

CITY OF LONG BEACH
FINANCIAL STATEMENTS
Year Ended June 30, 2018

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

City Manager and City Council
City of Long Beach
Long Beach, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Long Beach, New York, (the "City") as of and for the year ended June 30, 2018 and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

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

BEYOND THE NUMBERS...

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City Long Beach, New York, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As described in Notes 1, 4 and 7 to the basic financial statements, as of July 1, 2017, the City adopted new accounting guidance, Governmental Accounting Standard Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The implementation of the Statement resulted in the retroactive reporting of a liability related to the City's OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability) and the related deferred outflow of resources. Accordingly, the City's net position as of July 1, 2017 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total other postemployment benefit (OPEB) liability and related ratios, schedule of pension liability - length of service award program (LOSAP), schedule of proportionate share of the net pension liability, and the schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual - debt service fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Matters (continued)

Other Information (continued)

The schedule of revenues, expenditures and changes in fund balance – budget and actual - debt service fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures and changes in fund balance – budget and actual - debt service fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the City of Long Beach, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Long Beach, New York's internal control over financial reporting and compliance.

Albert, Virginia, Zeh & Conroy P.C.

Hauppauge, New York
March 28, 2019

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

INTRODUCTION

Our discussion and analysis of the financial performance of the City of Long Beach, New York ("City") provides an overview of the City's financial activities for the year ended June 30, 2018. To enhance understanding of the City's financial performance, it should be read in conjunction with the basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

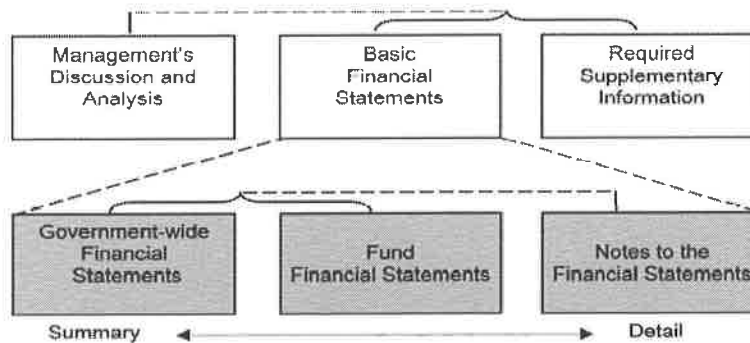
- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of 2018 by \$177,472,315 resulting in a negative net position. This is primarily the result of unfunded liabilities, including other postemployment benefits payable (OPEB) costs, pension related debt and claims and judgments payable.
- The City's total negative net position decreased by \$14,954,353 (exclusive of prior period adjustments related to the retroactive reporting of the liability related to the City's OPEB of \$101,930,637. See note 7). This is the result of expenses in excess of revenues, in particular, the recognition of other postemployment benefits and pension liabilities, along with state and federal disaster assistance costs exceeding current year reimbursements.
- As of the close of 2018, the City's governmental funds reported a combined fund balance of \$5,155,559, which consists of the following: \$1,357,408 of amounts not in spendable form; \$30,168,699 of amounts restricted for specific purposes (primarily long-term receivables, length of service award program (LOSAP), debt service and capital projects); \$1,380,057 of amounts assigned for a specific purpose and subsequent year's budget and a remaining deficit of \$27,750,605 of unassigned fund balance. The deficit of \$27,750,605 in unassigned fund balance consists of a deficit in the FEMA fund of \$9,597,390, a deficit in the capital projects fund of \$17,339,221 and a fund deficit in the general fund of \$813,994. Fund balance, excluding the deficit of the FEMA fund totaled \$7,356,474 of which \$1,357,408 (18.5%) is in nonspendable form, \$30,168,699 is restricted primarily for long-term receivables, debt service, the length of service award program and capital projects, \$1,380,057 (18.8%) is assigned for community development income and for water and sewer operations leaving a deficit of \$813,994 unassigned in the general fund.
- At the end of 2018, the City's total fund balance for the general fund was \$3,151,044, a decrease of \$5,213,755. The assigned and unassigned fund deficit for the general fund was \$813,994, or (1.0%) of total general fund expenditures and other uses.
- The City's total bonded debt (general obligation bonds and long-term bond anticipation notes), inclusive of premiums on issuances, was \$90,182,937 for a decrease of 8.0% from the prior year. This decrease was mainly due to the City's decision to keep capital BANs short term during 2018 offset by principal payments made during the year.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**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 intent of the government-wide financial statements is to give the reader a long-term view of the City's financial condition.

The Statement of Net Position presents financial information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. This combines and consolidates the City's current financial resources with capital assets and long-term obligations. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's buildings, roads, drainage and other assets to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the City's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the City's fund financial statements.

The City's government-wide financial statements includes all of the governmental and business-type activities of the City itself (known as the primary government).

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities

The City's basic services are reported here, including: general government support, education, public safety, transportation, economic opportunity and development, culture and recreation and home and community services. Property taxes, mortgage taxes, franchise fees, and state and federal grants finance these activities. The City also charges user fees to customers to help cover the cost of certain services it provides.

Business-Type Activities

The City's Local Development Corporation, a blended component unit is reported here.

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 an 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 City, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

The City's activities are reported in 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 year. Such information may be useful in evaluating the City's near-term financial requirements.

As 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 effect of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven (7) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund, water fund, sewer fund, FEMA fund, debt service fund and capital projects fund are reported as major funds. Data for the community development fund is reflected as a non-major governmental fund.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

The City adopts an annual budget for its general fund, water fund, sewer fund and debt service fund. The budget for the capital projects fund is prepared on a project-by-project basis and on a grant basis for the FEMA fund and community development fund. Budgetary comparison schedules have been provided for the general fund, water fund, sewer fund and debt service fund to demonstrate compliance with their adopted budgets. Budgetary comparison schedules for these major funds can be found in the section labeled Required Supplementary Information Other Than Management's Discussion and Analysis and Other Supplementary Information.

The governmental funds financial statements can be found in the basic financial statements section of this report.

Proprietary Funds

The City maintains two Proprietary Funds. The Internal Service Fund is to account for its self-insured workers' compensation and general liability programs. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. These benefits have been included within governmental activities in the government-wide financial statements. The City also has a blended component unit reported in an Enterprise Fund to account for the business activities of the Long Beach Local Development Corporation.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary fund financial statement can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report contains required supplementary information immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$177,472,315 at the close of the most recent year.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Our analysis below focuses on the net position and changes in net position of the City as a whole.

Condensed Statement of Net Position
as of June 30,

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	\$ 37,000,473	\$ 40,446,781
Capital and other assets	136,071,367	146,431,311
Total Assets	<u>173,071,840</u>	<u>186,878,092</u>
Deferred outflows of resources	<u>19,199,790</u>	<u>12,959,772</u>
Total Assets and Deferred Outflows of Resources	<u>192,271,630</u>	<u>199,837,864</u>
Liabilities		
Current and other liabilities	55,907,794	75,899,822
Long-term liabilities	271,613,811	180,365,814
Total Liabilities	<u>327,521,605</u>	<u>256,265,636</u>
Deferred inflows of resources	<u>42,222,340</u>	<u>4,159,553</u>
Total Liabilities and Deferred Inflows of Resources	<u>369,743,945</u>	<u>260,425,189</u>
Net Position		
Net investment in capital assets	69,273,204	75,636,256
Restricted	10,602,779	15,626,216
Unrestricted	(257,348,298)	(151,849,797)
Total Net Position	<u>\$ (177,472,315)</u>	<u>\$ (60,587,325)</u>

The City's governmental activities net position at June 30, 2018 includes \$69,273,204 in net investment in capital assets, \$10,602,779 in net position restricted for specific purposes (primarily for long-term receivables and debt service) and \$257,348,298 in unrestricted net deficit position.

Financial Highlights

Net Position

By far, the largest positive component of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently, these assets are not available for future spending. Although the City's net 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.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Financial Highlights (continued)

Net Position (continued)

Total negative net position was increased in the current year due to the ongoing recognition of the City's other postemployment benefits (OPEB) costs, pension costs and the excess of expenditures over revenues associated with federal and state grants funding and assistance.

The unfunded liability for other postemployment benefits (OPEB), as restated, decreased in 2018 by \$22,030,009 bringing the net OPEB obligation from a restated balance of \$158,872,055 to \$136,842,046 at year-end. The City's net pension liability decreased by \$8,946,548 in 2018, resulting in a year-end balance of \$5,896,632. Additional information on OPEB and the net pension liability and related amounts can be found in the notes to the financial statements.

The deficit balance of unrestricted net position does not necessarily indicate stress. At the end of the current year, the City is able to report a positive balance in the categories of net investment in capital assets and restricted. The same situation held true for the prior year. The deficit balance in unrestricted arose primarily due to the recognition of long-term liabilities which include general obligation bonds, long-term bond anticipation notes payable, capital leases, retirement system obligations, net pension liability, length of service award program liability, accrued liabilities (compensated absences and accrued payroll) and other postemployment benefits payable which will be funded through future budgetary appropriations as they become payable in future periods.

