-	18
Bonds Payable Due Within One Year	-	905	-	-	905
Other Long-Term Obligations-Current	-	17,082	-	-	17,082
Unamortized Discount/Deferred cost	-	(172)	-	-	(172)
Total Current Liabilities	859	33,689	166	6,114	40,828
Noncurrent Liabilities:					
Deferred Revenues	-	5,669	-	-	5,669
Environmental Remediation	-	96	-	-	96
Other Long-Term Obligations	4,000	-	-	-	4,000
Unamortized Discount / Deferred Cost	(299)	-	-	-	(299)
Bonds Payable	-	59,680	-	-	59,680
Unamortized Discount/Deferred cost	-	(1,574)	-	-	(1,574)
Total Noncurrent Liabilities	3,701	63,871	-	-	67,572
Total Liabilities	4,560	97,560	166	6,114	108,400
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	46,384	82,570	115	-	129,069
Restricted for:					
Debt Service	-	8,570	-	-	8,570
Capital Projects	-	43,800	-	-	43,800
General Purpose	-	6,710	-	-	6,710
Subsidence	-	-	-	168,386	168,386
Unrestricted	6,221	897	612	-	7,730
Total Net Assets	$ 52,605	$ 142,547	$ 727	$ 168,386	$ 364,265

See accompanying independent auditors' report

City of Long Beach

Nonmajor Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Fiscal Year Ended September 30, 2010

(In Thousands)

	Sewer	Airport	Towing	Subsidence	Totals September 30, 2010
Operating Revenues:					
Fees, Concessions and Rentals	$ -	$ 31,033	$ -	$ -	$ 31,033
Charges for Services	15,186	-	8,469	-	23,655
Total Operating Revenues	15,186	31,033	8,469	-	54,688
Operating Expenses:					
Personal Services	3,735	9,245	2,636	-	15,616
Maintenance and Other Operations	8,112	16,912	6,312	-	31,336
Amortization	-	(124)	-	-	(124)
Depreciation	2,167	6,853	5	-	9,025
Total Operating Expenses	14,014	32,886	8,953	-	55,853
Operating Income (Loss)	1,172	(1,853)	(484)	-	(1,165)
Non-Operating Income (Expenses):					
Interest Income	50	293	6	1,315	1,664
Interest Expense	(91)	(3,775)	-	-	(3,866)
Loss on Disposition of Capital Assets	-	(1,140)	-	-	(1,140)
Operating Grants	-	361	-	-	361
Other Income	(476)	7,787	60	496	7,867
Total Non-Operating Income	(517)	3,526	66	1,811	4,886
Income (Loss) Before Contributions	655	1,673	(418)	1,811	3,721
Capital Grants and Contributions	310	6,060	-	-	6,370
Change in Net Assets	965	7,733	(418)	1,811	10,091
Net Assets - October 1	51,640	134,814	1,145	166,575	354,174
Net Assets - September 30	$ 52,605	$ 142,547	$ 727	$ 168,386	$ 364,265

See accompanying independent auditors' report

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Sewer	Airport	Towing	Subsidence	Totals September 30, 2010
Cash Flows from Operating Activities:					
Receipts from Customers	$ 15,059	$ 30,513	$ 8,468	$ -	$ 54,040
Payments for Employee Salaries	(3,695)	(9,214)	(2,628)	-	(15,537)
Payments for Goods and Services	(3,718)	(7,591)	(2,830)	-	(14,139)
Payments in Lieu of Taxes	(4,293)	(7,378)	(3,476)	-	(15,147)
Other Income	(476)	517	60	-	101
Net Cash Provided by (Used for) Operating Activities	2,877	6,847	(406)	-	9,318
Cash Flows from Non-Capital Financing Activities:					
Operating Grants Received from Other Governments	-	361	-	-	361
Operating Subsidies Paid to Other Funds	-	-	-	(10,800)	(10,800)
Net Cash Provided by (Used for) Non-Capital Financing Activities	-	361	-	(10,800)	(10,439)
Cash Flows from Capital and Related Financing Activities:					
Receipt of Capital Grants	-	6,116	-	-	6,116
Proceeds from Issuance Of Long-Term Obligations	-	4,750	-	-	4,750
Proceeds from Issuance of Bonds	-	61,440	-	-	61,440
Payment of Cost of Issuance	-	(1,185)	-	-	(1,185)
Receipts of Contributed Capital	310	2,168	-	-	2,478
Principal Received on Other Long-term Receivable	-	68	-	-	68
Payments for Capital Acquisitions	(1,984)	(17,111)	-	-	(19,095)
Payments of Principal on Bonds Payable	-	(855)	-	-	(855)
Payments of Principal on Other Long-Term Obligations	-	(11,480)	-	-	(11,480)
Payments of Interest	(10)	(2,235)	-	-	(2,245)
Receipt of Federal Subsidy	-	981	-	-	981
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,684)	42,657	-	-	40,973
Cash Flows from Investing Activities:					
Proceeds from the Sale of Investments	-	-	-	530	530
Payments for Investments	1,300	(25,236)	-	-	(23,936)
Proceeds from Other Government Entities	-	-	-	496	496
Receipts of Interest	50	24	6	1,233	1,313
Net Cash Provided by (Used for) Investing Activities	1,350	(25,212)	6	2,259	(21,597)
Net Increase in Cash and Cash Equivalents	2,543	24,653	(400)	(8,541)	18,255
Cash and Cash Equivalents - October 1	3,732	31,984	972	164,028	200,716
Cash and Cash Equivalents - September 30	$ 6,275	$ 56,637	$ 572	$ 155,487	$ 218,971
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating Income (Loss)	$ 1,172	$ (1,853)	$ (484)	$ -	$ (1,165)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Activities:					
Depreciation and Amortization Expense	2,167	6,729	5	-	8,901
Other Income	(476)	553	60	-	137
Increase in Accounts Receivable, Net	(127)	(143)	-	-	(270)
Increase in Inventory	(7)	-	-	-	(7)
Increase in Environmental Liabilities	-	(36)	-	-	(36)
Increase in Accounts Payable	108	2,044	4	-	2,156
Increase in Accrued Wages Payable	40	31	4	-	75
Increase (Decrease) in Amounts Due to Other Funds	-	(101)	5	-	(96)
Decrease in Deferred Revenues	-	(367)	-	-	(367)
Decrease in Collections Held in Trust	-	(10)	-	-	(10)
Total Adjustments	1,705	8,700	78	-	10,483
Net Cash Provided by (Used for) Operating Activities	$ 2,877	$ 6,847	$ (406)	$ -	$ 9,318
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Accrued Capital Asset Costs	$ -	$ 9,391	$ -	$ -	9,391

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 (Deficit)
Fiscal Year Ended September 30, 2010
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals 2010
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	$ 6,875	$ 9,682	$ 14,143	$ 26,849	$ 66,465	$ 124,014
Non-Pooled Cash and Cash Equivalents	-	5	84	-	-	89
Non Performing Investments	18	12	21	39	153	243
Receivables:						
Interest Receivable	-	-	15	-	-	15
Accounts Receivable	-	1,202	254	64	-	1,520
Due from Other Governments	-	-	3	821	-	824
Due from Other Funds	-	-	-	16	10,307	10,323
Allowance for Receivables	-	-	(211)	-	-	(211)
Deposits	-	-	-	-	396	396
Inventory	-	156	1,570	-	-	1,726
Total Current Assets	6,893	11,057	15,879	27,789	77,321	138,939
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	2,799	-	-	2,799
Noncurrent Receivables:						
Other Noncurrent Receivables	-	718	-	-	-	718
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	3,054	-	135	-	-	3,189
Capital Assets Net of Accumulated Depreciation	50,242	6,984	52,272	27	-	109,525
Other Assets-Long-Term	-	-	-	-	45,514	45,514
Total Noncurrent Assets	53,296	7,702	55,206	27	45,514	161,745
Total Assets	60,189	18,759	71,085	27,816	122,835	300,684
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	457	1,339	859	477	759	3,891
Accrued Wages and Benefits	56	547	259	364	38,823	40,049
Accrued Interest Payable	-	5	176	-	3,032	3,213
Due to Other Funds	28	568	131	184	-	911
Collections Held in Trust	-	-	-	-	542	542
Employee Benefits-Current	-	-	-	-	6,760	6,760
Accrued Claims-Current	-	-	-	25,896	-	25,896
Environmental Remediation - Current	-	-	708	-	-	708
Obligations Under Capital Leases-Current	1,594	1,467	1,920	-	-	4,981
Bonds Payable Due Within One Year	-	-	1,025	-	8,255	9,280
Total Current Liabilities	2,135	3,926	5,078	26,921	58,171	96,231
Noncurrent Liabilities:						
Employee Benefits	-	-	-	-	113,185	113,185
Accrued Self-Insurance Claims	-	-	-	83,656	-	83,656
Environmental Remediation	-	-	380	-	-	380
Obligations Under Capital Lease	29,272	3,044	2,798	-	-	35,114
Bonds Payable	-	-	28,330	-	54,520	82,850
Unamortized Discount/Deferred cost	(1,661)	-	(1,660)	-	(2,464)	(5,785)
Total Noncurrent Liabilities	27,611	3,044	29,848	83,656	165,241	309,400
Total Liabilities	29,746	6,970	34,926	110,577	223,412	405,631
NET ASSETS (DEFICIT)						
Investment in Capital Assets, Net of Related Debt	24,091	3,191	24,714	27	-	52,023
Restricted for:						
Debt Service	-	-	2,890	-	59	2,949
Capital Projects	-	1,679	-	-	-	1,679
Health Care Insurance	-	-	-	-	11,342	11,342
Unrestricted	6,352	6,919	8,555	(82,788)	(111,978)	(172,940)
Total Net Assets (Deficit)	$ 30,443	$ 11,789	$ 36,159	$ (82,761)	$ (100,577)	$ (104,947)

See accompanying independent auditors' report

City of Long Beach

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets (Deficit)

Fiscal Year Ended September 30, 2010

(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2010
Operating Revenues:						
Billing to Other Departments	$ 9,592	$ 31,857	$ 30,934	$ 39,367	$ 210,152	$ 321,902
Other	473	3,818	2,094	-	-	6,385
Total Operating Revenues	10,065	35,675	33,028	39,367	210,152	328,287
Operating Expenses:						
Personal Services	1,883	15,704	7,572	7,990	3,350	36,499
Maintenance and Other Operations	7,292	14,237	12,824	5,716	2,393	42,462
Insurance Premiums	-	-	-	2,788	-	2,788
Self-Insured Losses	-	-	-	13,475	-	13,475
Compensated Absences	-	-	-	3,133	46,015	49,148
Employee Benefits	-	-	-	-	163,376	163,376
Amortization	42	-	130	-	9,119	9,291
Depreciation	2,799	2,486	9,450	48	-	14,783
Total Operating Expenses	12,016	32,427	29,976	33,150	224,253	331,822
Operating Income (Loss)	(1,951)	3,248	3,052	6,217	(14,101)	(3,535)
Non-Operating Income (Expenses):						
Interest Income	156	25	103	221	244	749
Interest Expense	(1,838)	(174)	(1,718)	-	(3,934)	(7,664)
Gain on Disposition of Capital Assets	-	(488)	347	-	-	(141)
Other Income	-	409	(414)	6,034	226	6,255
Total Non-Operating Income (Expenses)	(1,682)	(228)	(1,682)	6,255	(3,464)	(801)
Income (Loss) Before Contributions and Transfers	(3,633)	3,020	1,370	12,472	(17,565)	(4,336)
Capital Grants and Contributions	188	1,014	-	-	-	1,202
Transfers:						
Transfers Out	-	(3,813)	-	-	-	(3,813)
Change in Net Assets	(3,445)	221	1,370	12,472	(17,565)	(6,947)
Net Assets (Deficit) - October 1	33,888	11,568	34,789	(95,233)	(83,012)	(98,000)
Net Assets (Deficit) - September 30	$ 30,443	$ 11,789	$ 36,159	$ (82,761)	$ (100,577)	$ (104,947)

