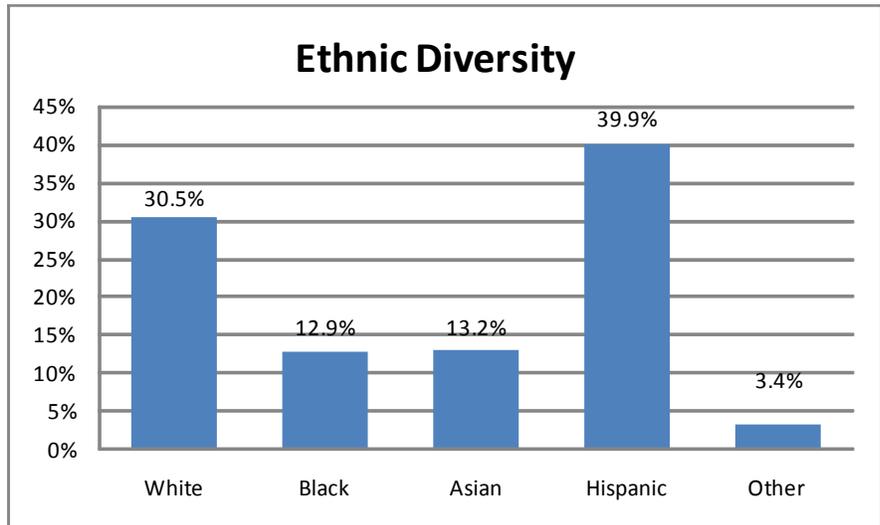


Understanding the City's Budget

City of Long Beach Demographics

GOVERNMENT

The City of Long Beach, California covers approximately 52 square miles on the southern coast of Los Angeles County. With a current population of 492,912, Long Beach is the second largest city in Los Angeles County and the sixth largest city in the State. It is a diverse and dynamic city that, based on the 2007 American Community Survey, has the following ethnic breakdown: 39.9% Hispanic, 30.5% White, 12.9% Black, 13.2% Asian, and 3.4% all other ethnicities.



Long Beach was originally incorporated in 1888. After a short period of disincorporation, the City was reincorporated on December 3, 1897. Since 1921, Long Beach has been governed as a charter city, and operates under a Council-Manager form of government.

The City Council is made up of nine members, elected by district. The Mayor is chosen in a citywide election to serve as the full-time chief legislative officer of the City. Although the Mayor does not vote, the Mayor presides over City Council meetings, presents the annual budget to the City Council and has veto power over City Council actions, including line-item veto authority over the budget. The Vice-Mayor is elected by the City Council from among its members.

The City has three other full-time elected officials: City Attorney, City Auditor and City Prosecutor. The City Council appoints the City Clerk and City Manager. The Mayor nominates, and the City Council approves, members to various boards and commissions. The Civil Service Commission, Board of Water Commissioners and Board of Harbor Commissioners oversee operations of their respective departments while all other City departments report directly to the City Manager.

The City Manager serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices and the three semi-autonomous commission-led departments. The City currently employs approximately 5,566 full- and part-time staff within 22 departments.

In addition to the usual municipal services of police, fire, parks and recreation, public works, and library, the City of Long Beach owns and operates a leading deep-water port, offshore and onshore oil production, a local health department, a gas utility, a water utility, a convention and entertainment center, aquarium, museum, two historic ranchos, a commercial airport, marinas and golf courses.

City of Long Beach Demographics

EDUCATION

The Long Beach Unified School District is the third largest public school system in California serving nearly 90,000 kindergarten through twelfth grade students in 2009. The district's 95 schools are located in Long Beach, Signal Hill, Lakewood and on Catalina Island. Additionally, Long Beach also offers a City College, educating approximately 28,000 students. The college offers 88 Associate of Arts/Science degree programs, 77 Career Certificate programs and the opportunity to complete up to two years in any of 44 baccalaureate programs for transfer to a four-year college or university.

California State University, Long Beach (CSULB) is the State University system's second largest campus. With over 37,891 students enrolled in the 2008-2009 school year, CSULB offers 84 baccalaureate majors, 66 masters degree programs, one joint doctoral degree, one joint doctor of education degree and 49 certificate programs.

BUSINESS AND INDUSTRY

The City of Long Beach is a center for aerospace, petroleum, shipping and tourism, along with a wide variety of office and retail opportunities. Downtown alone is home to 4.2 million square feet of commercial office space.

Currently, the largest employer within the City is the Long Beach Unified School District, which operates 90 regular and three charter schools. The district's workforce of approximately 8,335 employees ensures the success of students by maintaining high standards, a commitment to excellence and by offering a comprehensive scholastic program.



Downtown Long Beach overlooking the Port.

The city's second largest employer is the Boeing Corporation, which operates a 424-acre facility at the Long Beach Airport and employs approximately 8,200 persons. The facility exceeds 6.7 million square feet of space and is currently utilized for the production of the C-17 military transport plane and program support for production lines in other locations. In what will be one of the region's largest land redevelopment efforts, Boeing is in the process of converting 260 acres of their facility from industrial to mixed commercial/residential use in an effort to provide quality industrial, research and development space. Exhibit 1 provides a breakdown of the top 10 employers in Long Beach as of January 2009.

Oil production, private and municipally-owned, continues to be an important business in Long Beach with both offshore and onshore facilities. Approximately 14.9 million barrels of oil are produced annually from facilities in Long Beach. The Long Beach Unit Optimized Water-Flood Injection Process, authorized by State legislation, has improved oil recovery and lengthened field life in the Wilmington Oil Field. Continued application of new technology is expected to further increase oil recovery.