**Changes in Net Position
for the years ended June 30,**

	Governmental Activities	
	2018	2017
Program Revenues		
Charges for services	\$ 34,021,151	\$ 33,297,103
Operating grants and contributions	2,179,977	4,374,968
Capital grants and contributions	2,182,929	9,468,468
Total Program Revenues	<u>38,384,057</u>	<u>47,140,539</u>
General Revenues		
Real property taxes	36,567,744	35,670,101
Other real property tax items	460,491	528,089
Non-property tax items	5,500,218	5,389,524
Earnings on investments	176,116	112,157
Grants - unrestricted	4,551,365	4,390,977
Sale of property and compensation for loss	479,274	1,174,666
Other	1,110,960	560,384
Total General Revenues	<u>48,846,168</u>	<u>47,825,898</u>
Program Expenses		
General government support	22,944,749	21,299,540
Education	319,795	144,995
Public safety	31,708,872	33,995,646
Transportation	3,422,988	5,300,367
Economic assistance and opportunity	408,651	602,263
Culture and recreation	17,237,400	19,815,324
Home and community services	22,514,017	23,815,914
Interest on debt	3,628,106	2,800,511
Total Program Expenses	<u>102,184,578</u>	<u>107,774,560</u>
Change in Net Position	<u>(14,954,353)</u>	<u>(12,808,123)</u>
Net Position at Beginning of Year, as Reported	(60,587,325)	(46,019,079)
*Cumulative Effect of Change in Accounting Principle	(101,930,637)	(1,760,123)
Net Position at Beginning of Year, as Restated	<u>(162,517,962)</u>	<u>(47,779,202)</u>
Net Position at End of Year	<u>\$ (177,472,315)</u>	<u>\$ (60,587,325)</u>

*The cumulative effect of applying Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is shown as an adjustment to the beginning net position of 2018. See Note 7 of the audited financial statements for more details.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Financial Highlights (continued)

Net Position (continued)

The City's net position from governmental activities decreased from the prior year by \$14,954,353, or 24.7% (which is exclusive of prior period adjustments related to the restatement of the beginning OPEB liability of \$101,930,637).

Key elements of the governmental activities are:

- Operating grants and contributions decreased by \$2,194,991 mainly due to a decrease in the amount received from the Federal Transit Administration to support bus operations.
- Capital grants and contributions decreased by \$7,285,539 primarily due to less state and federal revenue recognized for Sandy recovery projects.
- Real property taxes increased \$897,643 from the prior year due to an increase in the tax rate.
- Overall expenses decreased by \$5,589,982, due to lower costs for Public Safety and Transportation, partially offset by higher General Government support and employee benefit costs.

For the year ended June 30, 2018, the total cost of services provided by the City (governmental activities) totaled \$102,184,578 of which 37.6% was funded from program revenues (33.3% from charges for services, 4.3% from operating and capital grants); 35.8% was funded by real property taxes, 5.4% from non-property tax items and 4.5% from unrestricted aid from other governments. The net cost of these services after being subsidized by program revenues of \$38,384,057 was \$63,800,521.

The following charts illustrate the total expenses by program function for the City's governmental funds.

Net Cost of Services
Governmental Activities
For the Years Ended June 30,

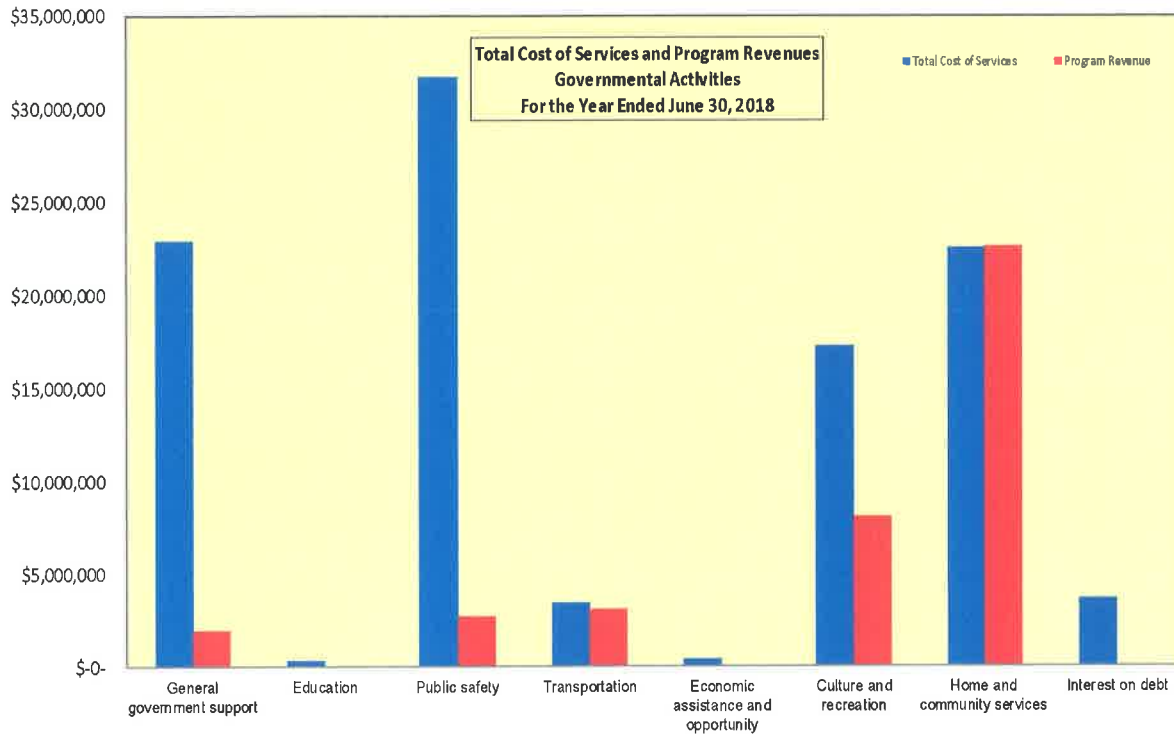
	2018	2017	2018	2017	2018	2017
	Total Cost of Services		Program Revenue		Net (Cost) Revenue of Services	
General government support	\$ 22,944,749	\$ 21,299,540	\$ 1,940,776	\$ 1,875,687	\$ (21,003,973)	\$ (19,423,853)
Education	319,795	144,995	-	38,695	(319,795)	(106,300)
Public safety	31,708,872	33,995,646	2,714,025	2,689,212	(28,994,847)	(31,306,434)
Transportation	3,422,988	5,300,367	3,113,435	4,374,612	(309,553)	(925,755)
Economic assistance and opportunity	408,651	602,263	-	-	(408,651)	(602,263)
Culture and recreation	17,237,400	19,815,324	8,033,883	8,043,501	(9,203,517)	(11,771,823)
Home and community services	22,514,017	23,815,914	22,581,938	30,118,832	67,921	6,302,918
Interest on debt	3,628,106	2,800,511	-	-	(3,628,106)	(2,800,511)
	<u>\$ 102,184,578</u>	<u>\$ 107,774,560</u>	<u>\$ 38,384,057</u>	<u>\$ 47,140,539</u>	<u>\$ (63,800,521)</u>	<u>\$ (60,634,021)</u>

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 June 30, 2018

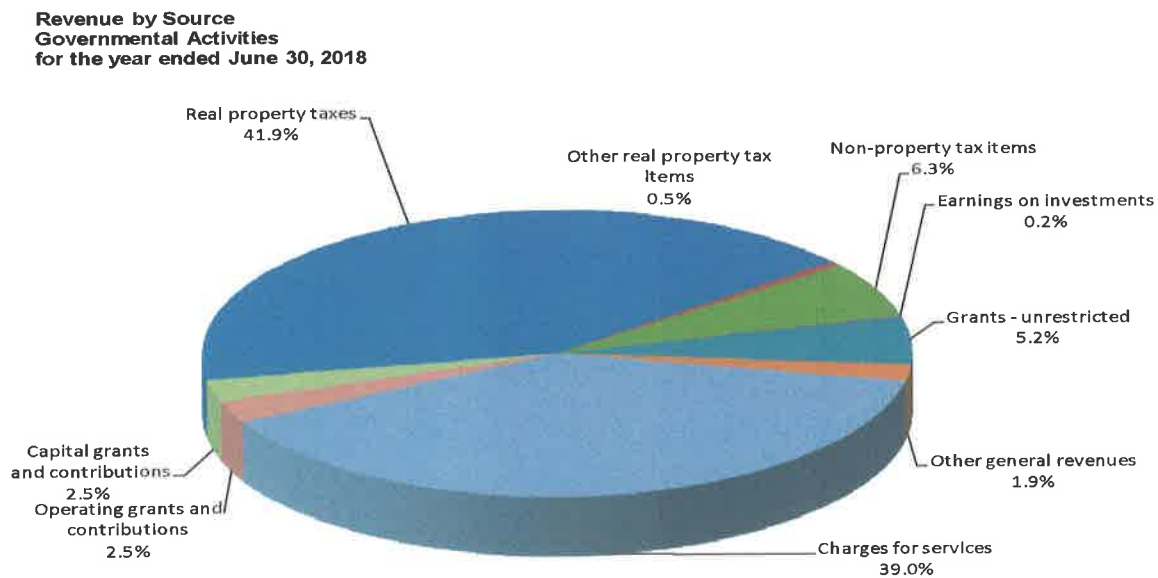
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Financial Highlights (continued)

Net Position (continued)



The following chart illustrates the revenues by source for the City's governmental funds.



CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

As of June 30, 2018, the City's governmental funds reported overall fund balances of \$5,155,559, a decrease of \$14,091,996 from the beginning fund balances of \$19,247,555. The category breakdown is as follows:

- **Nonspendable fund balance** - \$1,357,408 (inherently nonspendable) includes the portion of net resources that cannot be spent because they must be maintained intact. This amount recognizes the cash advanced by the general fund to sewer fund to provide cash flows that cannot be repaid within the next annual operating cycle as well as certain prepaid items.
- **Restricted fund balance** - \$30,168,699 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments and consists of \$19,565,920 that can only be used to fund authorized capital projects, \$6,642,066 for long-term receivables, \$1,444,263 which can only be used to fund debt service, \$754,409 restricted by donors and \$1,762,041 which is restricted for public safety and the length of service award program.
- **Assigned fund balance** - \$1,380,057 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making authority and the remaining positive fund balance amounts in funds other than the general fund. At year end, this amount consisted of positive fund balances in the water, sewer and community development funds of \$985,969, \$362,151, and \$31,937, respectively.
- **Unassigned fund balance (deficit)** - (\$27,750,605) (residual net resources) is the total fund deficit in the general fund of \$813,994 in excess of nonspendable, and restricted amounts and unassigned fund deficits in the in the capital projects and FEMA funds of \$17,339,221 and \$9,597,390, respectively.