See accompanying independent auditors' report

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2010
Cash Flows from Operating Activities:						
Receipts from Customers	$ 473	$ 3,817	$ 2,319	$ -	$ -	$ 6,609
Receipts from Other Funds	9,592	31,669	30,934	41,803	208,627	322,625
Payments for Employee Salaries	(1,904)	(15,592)	(7,536)	(7,878)	(3,251)	(36,161)
Payments for Goods and Services	(7,126)	(13,403)	(13,846)	(8,781)	(3,358)	(46,514)
Payments for Compensated Absences	-	-	-	(16,930)	(46,979)	(63,909)
Payments for Employee Benefits	-	-	-	-	(142,333)	(142,333)
Payments for Liability Claims	-	-	-	(5,295)	-	(5,295)
Other Income	-	410	400	5,213	227	6,250
Net Cash Provided by Operating Activities	1,035	6,901	12,271	8,132	12,933	41,272
Cash Flows from Non-Capital Financing Activities:						
Transfers Out	-	(3,813)	-	-	-	(3,813)
Cash Flows from Capital and Related Financing Activities:						
Receipt of Capital Grants	-	1,014	-	-	-	1,014
Proceeds from the Sale of Capital Assets	-	26	601	-	-	627
Proceeds from Issuance Of Long-Term Obligations	31,450	470	-	-	-	31,920
Payment of Cost of Issuance	(346)	-	-	-	-	(346)
Receipts of Contributed Capital	188	-	-	-	-	188
Proceeds from (payments of) Capital Acquisitions	(35)	(917)	(5,611)	(11)	-	(6,574)
Payments of Principal on Other Long-Term Obligations	(935)	(1,750)	(2,924)	-	(7,565)	(13,174)
Payments to Defease Bonds	(33,200)	-	-	-	-	(33,200)
Payments of Interest	(1,874)	(179)	(1,674)	-	(4,325)	(8,052)
Net Cash Used for Capital and Related Financing Activities	(4,752)	(1,336)	(9,608)	(11)	(11,890)	(27,597)
Cash Flows from Investing Activities:						
Payment for Investments	2,799		24			2,823
Receipts of Interest	156	25	105	221	244	751
Net Cash Provided by Investing Activities	2,955	25	129	221	244	3,574
Net Increase (Decrease) in Cash and Cash Equivalents	(762)	1,777	2,792	8,342	1,287	13,436
Cash and Cash Equivalents - October 1	7,637	7,910	11,435	18,507	65,178	110,667
Cash and Cash Equivalents - September 30	$ 6,875	$ 9,687	$ 14,227	$ 26,849	$ 66,465	$ 124,103
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	$ (1,951)	$ 3,248	$ 3,052	$ 6,217	$ (14,101)	$ (3,535)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	2,841	2,486	9,580	48	9,119	24,074
Other Income (Expense)	(2)	409	-	5,213	336	5,956
(Increase) Decrease in Accounts Receivable, Net	-	(188)	(414)	2,436	-	1,834
Decrease in Amounts Due from Other Governments	-	51	225	-	-	276
(Increase) in Amounts Due from Other Funds	-	-	-	(16)	(1,525)	(1,541)
(Increase) Decrease in Inventory	-	-	(134)	-	-	(134)
Increase in Environmental Liabilities	-	-	814	-	-	814
Increase (Decrease) in Accounts Payable	176	787	(914)	(262)	(964)	(1,177)
Increase (Decrease) in Accrued Wages Payable	(21)	60	36	68	20,677	20,820
Increase (Decrease) in Amounts Due to Other Funds	(8)	48	26	45	-	111
Increase in Accrued Claims Payable	-	-	-	(5,617)	-	(5,617)
Increase in Collections Held in Trust	-	-	-	-	(609)	(609)
Total Adjustments	2,986	3,653	9,219	1,915	27,034	44,807
Net Cash Provided by Operating Activities	$ 1,035	$ 6,901	$ 12,271	$ 8,132	$ 12,933	$ 41,272

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, 2010
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2010
ASSETS			
Pooled Cash and Cash Equivalents	$ 868	$ 104	$ 972
Non Performing Investments	2	-	2
Total Assets	$ 870	$ 104	$ 974
NET ASSETS			
Held in Trust for Private Purpose Trust Funds	$ 870	$ 104	$ 974

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Changes in Net Assets
Fiscal Year Ended September 30, 2010
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2010
Additions:			
Use of Money and Property	$ 7	$ 1	$ 8
Contributions from Citizens	-	24	24
Total Additions	7	25	32
Deductions:			
Community and Cultural	24	72	96
Change in Net Assets	(17)	(47)	(64)
Net Assets, October 1	887	151	1,038
Net Assets, September 30	$ 870	$ 104	$ 974

See accompanying independent auditors' report

City of Long Beach
Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
Fiscal Year Ended September 30, 2010
(In Thousands)

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
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	$ 1,618	$ 1,465	$ 1,452	$ 1,631
Non Performing Investments	4	-	-	4
Total Assets	$ 1,622	$ 1,465	$ 1,452	$ 1,635
LIABILITIES				
Collections Held in Trust	$ 1,622	$ 1,471	$ 1,458	$ 1,635
SPECIAL ASSESSMENT DISTRICT FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ 2,580	$ 8,369	$ 9,253	$ 1,696
Non Performing Investments	7	-	-	7
Investments at Par-Nonpooled	6,448	6,120	6,448	6,120
Interest Receivable	32	32	32	32
Non-Pooled Cash and Cash Equivalents	3,059	10,985	11,148	2,896
Total Assets	$ 12,126	$ 25,506	$ 26,881	$ 10,751
LIABILITIES				
Due to Special Assessment Bondholders	$ 4,003	$ 6,811	$ 7,883	$ 2,931
Collections Held in Trust	8,123	2,871	3,174	7,820
Total Liabilities	$ 12,126	$ 9,682	$ 11,057	$ 10,751
INTERMODAL CONTAINER TRANSFER FACILITY JOINT POWER AUTHORITY FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ 12,009	$ 4,593	$ 8,025	$ 8,577
Non Performing Investments	10	-	-	10
Total Assets	$ 12,019	$ 4,593	$ 8,025	$ 8,587
LIABILITIES				
Collections Held in Trust	$ 12,019	$ 4,568	$ 8,000	$ 8,587
EARTHQUAKE ASSESSMENT DISTRICT FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ 1,831	$ 586	$ 245	$ 2,172
Non Performing Investments	4	-	-	4
Total Assets	$ 1,835	$ 586	$ 245	$ 2,176
LIABILITIES				
Due to Special Assessment Bondholders	$ 1,532	$ 582	$ 242	$ 1,872
Collections Held in Trust	303	1	-	304
Total Liabilities	$ 1,835	$ 583	$ 242	$ 2,176

See accompanying independent auditors' report

City of Long Beach
Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
Fiscal Year Ended September 30, 2010
(In Thousands)

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
LOS CERRITOS WETLANDS AUTHORITY				
ASSETS				
Pooled Cash and Cash Equivalents	$ -	$ 25	$ 25	$ -
Non Performing Investments	-	-	-	-
Non-Pooled Cash and Cash Equivalents	64	60	54	70
Accounts Receivable	-	-	-	-
Land	11,000	-	-	11,000
Total Assets	$ 11,064	$ 85	$ 79	$ 11,070
LIABILITIES				
Accounts Payable	$ -	$ 9	$ -	$ 9
Collections Held in Trust	11,064	59	62	11,061
Total Liabilities	$ 11,064	$ 68	$ 62	$ 11,070
OTHER AGENCY FUNDS				
ASSETS				
Pooled Cash and Cash Equivalents	$ 1,251	$ 1,213	$ 801	$ 1,663
Non-Pooled Cash and Cash Equivalents	2	-	-	2
Accounts Receivable	-	18	18	-
Total Assets	$ 1,253	$ 1,231	$ 819	$ 1,665
LIABILITIES				
Accounts Payable	$27	$480	$ 430	$ 77
Collections Held in Trust	$1,226	$1,199	837	1,588
Total Liabilities	$ 1,253	$ 1,679	$ 1,267	$ 1,665
TOTAL AGENCY FUND				
ASSETS				
Pooled Cash and Cash Equivalents	$ 19,378	$ 16,251	$ 19,801	$ 15,828
Non Performing Investments	25	-	-	25
Investments at Par-Nonpooled	6,448	6,120	6,448	6,120
Non-Pooled Cash and Cash Equivalents	3,125	11,045	11,202	2,968
Accounts Receivable	-	18	18	-
Interest receivable	32	32	32	32
Land	11,000	-	-	11,000
Total Assets	$ 40,008	$ 33,466	$ 37,501	$ 35,973
LIABILITIES				
Accounts Payable	$ 116	$ 489	$ 430	$ 175
Due to Special Assessment Bondholders	5,535	7,393	8,125	4,803
Collections Held in Trust	34,357	10,169	13,531	30,995
Total Liabilities	$ 40,008	$ 18,051	$ 22,086	$ 35,973

See accompanying independent auditors' report

OTHER SUPPLEMENTARY INFORMATION

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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, 2010

(In Thousands)

Governmental Funds Capital Assets:		
Land	$	148,847
Right-of-way		81,334
Construction in progress		24,346
Building		148,390
Improvements other than buildings		69,901
Infrastructure		411,988
Machinery and equipment		37,896
Automotive		6,952
Other assets		30,719
Less accumulated depreciation		(380,543)
Governmental Funds Capital Assets, Net of Accumulated Depreciation	$	579,830

Investments in Governmental Funds Capital Assets by Source:		
General fund	$	243,816
Special revenue funds		201,219
Capital projects funds		134,795
	$	579,830

[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, 2010

(In Thousands)

	Capital Assets Not Being Depreciated			Capital Assets, Net of Depreciation						
	Land	Right-of-way	Construction In Progress	Building	Improvements other than Buildings	Infrastructure	Machinery and Equipment	Auto-motive	Other Assets	Total
Legislative and Legal	$ -	$ -	$ -	$ -	$ -	$ -	$ 312	$ -	$ -	$ 312
General Government	58	-	-	-	73	-	1,069	-	-	1,200
Public Safety	2,765	-	-	38,849	1,064	-	3,669	134	-	46,481
Public Health	4,651	-	-	6,208	2,432	-	197	-	-	13,488
Community and Cultural	126,584	-	8,120	40,977	26,332	2,823	784	33	-	205,653
Public Works	14,789	81,334	16,226	15,476	6,549	176,311	136	1,875	-	312,696
	$ 148,847	$ 81,334	$ 24,346	$ 101,510	$ 36,450	$ 179,134	$ 6,167	$ 2,042	$ -	$ 579,830

[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.

City of Long Beach

Capital Assets Used in the Operations of Governmental Funds

Schedule of Changes by Function [1]

September 30, 2010

(In Thousands)

	Balance at October 1, 2009	Increase (Decrease), net of Depreciation Expense	Decrease, net of Accumulated Depreciation	Balance at September 30, 2010
Legislative and Legal	$ 483	$ (171)	$ -	$ 312
General Government	1,461	(261)	-	1,200
Public Safety	49,071	(2,539)	(51)	46,481
Public Health	14,098	(610)	-	13,488
Community and Cultural	201,937	4,335	(619)	205,653
Public Works	311,053	17,967	(16,324)	312,696
	$ 578,103	$ 18,721	$ (16,994)	$ 579,830

[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

TIDELANDS FUND

The Tideland Operating segment is used to account for the business-type operations of the Long Beach Convention and Entertainment Center, as well as beach maintenance and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats. Beginning with the 1997 fiscal year, leases for areas adjacent to the Queen Mary were also included in the Tideland Operating segment. The Rainbow Harbor Area segment is used to account for the Rainbow Harbor Area administration, the Rainbow Harbor financing, and the Aquarium of the Pacific Parking Structure operations. The Marina segment is used to account for the operations and development of the City's marinas in the Tidelands area. The Queen Mary segment is used to account for the operations related to the Queen Mary.