City of Long Beach Demographics

Exhibit 1: Top 10 Employers in Long Beach

Rank	Employer	Employees As of January 2009
1	Long Beach Unified School District	8,335
2	The Boeing Company	8,200
3	CSU Long Beach (includes part-time)	6,367
4	Long Beach Memorial Medical Center	5,800
5	City of Long Beach (includes part-time)	5,566*
6	Verizon	2,500
7	Veterans Affairs Medical Center	2,500
8	Long Beach City College	2,300
9	United States Postal Service	1,700
10	St. Mary Medical Center	1,480
Source: Economics Research Group, Office of the City Manager		
*Per the FY 10 Adopted Budget		

The Port of Long Beach is one of the world's busiest container cargo ports. In 2008, the Port handled 6.5 million twenty-foot-long containers (TEUs) carrying 80 million metric tons of cargo. International trading partners include the Pacific Rim nations of China, Japan, South Korea and Taiwan. In addition to containers cargoes such as electronics, clothing, toys and shoes, the Harbor facility handles crude and refined petroleum products, petroleum coke and automobiles, lumber, steel and scrap metal.

As California's largest urban Enterprise Zone, Long Beach offers businesses located in targeted areas five categories of State tax incentives aimed at stimulating new private investment, business expansion and job creation. These incentives include sales tax credits, hiring tax credits, business expense deductions, net operating loss carryover and a net interest deduction for lenders. Over 10,000 Long Beach businesses of varying sizes operate in the Enterprise Zone. The Enterprise Zone designation has recently been renewed and will be in place until 2022.

Tourism continues to be a growing industry in Long Beach, and the city attracts over 5.5 million visitors a year. A vital part of that industry is the Long Beach Convention and Entertainment Center. The Center's facilities include a 224,000 square-foot exhibit hall, 83,000 square feet of meeting room space, a ballroom able to comfortably seat 1,600, a 13,600-seat arena and two theaters in the elegant Long Beach Performing Arts Center. Additionally, over 2,500 hotel rooms are within walking distance of the Convention Center.



The Aquarium of the Pacific

The world-class Long Beach Aquarium of the Pacific, on Rainbow Harbor, is located across the water from the Convention Center, Shoreline Village and the historic Queen Mary. The Aquarium is home to 12,500 marine animals from over 1,000 species indigenous to the Pacific Rim. It is a milestone in design, architecture and technology for the 21st century.

City of Long Beach Demographics

MAJOR DEVELOPMENTS

The Promenade is a fresh downtown development expected to revitalize the area with an exciting array of uses. The Promenade spans several blocks and serves as a pedestrian linkage from Shoreline Drive, south of the Convention Center, to the northern terminus at 5th Street and the City Place retail and residential center. The Redevelopment Agency is developing an urban, pedestrian-oriented, mixed-use development along The Promenade between 1st and 3rd Streets. Also on The Promenade are the newly refurbished Insurance Exchange Building Lofts and the Hotel Esterel on The Promenade.



The New Promenade Lofts

The Lofts at Promenade is a new mixed-use project recently completed by Lyon Apartment Companies. The development includes 104 urban loft-style apartments along The Promenade between Broadway and 3rd Street in Downtown Long Beach, and 13,550 square feet of ground-floor retail space. Spacious studio, one and two bedroom apartment homes feature 10' ceilings and state of the art amenities including granite countertops, washer/dryer units, a business center, and a roof-top community area for residents. The "Sky Lounge" area atop the seven-level parking structure boasts spectacular city views, pool & spa, seating areas with fireplace and barbeques, wi-fi access and the "Sky Fit" Health club for exclusive use by residents. In addition

to code-required parking for building residents, commercial businesses and guests, the project includes an additional 159 parking spaces that are available to the public. The project is also located adjacent to the Metro Blue Line on Long Beach Boulevard for easy access to Downtown Los Angeles and connections throughout Southern California.

Additionally, the redevelopment of the West Gateway area continues. Embodying principals of "Smart Growth," the City of Long Beach is pursuing a unique public/private economic development partnership to develop a new transit-oriented urban neighborhood on all or portions of 8 square blocks situated at the entry to the City's downtown core. This master planned effort includes a new public elementary school, Cesar Chavez Elementary, and the development of approximately 800 ownership and rental housing units, incorporating resident-serving retail within an enhanced urban community. The flagship project of the area, the Lyon West Gateway, will boast 16,000 square feet of ground-floor retail with 291 residential units. The West Gateway is a critical element in the revitalization of greater downtown Long Beach and will be completed by the last quarter of FY 10.

The State of California's courthouse master plan calls for replacing the Superior Courthouse currently located on Ocean Boulevard in the City of Long Beach's Downtown Redevelopment Project Area. Initially the State was looking at replacement locations in the southern Los Angeles region other than Long Beach. The departure of the courthouse is estimated to reduce annually the sales of local businesses by approximately \$55 million and revenues to the City by \$674,000. The departure of the courthouse would have serious effect on the viability of local businesses and would likely lead to increased office vacancies as legal firms and other businesses follow the courthouse to a new location. As a result, the City and the Agency have actively worked with the

State of California to retain the Superior Courthouse in the City of Long Beach.