General Fund

The general fund is the chief operating fund of the City.

As the City completed the year, the general fund's total fund balance was \$3,151,044, a \$5,213,755 decrease from the prior year.

The general fund revenues (excluding other financing sources) decreased \$1,163,367 from \$75,050,224 in 2017 to \$73,886,857 in 2018. The decrease is primarily attributable to a decrease of \$2,047,977 in state and federal aid, \$690,642 in insurance recoveries, partially offset by increases in property taxes of \$897,643.

The key elements of the decrease in fund balance of \$5,213,755 are as follows:

- Non-property tax item income was under budget by \$119,782, due to lower than expected utility gross receipts partially offset by higher than expected sales tax revenues.
- Departmental income was less than the budgeted amount by \$2,082,557, due to lower than anticipated police fees, beach charges, recreational fees and sanitation revenue.
- Licenses and permits, and fines and forfeitures, were less than budgeted amounts by \$822,047 and \$241,231, respectively.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

Governmental Funds (continued)

General Fund (continued)

- Budgeted interfund revenues of \$565,000 did not materialize due to the delay of in-house capital projects.
- Federal aid was less than the budgeted amount by \$187,910, due to lower than anticipated Federal Transit Administration reimbursements.
- Overall total expenditures (excluding other financing uses) were \$1,534,199 less than the final budgeted amount. This is primarily due to lower than expected general government support and employee benefits expenditures of \$968,497 and \$298,607, respectively, and additional small savings in various departments related to lower contracted services and supplies and materials costs.

Water Fund

In the water fund, the fund balance decreased \$348,922, from \$1,334,891 at the beginning of the year to \$985,969 at the end of the year. This was partially expected due to an appropriation of fund balance for separation pay and debt service expenditures totaling \$150,085, and lower than budgeted water sales revenue.

Sewer Fund

In the sewer fund, the fund balance decreased \$231,189, from \$593,340 at the beginning of the year to \$362,151 at the end of the year. This is primarily due to not issuing debt, as budgeted, to cover employee separation payments made during the year.

FEMA Fund

The FEMA fund primarily accounts for grants received as a result of natural disasters, such as Superstorm Sandy. The Department of Homeland Security, as authorized by the Stafford Act, is authorized to assist individuals and local governments with response to and recovery from disasters. During the year ended June 30, 2018, the City recognized \$1,189,397 in state and federal aid as a result of the damage suffered from Superstorm Sandy. Federal emergency disaster grants are reimbursement based grants where expenditures and related revenues have been accrued. During the year ended June 30, 2018, the City incurred \$1,351,888 of expenditures and net interfund charges as a result of Superstorm Sandy for extensive repairs and capital improvements, resulting in an increase in fund deficit of \$162,491 and a total fund deficit of \$2,200,915. Grant funding will continue to be recognized in future years, to cover this deficit and additional expenditures associated with Superstorm Sandy. Any unfunded portion of expenditures reported in the FEMA fund will either be reimbursed by New York State, borne by the City's operating funds, financed with long-term debt, or some combination.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

Governmental Funds (continued)

Debt Service Fund

The debt service fund has a total fund balance of \$598,674 which is an increase of \$5,927 from the prior year balance of \$592,747. This increase is directly due to the transfer of prior year debt issuance premiums and unspent funds of \$410,325 to the operating funds offset by the current year debt premiums received and interest earned totaling \$77,698. The fund balance is restricted for the payment of debt service. During the year ended June 30, 2018, the City paid \$7,668,500 of serial bond principal and \$2,628,224 of related interest and paid \$401,803 of capital lease principal and \$96,229 of related interest. These expenditures were funded by \$11,133,310 of operating transfers from the general fund, water fund, sewer fund and capital projects fund, (\$8,278,109, \$927,176, \$1,682,743 and \$245,282, respectively).

Capital Projects Fund

The capital projects fund has a total fund balance of \$2,226,699, a decrease of \$8,138,616 from the prior year. This is due to the timing of when revenues are recorded from the issuance of long-term debt, and when the expenditures for the related projects are incurred.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget are adopted by City Council resolution throughout the year.

Overall, budgeted revenues (excluding other financing sources) were increased from \$77,781,004 to \$78,007,322. The budgeted revenue increase of \$226,318 is primarily the result of additional miscellaneous revenue (\$68,348) and federal aid (\$110,120). Overall budgeted appropriations/expenditures (excluding other financing uses) increased \$7,080 from \$72,498,630 to \$72,505,710.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had \$127,695,368 in net capital assets, of which \$106,248,636 was infrastructure. The City's capital assets also include land, buildings and improvements, construction-in-progress and machinery and equipment. The details of capital assets are shown in Note 4.D in the notes to financial statements.

Major capital asset events during the current year included the following:

- Road, parking lot, drainage, bulkhead and related improvements totaling \$3.4 million.
- Costs for improvements to City buildings and recreational areas of approximately \$1.0 million.
- Improvements to the City's water and sewer infrastructure with a total cost of \$2.9 million.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

- Construction in progress totaled approximately \$6.9 million, due to various ongoing infrastructure projects related to flood protection projects, road improvements and Superstorm Sandy recovery.
- The City purchased various equipment items and vehicles at a total cost of approximately \$1.0 million.

The capital budget is a long range financing guide and not a definitive plan. The City Council must authorize each appropriation before any project is initiated. Each project may be financed by issuance of general obligation bonds, which, at times, are preceded by the issuance of bond anticipation notes for various periods of time depending on the period's probable usefulness of the purpose of the expenditure.

Capital assets, net of accumulated depreciation
At June 30,

Governmental Activities:	2018	2017
Land	\$ 4,135,210	\$ 4,135,210
Construction-in-progress	6,961,176	7,261,745
Buildings	16,259,264	16,205,549
Machinery and equipment	38,836,097	38,841,237
Infrastructure	223,871,074	215,861,665
Total capital assets	290,062,821	282,305,406
Less: accumulated depreciation	162,367,453	149,337,078
Total net governmental capital assets	\$ 127,695,368	\$ 132,968,328

Debt

The City issues general obligation bonds, bond anticipation notes, revenue anticipation notes and budgetary notes. The details of City's long-term and short-term obligations are shown in Note 4.E in the notes to financial statements.

Short-Term Debt

A summary of changes in short-term outstanding debt, related to governmental activities, for the year ended June 30, 2018, is as follows:

	Balance July 1, 2017	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2018
Revenue anticipation notes payable	\$ 13,250,000		\$ 13,250,000	
Tax anticipation notes payable	4,200,000	\$ 4,000,000	4,200,000	\$ 4,000,000
Bond anticipation notes payable	1,303,000	41,583,370	22,730,370	20,156,000
Total short-term debt	\$ 18,753,000	\$ 45,583,370	\$ 40,180,370	\$ 24,156,000

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At the end of 2018, the City had general obligation bonded debt outstanding, inclusive of premiums on issuance, of \$90,182,937 and capital lease obligations of \$2,595,502, for a total of \$92,776,439, in comparison to \$100,926,103 in the prior year. For the year ended June 30, 2018, the City's long-term debt decreased by \$8,149,664 or 8.1%. The entire debt is backed by the full faith and credit of the City.

In February 2018, Moody's Investors Service, Inc. affirmed the City's credit rating as "Baa1" with a stable outlook. In May 2018, Moody's Investors Service, Inc. revised the outlook to negative. In February 2019, Moody's Investors Service, Inc. downgraded the City's credit rating to "Baa2" with a negative outlook.

New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation. The debt limitation for the City at June 30, 2018 was \$345,182,495 which is significantly in excess of the City's outstanding general obligation debt. The percentage of debt limit exhausted at June 30, 2018 was 28.6%.

A summary of changes in outstanding long-term debt, related to governmental activities, for the year ended June 30, 2018, is as follows:

	Balance July 1, 2017	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2018
Capital leases payable	\$ 2,995,305		\$ 401,803	\$ 2,593,502
Bond anticipation notes payable	26,206,870		26,206,870	
General obligation bonds payable, inclusive of premiums on issuance	71,723,928	\$ 26,206,870	7,747,861	90,182,937
Total long-term debt	<u>\$ 100,926,103</u>	<u>\$ 26,206,870</u>	<u>\$ 34,356,534</u>	<u>\$ 92,776,439</u>

In February 2018, the City issued \$26.2 million in serial bonds to convert \$15.4 million in bond anticipation notes used to finance litigation awards, \$2.2 million to fund employee separation payments and related benefits and \$9.5 million in bond anticipation notes to finance various public improvements.

Additional information on the City's indebtedness is shown in Note 4.E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Collective Bargaining Agreements

The City employs approximately 340 full-time employees as of June 30, 2018. The Civil Service Employees Association ("CSEA") covers approximately 220 employees. Their contract was renewed on July 1, 2017, and will expire June 30, 2025. The International Association of Firefighters AFL-CIO Uniform Firefighters Association Local 287 covers approximately 28 employees. Their contract expired on June 30, 2010, and is in the process of being renewed. The Patrolmen's Benevolent Association of Long Beach covers approximately 64 employees. Their contract was renewed on July 1, 2009, and expired June 30, 2016. The City is awaiting the results of recent interest arbitration. The Commanding Officers Association, a new bargaining unit whose contract is still in negotiation, covers 4 employees.

CITY OF LONG BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Property Tax

Chapter 97 of the Laws of 2011 (the "Tax Cap Law") was enacted on June 24, 2011. The Tax Cap Law limits annual increases of the City's overall real property tax to no more than the lesser of 2% or the rate of inflation. The Tax Cap law took effect with the year end June 2013, budget year. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the City. In addition, the City Council may override the limitations if the City Council enacts, by vote of at least sixty percent of the voting power of the City Council, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the City.

The adopted budget for the year beginning July 1, 2018, includes a \$3,759,368 increase in real property taxes in the general fund. This change equates to a 10.25% increase, which exceeds with the Tax Cap Law. The City Council adopted a local law on May 15, 2018, authorizing a tax levy override for the 2019 fiscal year.