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

Summary financial information for the consolidated Tidelands Business-type Enterprise Fund is presented on following pages (in thousands) as of September 30, 2010:

City of Long Beach

Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project

Consolidated Statement of Net Assets

September 30, 2010

(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit / (credit)	Consolidated Tidelands Total
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	$ 61,020	$ 14,218	$ 1,610	$ 3,708	$ 80,556	$ -	$ 80,556
Non-Pooled Cash and Cash Equivalents	6,281	16	-	316	6,613	-	6,613
Non Performing Investments	265	16	-	7	288	-	288
Receivables:							
Interest Receivable	50	-	22	22	94	-	94
Accounts Receivable	2,721	1,569	-	543	4,833	-	4,833
Due from Other Governments	3,218	59	-	-	3,277	-	3,277
Due from Other Funds	28,710	-	-	-	28,710	(1,326)	27,384
Allowance for Receivables	(6)	(223)	-	(2)	(231)	-	(231)
Total Current Assets	102,259	15,655	1,632	4,594	124,140	(1,326)	122,814
Noncurrent Assets:							
Restricted Noncurrent assets							
Non-Pooled Investments	9,423	-	-	4,300	13,723	-	13,723
Capital Assets:							
Land and Other Assets not Being Depreciated	33,065	4,846	-	11,110	49,021	-	49,021
Property, Plant and Equipment net of Accumulated Depreciation	165,010	49,557	11,279	63,877	289,723	-	289,723
Total Noncurrent Assets	207,498	54,403	11,279	79,287	352,467	-	352,467
Total Assets	309,757	70,058	12,911	83,881	476,607	(1,326)	475,281
LIABILITIES							
Current Liabilities payable from Current Assets:							
Accounts Payable	2,753	189	-	428	3,370	-	3,370
Accrued Wages	406	343	-	42	791	-	791
Accrued Interest Payable	2,540	267	-	738	3,545	-	3,545
Due to Other Funds	2,401	938	-	1,347	4,686	1,326	3,360
Deferred Revenues	165	3,482	-	52	3,699	-	3,699
Collections Held in Trust	28	50	25	1	104	-	104
Obligations Under Capital Leases	25	-	-	-	25	-	25
Bonds Payable Due Within One Year	3,240	-	-	2,500	5,740	-	5,740
Other Long Term Obligation-Current	43	1,310	-	18	1,371	-	1,371
Total Current Liabilities	11,601	6,579	25	5,126	23,331	1,326	22,005
Current Liabilities Payable from Restricted Assets:							
Accounts Payable	-	61	13	-	74	-	74
Total Liabilities Payable from Restricted Asset	-	61	13	-	74	-	74
Noncurrent Liabilities:							
Advances from Other Funds	24,045	-	-	-	24,045	-	24,045
Deferred Revenues	5,356	-	-	-	5,356	-	5,356
Obligations Under Capital Leases-Current	516	-	-	-	516	-	516
Other Long Term Obligations	772	33,533	-	535	34,840	-	34,840
Bonds Payable	114,555	-	-	39,245	153,800	-	153,800
Unamortized Discount/Deferred cost	(9,412)	-	-	(1,572)	(10,984)	-	(10,984)
Total Noncurrent Liabilities	135,832	33,533	-	38,208	207,573	-	207,573
Total Liabilities	147,433	40,173	38	43,334	230,978	1,326	229,652
NET ASSETS							
Investment in Capital Assets, Net of Related Debt	97,659	19,560	11,279	38,516	167,014	-	167,014
Restricted for:							
Debt Service	11,430	-	-	4,357	15,787	-	15,787
Capital Projects	76	-	1,594	656	2,326	-	2,326
General Purpose	6,199	-	-	-	6,199	-	6,199
Unrestricted	46,960	10,325	-	(2,982)	54,303	-	54,303
Total Net Assets	$162,324	$ 29,885	$ 12,873	$ 40,547	$245,629	$ -	$ 245,629

City of Long Beach

Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project

Consolidated Statement of Revenues, Expenses and Changes in Fund Net Assets

September 30, 2010

(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit / (credit)	Consolidated Tidelands Total
Operating Revenues:							
Licenses and Permits	$ 192	$ -	$ -	$ 18	$ 210	$ -	$ 210
Fines and Forfeitures	393	-	-	-	393	-	393
Fees, Concessions and Rentals	8,669	21,112	190	7,388	37,359	1,326	36,033
From Other Agencies	519	155	-	-	674	-	674
Charges for Services	45,515	99	-	15	45,629	-	45,629
Total Revenues	55,288	21,366	190	7,421	84,265	1,326	82,939
Operating Expenses:							
Personal Services	26,336	9,002	29	1,201	36,568	-	36,568
Maintenance and Other Operations	39,400	5,390	68	8,054	52,912	(1,326)	51,586
Amortization	703	-	-	582	1,285	-	1,285
Depreciation	10,170	3,798	368	3,573	17,909	-	17,909
Total Operating Expenses	76,609	18,190	465	13,410	108,674	(1,326)	107,348
Operating Income	(21,321)	3,176	(275)	(5,989)	(24,409)	-	(24,409)
Non-Operating Income (Expense):							
Interest Income	1,000	110	-	124	1,234	-	1,234
Interest Expense	(6,335)	(1,651)	-	(1,830)	(9,816)	-	(9,816)
Gain on Dispostion of Fixed Assets	(29)	23	-	(144)	(150)	-	(150)
Capital Assets to/(from) Other Funds	36	(36)	-	-	-	-	-
Operating Grants	50	-	-	-	50	-	50
Other Income	(2)	13	-	-	11	-	11
Total Non-Operating Income (Expense)	(5,280)	(1,541)	-	(1,850)	(8,671)	-	(8,671)
Income (Loss) Before Contributions and Transfers	(26,601)	1,635	(275)	(7,839)	(33,080)	-	(33,080)
Capital Grants & Contributions	4,286	419	-	-	4,705	-	4,705
Operating Transfers:							
Operating Transfers In	51,728	-	-	6,889	58,617	6,889	51,728
Operating Transfers Out	(6,889)	-	-	-	(6,889)	(6,889)	-
Change in Net Assets	22,524	2,054	(275)	(950)	23,353	-	23,353
Net Assets, October 1	139,800	27,831	13,148	41,497	222,276	-	222,276
Net Assets, September 30	$162,324	$ 29,885	$ 12,873	$ 40,547	$245,629	$ -	$ 245,629

City of Long Beach

Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area

Statement of Cash Flows

For the Fiscal Year Ended September 30, 2010

(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Consolidated Tidelands Total
Cash Flows from Operating Activities:						
Receipts from Customers	$ 55,187	$ 20,879	$ 211	$ 7,037	$ -	$ 83,314
Receipts from Other Governments	1,849	518	-	-	-	2,367
Payments for Employee Salaries	(26,341)	(8,920)	(29)	(1,192)	-	(36,482)
Payments for Goods and Services	(38,379)	(6,049)	(632)	(8,277)	-	(53,337)
Other Expense	(2)	13	-	-	-	11
Net Cash Provided by (Used for) Operating Activities	(7,686)	6,441	(450)	(2,432)	-	(4,127)
Cash Flows from Non-Capital Financing Activities:						
Transfers In	43,359	-	-	6,889	(6,889)	43,359
Transfers Out	(7,798)	-	-	-	6,889	(909)
Net Cash Provided by Non-Capital Financing Activities	35,561	-	-	6,889	-	42,450
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the Sale of Capital Assets	-	23	-	-	-	23
Changes Related to Capital Acquisitions	(5,085)	277	(395)	83	-	(5,120)
Payments of Principal on Bonds Payable	(3,105)	-	-	(2,410)	-	(5,515)
Payments of Principal on Other Long-Term Obligations	(878)	(1,337)	-	(17)	-	(2,232)
Payments of Interest	(6,317)	(1,618)	-	(1,871)	-	(9,806)
Net Cash Used for Capital and Related Financing Activities	(15,385)	(2,655)	(395)	(4,215)	-	(22,650)
Cash Flows from Investing Activities:						
Payments for Investments	(241)	-	-	(93)	-	(334)
Receipts of Interest	1,011	110	-	129	-	1,250
Net Cash Provided by (Used for) Investing Activities	770	110	-	36	-	916
Net Increase (Decrease) in Cash and Cash Equivalents	13,260	3,896	(845)	278	-	16,589
Cash and Cash Equivalents - October 1	54,041	10,338	2,455	3,746	-	70,580
Cash and Cash Equivalents - September 30	$ 67,301	$ 14,234	$ 1,610	$ 4,024	$ -	$ 87,169

City of Long Beach

Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project

Statement of Cash Flows

For the Fiscal Year Ended September 30, 2010

(In Thousands)

(Continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Total
Operating Income (Loss)	$ (21,321)	$ 3,176	$ (275)	$ (5,989)	$ -	$ (24,409)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	10,873	3,798	368	4,155	-	19,194
Other Expense	4,334	432	-	-	-	4,766
(Increase) Decrease in Accounts Receivable, Net	364	(1,375)	22	(408)	-	(1,397)
(Increase) Decrease in Amounts Due from Other Governments	(3,006)	(55)	-	-	-	(3,061)
Increase in Other Operating Assets	500	-	-	-	-	500
Increasein Accounts Payable	522	(712)	(565)	(273)	-	(1,028)
Increase in Accrued Wages Payable	(5)	82	-	8	-	85
Increase in Amounts Due to Other Funds	-	51	-	48	-	99
Increase (Decrease) in Deferred Revenues	53	1,046	-	27	-	1,126
Decrease in Collections Held in Trust	-	(2)	-	-	-	(2)
Total Adjustments	13,635	3,265	(175)	3,557	-	20,282
Net Cash Provided by (Used for) Operating Activities	$ (7,686)	$ 6,441	$ (450)	$ (2,432)	$ -	$ (4,127)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contribution of Capital Assets	36	(36)	-	-	-	-

SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES FUNDS

The City's nonmajor enterprise funds include the Sewer Fund, used to account for the maintenance and replacement of the City's sewer pipelines and facilities, the Airport Fund, which accounts for the operations of the Long Beach Municipal Airport, the Towing Fund, used to record transactions related to the removal of abandoned or illegally parked vehicles, and the Subsidence Fund, which is used to account for the accumulation of resources needed to remediate land sinkage that may result from oil operations. Segment information for the nonmajor business-type activities funds at September 30, 2010, and for the fiscal year then ended, are as follows (in thousands):

City of Long Beach
Nonmajor Proprietary Funds
Condensed Combining Statement of Net Assets
September 30, 2010
(In Thousands)

	Sewer	Airport	Towing	Subsidence	Total Nonmajor Activities
Current Assets					
Total Current Assets	$ 8,947	$ 89,788	$ 778	$ 156,360	$ 255,873
Noncurrent Assets:					
Restricted Non-Pooled Investments	-	-	-	1,726	1,726
Other Noncurrent Receivables	-	225	-	-	225
Advances to Other Funds	-	-	-	16,414	16,414
Capital Assets	48,218	150,094	115	-	198,427
Other Assets-Long-Term	-	-	-	-	-
Total Noncurrent Assets	48,218	150,319	115	18,140	216,792
Total Assets	57,165	240,107	893	174,500	472,665
Current Liabilities:					
Other Current Labilites	767	33,538	123	6,114	40,542
Due to Other Funds	92	151	43	-	286
Total Current Liabilities	859	33,689	166	6,114	40,828
Noncurrent Liabilities:					
Deferred Revenues	-	5,669	-	-	5,669
Other Long-Term Obligations	3,701	58,202	-	-	61,903
Total Noncurrent Liabilities	3,701	63,871	-	-	67,572
Total Liabilities	4,560	97,560	166	6,114	108,400
Net Assets					
Investment in Capital Assets, Net of Related Debt	46,384	82,570	115	-	129,069
Restricted for:					
Debt Service / General Purposes	-	15,280	-	-	15,280
Capital Projects	-	43,800	-	-	43,800
Subsidence	-	-	-	168,386	168,386
Unrestricted	6,221	897	612	-	7,730
Total Net Assets	$ 52,605	$ 142,547	$ 727	$ 168,386	$ 364,265

City of Long Beach
Nonmajor Proprietary Funds
Condensed Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
September 30, 2010
(In Thousands)