The proposed location is Agency-owned property in the Central Long Beach Redevelopment Project Area, approximately one block from the location of the existing courthouse. The site is a two-block area bounded by 3rd Street, Maine Avenue, Broadway and Magnolia Avenue. Daisy Avenue would be vacated for the development. The proposed project will provide 31 courtrooms and more space for the public, staff and secured in-custody detainees than is currently available at the existing courthouse. The facility will also provide space for County staff that routinely interacts with the Superior Court, commercial office space for tenants, and retail space. The new courthouse will continue to utilize the existing parking structure at Broadway and Magnolia Avenue. The State of California anticipates construction to begin during the 3rd quarter of 2010 and to finish approximately 24 months later.



Long Beach Senior Housing

In June of 2009 the United States Department of Housing and Urban Development, the Long Beach Housing Development Company, and the Menorah Housing Foundation celebrated the Grand Opening of the Long Beach Senior Housing facility. Located near Atlantic and Willow Streets in the Central Long Beach Redevelopment Project Area, the project includes 66 apartments, community

rooms, outdoor decks, proximity to Long Beach Memorial

Hospital and the Burnett Branch Library, as well as convenient access to grocery and retail amenities. Adjacent to major bus routes on Atlantic Blvd. and the nearby MTA Blue Line Metrolink Station, this project illustrates the regenerative power of urban infill development. Long Beach Senior Housing directly responds to the City's priorities of rental housing affordability, increased housing supply, and neighborhood revitalization.



The New Residence Inn Long Beach

North Long Beach residents are now served by the recently constructed Target department store located at 6750 Cherry Avenue. The new development is comprised of the 127,246 square foot department store, a gas station, and a 6,000 square foot retail building with a drive thru. The new Target structure is a LEED Certified Bronze building.

The new Residence Inn Long Beach offers

visitors the chance to experience downtown with comfortable, stylish rooms and

waterfront views. Located off the I-710 and I-405, this suite hotel offers fabulous dining and nightlife, distinctive shopping, and famous attractions including beaches, the Queen Mary, Long Beach Arena, Pine Ave and the Aquarium of the Pacific. This stunning new hotel provides visitors

a central location with easy access to Los Angeles attractions and business centers on the I-405 corridor.

Lastly, the luxurious Hotel AVIA Long Beach will open its chic doors during summer of 2009. AVIA Long Beach is where laidback beach culture meets up-tempo urban vibes. Both are waiting to be discovered by every generation of visitors. AVIA is the perfect host, offering guests a rich mix of everything this vibrant California city has to offer. Adjacent to the stunning Aquarium of the Pacific, visitors will find unexpected touches, simple pleasures, and all the comforts of home. The materials and textures that cloak AVIA's public and private rooms were carefully chosen for their calming qualities – spa-green tiled floors coupled with jade, deep grays and cream hues.

To ensure a restful slumber, most every need and desire has been anticipated behind the doors of the 138 rooms and suites. Each bed is cloaked in Italian-cotton matelasse coverlets, which conceal premium linens and plush pillows. Bathrooms are equally alluring with soothing color palettes and walk-in showers that offer multiple water delivery systems. Thick towels provide just the right amount of pampering, while waffle terry robes add additional warmth and comfort. Other conveniences that have been factored include cordless telephones, en suite work stations paired with comfortable chairs, hard wire and wireless Internet at no charge, and MP3 docking stations so you can listen to the music and artists you enjoy. AVIA has taken the comforts of home and enhanced them with superb service and indulgent amenities.



The New AVIA Hotel



The Budget Process

The Fiscal Year 2010 (FY 10) Budget covers the period October 1, 2009 through September 30, 2010. The following is a description of the City’s multi-dimensional Budget Process, which is designed to promote transparent communication with community stakeholders and provide multiple opportunities for direct community input.

THE BUDGET PROCESS

The Budget is the most important policy document the City produces on an annual basis. The program and financial decisions it embodies must reflect the will of the community through the policy direction of the City Council. This can only be achieved through a development process that encourages communication and transparency, seeking input from a diverse cross-section of the community, while offering opportunities for review and revision. The following is the general budget preparation process, which utilizes the City’s Financial Strategic Plan (Plan) as a guide for budget development.

Beginning in December, the City Council’s Budget Oversight Committee (BOC) initiates monthly meetings. In January, the City Manager, through Financial Management, provides clear budget development instructions to departments, requesting they begin updating their department’s Plan strategies and making initial estimates for their proposed capital and operating budgets.

From February through May, departments complete their proposed budgets including updated revenue and expenditure recommendations contained in the Plan. Additionally, City staff begins initiating community outreach to provide information on the City’s fiscal condition as well as solicit direct community input on budget priorities. In June, the City Manager assembles department proposals into a coherent Proposed Budget that reflects the economic environment, fiscal condition and priority needs of the City.

A series of community events designed to encourage active public dialogue regarding the Budget is initiated in August, culminating in the Budget’s adoption by the City Council in September. Activities include BOC meetings, requested neighborhood, board, committee and commission briefings, and City Council budget workshops and hearings.

The City Charter, as modified on May 1, 2007, requires that the City Manager submit the Proposed Budget for Fiscal Year (FY 10) to the Mayor “not later than ninety (90) days prior to the beginning of each fiscal year,” or July 3, 2009. The City Charter requires that the Mayor transmit the proposed budget to the City Council “not later than sixty (60) days prior to the beginning of the fiscal year,” or August 2, 2009. The City Council must adopt the budget “not later than fifteen (15) days prior to the end of the current fiscal year,” or September 15, 2009, at which time the Mayor will have an additional five (5) days to review the Adopted Budget. The Mayor may at that time concur or exercise a line-item veto of any expenditure. The City Council has until the end of the fiscal year to concur with the Mayor’s changes, or override the veto.