Grant Funding

Pursuant to an agreement with the Governor's Office of Storm Recovery – NY Rising Community Reconstruction Program, the City of Long Beach is eligible for up to \$25 million in Community Development Block Grant – Disaster Recovery grant funding for certain capital projects including but not limited to: storm water remediation, bulk head replacement, critical facility resiliency, and flood protection of buildings, subject to final approval of the grantor. Such projects have been included in the City's 2014/2016 and 2016/2017 capital improvement plans. To date, \$1.4 million has been approved for the City's tree replacement costs and \$1.9 million has been approved for bulk heading.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City's citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report, the financial statements of the Long Beach Local Development Corporation or need additional financial information, please contact: City of Long Beach, New York, Office of the Comptroller, 1 West Chester Street, Long Beach, New York 11561; (516) 431-1004.

BASIC FINANCIAL STATEMENTS

CITY OF LONG BEACH
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION

June 30, 2018

(With Long Beach Local Development Corporation as of December 31, 2017)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 23,334,052	\$ 92	\$ 23,334,144
Restricted cash	782,517		782,517
Accounts receivable, net of allowance	4,433,082		4,433,082
Internal Balances	17,700	(17,700)	0
State and federal aid receivables	6,789,855		6,789,855
Due from other governments	1,532,354	1,000	1,533,354
Due from agency fund	1,832		1,832
Prepaid items	109,081		109,081
Total Current Assets	<u>37,000,473</u>	<u>(16,608)</u>	<u>36,983,865</u>
Noncurrent Assets:			
State and federal aid receivables	6,642,066		6,642,066
Non-depreciable capital assets	11,096,386		11,096,386
Depreciable capital assets, net of accumulated depreciation	116,598,982		116,598,982
Length of Service Award Program (LOSAP) assets	1,733,933		1,733,933
Total Noncurrent Assets	<u>136,071,367</u>	<u>-0-</u>	<u>136,071,367</u>
Total Assets	<u>173,071,840</u>	<u>(16,608)</u>	<u>173,055,232</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension amounts	15,508,453		15,508,453
Other postemployment benefits	3,559,661		3,559,661
Length of Service Award Program (LOSAP)	59,816		59,816
Deferred loss on refunding	71,860		71,860
Total Deferred Outflows of Resources	<u>19,199,790</u>	<u>-0-</u>	<u>19,199,790</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	8,872,526	5,964	8,878,490
Accrued interest payable	1,761,508		1,761,508
Retainage payable	108,446		108,446
Due to other governments	4,177	4,800	8,977
Unearned revenues	8,454,858		8,454,858
Tax anticipation notes payable	4,000,000		4,000,000
Bond anticipation notes payable	20,156,000		20,156,000
Noncurrent liabilities due within one year:			
Accrued liabilities	1,622,102		1,622,102
Claims and judgments payable	1,045,010		1,045,010
Tax certioraris and grievances payable	163,340		163,340
Capital lease payable	415,895		415,895
Pension related debt	746,061		746,061
General obligation bonds payable, net	8,557,871		8,557,871
Total Current Liabilities	<u>55,907,794</u>	<u>10,764</u>	<u>55,918,558</u>
Noncurrent Liabilities:			
Accrued liabilities	31,170,899		31,170,899
Claims and judgments payable	6,856,367		6,856,367
Capital lease payable	2,177,607		2,177,607
Pension related debt	4,019,064		4,019,064
Net pension liability, proportionate share of unfunded liability	5,896,632		5,896,632
Length of Service Award Program (LOSAP) liability	3,026,130		3,026,130
Other postemployment benefits payable	136,842,046		136,842,046
General obligation bonds payable, net	81,625,066		81,625,066
Total Noncurrent Liabilities	<u>271,613,811</u>	<u>-0-</u>	<u>271,613,811</u>
Total Liabilities	<u>327,521,605</u>	<u>10,764</u>	<u>327,532,369</u>
DEFERRED INFLOWS OF RESOURCES			
Pension amounts	15,353,598		15,353,598
Other postemployment benefits	26,275,220		26,275,220
Length of Service Award Program (LOSAP)	593,522		593,522
Total Deferred Inflows of Resources	<u>42,222,340</u>	<u>-0-</u>	<u>42,222,340</u>
NET POSITION			
Net investment in capital assets	69,273,204		69,273,204
Restricted for:			
Debt service	1,444,263		1,444,263
Public safety	1,762,041		1,762,041
Home and community	7,396,475		7,396,475
Unrestricted	(257,348,298)	(27,372)	(257,375,670)
Total Net Position	<u>\$ (177,472,315)</u>	<u>\$ (27,372)</u>	<u>\$ (177,499,687)</u>

See notes to the financial statements.

CITY OF LONG BEACH
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

(With Long Beach Local Development Corporation for the Year Ended December 31, 2017)

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Government Activities:							
General government support	\$ 22,944,749	\$ 1,451,674	\$ 363,292	\$ 125,810	\$ (21,003,973)		\$ (21,003,973)
Education	319,795				(319,795)		(319,795)
Public safety	31,708,872	2,576,411	83,036	54,578	(28,994,847)		(28,994,847)
Transportation	3,422,988	1,057,812	1,428,886	626,737	(309,553)		(309,553)
Economic assistance and opportunity	408,651				(408,651)		(408,651)
Culture and recreation	17,237,400	8,015,965	17,918		(9,203,517)		(9,203,517)
Home and community services	22,514,017	20,919,289	286,845	1,375,804	67,921		67,921
Interest and other debt service costs	3,628,106				(3,628,106)		(3,628,106)
Total Governmental Activities	\$ 102,184,578	\$ 34,021,151	\$ 2,179,977	\$ 2,182,929	\$ (63,800,521)		\$ (63,800,521)
Business-type Activities:							
Long Beach Local Development Corporation	14,491		1,000			\$ (13,491)	\$ (13,491)
Total Business-type Activities	14,491	-0-	1,000	-0-		(13,491)	(13,491)
Total Primary Government	\$ 102,199,069	\$ 34,021,151	\$ 2,180,977	\$ 2,182,929		\$ (13,491)	\$ (63,814,012)
GENERAL REVENUES:							
					\$ 36,567,744		\$ 36,567,744
					460,491		460,491
					5,500,218		5,500,218
					176,116	\$ 34	176,150
					4,551,365		4,551,365
					479,274		479,274
					1,110,960		1,110,960
				Total General Revenues	48,846,168	34	48,846,202
				Change in Net Position	(14,954,353)	(13,457)	(14,967,810)
				Net Position at Beginning of Year, as Restated (See Note 7)	(162,517,962)	(13,915)	(162,531,877)
				Net Position at End of Year	\$ (177,472,315)	\$ (27,372)	\$ (177,499,687)

See notes to the financial statements.

CITY OF LONG BEACH
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds						Nonmajor Governmental Fund	Total Governmental Funds
	General	Water	Sewer	FEMA	Debt Service	Capital Projects		
ASSETS								
Cash and investments	\$ 2,568,463	\$ 65,197	\$ 21,687	\$ 18,471	\$ 163,400	\$ 20,104,217	\$ 287,290	\$ 23,228,725
Restricted cash	28,108			754,409				782,517
Accounts receivable	870,811	1,587,109	1,975,162					4,433,082
Due from other funds	7,185,084	29,536	2,480		498,032	63,296	7,945	7,786,373
State and federal aid receivables	910,310			12,288,929		139,697	92,985	13,431,921
Due from other governments	1,197,913		292,241			42,200		1,532,354
Advances to other funds	1,248,327							1,248,327
Prepaid items	109,081							109,081
Length of Service Award Program (LOSAP) assets	1,733,933							1,733,933
Total Assets	<u>\$ 15,852,030</u>	<u>\$ 1,681,842</u>	<u>\$ 2,291,570</u>	<u>\$ 13,061,809</u>	<u>\$ 661,432</u>	<u>\$ 20,349,410</u>	<u>\$ 388,220</u>	<u>\$ 54,286,313</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 5,706,568	\$ 292,570	\$ 409,304	\$ 67,233	\$ 62,758	\$ 2,222,711	\$ 58,309	\$ 8,819,453
Due to other funds	1,461,797	403,303	271,788	6,518,699			297,974	8,953,561
Due to other governments	4,177							4,177
Unearned revenues	843,066			7,611,792				8,454,858
Tax anticipation note payable	4,000,000							4,000,000
Bond anticipation notes payable	550,000			1,065,000		15,900,000		17,515,000
Advances from other funds			1,248,327					1,248,327
Total Liabilities	<u>12,565,608</u>	<u>695,873</u>	<u>1,929,419</u>	<u>15,262,724</u>	<u>62,758</u>	<u>18,122,711</u>	<u>356,283</u>	<u>48,995,376</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	135,378							135,378
Total Deferred Inflows of Resources	<u>135,378</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>135,378</u>
FUND BALANCES (DEFICITS)								
Nonspendable	1,357,408							1,357,408
Restricted	2,607,630			7,396,475	598,674	19,565,920		30,168,699
Assigned		985,969	362,151				31,937	1,380,057
Unassigned	(813,994)			(9,597,390)		(17,339,221)		(27,750,605)
Total Fund Balances (Deficits)	<u>3,151,044</u>	<u>985,969</u>	<u>362,151</u>	<u>(2,200,915)</u>	<u>598,674</u>	<u>2,226,699</u>	<u>31,937</u>	<u>5,155,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 15,852,030</u>	<u>\$ 1,681,842</u>	<u>\$ 2,291,570</u>	<u>\$ 13,061,809</u>	<u>\$ 661,432</u>	<u>\$ 20,349,410</u>	<u>\$ 388,220</u>	<u>\$ 54,286,313</u>

See notes to the financial statements.