	Sewer	Airport	Towing	Subsidence	Total Nonmajor Activities
Operating Revenues:					
Licenses and Permits	$ -	$ 31,033	$ -	$ -	$ 31,033
Fees, Concessions, and Rentals	15,186	-	8,469	-	23,655
Total Operating Revenues	15,186	31,033	8,469	-	54,688
Operating Expenses:					
Operating Expense	11,847	26,157	8,948	-	46,952
Amortization	-	(124)	-	-	(124)
Depreciation	2,167	6,853	5	-	9,025
Total Operating Expenses	14,014	32,886	8,953	-	55,853
Operating Income (Loss)	1,172	(1,853)	(484)	-	(1,165)
Non-Operating Income (Expenses):					
Interest Income	50	293	6	1,315	1,664
Interest Expense	(91)	(3,775)	-	-	(3,866)
Loss on Disposition of Capital Assets	-	(1,140)	-	-	(1,140)
Operating Grants	-	361	-	-	361
Other Income	(476)	7,787	60	496	7,867
Total Non-Operating Income	(517)	3,526	66	1,811	4,886
Income (Loss) Before Contributions	655	1,673	(418)	1,811	3,721
Capital Grants and Contributions	310	6,060	-	-	6,370
Net Operating Transfers in/(out)	-	-	-	-	-
Change in Net Assets	965	7,733	(418)	1,811	10,091
Net Assets - October 1	51,640	134,814	1,145	166,575	354,174
Net Assets - September 30	$ 52,605	$ 142,547	$ 727	$ 168,386	$ 364,265

City of Long Beach
Nonmajor Proprietary Funds
Condensed Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Sewer	Airport	Towing	Subsidence	Total Nonmajor Activities
Net Cash Provided by Operating Activities	$ 2,877	$ 6,847	$ (406)	$ -	$ 9,318
Net Cash Provided by Non-Capital Financing Activities	-	361	-	(10,800)	(10,439)
Net Cash Provided by Capital and Related Financing Activities	(1,684)	42,657	-	-	40,973
Net Cash Provided by (Used for) Investing Activities	1,350	(25,212)	6	2,259	(21,597)
Net Increase in Cash and Cash Equivalents	2,543	24,653	(400)	(8,541)	18,255
Cash and Cash Equivalents - October 1	3,732	31,984	972	164,028	200,716
Cash and Cash Equivalents - September 30	$ 6,275	$ 56,637	$ 572	$ 155,487	$ 218,971

STATISTICAL SECTION

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STATISTICAL SECTION

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained with the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

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Financial trends

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

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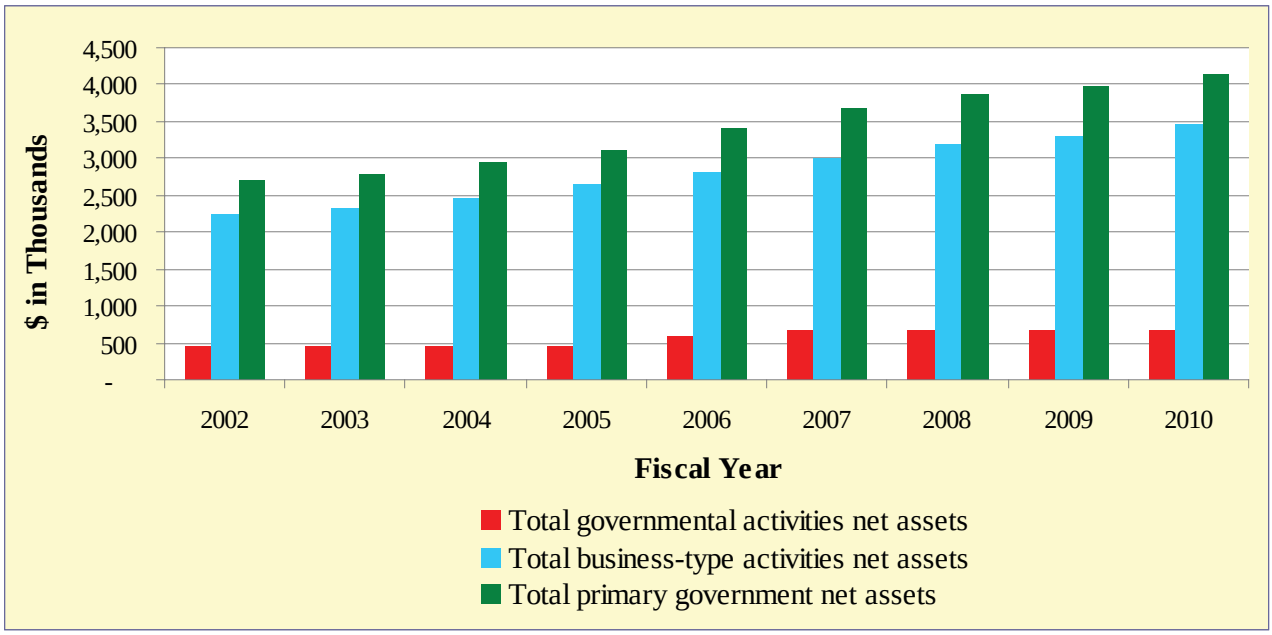
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

City of Long Beach
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activites:									
Invested in capital assets, net of related debt	$ 197,111	$ 233,912	$ 261,014	$ 99,122	$ 209,230	$ 215,097	$ 217,866	$ 203,709	$ 170,432
Restricted	313,119	313,047	286,745	474,313	496,094	291,468	285,937	289,658	346,412
Unrestricted	(56,298)	(85,689)	(78,179)	(118,328)	(106,380)	157,870	182,007	185,296	157,316
Total governmental activities net assets	453,932	461,270	469,580	455,107	598,944	664,435	685,810	678,663	674,160
Business-type activities:									
Invested in capital assets, net of related debt	1,399,761	1,484,399	1,534,595	1,564,750	1,572,117	1,684,580	1,875,911	1,954,565	2,184,850
Restricted	539,903	453,919	498,341	505,875	523,769	366,018	359,364	367,477	603,007
Unrestricted	321,924	396,157	446,833	586,327	733,495	969,574	964,333	982,105	683,114
Total business-type activities net assets	2,261,588	2,334,475	2,479,769	2,656,952	2,829,381	3,020,172	3,199,608	3,304,147	3,470,971
Primary government:									
Invested in capital assets, net of related debt	1,596,872	1,718,311	1,795,609	1,663,872	1,781,347	1,899,677	2,093,777	2,158,274	2,355,282
Restricted	853,022	766,966	785,086	980,188	1,019,863	657,486	645,301	657,135	949,419
Unrestricted	265,626	310,468	368,654	467,999	627,115	1,127,444	1,146,340	1,167,401	840,430
Total primary government net assets	$ 2,715,520	$ 2,795,745	$ 2,949,349	$ 3,112,059	$ 3,428,325	$ 3,684,607	$ 3,885,418	$ 3,982,810	$ 4,145,131

The City of Long Beach implemented GASB Statement No. 34 for the fiscal year ended September 30, 2002.
Information prior to the implementation of GASB Statement No. 34 is not available.



See accompanying independent auditors' report

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City of Long Beach
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Governmental Activities:									
Legislative and Legal	$ 10,471	$ 9,457	$ 9,721	$ 10,313	$ 12,003	$ 12,911	$ 13,210	$ 12,866	$ 11,527
General Government	28,564	24,635	23,179	25,808	13,988	13,376	16,871	16,292	19,792
Public Safety	228,214	231,514	227,601	280,415	255,188	276,391	294,916	302,025	291,399
Public Health	37,872	39,515	42,184	43,874	44,024	47,189	48,330	47,134	44,731
Community and Cultural	145,376	159,765	164,982	177,210	186,528	207,566	227,274	227,772	258,512
Public Works	54,352	56,545	67,425	58,783	55,009	67,794	83,232	95,354	91,375
Oil Operations	4,672	5,516	6,215	6,367	7,192	8,175	8,630	8,004	6,923
Interest on Long-Term Debt	23,660	24,761	22,652	30,831	34,554	36,187	38,418	35,831	32,744
Total Governmental Activities Expenses	533,181	551,708	563,959	633,601	608,486	669,589	730,881	745,278	757,003
Business-type Activities:									
Gas	55,334	68,728	76,408	89,463	99,656	89,021	137,263	90,364	77,531
Water	58,814	55,756	57,849	62,075	62,480	68,704	70,571	76,895	71,442
Sewer	7,858	8,748	7,787	7,337	7,612	11,486	11,989	13,224	14,607
Airport	18,666	18,747	19,476	22,465	24,816	27,994	31,698	32,113	37,762
Solid Waste Management	71,202	71,027	70,658	70,493	73,679	78,305	82,590	83,245	71,632
Towing	5,845	5,427	6,762	6,858	8,520	8,838	9,863	7,883	8,916
Tidelands	81,261	80,880	83,501	94,033	105,671	111,156	123,258	124,711	117,071
Tideland Oil Revenue	36,451	70,376	102,098	188,250	264,355	199,542	486,759	178,636	276,850
Subsidence	3,187	2,401	441	4,054	4,061	-	-	-	-
Harbor	131,500	175,821	198,084	207,689	214,349	247,860	242,822	225,991	218,262
Total Business-Type Activities Expenses	470,118	557,911	623,064	752,717	865,199	842,906	1,196,813	833,062	894,073
Total Primary Government Expenses	1,003,299	1,109,619	1,187,023	1,386,318	1,473,685	1,512,495	1,927,694	1,578,340	1,651,076
Program Revenues:									
Governmental Activities:									
Charges for services:									
Legislative and Legal	524	400	415	98	1,256	119	801	264	862
General Government	23,572	24,893	26,952	27,289	20,174	13,406	14,049	14,679	14,968
Public Safety	32,742	34,120	36,678	39,768	36,694	40,326	42,516	37,078	40,072
Public Health	6,859	7,041	7,397	7,557	6,565	7,099	7,599	9,644	8,422
Community and Cultural	17,636	17,921	18,292	23,649	23,291	26,131	28,905	26,322	26,186
Public Works	17,035	14,966	15,179	16,878	17,840	17,722	19,382	25,803	25,985
Oil Operations	8,646	11,587	13,274	17,253	21,481	22,612	32,956	19,011	25,556
Operating Grants and Contributions	138,254	135,837	143,818	142,011	166,426	169,190	172,478	172,281	185,899
Capital Grants and Contributions	10,191	14,456	13,285	11,489	13,726	16,908	7,424	3,595	10,395
Total Governmental Activities Program Revenues	$ 255,459	$ 261,221	$ 275,290	$ 285,992	$ 307,453	$ 313,513	$ 326,110	$ 308,677	$ 338,345

(continued)

See accompanying independent auditors' report

City of Long Beach
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(In Thousands)

(continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Business-Type activities:									
Charges for Services:									
Gas	$ 62,642	$ 75,610	$ 88,717	$ 104,450	$ 113,053	$ 100,421	$ 123,580	$ 113,910	$ 80,605
Water	60,453	60,197	64,984	65,813	67,198	70,258	72,527	81,380	87,151
Sewer	8,050	9,056	9,283	9,729	9,245	10,812	11,785	12,707	15,186
Airport	13,357	23,540	27,905	29,121	29,086	30,985	35,080	35,004	38,820
Solid Waste Management	69,500	69,441	71,198	70,128	80,015	83,865	85,958	87,032	78,772
Towing	5,448	5,640	6,770	7,622	7,846	8,126	8,816	8,516	8,529
Tidelands	46,860	50,870	53,887	55,436	73,013	83,085	81,511	83,245	82,948
Tideland Oil Revenue	44,521	85,839	131,035	208,488	266,992	214,157	522,956	143,336	295,680
Subsidence	-	-	-	-	-	500	500	492	496
Harbor	226,459	249,542	280,782	338,167	354,125	370,832	382,119	336,930	341,744
Operating Grants and Contributions	3,597	886	1,066	2,520	1,184	2,116	1,241	1,213	597
Capital Grants and Contributions	36,691	9,625	23,500	25,787	8,947	24,580	14,984	25,210	32,001
Total Business-Type Activities Program Revenues	577,578	640,246	759,127	917,261	1,010,704	999,737	1,341,057	928,975	1,062,529
Total Primary Government Program Revenues	833,037	901,467	1,034,417	1,203,253	1,318,157	1,313,250	1,667,167	1,237,652	1,400,874
Net Revenues (expenses):									
Governmental Activites	(277,722)	(290,487)	(288,669)	(347,609)	(301,033)	(356,076)	(404,771)	(436,601)	(418,658)
Business-Type Activities	107,460	82,335	136,063	164,544	145,505	156,831	144,244	95,913	168,456
Total Net Revenues (expenses)	(170,262)	(208,152)	(152,606)	(183,065)	(155,528)	(199,245)	(260,527)	(340,688)	(250,202)
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Taxes:									
Property	79,814	87,285	107,796	123,924	141,335	162,342	173,184	196,402	180,262
Sales	41,246	44,863	42,383	48,216	51,557	55,848	55,261	51,585	53,144
Utility Users	55,838	50,883	45,339	39,216	40,637	41,694	41,028	39,901	39,240
Other	38,262	42,841	46,616	51,238	58,291	65,206	73,715	61,250	62,889
Grants and Contributions not Restricted to Specific Programs	35,621	27,917	28,693	39,205	115,668	44,086	46,330	48,364	46,058
Unrestricted Investment Earnings	17,175	13,369	12,325	16,213	23,520	23,374	24,357	14,712	7,837
Gain (Loss) on Sales of Capital Assets	(42)	977	317	810	806	649	(49)	(1,024)	8,539
Capital Asset Transfers	7,780	21,790	926	-	-	(257)	(1,142)	(1,337)	(101)
Transfers	5,317	-	12,584	14,314	13,056	28,625	13,462	19,601	16,287
Total Governmental Activities	281,011	289,925	296,979	333,136	444,870	421,567	426,146	429,454	414,155
Business-type Activities:									
Unrestricted Investment Earnings	32,279	24,378	25,280	27,599	42,021	62,329	47,512	26,890	14,554
Loss on Sales of Capital Assets	(11,393)	(12,036)	(2,539)	(665)	(2,041)	-	-	-	-
Capital Asset Transfers	-	(21,790)	(926)	19	-	257	1,142	1,337	101
Transfers	(5,317)	-	(12,584)	(14,314)	(13,056)	(28,625)	(13,462)	(19,601)	(16,287)
Total Business-type Activities	15,569	(9,448)	9,231	12,639	26,924	33,961	35,192	8,626	(1,632)
Total Primary Government	296,580	280,477	306,210	345,775	471,794	455,528	461,338	438,080	412,523
Change in Net Assets									
Government activities	3,289	(562)	8,310	(14,473)	143,837	65,491	21,375	(7,147)	(4,503)
Business-type Activities	123,029	72,887	145,294	177,183	172,429	190,792	179,436	104,539	166,824
Total Primary Government	$ 126,318	$ 72,325	$ 153,604	$ 162,710	$ 316,266	$ 256,283	$ 200,811	$ 97,392	$ 162,321

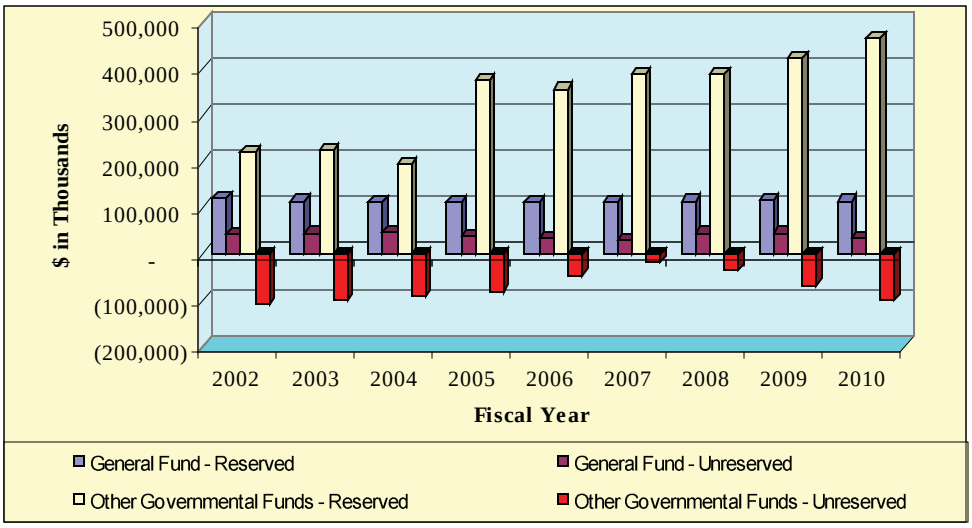
The City of Long Beach implemented GASB Statement No. 34 for the fiscal year ended September 30, 2002.
Information prior to the implementation of GASB Statement No. 34 is not available.

See accompanying independent auditors' report

City of Long Beach
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:									
Reserved	$ 123,104	$ 115,644	$ 114,006	$ 111,825	$ 111,959	$ 114,254	$ 115,088	$ 116,569	$ 115,079
Unreserved	43,562	45,592	47,516	38,404	35,478	29,960	46,042	45,899	35,735
Total General Fund	166,666	161,236	161,522	150,229	147,437	144,214	161,130	162,468	150,814
Other Governmental Funds:									
Reserved	222,687	227,051	196,602	377,560	358,094	389,518	390,061	424,108	468,899
Unreserved, Reported in:									
Special Revenue Funds	20,446	20,154	18,227	30,346	40,843	57,974	56,166	56,848	70,472
Capital Project Funds	(127,645)	(119,856)	(109,292)	(109,326)	(85,187)	(74,598)	(90,741)	(123,512)	(170,801)
Total Other Governmental Funds	115,488	127,349	105,537	298,580	313,750	372,894	355,486	357,444	368,570
Total All Governmental Funds	$ 282,154	$ 288,585	$ 267,059	$ 448,809	$ 461,187	$ 517,108	$ 516,616	$ 519,912	$ 519,384

The City of Long Beach has elected to show only nine years of data for this schedule due to a fund balance restatement for long-term advancements that occurred in 2002. This was necessary to produce financial statements in compliance with GASB Statement No. 34.



See accompanying independent auditors' report

City of Long Beach

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes:										
Property	$ 66,635	$ 80,621	$ 87,264	$107,825	$124,463	$141,081	$162,449	$172,741	$195,128	$170,897
Sales	37,362	41,246	44,863	42,383	48,216	51,557	55,848	55,261	51,585	53,144
Utility Users	57,396	55,838	50,883	45,339	39,216	40,637	41,694	41,028	39,901	39,240
Other Taxes	37,578	38,263	42,842	46,616	51,237	58,292	65,205	73,715	61,250	62,889
Licenses and Permits	15,703	23,401	23,103	22,878	26,269	30,008	32,240	33,899	32,239	37,484
Fines and Forteitures	9,867	11,448	11,017	13,581	14,744	16,387	17,644	18,509	19,501	17,042
Use of Money and Property	36,428	36,859	40,135	36,856	48,849	57,964	59,516	71,586	47,841	47,563
From Other Agencies	145,467	181,874	178,275	186,426	192,722	219,946	230,838	228,427	227,060	241,969
Charges for Services	45,409	41,277	44,282	45,948	46,633	29,071	26,168	27,609	30,742	29,924
Other Land Proceeds	28,891	3,448	-	-	-	716	-	-	-	-
Other Contributions										2,898
Other	-	9,687	13,922	13,106	15,987	13,892	13,711	17,587	11,667	13,691
Total Revenues	480,736	523,962	536,586	560,958	608,336	659,551	705,313	740,362	716,914	716,741
Expenditures:										
Legislative and Legal	9,059	10,985	9,588	10,359	10,037	12,464	13,602	12,481	11,649	10,806
General Government	26,998	30,444	24,655	23,407	25,209	15,123	15,765	16,081	11,993	17,354
Public Safety	206,409	230,112	236,341	227,176	257,869	266,057	279,382	285,366	290,615	291,618
Public Health	29,649	37,516	38,146	41,927	41,651	44,734	47,409	47,383	45,181	43,842
Community and Cultural	124,280	151,593	158,190	177,114	179,859	199,777	209,946	253,432	238,090	268,079
Public Works	41,069	43,565	42,751	43,589	42,885	42,647	42,586	50,221	53,358	46,002
Oil Operations	4,062	4,672	5,517	5,512	6,164	7,089	8,171	8,625	6,888	6,718
Capital Improvements	27,104	46,605	39,148	55,565	30,106	39,062	40,790	25,328	27,721	38,956
Loss on Disposition of Land Held for Resale	2,815	198	3,134	12	4,090	-	9,184	4,459	1,526	9,524
Debt Service:										
Principal	6,896	13,253	9,169	11,001	11,942	14,822	15,451	15,819	17,456	13,804
Interest	10,364	12,556	17,327	16,282	20,806	25,289	27,349	30,477	28,300	24,847
Debt Aministration Fees	62	76	152	247	320	147	81	397	259	195
Total Expenditures	488,767	581,575	584,118	612,191	630,938	667,211	709,716	750,069	733,036	771,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,031)	(57,613)	(47,532)	(51,233)	(22,602)	(7,660)	(4,403)	(9,707)	(16,122)	(55,004)
Other Financing Sources (Uses):										
Other Deferred Payments	239	513	159	229	221	220	291	-	-	-
Proceeds from other Long-Term Obligations	4,705	138,501	-	-	-	-	-	-	-	-
Debt Issuance	-		58,756	17,360	188,344	40,402	25,748	280	311	34,417
Discount on Debt Issuance	-	-	-	-	-	-	(122)	-	-	-
Payment to Refunded Bond Escrow Agent	-	(23,223)	(38,295)	(10,729)	(3,526)	(36,135)	-	-	-	-
Reconveyance of Land	-	1,733	-	-	-	-	-	(13,296)	(3,677)	(41)
Advances-Capitalized Interest	-	426	512	13	491	-	-	-	-	-
Transfers In	44,610	49,106	74,534	73,563	52,782	55,900	91,967	84,353	60,163	56,406
Transfers Out	(34,643)	(36,513)	(41,703)	(50,729)	(33,960)	(40,349)	(57,560)	(62,122)	(37,379)	(36,306)
Total Other Financing Sources (Uses)	14,911	130,543	53,963	29,707	204,352	20,038	60,324	9,215	19,418	54,476
Net Change in Fund Balances	$ 6,880	$ 72,930	$ 6,431	$ (21,526)	$181,750	$ 12,378	$ 55,921	$ (492)	$ 3,296	$ (528)
Debt Service as a Percentage of Noncapital Expenditures	3.8%	4.8%	4.9%	5.0%	5.5%	6.4%	6.4%	6.4%	6.5%	5.3%

See accompanying independent auditors' report

City of Long Beach

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

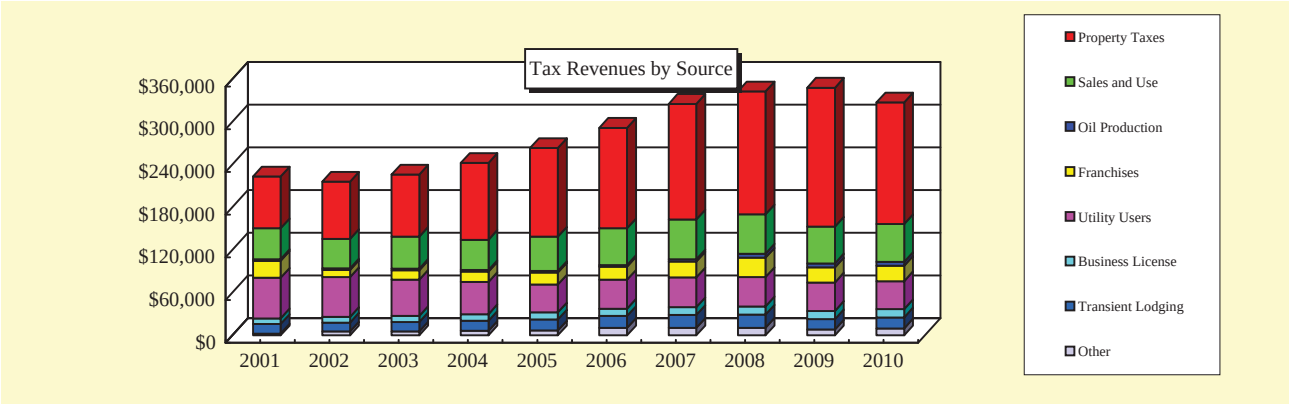
Fiscal Year-end (1)	Property Taxes	Sales and Use Taxes	Oil Production Taxes	Franchises Taxes	Utility Users Taxes	Business License Taxes	Transient Lodging Taxes	Other (2) Taxes	Totals
2001	$ 72,737	$ 43,415	$ 2,365	$ 23,706	$ 57,151	$ 8,052	$ 13,336	$ 2,525	$ 223,287
2002	80,621	41,246	2,257	9,976	55,838	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
2006	141,081	51,557	2,245	18,501	40,637	10,345	16,548	10,653	291,567
2007	162,449	55,848	3,123	22,340	41,694	10,909	18,309	10,524	325,196
2008	172,741	55,261	5,767	27,147	41,028	11,681	18,324	10,796	342,745
2009	195,128	51,585	5,557	21,274	39,901	11,647	14,635	8,137	347,864
2010	170,897	53,144	5,517	21,488	39,240	11,686	15,461	9,801	327,234

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 2001 through 2010.