FY 10 BUDGET PREPARATION CALENDAR	
Dec	Budget Oversight Committee (BOC) meetings initiated
Jan	City Manager issues budget preparation policies and instructions to departments
Feb - May	Departments complete their operating and capital budget proposals
May	City Manager previews Proposed Budget at City Council budget workshop
Jul 3*	City Manager submits Proposed Budget and CIP budget to Mayor
Aug 2*	Mayor submits Proposed Budget with recommendations to City Council and community
Aug	Weekly budget workshops and hearings commence. BOC submits recommendations to the City Council
Sept 15	Deadline for City Council to adopt the Budget
	Mayor has five days to concur with adopted budget or exercise line-item veto of any expenditure
Sept 30*	Budget Adopted

* On or before

The Budget Document

The Budget document is divided into seven sections: Understanding the Budget, Performance Management, Financial Strategic Plan, Budget Summaries, Program Budgets by Department, Fund Summaries and the Capital Improvement Program.

Understanding The Budget

This section provides demographic and other information on the city's government, educational sector, economy and other information to provide a context for the City's service environment and priorities. The budget process, the budget document and the fundamentals of the City's financial management are also discussed. Lastly, background information about the City's main revenue sources is provided.

Performance Management

This section describes the City's performance management efforts designed to align the City's major business processes around City Council and community priorities, maximize the efficiency and effectiveness of government services and programs, assess service delivery performance and provide a framework for identifying needed resource reallocations.

Financial Strategic Plan

The City's Financial Strategic Plan (Plan) was designed to be an organic document that must be updated annually to capture and reflect the City's changing fiscal and service delivery environment. The Plan represents the culmination of months of deficit reduction proposals, discussions and deliberation amongst the City Council, the community, employees throughout the organization and City Manager-department directors, and provides additional recommendations to address changes in structural deficit assumptions.

Budget Summaries

Several summaries of department and fund budgets are provided, with multi-year comparisons of expenditures and revenue. Also included is a three-year schedule of Full-Time Equivalent staffing for each department, as well as the City's Top 40 General Fund revenue sources.

Performance-based Program Budgets by Department

A major component of the City's performance management effort is the use of a Performance-based Program Budget. This Performance-based Program Budget is clearer than a traditional line-item budget in effectively demonstrating and communicating the actual services and tangible outputs and outcomes delivered to the community, and serves as the basis for reporting and evaluating the results the community will receive for the budgets departments are allocated. Rather than focusing budgetary information on the inputs required to deliver services, the Performance-based Program Budget focuses on the outcomes and results of key performance measures produced through each Program with the service levels supported through the budget.

Fund Summaries

The Budget includes spending from 37 different "funds" that are required to be reported by State or federal law, the City Charter and/or proper accounting practice. A fund consists of a separate set of accounts used to monitor the accomplishment of specified purposes, or uses of restricted revenue. Depending on the type of service provided, department expenditures may be authorized from a number of funds. Most traditional City services are funded through the General Fund.

The Budget Document

The Capital Improvement Program

The Capital Improvement Program (CIP) represents expenditures for major construction and infrastructure projects or for repair of City facilities and buildings. During the year, the Department of Public Works solicits and the City Manager approves projects to be funded and administered in the next fiscal year. The CIP, as presented in this section of the budget book, is adopted annually by the City Council as part of the budget process. A separate CIP document, the FY 10 Proposed CIP, provides greater detail about ongoing and approved CIP projects.

FINANCIAL INFORMATION

Adjustments to the Budget

During a fiscal year, special circumstances may result in changes to department spending priorities. At the beginning of each fiscal year, appropriations are made at the fund and department level and are authorized by City Council adoption of an Appropriations Ordinance. Budget adjustments that require a modification to the amounts authorized by the Appropriations Ordinance require the approval of the City Council, in accordance with the City Council's adjusted Financial Policy for Budget Requests during the Fiscal Year. Transfers between programs or "characters of expense", but not affecting any funds or a department's total appropriation, only require City Manager approval.

Basis of Accounting*

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

**This information is taken from the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach, California – September 30, 2008. For further information regarding the City's accounting and debt management practices, please consult the CAFR.*

Accounting Basis of Budgeting

The generally accepted accounting principles used as the basis to prepare this Budget are the same as those used to prepare the annual financial report with the following exceptions: (1) encumbrances are considered to be expenditures for budget purposes but are not included in financial reporting; and (2) land held for resale is recorded as an expenditure when purchased and a revenue when sold for budget purposes. For financial reporting purposes, land is held as an asset and a gain or loss is recognized at the time of sale.

Investment Management

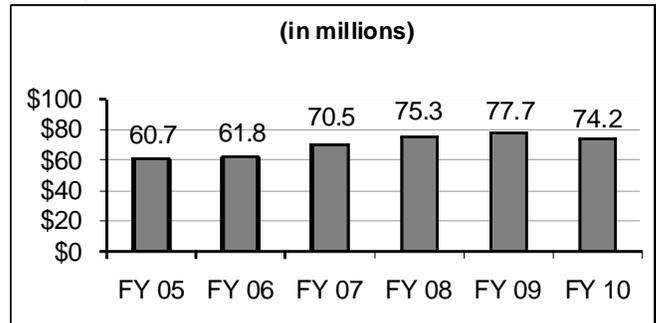
This function's primary goal is safeguarding principal and ensuring liquidity levels necessary to pay for budgeted expenses while optimizing return on investment. The City maintains general bank accounts for daily business requirements, but the majority of the City's funds are held in an investment pool administered by the City Treasurer. As of September 30, 2008, the Treasurer's investment pool was approximately \$1.7 billion divided into short-term and long-term portfolios. To measure performance, the City uses two benchmarks: the 91-Treasury Bill benchmark for the short-term component and the Merrill Lynch 1-3 year Treasury/Agency Index for long-term component.