CITY OF LONG BEACH
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

TOTAL FUND BALANCES- GOVERNMENTAL FUNDS \$ 5,155,559

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets - non-depreciable	\$ 11,096,386	
Capital assets - depreciable	278,966,435	
Accumulated depreciation	<u>(162,367,453)</u>	127,695,368

The Internal Service Fund is used by management to account for the City's risk retention and charges to individual funds. These assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. (24,024,488)

Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable in the funds. 135,378

Deferred outflows of resources reported in the Statement of Net Position. 19,199,790

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:

Accrued liabilities	(32,793,001)	
Retainage payable	(108,446)	
Tax certioraris and grievances payable	(163,340)	
Capital lease payable	(2,593,502)	
Pension related debt	(4,765,125)	
General obligation bonds payable, net	(75,607,937)	
Net pension liability, proportionate share of unfunded liability	(5,896,632)	
Length of Service Award Program (LOSAP) liability	(3,026,130)	
Other postemployment benefits payable	<u>(136,842,046)</u>	(261,796,159)

Interest payable applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. However, these liabilities are included in the Statement of Net Position. (1,615,423)

Deferred inflows of resources reported in the Statement of Net Position (42,222,340)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (177,472,315)

See notes to the financial statements.

CITY OF LONG BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Major Funds						Nonmajor Governmental Fund	Total Governmental Funds
	General	Water	Sewer	FEMA	Debt Service	Capital Projects		
REVENUES								
Real property taxes and tax items	\$ 36,567,744							\$ 36,567,744
Other real property tax items	460,490							460,490
Non-property tax items	5,500,218							5,500,218
Departmental income	19,591,494	\$ 4,698,722	\$ 5,118,015					29,408,231
Intergovernmental charges	483,619		586,550					1,070,169
Use of money and property	728,523			\$ 3,334	\$ 38,223		\$ 85,803	855,883
Licenses and permits	2,072,953	127,250	28,500					2,228,703
Fines and forfeitures	787,269							787,269
Sale of property and compensation for loss	393,466	83,477						476,943
Miscellaneous local sources	611,891	2,250	315	2,528	39,475	\$ 139,552		796,011
State and local aid	6,155,780			140,699		83,378		6,379,857
Federal aid	533,410			1,042,836		192,269	271,769	2,040,284
Total Revenues	73,886,857	4,911,699	5,733,380	1,189,397	77,698	415,199	357,572	86,571,802
EXPENDITURES								
Current:								
General government support	12,443,915	150,586	168,265					12,762,766
Education	319,795							319,795
Public safety	17,569,898							17,569,898
Transportation	2,087,294							2,087,294
Economic assistance and opportunity	221,773							221,773
Culture and recreation	7,323,121							7,323,121
Home and community services	8,112,956	2,566,374	2,568,106	329,953			348,769	13,926,158
Employee benefits	22,768,187	1,581,772	1,457,711				11,753	25,819,423
Capital outlay				221,220		8,329,374		8,550,594
Debt service:								
Principal					8,070,303			8,070,303
Interest			27,531		2,724,453	119,250		2,871,234
Debt issuance costs	124,572	5,078	14,066					143,716
Total Expenditures	70,971,511	4,303,810	4,235,679	551,173	10,794,756	8,448,624	360,522	99,666,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,915,346	607,889	1,497,701	638,224	(10,717,058)	(8,033,425)	(2,950)	(13,094,273)
OTHER FINANCING SOURCES (USES)								
Transfers in	1,326,003	50,000	50,000	89,963	11,133,310	140,091		12,789,367
Transfers out	(9,455,104)	(1,006,811)	(1,778,890)	(890,678)	(410,325)	(245,282)		(13,787,090)
Total Other Financing Sources (Uses)	(8,129,101)	(956,811)	(1,728,890)	(800,715)	10,722,985	(105,191)	-0-	(997,723)
Net Change in Fund Balances	(5,213,755)	(348,922)	(231,189)	(162,491)	5,927	(8,138,616)	(2,950)	(14,091,996)
Fund Balances (Deficits), Beginning of Year	8,364,799	1,334,891	593,340	(2,038,424)	592,747	10,365,315	34,887	19,247,555
Fund Balances (Deficits) at End of Year	\$ 3,151,044	\$ 985,969	\$ 362,151	\$ (2,200,915)	\$ 598,674	\$ 2,226,699	\$ 31,937	\$ 5,155,559

See notes to the financial statements.

CITY OF LONG BEACH
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES \$ (14,091,996)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital outlay	\$ 8,786,932	
Depreciation expense	<u>(14,059,892)</u>	(5,272,960)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (123,140)

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:

Tax certioraris payable	173,046	
Repayment of capital leases	401,803	
Pension related debt	722,391	
Premiums on bonds issued, net of amortization	79,361	
Repayment of bond principal	7,668,500	
Amortization of deferred loss on refunding	<u>(35,930)</u>	9,009,171

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an expenditures in the funds:

Other postemployment benefits payable	22,030,009	
Accrued liabilities	(862,092)	
Accrued interest payable	(827,834)	
Retainage payable	60,077	
Length of Service Award Program (LOSAP) liability	90,425	
Net pension liability, proportionate share of unfunded liability	8,946,548	
Changes in deferred outflows of resource and deferred inflows of resources related to net pension amounts	(9,050,033)	
Changes in deferred outflows of resource and deferred inflows of resources related to LOSAP amounts	(21,247)	
Changes in deferred outflows of resource and deferred inflows of resources related to OPEB amounts	<u>(26,541,148)</u>	(6,175,295)

The Internal Service Fund is used by management to charge the costs of insurance activities to the individual funds. The net loss of the Internal Service Fund is reported with governmental activities:

Claims and judgments payable		<u>1,699,867</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (14,954,353)

See notes to the financial statements.

CITY OF LONG BEACH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

(With Long Beach Local Development Corporation as of December 31, 2017)

	Business-Type Activities	Governmental Activities
	Enterprise - Long Beach Local Development Corporation	Internal Service - Risk Retention Fund
ASSETS		
Current Assets:		
Cash	\$ 92	\$ 105,327
Due from other governments	1,000	
Due from other funds		1,186,765
Total Current Assets	<u>1,092</u>	<u>1,292,092</u>
Total Assets	<u>\$ 1,092</u>	<u>\$ 1,292,092</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 5,964	\$ 53,073
Accrued interest payable		146,085
Due to other funds	17,700	45
Due to other governments	4,800	
Bond anticipation note payable		2,641,000
Claims and judgments payable		1,045,010
General obligation bonds payable, net		915,911
Total Current Liabilities	<u>28,464</u>	<u>4,801,124</u>
Noncurrent Liabilities:		
Claims and judgments payable		6,856,367
General obligation bonds payable, net		13,659,089
Total Noncurrent Liabilities	<u>-0-</u>	<u>20,515,456</u>
Total Liabilities	<u>28,464</u>	<u>25,316,580</u>
NET POSITION		
Unrestricted	<u>(27,372)</u>	<u>(24,024,488)</u>
Total Net Position	<u>\$ (27,372)</u>	<u>\$ (24,024,488)</u>

See notes to the financial statements.

CITY OF LONG BEACH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018
(With Long Beach Local Development Corporation for the Year Ended December 31, 2017)

	Business-Type Activities	Governmental Activities
	Enterprise - Long Beach Local Development Corporation	Internal Service - Risk Retention Fund
OPERATING REVENUES		
Premiums Charged for Risk Retention:		
Judgments and claims		\$ 380,269
Employee benefits - workers' compensation		3,114,855
Insurance recoveries		
Other		921,500
Grants	\$ 1,000	
Total Operating Revenues	<u>1,000</u>	<u>4,416,624</u>
OPERATING EXPENSES		
Administrative costs		2,564,083
Contractual services	1,000	
Professional fees	13,464	
Employee benefits - workers' compensation claims		478,446
Judgments and claims		526,054
Interest Expense		146,085
Total Operating Expenses	<u>14,464</u>	<u>3,714,668</u>
Gain (Loss) from Operations	<u>(13,464)</u>	<u>701,956</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest on investments	34	188
Transfers In		997,723
Other	(27)	
Total Non-Operating Revenues (Expenses)	<u>7</u>	<u>997,911</u>
Change in Net Position	(13,457)	1,699,867
Net Position at Beginning of Year	<u>(13,915)</u>	<u>(25,724,355)</u>
Net Position at End of Year	<u>\$ (27,372)</u>	<u>\$ (24,024,488)</u>

See notes to the financial statements.

CITY OF LONG BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

(With Long Beach Local Development Corporation for the Year Ended December 31, 2017)

	Business-Type Activities	Governmental Activities
	Enterprise - Long Beach Local Development Corporation	Internal Service - Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue Collected:		
Receipts for interfund services provided		\$ 2,501,482
Other		921,500
Grant	\$ 2,500	
Payments for Expenses:		
Payments to insurance carriers and claimants		(4,244,340)
Payments for other	(34,969)	(2,918,915)
Net Cash Provided (Used) by Operating Activities	(32,469)	(3,740,273)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and earnings received	34	188
Other	(27)	
Net Cash Provided (Used) by Investing Activities	7	188
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from BANs		1,856,000
Cash Receipts from the City of Long Beach	20,000	997,723
Cash Payments to the City of Long Beach	(9,000)	
Net Cash Provided (Used) by Financing Activities	11,000	2,853,723
Net Change in Cash	(21,462)	(886,362)
Cash at Beginning of Year	21,554	991,689
Cash at End of Year	\$ 92	\$ 105,327
RECONCILIATION OF THE LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Gain (Loss) from operations	\$ (13,464)	\$ 701,956
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Accounts receivable		27,281
Grant receivable	1,500	
Due from other funds		(1,020,923)
Accounts payable	(20,505)	(142,153)
Accrued interest payable		(66,639)
Due to other funds		45
Claims and judgments payable		(3,239,840)
Net Cash Provided (Used) by Operating Activities	\$ (32,469)	\$ (3,740,273)

See notes to the financial statements.