Fiscal Year-end	Property Taxes	Transient Occupancy / Other
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
2006	63,406	3,634
2007	73,011	4,033
2008	77,460	4,064
2009	92,762	3,495
2010	83,610	3,218

(2) 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.

See accompanying independent auditors' report

City of Long Beach

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(In Thousands)

Fiscal Year-end	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2001	$ 22,036,954	$ 1,651,417	$ (725,200)	$ 22,963,171	1.00%
2002	23,195,257	1,794,736	(608,486)	24,381,507	1.00%
2003	24,478,339	1,976,078	(722,421)	25,731,996	1.00%
2004	27,334,246	2,278,983	(783,201)	28,830,028	1.00%
2005	29,650,613	2,419,098	(678,462)	31,391,249	1.00%
2006	32,881,116	2,638,789	(916,457)	34,603,448	1.00%
2007	37,042,813	2,834,656	(961,500)	38,915,969	1.00%
2008	40,310,054	3,035,367	(1,072,806)	42,272,615	1.00%
2009	43,819,413	2,802,330	(1,047,919)	45,573,824	1.00%
2010	42,549,483	2,916,792	(1,239,013)	44,227,262	1.00%

Assessed value and estimated actual value of taxable property for fiscal years 2001 through 2010 include redevelopment taxable property.

Redevelopment Agency

Fiscal Year-end	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2001	$ 6,958,056	$ 981,866	$ (514,916)	$ 7,425,006	1.00%
2002	7,363,069	1,034,477	(468,103)	7,929,443	1.00%
2003	7,587,453	1,122,382	(574,849)	8,134,986	1.00%
2004	8,897,464	1,249,847	(627,772)	9,519,539	1.00%
2005	9,818,218	1,346,019	(500,416)	10,663,821	1.00%
2006	11,178,815	1,565,654	(678,515)	12,065,954	1.00%
2007	12,615,001	1,670,149	(694,550)	13,590,600	1.00%
2008	14,050,322	1,823,366	(794,893)	15,078,795	1.00%
2009	15,376,178	1,601,923	(713,974)	16,264,127	1.00%
2010	14,961,050	1,611,237	(919,270)	15,653,017	1.00%

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Los Angeles County Office of Assessor.

See accompanying independent auditors' report

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

		Overlapping Rates				
Fiscal Year-end	City Direct Rate	Los Angeles County	Unified Schools	Community College	Special Districts	Total
2001	1.000000	0.001314	0.015957	-	0.010352	1.027623
2002	1.000000	0.001128	0.028784	-	0.008773	1.038685
2003	1.000000	0.001000	0.035190	-	0.042800	1.078990
2004	1.000000	0.000992	0.042849	0.011705	0.006562	1.062108
2005	1.000000	0.000923	0.046671	0.012394	0.006045	1.066033
2006	1.000000	0.000795	0.040750	0.018569	0.005249	1.065363
2007	1.000000	0.000663	0.106814	0.021462	0.004752	1.133691
2008	1.000000	-	0.123342	0.008794	0.004500	1.136636
2009	1.000000	-	0.124782	0.022115	0.004300	1.151197
2010	1.000000	-	0.151809	0.023112	0.004300	1.179221

Note:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt.

Sources: County of Los Angeles

See accompanying independent auditors' report

City of Long Beach
Principal Property Taxpayers
Current Year and Nine Fiscal Years Ago
(In Thousands)

Taxpayer	Fiscal Year 2010 Assessed Valuation	Fiscal Year 2010 Percent of Total Net Assessed Valuation	Fiscal Year 2001 Assessed Valuation	Fiscal Year 2001 Percent of Total Net Assessed Valuation
The Boeing Company	$ 404,057	0.98 %	$ 657,190	3.09 %
AES Alamitos LLC	226,400	0.55	451,990	2.12
Legacy Partners II LB World Trade LLC	153,840	0.37	-	-
Camden USA	137,021	0.33	-	-
Trizechahn Colony Square GP LLC	114,340	0.28	-	-
GRE Shoreline Square LP	94,605	0.23	-	-
200 Oceangate LLC	94,100	0.23	-	-
Arco Terminal Services Corp.	87,271	0.21	60,480	0.28
Noble Utah Long Beach LLC	87,019	0.21	-	-
Advanced Group 05-86	81,809	0.20	-	-
City Place Long Beach LLC	67,958	0.16	-	-
HEI Long Beach LLC	62,649	0.15	-	-
Sunstone Ocean LLC	54,525	0.13	-	-
ASN Meadow Wood LLC	49,637	0.12	-	-
Pacific Terminals LLC	48,020	0.12	-	-
Los Altos Gateway LLC	48,015	0.12	-	-
Pacific Castle	46,923	0.11	-	-
Legacy Partners I Long Beach Oceangate	38,760	0.09	-	-
Bixby Land Company	37,924	0.09	46,126	0.22
Atlantic Richfield Company	36,856	0.09	42,418	0.20
Pacific Towers Associates	-	-	61,622	0.29
Stevens Creek Associates	-	-	60,460	0.28
Long Beach Renaissance Hotel LP	-	-	42,791	0.20
University Town Center Associates	-	-	35,334	0.17
Arden Realty Corporation	-	-	35,319	0.17
	$1,971,729	4.77 %	$1,493,730	7.02 %

Source: California Municipal Statistics, Inc.

See accompanying independent auditors' report

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

Fiscal Year-end (1)	Total Tax Levy	Current Tax Collections	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
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 (3)	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%
2006	139,172	130,147	93.5%	12,093	142,240	102.2%	3,217	2.3%
2007	155,850	145,113	93.1%	17,819	162,932	104.5%	4,624	3.0%
2008	174,002	157,865	90.7%	14,877	172,742	99.3%	5,757	3.3%
2009	191,251	179,716	94.0%	15,412	195,128	102.0%	2,517	1.3%
2010	180,159	161,354	89.6%	9,542	170,896	94.9%	4,861	2.7%

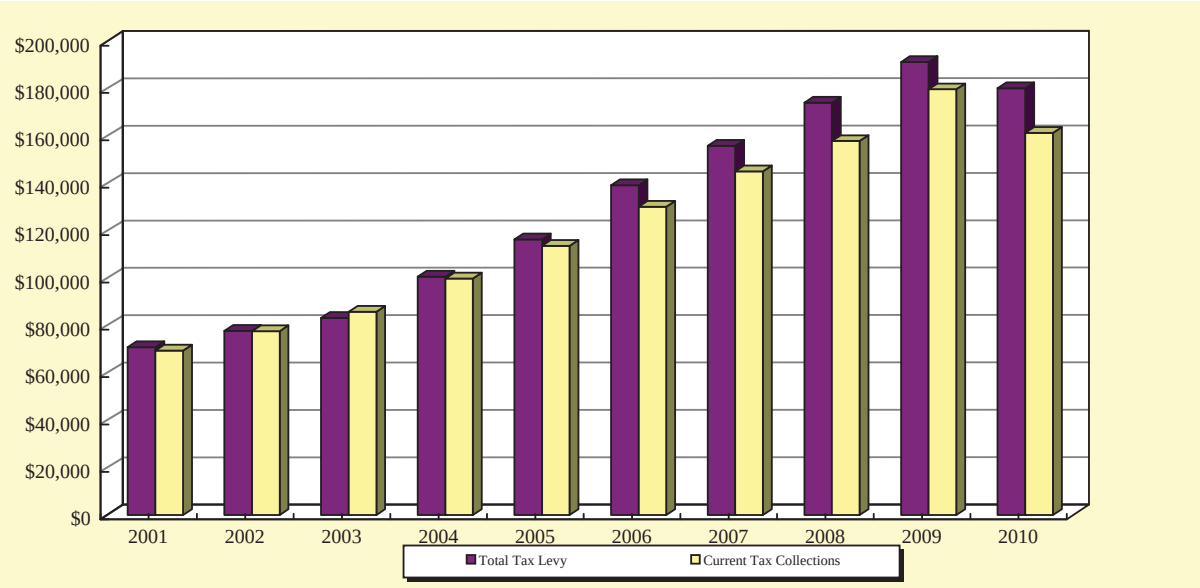
Notes:

(1) Total tax collections for fiscal years 2001 through 2010 include redevelopment tax increment collections, excluding interest and penalties, in accordance with generally accepted accounting principles as follows:

Fiscal Year-end	Collections (in thousands)
2001	$ 18,917
2002	25,796
2003	27,475
2004	41,718
2005	50,977
2006	63,406
2007	73,011
2008	77,460
2009	92,762
2010	83,609

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

(3) Fiscal year 2003 current tax collections includes 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.

See accompanying independent auditors' report

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

	Governmental Activities					
Fiscal Year-end	Revenue Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	Other	Total Governmental Activities
2001	$ 191,085	$ 121,480	$ 31,160	$ 30,421	$ 55,322	$ 429,468
2002	243,375	174,060	17,609	45,679	52,156	532,879
2003	244,465	179,974	18,757	42,649	44,535	530,380
2004	249,290	175,292	9,269	40,682	42,400	516,933
2005	242,685	355,444	11,971	31,957	37,962	680,019
2006	231,470	348,626	11,146	35,131	34,996	661,369
2007	246,500	340,813	10,734	39,481	32,532	670,060
2008	236,535	332,562	8,888	32,992	29,875	640,852
2009	222,770	323,890	9,057	27,227	27,704	610,648
2010	178,895	347,740	8,415	54,159	25,448	614,657

	Business-type Activities					
	Revenue Bonds	Certificates of Participation	Notes Payable (1)	Capital Leases	Other (3)	Total Business-type Activities
2001	$ 1,308,845	$ 18,620	$ 147,810	$ 14,244	$ 266,100	$ 1,755,619
2002	1,582,180	17,785	82,527	12,805	267,613	1,962,910
2003	1,542,800	16,905	85,808	11,223	270,376	1,927,112
2004	1,491,930	15,985	89,581	9,484	316,100	1,923,080
2005	1,409,610	15,025	188,150	7,572	328,700	1,949,057
2006	1,367,640	9,960	104,958	6,119	343,100	1,831,777
2007	1,312,585	9,175	119,641	3,767	399,800	1,844,968
2008	2,012,545	8,350	132,395	1,237	450,170	2,604,697
2009	1,728,770	7,480	117,597	565	48,324	1,902,736
2010	1,714,810	-	73,797	541	38,615	1,827,763

	Total Primary Government	Percentage of Personal Income (2),(4)	Per Capita (2)
2001	$ 2,185,087	2.163%	$ 4,678
2002	2,495,789	2.395%	5,279
2003	2,457,492	2.246%	5,119
2004	2,440,013	2.100%	5,023
2005	2,629,076	2.123%	5,383
2006	2,493,146	1.852%	5,091
2007	2,515,028	1.802%	5,145
2008	3,245,549	2.284%	6,625
2009	2,513,384	N/A	5,101
2010	2,442,420	N/A	4,957

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

(1) Notes payable in fiscal year 2005 included $97,354,000 abandonment reserve payable to the California State Lands Commission.

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

(3) Includes Estimated Oil Field Abandonment Costs and starting with 2007 environmental remediation and site restoration are also included in this category.

(4) The BEA's report does not have personal income available for 2009 and 2010.