General Fund Revenue

PROPERTY TAXES

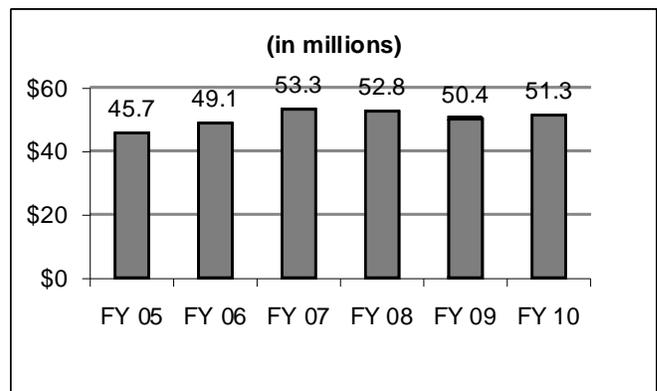
Approximately 19.4 percent or \$74.7 million of the City's General Fund revenue is derived from local property taxes, which includes secured real property tax and unsecured personal property tax, net of refunds. Property, primarily land and buildings, is valued by the County Assessor and taxed at 1 percent of assessed value. Cities and other local agencies, such as schools, special districts, and the County of Los Angeles, share in the countywide property tax pool. On average, the City of Long Beach only receives 20.8 percent of property taxes paid by City property owners in non-redevelopment designated areas of the city. The City's Redevelopment Agency receives 100 percent of certain specified property tax revenues generated within the redevelopment project areas. FY 10 property tax estimates assume a 2.95 percent decline over FY 09 receipts. Preliminary reporting from the Los Angeles County Assessor's indicates an overall 1.0 percent decline in property valuations countywide due to the impact of foreclosures, appeals, and property value reassessments. History tells us that the recovery from property tax declines will span over multiple fiscal years. In the aftermath of the FY 03 recession, the City's property tax receipts took several years to recover.



Property tax is a major source of revenue for critical City services such as police, fire, public works, recreation and library services. Prior to the passage of Proposition 13 in 1978, property tax revenues accounted for approximately 28 percent of all General Fund revenues as compared to 19.4 percent now.

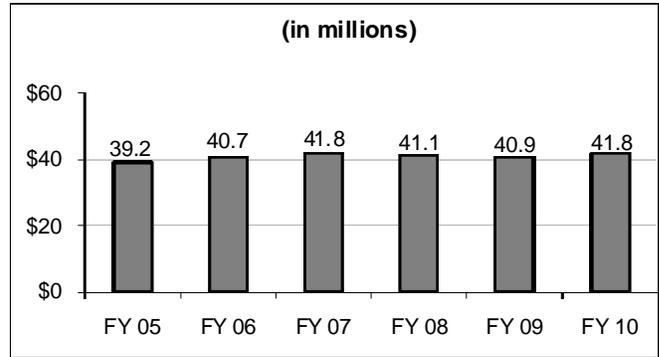
SALES TAX

Sales tax receipts are expected to account for \$51.3 million, or 13.3 percent, of all General Fund revenues in FY 10. Effective July 1, 2009, all taxable retail sales in Long Beach are charged a 9.75 percent tax. This amount includes 2.5 percent that goes to the County of Los Angeles, and 7.25 percent that is retained by the State. Only 0.75 percent is currently returned to the City by the State. Sales tax revenue varies from year-to-year due to fluctuations in the economy. Through Proposition 57, the State has "flipped" 0.25 percent of Sales and Use Tax from the City to the State in exchange for an equal amount of ERAF Property Tax to help fund the State's Economic Recovery Bonds. The replacement property tax, titled "In Lieu Sales and Use Tax," is received on a semi-annual basis, and is included in the estimated sales tax totals for the fiscal year. In FY 10, although flat growth is expected in base receipts, overall 4.4 percent growth is anticipated due to the relocation of a new sales tax generator to the City of Long Beach.



UTILITY USERS TAXES

The City applies a utility users tax (UUT) to customers' electricity, gas, telephone, and water bills. These four revenue sources account for \$41.8 million, or 10.8 percent, of the City's General Fund revenues. The UUT was the General Fund's largest revenue source before a voter-approved initiative reduced the utility user tax rate from 10 percent to 5 percent. The rate for FY 10 is 5 percent, effective since October 1, 2004. These taxes do not apply to low-income senior citizens who are over 62 years of age or disabled low-income individuals.



OTHER TAXES

The City receives revenue from the Transient Occupancy Tax assessed on guests of all City hotels and motels, and from the Business License Tax assessed on all those doing business in Long Beach. Both taxes are expected to demonstrate flat to slight decline from FY 09 levels, with little or no recovery in receipts due to the recession.

LICENSES AND PERMITS

This revenue comes to the City from a variety of licenses and permits. Emergency ambulance, fire plan check, fire inspection and dog license fees generate the largest revenues.

FINES, FORFEITURES AND PENALTIES

Revenue received by the City in this category is primarily from parking citations and vehicle code fines.

REVENUE FROM USE OF MONEY AND PROPERTY

The City is able to generate income from its current assets. This includes interest earned on investments, land and facility rental, and parking meter revenue within the City.