CITY OF LONG BEACH
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
June 30, 2018

		Agency Fund
ASSETS		
Cash	\$	427,695
Due from other funds		917
Total Assets	\$	428,612
 LIABILITIES		
Employee payroll deductions	\$	86,447
Due to other funds		2,749
Other agency liabilities		339,416
Total Liabilities	\$	428,612

See notes to the financial statements.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Long Beach, New York (the "City") was established in 1922 and is governed by its Charter and various other applicable laws of the State of New York and various local laws. The City Council, which is the legislative body responsible for the overall operation of the City, consists of five members who are elected for two to four-year terms. The City Manager, who is appointed by the City Council, is responsible for the daily operations of the City and acts as the chief executive officer. The Comptroller, hired by the City Manager, serves as the chief financial officer.

The City provides a full range of municipal services including public safety, education, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The accompanying financial statements present the operations of all funds, functions and organizations of the City. The financial reporting entity consists of (a) the primary government, which is the City; and (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the City's reporting entity is based on several criteria, including legal standing, dependency and financial accountability. Based on the application of these criteria, the City's management has identified the Long Beach Local Development Corporation (the "LDC") as a blended component unit.

The Long Beach Local Development Corporation was established under the Laws of New York State as a not-for-profit corporation, with the City being the sole corporate member. In accordance with GASB Statement No. 80, the LDC, although a legally separate entity, is in substance, part of the primary government's operations. The objective of the LDC is to lessen the burdens on governments by undertaking and promoting economic development initiatives in the City area that include real estate leasing, acquisition, development and management, real estate project finance and other community-based economic development activities, as permissible under the New York Not-for-Profit Corporation Law. Accordingly, the LDC is included in the City's financial statements as a blended component unit in the proprietary fund financial statements. Financial information from the unit is combined with that of the primary government, and presented as of and for the year ended December 31, 2016. These financial statements can be obtained from the LDC at 1 West Chester Street, Long Beach, New York, 11561.

All salaries and fringe benefits for the LDC's personnel are paid by the City, as well as certain professional fees. Additionally, the City provides office space to the LDC. The LDC currently does not reimburse the City for salaries, fringe benefits, rent and certain professional fees. As of December 31, 2017, the LDC reported a short-term loan of \$17,700 to the City in due to other funds.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Management has identified Long Beach Housing Authority (the "Authority") as an organization related to the City. The Authority is a public benefit corporation created by State Legislation to promote the development of adequate housing for the City's citizens. The City is not obligated to provide any financial assistance to the Authority.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City as a whole, with separate columns for the primary governmental and business-type activities. The effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used.

In the government-wide statement of net position, the City's governmental and business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function, and 3) interest earned on grants or capital projects that is required to be used to support a particular program or project. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses to specific functions in the statement of activities.

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

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. The focus of the governmental funds financial statements is on the major funds. Individual funds are classified as major funds if certain criteria are met. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Management has designated the water, sewer and debt service funds as major, even when the criteria is not met. Accordingly, the City maintains the following fund types:

Governmental Funds – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major and non-major funds.

The City reports the following major governmental funds:

General Fund – is the principal operating fund of the City. This fund is used to account for and report all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the City are as follows:

Water Fund – a special revenue fund used to account for revenues and expenditures of the water utility operations of the City, which renders services primarily on a user charge basis to the general public.

Sewer Fund – a special revenue fund established pursuant to General Municipal Law of the State of New York and used to account for sewer operations financed by sewer rents.

FEMA Fund – a special revenue fund used to account for revenues primarily consisting of aid received from the Federal Emergency Management Agency (the “FEMA”), for authorized disasters.

Debt Service Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

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

Additionally, the City accounts for and reports the following nonmajor fund:

Community Development Fund – is used to account for and report the operation of the federal grant programs administered by the City’s Community Development Agency.

Proprietary Fund – The proprietary fund is used to account for ongoing activities, which are similar to those often found in the private sector. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows for each proprietary fund.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Proprietary Fund (continued)

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows and liabilities and deferred inflows (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position.

The City's reports the following proprietary funds:

Enterprise Fund – used to account for special activities or services. Included is the following major fund:

Long Beach Local Development Corporation – used to account for operations of promoting the expansion of business and creation of jobs within the City.

Internal Service Fund – used to account for special activities or services provided by one department to the other departments or to other governments on a cost-reimbursement basis. Included is the following fund:

Risk Retention Fund – used to account for transactions and reserves set aside by the City to provide for self-insurance type programs related to workers' compensation and general liability claims.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

Fiduciary Fund – used to account for assets held by the City in a trustee or custodial capacity.

Agency Fund – is used to account for resources held as an agent for parties outside the government.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the 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 imposed by the provider have been met.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of the year end. The City generally considers all revenue available if they are collected within 90 days after year-end, except for water and sewer revenue which is recorded when services are rendered. In certain circumstances this application of the City's normal availability period for a given revenue source might distort revenue trends from one year to the next. In such unusual circumstances, revenues may be considered available if received beyond the availability periods listed above, however, to the extent the revenue will remain uncollected after one year, the City classifies the fund balance as nonspendable in the general fund or as restricted or assigned fund balance in funds other than the general fund. Certain other revenues may be considered available if received within one year of year-end. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to capital leases, compensated absences, claims and judgments, certain pension costs, length of service award program costs and other postemployment benefits are recorded when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues susceptible to accrual include property taxes, charges for services, state and federal aid, sales tax, mortgage tax, franchise fees, intergovernmental revenues and operating transfers. Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until payment has been received. As previously discussed, in those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred, and all other grant requirements are met. Expenditures for prepaids are recognized when incurred. In the governmental funds, issuance of long-term debt is reported as other financing sources.

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services. The principal operating revenues consists of charges to other funds on a cost reimbursement basis. Operating expenses include judgments and claims, employee benefits in the form of workers' compensation and certain administrative costs. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE/DEFICIT

1. CASH AND INVESTMENTS

Cash consists of funds deposited in demand accounts, both interest bearing and non-interest bearing, petty cash, time deposit accounts and certificates of deposit with maturities of less than three months.

The City has a written investment policy, approved by the City Council, which conforms to New York State statutes. The City's financial institutions and dealers are designated by the City Council annually. To determine the financial creditworthiness of each bank it uses, the City obtains independent bank rating agency reports. Also, the City requests financial information from any security dealers it conducts business with. The creditworthiness is evaluated on an annual basis by the Comptroller. The City is authorized to use demand accounts, time deposits and certificates of deposit. Permissible investments include obligations of the United States Treasury, and obligations of the City of Long Beach for monies held in certain reserve accounts established pursuant to general municipal law and any other obligations authorized by law.

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of New York State or its agencies and instrumentalities that have a market value of no less than the principal amount of the deposits.

The City's investment policy requires collateral for all demand deposits, time deposit accounts and certificates of deposit at 100% of all deposits not covered by the federal deposit insurance corporation (the "FDIC"). Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

2. RESTRICTED CASH

Restricted cash consists of cash which is to be used for Superstorm Sandy relief, and restoration efforts and for public safety activities.

3. RECEIVABLES

Receivables relating to governmental-type and business-type activities primarily include amounts due from federal, state, and other local governments, individuals and entities for services provided by the City, special assessments, as well as amounts due related to various grant and franchise agreements. Receivables are recorded, and revenues recognized as earned or as specific program expenditures are incurred.

4. DUE FROM/TO OTHER FUNDS

During the course of operations, the City has activity between funds for various purposes. Activities between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either due to/from other funds or advances to/from other funds. Long-term advances between funds, reported as advances to/from other funds in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds statements to indicate that it is not available for appropriation and are not expendable available resources. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE/DEFICIT (continued)

5. PREPAID ITEMS

Certain payments to vendors and other parties reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements. In governmental funds, amounts reported as prepaid expenses are equally offset by nonspendable fund balance amounts, indicating that they do not constitute available spendable resources even though they are a component of net current assets.

6. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value on the date received. Additions, improvements and other capital outlay that significantly extend the useful lives of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	15 - 50 years
Machinery and equipment	5 - 30 years
Infrastructure systems	5 - 50 years

Infrastructure assets, consisting of certain improvements other than buildings, including roads, curbs, sidewalks, drainage systems, street lighting, water mains and sewer systems are capitalized along with other capital assets.

In the fund financial statements, capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition.

7. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")

The City sponsors a length of service award program ("LOSAP") (the "Program") to provide retirement-like benefits for those volunteering time and services pertaining to firefighting services, in accordance with the Program Plan Document. The assets are held in trust accounts in the name of the award program. The trust does not meet the criteria of GASB Statement No. 73, paragraph 4 because the assets are not protected from the City's creditors. Accordingly, the City reports its service award liability which has been measured at the actuarial present value of projected benefit payments without offset from the trust assets.

See Note 4.A for more information on the Program's investments and Note 4.G for information on the Program.

8. UNEARNED REVENUES

Unearned revenues, reported as liabilities in the fund and government-wide financial statements, are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met. Such amounts include collections in advance, unspent grant monies, and amounts deemed to be measurable but not available to finance current expenses.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE/DEFICIT (continued)

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the balance sheet or statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has reported deferred outflows of resources from 1) a deferred loss on refunding bonds and 2) pension, other postemployment benefits and length of service award programs related amounts in the government-wide statement of net position. A deferred loss on a refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows stemming from pension, other postemployment benefit and length of service award program amounts consists of differences between expected and actual experience, changes in assumptions, net differences between projected and actual investment earnings on pension plan and program investments, changes in the proportion and differences between the City's contribution and proportionate share of contributions. It also includes the City's contributions paid subsequent to the Plan's measurement date.

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for the deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. On the fund financial statements, the City reports deferred inflows of resources for items that will be recognized as revenues in the period that the amounts become available which includes amounts for the bulkhead receivable and civil service chargebacks. On the government-wide financial statements, the City reports deferred inflows of resources stemming from pension, other postemployment benefits and length of service award program related amounts. This represents the effect of changes in proportion and differences between the City's pension contributions and proportionate share of the City's net pension and length of service award program liability as well as differences between expected and actual experience and changes in assumptions in the pension, other postemployment benefits and length of service award programs.