See accompanying independent auditors' report

City of Long Beach
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

	Outstanding General Bonded Debt				
Fiscal Year-end	Tax Allocation Bonds	Less: Amounts Restricted for Debt Service (1)	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value (2)	Per Capita (3)
2001	$ 121,480	$ 17,522	$ 103,958	44%	$ 223
2002	174,060	22,016	152,044	61%	321.61
2003	179,974	20,989	158,985	60%	331.14
2004	175,292	26,258	149,034	50%	306.78
2005	355,444	39,059	316,385	99%	647.84
2006	348,626	36,936	311,690	88%	636.53
2007	340,813	42,945	297,868	75%	609.33
2008	332,562	45,796	286,766	72%	585.40
2009	323,890	53,895	269,995	58%	548.01
2010	347,740	57,937	289,803	62%	588.22

Notes:

(1) Includes Redevelopment bonds issued during fiscal years 2002, 2003, 2005, and 2006.

(2) Assessed value can be found in the Schedule of Assessed Value and Actual Value of Taxable Property. Percentage calculated using the following formula: Net bonded Debt / (Assessed Value - Exemptions)

(3) Population data can be found in the Schedule of Demographic and Economic Statistics.

See accompanying independent auditors' report

City of Long Beach
Schedule of Direct and Overlapping Debt
September 30, 2010 (In Thousands)

2009-10 Assessed Valuation:	$44,227,262
Redevelopment Incremental Valuation:	10,341,892
Adjusted Assessed Valuation:	$33,885,370

DIRECT DEBT:		Outstanding	Exclusions	Outstanding
City of Long Beach				
Lease Revenue Bonds (4)		$ 198,510	$ 80,555 (1)	117,955
Marks-Roos Bonds (4)		30,100	-	30,100
Pension Obligations		62,775	-	62,775
Total Direct Debt		$ 291,385	$ 80,555	$ 210,830
OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable			
Cerritos Community College District	0.429 %	$ 109,569	$ 109,099	$ 470
Compton Community College District	1.731	49,855	48,992	863
Long Beach Community College District	88.207	351,009	41,395	309,614
Los Angeles Community College District	0.037	2,336,745	2,335,880	865
ABC Unified School District	1.678	49,070	48,247	823
Compton Unified School District	0.022	65,222	65,208	14
Long Beach Unified School District	88.204	491,061	57,926	433,135
Los Angeles Unified School District	0.045	11,596,250	11,591,032	5,218
Paramount Unified School District	6.924	56,500	52,588	3,912
Los Angeles County Flood Control District	3.575	69,610	67,121	2,489
Metropolitan Water District	1.874	264,220	259,269	4,951
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT (1)		$ 15,439,111	$ 14,676,757	$ 762,354
OVERLAPPING GENERAL FUND OBLIGATION DEBT:				
Los Angeles County General Fund Obligations	3.644	$ 826,604	$ 796,483	$ 30,121
Los Angeles County Pension Obligations	3.644	118,486	114,168	4,318
Los Angeles County Superintendent of Schools Certificates of Participation	3.644	12,205	11,760	445
Compton Unified School District Certificates of Participation	0.022	31,365	31,358	7
Los Angeles Unified School District Certificates of Participation	0.045	455,840	455,635	205
Paramount Unified School District Certificates of Participation	6.924	26,590	24,749	1,841
County Sanitation District No. 1 Certificates of Participation	0.848	22,544	22,353	191
County Sanitation District No. 2 Certificates of Participation	0.124	34,810	34,767	43
County Sanitation District No. 3 Certificates of Participation	84.621	26,450	4,068	22,382
County Sanitation District No. 8 Certificates of Participation	1.992	13,773	13,499	274
County Sanitation District No. 19 Certificates of Participation	37.626	6,270	3,911	2,359
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 1,574,937	$ 1,512,751	$ 62,186
TOTAL GROSS OVERLAPPING COMBINED DEBT		$ 17,014,048	$ 16,189,508	$ 824,540
Less: Los Angeles Unified School District (self-supporting Qualified Zone Academic Bonds)		34,702	34,686	16
TOTAL NET OVERLAPPING COMBINED DEBT		$ 16,979,346	$ 16,154,822	$ 824,524
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT (2) (3)		$ 17,270,731	$ 16,235,377	$ 1,035,354

Notes:

(1) Supported Southeast Resource Recovery Facility issues.

(2) Excludes 1915 Act nad Mello-Roos Act Bonds

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

(4) Principal payments made by the City of Long Beach on September 30, 2010, are not reflected on the schedule above. These payments were posted, by the trustee, on October 1, 2010.

Source: California Municipal Statistics, Inc.

See accompanying independent auditors' report

City of Long Beach

Legal Debt Margin Information

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2001	2002	2003	2004	2005
Assessed valuation	$23,688,371	$24,989,993	$26,454,417	$29,613,229	$32,069,711
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	5,922,093	6,247,498	6,613,604	7,403,307	8,017,428
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	888,314	937,125	992,041	1,110,496	1,202,614
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	$ 888,314	$ 937,125	$ 992,041	$ 1,110,496	$ 1,202,614
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2006	2007	2008	2009	2010
Assessed valuation	$35,519,905	$39,877,469	$43,345,421	$46,621,743	$45,466,275
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	8,879,976	9,969,367	10,836,355	11,655,436	11,366,569
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,331,996	1,495,405	1,625,453	1,748,315	1,704,985
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	$ 1,331,996	$ 1,495,405	$ 1,625,453	$ 1,748,315	$ 1,704,985
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. This provision was enacted when assessed valuation was based on 25 percent of market value. Effective with fiscal year 1982, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Long Beach, Department of Financial Management.
County of Los Angeles, Department of Auditor-Controller.

See accompanying independent auditors' report

City of Long Beach
Pledged Revenue Coverage
Gas Fund Revenue Bond Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1)	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
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
2006	107,481	96,786	10,695	5,807	16,502	885	195	1,080	15.3
2007	99,648	90,186	9,462	6,424	15,886	905	173	1,078	14.7
2008	123,085	89,216	33,869	993	34,862	925	153	1,078	32.3
2009	87,736	41,356	46,380	26,983	73,363	940	131	1,071	68.5
2010	79,732	39,896	39,836	1,566	41,402	970	108	1,078	38.4

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

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
2006	66,074	53,059	13,015	1,564	14,579	1,155	1,836	2,991	4.9
2007	70,259	55,965	14,294	823	15,117	1,210	1,785	2,995	5.0
2008	71,604	57,239	14,365	1,417	15,782	1,265	1,731	2,996	5.3
2009	80,933	61,637	19,296	861	20,157	1,330	1,661	2,991	6.7
2010	87,151	67,091	20,060	10,075	30,135	1,405	1,588	2,993	10.1

Solid Waste Management Fund
SERRF Authority Revenue Bond Coverage
Last Ten Fiscal Years (2)
(In Thousands)

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
2006	78,173	65,218	12,955	5,385	18,340	6,355	4,813	11,168	1.6
2007	81,412	68,982	12,430	6,747	19,177	6,540	4,635	11,175	1.7
2008	83,628	72,102	11,526	6,342	17,868	6,690	4,478	11,168	1.6
2009	84,151	74,311	9,840	4,163	14,003	6,860	4,312	11,172	1.3
2010	77,419	64,873	12,546	4,228	16,774	7,050	4,121	11,171	1.5

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.

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

See accompanying independent auditors' report

City of Long Beach

Pledged Revenue Coverage

Civic Center Revenue Bond Coverage

Last Ten Fiscal Years (2)

(In Thousands)

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Times Coverage
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
2006	10,080	4,074	6,006	552	6,558	970	1,851	2,821	2.3
2007	10,569	7,066	3,503	841	4,344	1,015	1,807	2,822	1.5
2008	10,151	9,908	243	332	575	1,060	1,760	2,820	0.2
2009	9,981	10,085	(104)	(505)	(609)	1,110	1,711	2,821	-0.2
2010	10,065	9,217	848	156	1,004	1,165	1,659	2,824	0.4

Fleet Services Fund

Temple Willow Revenue Bond Coverage

Last Ten Fiscal Years

(In Thousands)

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
2006	26,926	18,598	8,328	789	9,117	940	1,526	2,466	3.7
2007	28,306	21,229	7,077	402	7,479	865	1,571	2,436	3.1
2008	28,408	21,088	7,320	908	8,228	900	1,534	2,434	3.4
2009	30,941	20,491	10,450	1,900	12,350	945	1,494	2,439	5.1
2010	33,028	20,526	12,502	36	12,538	980	1,449	2,429	5.2

Notes:

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

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

See accompanying independent auditors' report

City of Long Beach

Pledged Revenue Bond Coverage
Tideland Operating Segment

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

Fiscal Year-end	Beginning Unreserved Fund Balance (Deficit)	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)	2,438	6,558	8,996	-
2004	N/A	32,390	37,600	(5,210)	1,815	(3,395)	2,434	6,558	8,992	-
2005	N/A	33,593	43,633	(10,040)	1,679	(8,361)	2,430	6,558	8,988	-
2006	N/A	48,859	57,923	(9,064)	1,679	(7,385)	2,369	6,558	8,927	-
2007	N/A	56,663	61,199	(4,536)	4,732	196	2,765	6,504	9,269	-
2008	N/A	52,739	69,138	(16,399)	3,516	(12,883)	2,870	6,393	9,263	-
2009	N/A	55,684	72,880	(17,196)	6,563	(10,633)	2,985	6,274	9,259	-
2010	N/A	55,288	66,439	(11,151)	6,335	(4,816)	3,105	6,147	9,252	-

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

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
2006	(3,399)	16,691	11,972	4,719	377	1,697	3,145	436	3,581	0.5
2007	(3,623)	18,551	13,411	5,140	760	2,277	3,230	268	3,498	0.7
2008	(4,360)	21,352	13,519	7,833	209	3,682	3,285	97	3,382	1.1
2009	4,027	21,773	13,686	8,087	1,700	13,814	135	8	143	96.6
2010	5,499	21,366	14,392	6,974	1,651	14,124	-	-	-	0.0

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, which matured on January 15, 2008.

See accompanying independent auditors' report

City of Long Beach
Pledged Revenue Coverage
Rainbow Harbor Area Segment
Revenue Bond Coverage
Last Ten Fiscal Years (2)
(In Thousands)

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non-Operating Income (1) (Loss)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Times Coverage
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	-
2006	6,404	8,728	(2,324)	338	(1,986)	1,515	2,369	3,884	-
2007	7,230	10,305	(3,075)	465	(2,610)	2,070	2,184	4,254	-
2008	7,212	10,321	(3,109)	210	(2,899)	2,235	2,025	4,260	-
2009	6,880	10,080	(3,200)	1,918	(1,282)	2,325	1,936	4,261	-
2010	7,421	9,837	(2,416)	1,830	(586)	2,410	1,846	4,256	-

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

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
2006	353,294	80,328	272,966	27,741	300,707	34,935	54,556	89,491	3.4
2007	370,832	102,698	268,134	28,246	296,380	38,335	51,216	89,551	3.3
2008	359,345	116,166	243,179	55,866	299,045	40,090	49,432	89,522	3.3
2009	311,351	97,880	213,471	40,830	254,301	42,150	47,488	89,638	2.8
2010	321,639	98,028	223,611	33,052	256,663	44,355	45,397	89,752	2.9

Notes:

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

(2) The Rainbow Harbor Area Segment of the Tidelands Fund fund balance is considered adequate to cover the debt service. Operating transfers are made to provide funding to the Rainbow Harbor Area from other Tidelands funds on an as needed basis.

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

See accompanying independent auditors' report

City of Long Beach
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year-end	Estimated Population (1)	Personal Income (in millions) (2) (5) (6)	Per Capita Personal Income (2) (5) (6)	Public School Enrollment (3)	Unemployment Rate (4) (6)
2001	467,072	$ 10,101	$ 21,627	93,694	6.3
2002	472,763	10,420	22,042	96,488	7.5
2003	480,114	10,940	22,787	97,212	7.7
2004	485,797	11,620	23,919	97,560	7.2
2005	488,367	12,385	23,266	96,319	5.9
2006	489,673	13,461	27,490	93,589	5.3
2007	488,848	13,953	28,543	90,663	5.6
2008	489,864	14,211	29,011	88,186	8.2
2009	492,682	N/A	N/A	87,519	12.8
2010	494,709	N/A	N/A	86,283	13.9

Sources:

(1) California Department of Finance.