REVENUE FROM OTHER AGENCIES

The General Fund receives revenue from other cities, the County of Los Angeles and the State. Revenue is received for the maintenance of traffic signals and parking meters under contract with smaller cities neighboring Long Beach, as well as unincorporated parts of Los Angeles County. The State provides funding through the Motor Vehicle In Lieu Tax. Other miscellaneous State funds are provided for maintenance of State highways, fire and peace officer training, and police extradition reimbursements.

OTHER CHARGES AND REVENUES

These miscellaneous charges include library fines and fees, police reports and sale of used equipment and vehicles. Per the City Council's adopted Financial Policies, the City has redoubled its efforts to improve cost recovery through all appropriate user fees for services to better preserve General Fund services that would otherwise face reduction and to maintain a structurally balanced budget.

INTER- AND INTRA-FUND CHARGES

Programs within the City that are funded by sources other than the General Fund often receive services from General Fund supported departments. This category includes reimbursement for these services.

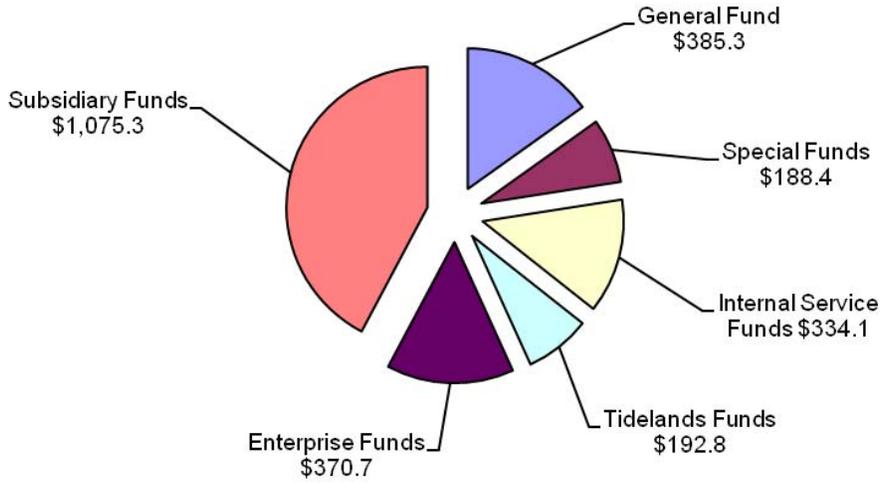
"GANN" APPROPRIATIONS LIMIT

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the "Gann Initiative." The Proposition created Article XIII B of the State Constitution, placing certain limits on the amount of revenue that can be appropriated each fiscal year. The limit is based on actual appropriations during FY 79. Only those revenues that are considered "proceeds of taxes" are subject to the limit. The limit is recalculated each fiscal year based on certain inflation and population factors. Proceeds of taxes are, however, allowed to be spent on several types of appropriations that do not count against the limit, including voter approved debt, the costs of complying with court orders and federal mandates, and expenditures for qualified capital outlays.

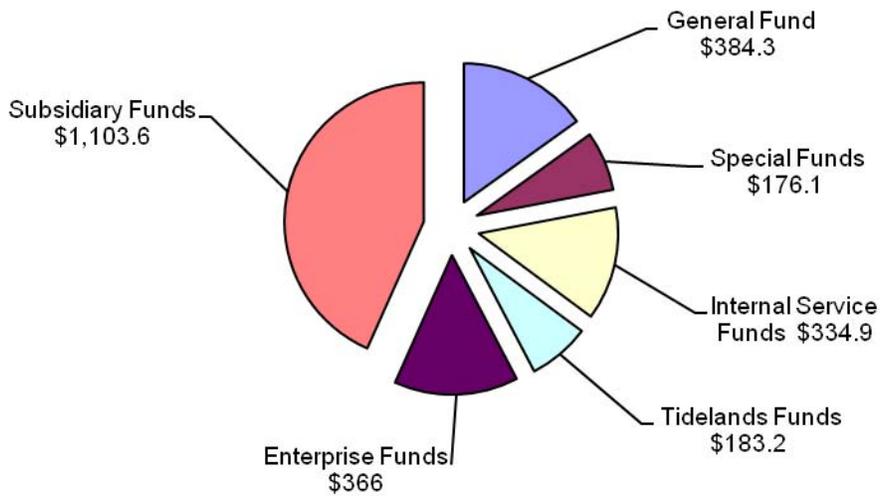
The "Gann" Appropriations Limit for the City of Long Beach for FY 10 was included with the FY 10 Appropriations Ordinance and Adopted Budget materials. No Gann Limit issue is anticipated.



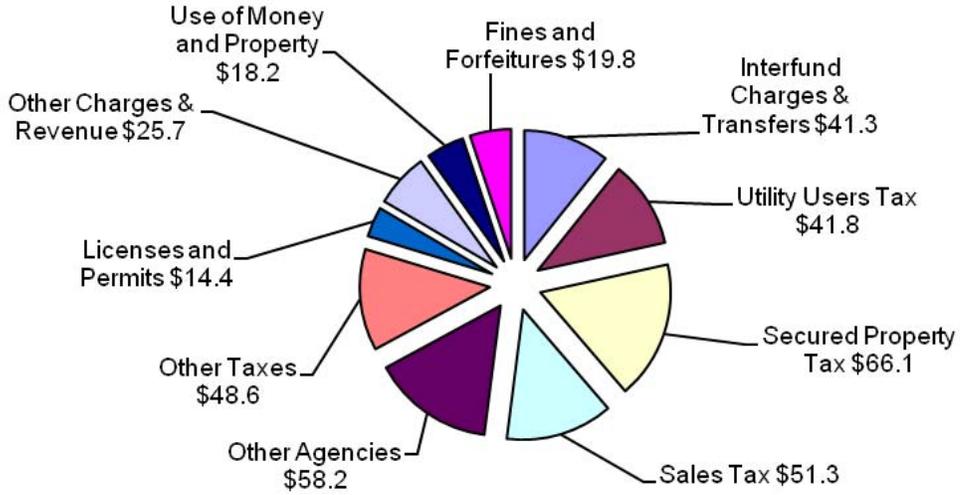
**FY 10 Adopted Revenues
All Funds (in millions)
(Total = \$2.5 billion)**