10. LONG-TERM OBLIGATIONS

In the government-wide financial statements, liabilities for long-term obligations consisting of general obligation bonds, capital leases, accrued liabilities (compensated absences, deferred compensation and Fashion Institute of Technology (the "FIT") chargebacks), claims and judgments, tax certioraris and grievances payable, certain pension obligations, length of service award program liability, and other postemployment benefits are recognized in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Debt issuance costs are expensed as incurred.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE/DEFICIT (continued)

10. LONG-TERM OBLIGATIONS (continued)

In the fund financial statements governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period, in the fund servicing the debt. The face amount of the debt issued is reported as other financing sources and payment of principal and interest reported as debt service expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

11. NET POSITION AND FUND BALANCE/DEFICIT CLASSIFICATIONS

Net Position

In the government-wide and proprietary fund financial statements, net position is reported in three categories:

- a) Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable in the capital projects fund and retainage payable in the government-wide statements are considered capital related debt and are used in the calculation of net investment in capital assets.
- b) Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – all other net position that does not meet the definition of restricted or net investment in capital assets.

Fund Balance/Deficit

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are 1) nonspendable, 2) restricted, 3) committed, 4) assigned or 5) unassigned.

- a) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), or (b) will not convert to cash within the current period (i.e. long-term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- b) Restricted - reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE/DEFICIT (continued)

11. NET POSITION AND FUND BALANCE/DEFICIT CLASSIFICATIONS (continued)

- c) Committed - reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision-making authority. The City's highest decision-making authority is the City Council, who by adoption of a City ordinance prior to year-end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action imposing the commitment.
- d) Assigned - reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- e) Unassigned - is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Net Position and Fund Balance Flow Assumptions

When outlays for a particular purpose can be funded from both restricted and unrestricted net position resources it is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

When both restricted and unrestricted fund balance resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources - committed, assigned and unassigned - in order as needed.

E. REVENUES AND EXPENDITURES

1. REAL PROPERTY TAX ASSESSMENT AND COLLECTION PROCEDURES

The City's property taxes are levied and become a lien on July 1st, each year. Taxes are levied based upon the taxable value of all real property located within the City. The City taxes are recorded as a receivable on July 1st, and are payable in two installments, 50% due July 1st and 50% due January 1st, payable without penalty to July 31st and January 31st, respectively. Nassau County taxes are due in two installments, 50% due January 1st and 50% due July 1st, payable without penalty to February 10th and August 10th, respectively. On or about September 1st, the City returns the uncollected items to the County, which assumes collection responsibility. The City is not responsible for the collection of school taxes.

Real property taxes become a lien on the respective days when they become due and payable.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUES AND EXPENDITURES (continued)

2. GRANTS

Federal, State and County grants and assistance awards made on the basis of entitlement periods are recorded as receivables (state and federal receivable / due from other governments) and revenues when entitlement occurs. All other Federal, State and County reimbursement type grants are recorded as receivables and revenues when all eligibility requirements are met and as applied to FEMA, as project worksheets are approved.

3. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the City as well as meet certain years of service requirements.

Health care benefits in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), are provided through the New York State Health Insurance Program NYSHIP (the "Empire Plan") whose premiums are based on the benefits paid throughout the State during the year.

The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The City's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The City has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. The liability for these other postemployment benefits is recorded as a noncurrent liability in the government-wide statements. The current year increase in the liability is based on the most recent actuarial valuation.

4. ACCRUED LIABILITIES - COMPENSATED ABSENCES

The liability for vested or accumulated vacation and sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide financial statements as accrued liabilities. The current portion of this obligation is estimated based on historical trends. The compensated absences liability and expenses are reported in the governmental funds only if they have matured, for example, as a result of employee resignation, terminations and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability in the governmental fund financial statements in the respective fund that will pay it.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. REVENUE AND EXPENDITURES (continued)

5. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Employees' Retirement System and New York State and Police and Fire Retirement Systems (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

6. INTERFUND TRANSACTIONS

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the fund's statements interfund transactions include:

a) Interfund Revenues

Interfund revenues represent amounts received from other funds for services or facilities provided by another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of that fund.

b) Transfers

Transfers primarily represent payments to the debt service and capital projects funds from the other funds for their appropriate share of the debt service or capital project costs as well as excess capital monies returned to the other funds.

7. RISK MANAGEMENT

The internal service fund services claims for risk of loss, associated with workers' compensation and general liability, to which the City is exposed. All operating funds of the City participate. The City allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund. This charge considers recent trends in actual claim experience of the City as a whole and makes provisions for catastrophic losses. The premiums paid by the operating funds are accounted for as expenditures/expenses of the funds.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes, is employed in the governmental funds. Encumbrances for general, sewer, water, debt service and community development funds are liquidated as of year-end. Encumbrances for capital and FEMA funds are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. USE OF ESTIMATES

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources, and disclosure of contingent assets and deferred outflows of resources and liabilities and deferred inflows of resources, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. RECLASSIFICATIONS

Certain amounts were reclassified from the LDC in the financial statements presentation to conform to the City's reporting presentation.

I. NEW ACCOUNTING PRINCIPLES

The City has adopted all the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2018, the City adopted:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," Statement No. 81, "*Irrevocable Split-Interest Agreements*," Statement No. 82, "*Pension Issues- an Amendment of GASB Statements No. 67, 68 and 73*," Statement No. 85, "*Omnibus 2017*," and Statement No. 86, "*Certain Debt Extinguishment Issues*," Statement No. 75 improves accounting and financial reporting by governments for postemployment benefits other than pensions (OPEB) to their employees. Other than the matter discussed in Note 7, these GASB Statements did not have a material impact on the City's financial position or results of operations.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements. See Note 8.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before April 10th, the City Manager submits to the City Council a tentative operating budget for the year commencing the following July 1st. The tentative budget includes proposed expenditures and the means of financing.
- b) A copy of the submitted budget is filed in the City Clerk's office no later than 10 days after the date of submission of the budget to the City Council by the City Manager and is available for inspection by the public.
- c) The City Council conducts public hearings on the tentative budget to obtain taxpayer comments.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. BUDGETARY INFORMATION (continued)

- d) After the public hearings and no later than May 31st, the City Council meets to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for the general, water, sewer and debt service funds.
- f) The budgets for the general, water, sewer, community development and debt service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The capital projects, FEMA and community development funds are budgeted on a project or grant basis. The City also adopts a budget for the risk retention fund, which is an internal service fund.
- g) The City Council has established legal control of the budget at the object level of expenditures. Transfers between appropriation accounts, at the object level, require approval by the City Council for amounts exceeding \$1,500. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the City Council.
- h) Appropriations in general, water, sewer, community development and debt service funds lapse at year end along with outstanding encumbrances.
- i) In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. Beginning in 2012 and lasting through at least June 15, 2020, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. In 2018, the City's budget was within the Tax Levy Cap.

B. FUND BALANCE

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted and assigned fund balance. The unassigned fund balance is also shown.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. FUND BALANCE (continued)

	General Fund	Water Fund	Sewer Fund	FEMA Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Fund	Total
Fund Balances (Deficits):								
Nonspendable:								
Long-term advances	\$ 1,248,327							\$ 1,248,327
Prepaid items	109,081							109,081
Total Nonspendable	<u>1,357,408</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>1,357,408</u>
Restricted for:								
Capital projects						19,565,920		19,565,920
Debt service	845,589				598,674			1,444,263
Public safety	28,108							28,108
Length of service award program	1,733,933							1,733,933
Grantor restrictions				754,409				754,409
Long-term receivables				6,642,066				6,642,066
Total Restricted	<u>2,607,630</u>	<u>-0-</u>	<u>-0-</u>	<u>7,396,475</u>	<u>598,674</u>	<u>19,565,920</u>	<u>-0-</u>	<u>30,168,699</u>
Assigned to:								
Special revenue funds		985,969	362,151				31,937	1,380,057
Total Assigned	<u>-0-</u>	<u>985,969</u>	<u>362,151</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>31,937</u>	<u>1,380,057</u>
Unassigned, reported in:								
General fund	(813,994)							(813,994)
Special revenue funds				(9,597,390)				(9,597,390)
Capital Projects fund						(17,339,221)		(17,339,221)
Total Unassigned	<u>(813,994)</u>	<u>-0-</u>	<u>-0-</u>	<u>(9,597,390)</u>	<u>-0-</u>	<u>(17,339,221)</u>	<u>-0-</u>	<u>(27,750,605)</u>
Total Fund Balances (Deficits)	<u>\$ 3,151,044</u>	<u>\$ 985,969</u>	<u>\$ 362,151</u>	<u>\$ (2,200,915)</u>	<u>\$ 598,674</u>	<u>\$ 2,226,699</u>	<u>\$ 31,937</u>	<u>\$ 5,155,559</u>

C. DEFICIT FUND BALANCE

The Federal Emergency Management Agency ("FEMA") fund deficit of \$2,200,915 at June 30, 2018 resulted from incurring cumulative excess expenditures over revenues stemming from Superstorm Sandy. Additional FEMA aid revenue will be recognized as other Project Worksheets are approved by FEMA. Any unfunded portion of expenditures reported in the FEMA fund will either be reimbursed by New York State, paid by the City's operating funds and/or financed with long-term debt.

The internal service fund deficit of \$24,024,488 at June 30, 2018 was a result of charging the operating funds only that which is expected to be paid in the near term. As the long-term liabilities mature, the internal service fund will charge the operating funds sufficient amounts to fund the payments on a modified accrual basis of accounting at the operating fund level.