(2) Bureau of Economic Analysis.
Personal income and per capita personal income with exception of 1999 and 2005 are based on percent change of per capita personal income for Los Angeles-Long Beach-Santa Ana, CA (Metropolitan Statistic Area).

(3) California Department of Education Educational Demographic Unit . Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.

(4) Average annual rate reported by California Employment Development Department (EDD). Each rate from 2001 through 2010 is noted not adjusted, not preliminary.

(5) The BEA's report does not have personal income and per capita personal income available for 2009 and 2010.

(6) Restated prior years due to the data's annual revision.

See accompanying independent auditors’ report

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

	Fiscal Year 2010		Fiscal Year 2001	
	Number of Employees (1)	Percentage of Total City Employment (2)	Number of Employees (1)	Percentage of Total City Employment (2)
Long Beach Unified School District	7,846	3.38%	11,887	5.67%
The Boeing Company	7,100	3.06%	17,850	8.52%
California State University Long Beach	6,599	2.84%	2,755	1.32%
City of Long Beach	5,466	2.35%	6,446	3.08%
Long Beach Memorial Medical Center	5,105	2.20%	3,928	1.88%
Veteran Affairs Medical Center	2,306	0.99%	2,278	1.09%
Long Beach City College	1,664	0.72%	N/A	0.00%
United States Postal Service	1,471	0.63%	910	0.43%
St. Mary Medical Center	1,461	0.63%	1,779	0.85%
Verizon	1,200	0.52%	1,700	0.81%

Sources:

(1) Economic Research Group, Department of Community Development

(2) U.S. Census Bureau Labor Force as of 2010.

See accompanying independent auditors' report

City of Long Beach
City Employees
Last Seven Fiscal Years

Function	Fiscal Year 2004	2005	2006	2007	2008	2009	2010
Legislative and Legal	140	139	143	148	144	138	138
General Government	469	433	447	451	522	506	483
Public Safety	2,121	2,125	2,143	2,127	2,120	2,022	1,927
Public Health	435	414	399	405	390	337	322
Community and Cultural	1,103	1,119	1,100	1,194	1,219	1,107	1,131
Public Works	370	375	373	373	298	326	321
Gas	177	169	178	181	185	181	178
Water	230	215	217	229	212	208	219
Airport	71	85	90	98	88	61	60
Solid Waste Management	125	134	143	135	184	209	200
Towing	45	42	38	42	38	35	32
Tideland Oil Revenue	38	35	34	35	34	31	22
Harbor	335	327	337	345	378	409	433
Total	5,659	5,612	5,642	5,763	5,812	5,570	5,466

Source: City of Long Beach, Department of Financial Management as of September 30, 2010.

The City of Long Beach implemented GASB Statement No. 34 for the fiscal year ended September 30, 2002. Information prior to the implementation of GASB Statement No. 34 is not available.

See accompanying independent auditors' report

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

Function	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
Public Safety:					
Police priority one calls response time in minutes	N/A	N/A	N/A	N/A	N/A
Violent crime rate - per 1,000 residents	N/A	N/A	N/A	N/A	N/A
Fire on-scene arrival for emergency calls within six minutes	N/A	N/A	N/A	N/A	N/A
Public Health:					
Percentage of beach days that are safe for swimming in summer	N/A	N/A	N/A	N/A	N/A
Homeless population ratio vs. total population (1)	N/A	N/A	N/A	N/A	N/A
Community and Cultural					
Public library computer session log-ons	N/A	N/A	N/A	N/A	N/A
Parks, recreation programs - youth and teen attendance	N/A	N/A	N/A	N/A	N/A
Public Works:					
Number of trees trimmed	21,499	21,807	19,758	14,908	25,629
Curbs and alleys swept in miles	196,295	195,778	176,112	164,253	157,976
Sidewalk repaired in square feet	480,558	540,615	372,104	426,559	379,070
Storm drain catch basins cleaned	6,865	6,269	8,614	10,202	3,911
Gas:					
Gas consumption in sales dollars-total	$ 119,512,000	$ 56,367,000	$ 69,592,000	$ 79,665,000	$ 91,575,000
Gas consumption in cubic feet (In 000's)	11,467,303	10,937,205	10,579,739	11,982,873	11,792,301
Average daily gas consumption (MCF)	31,417	29,965	28,986	32,830	32,308
Gas mains replace/relocated in feet	19,612	28,324	51,444	10,388	52,813
Gas mains installed in feet	4,347	10,102	19,306	4,450	7,647
Gas meters installed/removed/replaced	4,162	5,697	4,846	4,716	5,482
Water:					
Water daily demand in thousand gallons	61,226	62,259	60,308	63,331	53,118
Water annual demand in thousand gallons	22,347,490	22,724,523	22,012,177	23,115,870	19,388,070
Available supply total in thousand gallons	23,710,875	24,514,423	23,683,176	25,071,954	22,960,765
Sewer:					
Sewer mains cleaned in miles	291	396	341	437	338
Sewer mains and laterals repaired in number of jobs	384	147	97	316	246
Airport:					
Number of commercial passengers enplaned	280,528	515,634	1,386,078	1,479,623	1,520,918
Number of commercial passengers deplaned	277,590	503,360	1,371,173	1,462,348	1,506,953
Number of aircraft landings and take offs	362,014	349,914	339,370	343,993	344,377
Solid Waste Management:					
Number of refuse tons collected	218,570	224,776	233,787	224,331	225,467
Number of recycling tons collected	N/A	N/A	N/A	N/A	N/A
SERRF tons of refuse received	494,464	504,626	495,542	490,196	463,956
SERRF energy sold to So Cal Edison megawatt-hours	230,712	236,730	230,619	233,062	206,640
Harbor:					
Number of container movements in twenty-foot equivalent units	4,491,690	4,694,432	4,388,815	5,355,972	6,644,080
Cargo in thousands of metric revenue tons	124,078	125,620	118,236	138,023	158,136
Number of ship calls	5,501	5,036	4,937	4,997	5,301

Sources: City Departments.

(1) The homeless population count is biannual.

The City of Long Beach implemented GASB Statement No. 34 for the fiscal year ended September 30, 2002. Information prior to the implementation of GASB Statement No. 34 is not available.

See accompanying independent auditors' report

Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Function
					Public Safety:
4.5	4.3	4.4	4.07	4.00	Police priority one calls response time in minutes
6.99	6.82	6.53	6.51	6.42	Violent crime rate - per 1,000 residents
73.60%	73.90%	71.60%	70.5%	67.7%	Fire on-scene arrival for emergency calls within six minutes
					Public Health:
94%	93%	87%	80%	83%	Percentage of beach days that are safe for swimming in summer
0.91%	0.93%	0.80%	0.80%	0.79%	Homeless population ratio vs. total population (1)
					Community and Cultural
305,130	348,982	437,211	420,100	385,514	Public library computer session log-ons
647,705	646,035	726,812	652,953	699,391	Parks, recreation programs - youth and teen attendance
					Public Works:
28,401	34,342	25,682	19,300	21,618	Number of trees trimmed
165,706	176,542	163,298	154,152	142,000	Curbs and alleys swept in miles
436,505	363,089	260,742	203,805	348,394	Sidewalk repaired in square feet
5,110	4,744	5,800	3,122	3,800	Storm drain catch basins cleaned
					Gas:
$ 100,336,000	$ 92,323,000	$ 101,834,000	$ 71,294,000	$ 67,674,000	Gas consumption in sales dollars-total
10,659,740	10,924,000	10,122,000	9,137,000	8,902,000	Gas consumption in cubic feet (In 000's)
30,186	29,928	27,655	25,034	24,389	Average daily gas consumption (MCF)
60,496	80,898	88,000	92,945	55,665	Gas mains replace/relocated in feet
22,590	78,815	74,500	80,915	88,967	Gas mains installed in feet
6,880	7,352	7,416	7,290	8,713	Gas meters installed/removed/replaced
					Water:
59,317	60,969	55,302	50,688	50,653	Water daily demand in thousand gallons
21,650,844	22,253,636	20,185,133	18,501,135	18,488,492	Water annual demand in thousand gallons
23,607,579	24,253,546	22,346,927	20,523,106	20,687,237	Available supply total in thousand gallons
					Sewer:
474	361	365	424	547	Sewer mains cleaned in miles
296	270	278	215	182	Sewer mains and laterals repaired in number of jobs
					Airport:
1,412,636	1,446,120	1,439,598	1,466,499	146,041	Number of commercial passengers enplaned
1,402,379	1,434,463	1,438,407	1,464,412	1,461,890	Number of commercial passengers deplaned
360,811	399,622	354,727	302,672	317,328	Number of aircraft landings and take offs
					Solid Waste Management:
216,725	199,995	201,816	217,349	209,289	Number of refuse tons collected
31,413	178,773	195,291	197,104	193,820	Number of recycling tons collected
495,794	502,558	485,207	488,999	485,207	SERRF tons of refuse received
236,384	241,839	229,664	226,866	229,664	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
7,166,771	7,361,881	6,736,756	5,282,385	5,936,066	Number of container movements in twenty-foot equivalent units
168,416	173,037	162,910	135,255	147,357	Cargo in thousands of metric revenue tons
5,588	5,653	5,140	4,933	4,826	Number of ship calls

City of Long Beach
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
Public Safety:					
Number of police stations	1	1	1	1	1
Number of police substations (full facility)	2	3	2	2	2
Number of police storefront stations	5	4	4	4	4
Number of fire stations	24	24	24	23	23
Community and Cultural:					
Number of parks	78	92	103	103	108
Parks and golf courses in acres	2,045	2,613	2,814	2,814	2,817
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	991,799	967,500	997,509	1,013,730	998,330
Number of library circulations	2,105,365	1,797,505	1,721,269	1,536,968	1,467,069
Public Works:					
Street in miles	815	815	815	815	815
Storm drain lines in miles	180	180	180	180	180
Number of street lights (1)	31,292	27,281	27,281	30,839	31,582
Gas:					
Gas mains in miles	937	921	920	920	922
Water:					
Water mains in miles	911	911	915	907	907
Number of fire hydrants	6,858	6,964	6,421	6,640	6,501
Number of water services	88,754	88,928	89,139	94,730	94,860
Sewer:					
Sanitary sewers in miles	718	705	765	712	712
Number of manholes	15,595	15,595	15,595	16,031	16,041
Sanitary sewer pump stations	28	28	27	28	28
Storm drain pump stations	23	23	23	23	23
Harbor:					
Sanitary sewer pump stations	N/A	N/A	N/A	N/A	N/A
Storm drain pump stations	N/A	N/A	N/A	N/A	N/A
Solid Waste Management:					
Number of waste-to-energy facilities	N/A	N/A	N/A	N/A	N/A

(1) In 2008 the number of street lights changed from 34,000 to 31,000 due to updated reports.

Sources: City Departments.

See accompanying independent auditors' report

Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Function
					Public Safety:
1	1	1	1	1	Number of police stations
2	3	3	3	3	Number of police substations (full facility)
4	4	4	3	3	Number of police storefront stations
23	23	23	23	23	Number of fire stations
					Community and Cultural:
115	116	150	155	159	Number of parks
2,855	2,873	3,061	3,063	3,120	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
984,727	972,499	977,197	916,504	889,669	Number of library holdings (books, videos, tapes)
1,396,443	1,458,862	1,695,540	1,562,913	1,644,125	Number of library circulations
					Public Works:
815	815	815	815	815	Street in miles
180	180	181	181	180	Storm drain lines in miles
31,582	31,582	31,000	31,000	31,000	Number of street lights
					Gas:
922	921	920	918	921	Gas mains in miles
					Water:
907	905	904	908	909	Water mains in miles
6,505	6,489	6,507	6,525	6,529	Number of fire hydrants
N/A	N/A	95,432	95,424	95,398	Number of water services
					Sewer:
712	711	711	712	712	Sanitary sewers in miles
16,044	16,055	16,078	16,129	16,135	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	23	23	23	Storm drain pump stations
					Harbor:
N/A	N/A	N/A	32	34	Sanitary sewer pump stations
N/A	N/A	N/A	20	20	Storm drain pump stations
					Solid Waste Management:
1	1	1	1	1	Number of waste-to-energy facilities

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