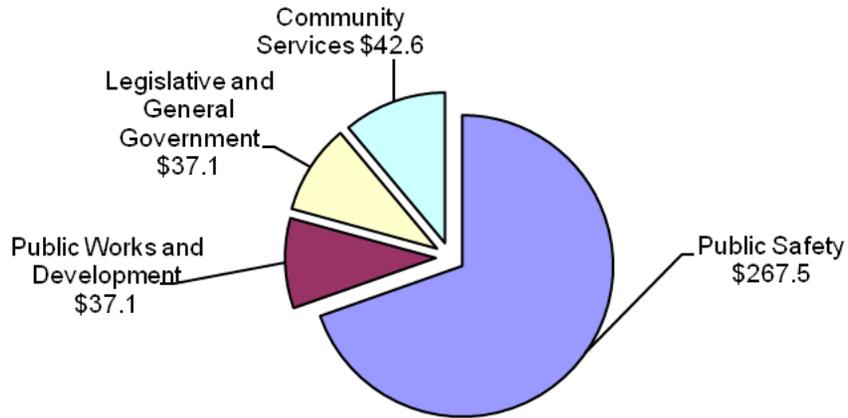
**FY 10 Adopted Expenditures
All Funds (in millions)
(Total = \$2.5 billion)**



**FY 10 Adopted Resources
General Fund (in millions)
(Total = \$385.3 million)**



**FY 10 Adopted Expenditures
General Fund (in millions)
by Category of Service
(Total = \$384.3 million)**



Debt Management

DEBT MANAGEMENT

The Financial Management Department, Treasury Bureau, is responsible for issuing debt on behalf of City departments, City agencies, assessment districts, community facilities districts and other qualified entities. Typical debt structures include revenue bonds, lease revenue bonds, land based financings and notes. Debt may be issued with fixed or variable rate interest structures. Approximately \$2.6 billion in debt was outstanding as of September 30, 2008. However, \$887.4 million of this debt is related to the Gas Prepay, which is guaranteed by Merrill Lynch, Inc., even though it is issued out of the Long Beach Bond Finance Authority (LBBFA).

Central to debt management is ensuring the City's compliance with federal, State and local regulations. Other duties of this function include trustee services, preparation of Securities and Exchange Commission and Internal Revenue Service reports, determining annual assessment levies and approving the distribution of bond proceeds.

SUMMARY OF THE CITY AND RELATED AGENCIES OUTSTANDING DEBT

The tables below summarize the City's outstanding debt, including final maturities, original par amounts and amounts outstanding. All information is presented as of September 30, 2008.

Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1993 Belmont Shore Parking Meter Revenue Bonds	2012	\$1,680,000	\$705,000
Series 1994 Marina Subordinate Revenue Bonds	2009	1,310,000	135,000
Series 1997A Water Revenue Bonds	2024	46,945,000	32,200,000
Series 1998A Harbor Revenue Bonds	2019	206,330,000	138,755,000
Series 2000A Harbor Revenue Bonds	2025	275,000,000	232,320,000
Series 2002B Harbor Revenue Bonds	2027	150,000,000	129,355,000
Series 2004 Lease Revenue Bond (Towne Center Site Refinancing)	2030	11,595,000	10,950,000
Series 2004 A & B Harbor Revenue Refunding Bonds ⁽¹⁾	2018	113,410,000	88,080,000
Series 2005 A & B Harbor Revenue Refunding Bonds	2025	257,975,000	234,840,000
Series 2005A&B Long Beach Bond Finance Authority (LBBFA) Revenue Bonds (Redevelopment, Housing and Gas Utility Financings)	2040	192,432,306	181,352,306
(Los Altos/North LB and Gas Utility Bonds)	<i>2040</i>	<i>76,440,000</i>	<i>69,440,000</i>
(Poly High/West LB Supplemental Bonds) ⁽²⁾	<i>2024</i>	<i>3,397,306</i>	<i>3,397,306</i>
(Central LB/Other Housing Projects)	<i>2040</i>	<i>112,595,000</i>	<i>108,515,000</i>
Series 2007A&B Long Beach Bond Finance Authority (LBBFA) Natural Gas Purchase Revenue Bonds	2033	887,360,000	887,360,000
⁽¹⁾ Defeased the Series 1993 Harbor Revenue Bonds aggregate principal of \$127,470,000.			
⁽²⁾ Original Issue Discount ("OID") Bonds have a final maturity value of \$6,340,000.			

Debt Management

Lease Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1997A Lease Revenue Refunding Bonds (Civic Center Project)	2027	\$43,655,000	\$34,310,000
Series 1998A&B Long Beach Bond Finance Authority (LBBFA) Lease Revenue and Refunding Bonds (Temple & Willow Facility)	2027	29,565,000	23,885,000
Series 1999 Variable Rate Demand Lease Revenue Bonds (Long Beach Museum of Art)	2009	3,060,000	3,060,000
Series 2001 Lease Revenue Bonds (Plaza Parking Facilities) ⁽¹⁾	2027	11,500,000	10,170,000
Series 2001 Lease Revenue Refunding Bonds (Aquarium)	2030	129,520,000	123,885,000
Series 2002 Long Beach Bond Finance Authority (LBBFA) Lease Revenue Bonds (Public Safety Facilities)	2031	40,915,000	38,410,000
Series 2003 Long Beach Bond Finance Authority (LBBFA) (Skylinks)	2029	6,890,000	6,055,000
Series 2003A (Non-AMT) & B (AMT) Southeast Resource Recovery Facility Authority Lease Revenue Bonds	2018	\$120,235,000	\$94,465,000
Series 2005A Lease Revenue and Refunding Bond (Temple & Willow Facility) ⁽²⁾	2028	8,145,000	7,395,000
Series 2006 Long Beach Bond Finance Authority (LBBFA) Lease Revenue and Refunding Bonds (Rainbow Harbor Refinancing Project) ⁽³⁾	2024	50,785,000	46,480,000
Series 2006 Long Beach Bond Finance Authority (LBBFA) Lease Revenue and Bond, Series B (Parks/Open Space Financing Project)	2031	24,320,000	24,320,000
⁽¹⁾ Series 2001 LBBFA Lease Revenue Bonds (Plaza Parking Facilities) defeased a portion (\$8,755,000 original par) of the Series 1992 Tax Allocation Revenue Bonds (West Long Beach Industrial and Downtown Project)			
⁽²⁾ Series 2005 LBBFA Lease Revenue Refunding Bonds (Temple Willow) issued August, 2005 to advance refund the Series 1998A LBBFA Revenue Bonds (Temple Willow)			
⁽³⁾ Series 2006 LBBFA Lease Revenue Refunding Bonds (Rainbow Harbor) issued April, 2006 refunded the Series 1999A LBBFA Revenue Bonds (Rainbow Harbor) and the 1997 Queensway Parking Facility bonds.			

Tax Allocation Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1992A Downtown Project Refunding Bonds	2017	\$81,020,000	\$32,020,000
Series 1992 West Long Beach Industrial Tax Allocation Rev. Bonds	2017	36,470,000	14,420,000
Series 2002A Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds	2031	77,715,000	34,440,996
(Downtown Redevelopment Project Area)	2024	26,820,000	15,545,896
(North Long Beach Redevelopment Project Area)	2031	40,290,000	9,760,000
(Poly High Redevelopment Project Area)	2012	1,710,000	780,000
(West Beach Redevelopment Project Area)	2018	8,895,000	6,385,000
Series 2002B Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds ⁽¹⁾	2024	47,780,000	42,035,000
(Downtown Redevelopment Project Area)	2022	25,920,000	22,615,000
(West Long Beach Industrial Redevelopment Project Area)	2024	21,860,000	19,420,000

Debt Management

Tax Allocation Revenue Bonds (continued)			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2005C Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas) ⁽²⁾	2031	\$35,045,000	\$34,934,000
(Downtown Redevelopment Project)	2024	7,900,000	7,790,000
(North Long Beach Redevelopment Project)	2031	27,145,000	27,144,000
⁽¹⁾ Series 2002B LBBFA Tax Allocation Revenue Bonds issued December 2002 partially defeased the Series 1992 West Long Beach Industrial Tax Allocation Revenue Bonds and the Series 1992A Downtown Project Refunding Bonds. Maturity date revised at partial defeasement of 1992 bonds by the series 2002B LBBFA Tax Allocation Revenue Bonds.			
⁽²⁾ Series 2005C LBBFA Tax Allocation Revenue Bonds, issued February 2006, partially defeased the Series 2002 Long Beach Bond Finance Authority Tax Allocation Revenue Bonds.			

Pension Obligation Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1995 Pension Obligation Refunding Bonds ⁽¹⁾	2011	\$108,635,000	\$10,995,000
Series 2002A&B Pension Obligation Bonds Refunding Taxable Bonds (Auction Rate Securities) ⁽¹⁾	2021	87,590,000	66,280,000
⁽¹⁾ Series 2002A&B Pension Obligation Refunding Taxable Bonds Partially defeased Series 1995 Pension Obligation Refunding Bonds in September 2002. The remaining issue amount after partial defeasement of the Series 1995 Pension Obligation Bonds was \$23,920,000. Series 2002A&B Pension obligation Bonds were remarketed on December 30, 2005 to a fixed rate from auction rate.			

Certificates of Participation			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1993 Airport Refunding	2016	\$16,815,000	\$8,350,000

Source: City of Long Beach – Comprehensive Annual Financial Report

Debt Management

City of Long Beach Legal Debt Margin Information Last Ten Fiscal Years (In Thousands)

	Fiscal Year				
	1999	2000	2001	2002	2003
Assessed valuation	\$21,515,605	\$21,832,600	\$23,688,371	\$24,989,993	\$26,454,417
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	5,378,901	5,458,150	5,922,093	6,247,498	6,613,604
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	806,835	818,723	888,314	937,125	992,041
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 806,835</u>	<u>\$ 818,723</u>	<u>\$ 888,314</u>	<u>\$ 937,125</u>	<u>\$ 992,041</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2004	2005	2006	2007	2008
Assessed valuation	\$29,613,229	\$32,069,711	\$35,519,905	\$39,877,469	\$43,345,421
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	7,403,307	8,017,428	8,879,976	9,969,367	10,836,355
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,110,496	1,202,614	1,331,996	1,495,405	1,625,453
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,110,496</u>	<u>\$ 1,202,614</u>	<u>\$ 1,331,996</u>	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

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