The capital projects fund has an unassigned fund deficit of \$17,339,221, partially related to timing between project expenditures and the recognition of additional permanent financing sources. Since project expenditures are initially financed by the issuance of bond anticipation notes, and the proceeds of these short-term borrowings are recorded as fund liabilities rather than as other financing sources in accordance with GAAP, fund balance deficits occur. These deficits will be eliminated when additional long-term bonds payable are issued to redeem the bond anticipation notes payable.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

D. FUND BALANCE POLICY

The City's policy sets forth a recommended unassigned fund balance level of 5% of the normal prior year expenditures made from its general, water and sewer funds for working capital. To the extent that the City utilizes its unassigned fund balance, its policy shall be to use these funds either for (i) non-recurring expenses that promote important policy objectives; or (ii) extraordinary operating and capital purposes that could not be anticipated, and which otherwise cannot be financed with current revenues in the annual operating budget. In fiscal years where the City's unassigned fund balance fall below the recommended level of 5% the City will develop a plan to replenish its unassigned fund balance by direct appropriation commencing with the next operating budget. The City will appropriate 25% of the difference between the current level and the minimum recommended amount.

3. NATURAL DISASTER/SUPERSTORM SANDY

On October 27, 2012, Superstorm Sandy, a Category 1 post-tropical cyclone, struck the southern Atlantic coast of Nassau County, New York. The resulting storm surge and winds caused substantial damage to the City, as well as widespread physical damage throughout the City and in nearby areas of New York City and Nassau and Suffolk Counties. As a result of a direct impact of the superstorm, the City suffered widespread physical damage to buildings, infrastructure and equipment. As of June 30, 2018, approximately \$123.8 million for emergency protective measures, debris clean-up and other costs following the storm have been spent over the last five years, and the City continues to incur costs associated with the recovery efforts.

In response to the damages caused by Superstorm Sandy, the President of the United States signed a major disaster declaration on October 30, 2012, authorizing FEMA to provide Public Assistance aid to governmental entities for response and recovery efforts. The emergency declaration supports the reimbursement of eligible emergency work (emergency protective measures and debris removal efforts) and permanent work (restoration of infrastructure and capital assets). The authorized reimbursement rate is 90% of eligible costs incurred. As part of FEMA's Public Assistance program, local governments were required to cover 10% of the costs incurred. In July 2014, New York State announced funding to cover local governments' costs to repair and rebuild infrastructure damaged by Superstorm Sandy with the state-allocated Community Development Block Grant – Disaster Relief (CDBG-DR) funds to cover the localities' costs on a project by project basis. The City will record these funds as they are approved for payment.

In fiscal year 2013, the City established a FEMA fund to account for and report the revenues and expenditures incurred as a result of Superstorm Sandy. To date, the City's costs for emergency protective measures, debris removal, capital repair/replacement and other recovery efforts totaled \$123.8 million during the six years ended June 30, 2018. The City received insurance payments totaling \$10.9 million from its insurance carrier. Additionally, the City has recorded \$97.3 million in aid from FEMA and other federal agencies during the six years ended June 30, 2018 based on the contractual reimbursement rate of 90% of eligible costs incurred related to approved Project Worksheets. The City has also recorded an additional \$10.9 million in aid from NYS during the six years ended June 30, 2018 covering the additional 10% match as noted above.

Additional FEMA aid revenue will be recognized as other Project Worksheets are approved by FEMA. Any unfunded portion of expenditures reported in the FEMA fund will either be reimbursed by New York State, borne by the City's operating funds, financed with long-term debt or some combination. Currently, 100% of these expenditures are reported in the FEMA fund.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk – Deposits / Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name

At June 30, 2018, the City's cash book balance totaled \$24,534,746. This amount is inclusive of fiduciary fund deposits of \$427,695, proprietary fund deposits of \$105,419 and restricted cash of \$782,517 but exclusive of petty cash of \$9,610. The bank balance was \$27,142,087. Of the total bank balance, \$394,637 was covered by the Federal Deposit Insurance Corporation ("FDIC") and \$26,713,145 was covered by collateral held by the City's agent, a third-party financial institution, in the City's name. Bank balances of \$34,305 were maintained in a federal credit union which is insured through the National Credit Union Share Insurance Fund.

Credit Risk – State law and City law limit investments to those authorized by State statutes. The City has a written investment policy.

Interest-Rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5% or more in securities of a single issuer.

As of June 30, 2018, the City did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

Restricted Investments - Primary Government

The City, as sponsor of a LOSAP ("Program"), contributes monies to the Program to fund future benefit payments to volunteer firefighters. The assets are held in a rabbi trust. At June 30, 2018, the Program assets were \$1,733,933 and consist of \$1,365,557 of investments in guaranteed annuity contracts and a \$254,226 of a limited partnership interest and a receivable of \$114,150 for the City's contribution received after year-end. This amount is reported in the general fund.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Restricted Investments - Primary Government (continued)

The City categorizes the fair value measurements into the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect the City's own assumptions about the assumptions that market participants would use in pricing an asset.

The fair value measurement level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The City has no investments valued using the above-mentioned levels.

The following methods and assumptions were used in estimating the fair value assets for the Program assets:

Guaranteed Annuity Contracts

The carrying amounts of guaranteed annuity contracts totaling \$1,365,557 are reported as amortized cost which approximates fair value. These are considered unallocated insurance contracts.

Limited Partnership in NY SAFE

The Program's \$254,226 investment in a limited partnership ("Partnership") is measured at net asset value (NAV) per share (or its equivalent) as of June 30, 2018, the measurement date. The primary activity of the Partnership is investing portfolios. The Partnership's investment objective to increase diversification of investment portfolios and achieve stable growth. In doing so, the Partnership targets a total return in excess of the rate of inflation and in excess of the return currently available on group fixed annuity contracts while maintain a level of volatility well below that of the equity markets. The Partnership primarily consists of common stocks and mutual funds. The fair values of the underlying investments are used to determine the NAV per share/its equivalent of the Partnership capital.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

A. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Restricted Investments - Primary Government (continued)

Limited Partnership in NY SAFE (continued)

Generally, initial investment in the Partnership is \$150,000, although NY SAFE, ("General Partner"), has the discretion to accept less. Additionally, investments by existing limited partners will be accepted in amounts not less than \$50,000, although the General Partner has discretion in accepting lower amounts. Limited partners may redeem any portion of its capital account in a minimum amount of \$25,000 and at least 15 calendar days prior notice. If aggregate withdrawal requests are received for a particular withdrawal date for more than 70% of the NAV of the Partnership of such withdrawal date, the General Partner may, in its discretion, reduce all withdrawal request for such withdrawal date pro rata in proportion to the amount sought to be withdrawn by each withdrawing Partner so that only 70% of the NAV of the Partnership is withdrawn on the said withdrawal date.

To obtain a copy of the NY SAFE audited financial statements, contact Trident Fund Services, Inc., 1100 Abernathy Road, NE, Suite 300, Atlanta, GA, 30328.

Investment Risk

The Program assets are invested in various investments. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments either held by the Program or indirectly through the limited partnership, it is at least reasonably possible the changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported.

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund balances, categorized as due to/from funds, represent reimbursements of operating expenditures. The interfund balances categorized as advances, represent reimbursements of operating expenditures and temporary advances for cash flow purposes, which are not expected to be repaid in the subsequent year and are therefore considered long-term advances.

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CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

At June 30, 2018, interfund receivable and payable balances are summarized as follows:

	Due to/from		Long-Term Advances	
	Receivable	Payable	Receivable	Payable
Governmental Funds:				
Major Funds:				
General fund	\$ 7,185,084	\$ 1,461,797	\$ 1,248,327	
Water fund	29,536	403,303		
Sewer fund	2,480	271,788		\$ 1,248,327
FEMA fund		6,518,699		
Debt service fund	498,032			
Capital projects fund	63,296			
Nonmajor Fund:				
Community development fund	7,945	297,974		
Proprietary Fund:				
Local Development Corporation		17,700		
Risk retention fund	1,186,765	45		
Subtotal	8,973,138	8,971,306	1,248,327	1,248,327
Agency funds	917	2,749		
Total	<u>\$ 8,974,055</u>	<u>\$ 8,974,055</u>	<u>\$ 1,248,327</u>	<u>\$ 1,248,327</u>

At June 30, 2018, individual fund interfund transfer balances primarily represent receipt and payment of debt service and capital projects expenditures as well as excess capital monies returned to the other funds as follows:

	Transfers In	Transfers Out
Governmental Funds:		
Major Funds:		
General fund	\$ 1,326,003	\$ 9,455,104
Water fund	50,000	1,006,811
Sewer fund	50,000	1,778,890
FEMA fund	89,963	890,678
Debt service fund	11,133,310	410,325
Capital projects fund	140,091	245,282
Proprietary Fund:		
Risk retention fund	997,723	
Total	<u>\$ 13,787,090</u>	<u>\$ 13,787,090</u>

C. BENEFIT ASSESSMENT RECEIVABLE

At June 30, 2018, the City has a receivable from benefit assessments, which consists of \$577,000 of principal and \$98,719 of accrued interest. The amounts due are billed semiannually.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

C. BENEFIT ASSESSMENT RECEIVABLE (continued)

	Principal	Interest	Total Principal and Interest
Past due amounts	\$ 577,000	\$ 98,719	\$ 675,719

The entities which owe the City these funds have filed for bankruptcy, primarily due to the effects of Superstorm Sandy. Management believes the majority of the benefit assessment receivable is not collectible and has established an allowance for doubtful accounts of 100% in the amount of \$675,719 at June 30, 2018.

D. CAPITAL ASSETS

A summary of changes within the City's capital assets for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,135,210			\$ 4,135,210
Construction-in-progress	7,261,745	\$ 4,294,986	\$ 4,595,555	6,961,176
Total capital assets not being depreciated	11,396,955	4,294,986	4,595,555	11,096,386
Depreciable capital assets:				
Buildings	16,205,549	53,715		16,259,264
Machinery and equipment	38,841,237	1,024,377	1,029,517	38,836,097
Infrastructure	215,861,665	8,009,409		223,871,074
Total depreciable capital assets	270,908,451	9,087,501	1,029,517	278,966,435
Less accumulated depreciation:				
Buildings	12,252,242	334,704		12,586,946
Machinery and equipment	30,879,676	2,307,910	1,029,517	32,158,069
Infrastructure	106,205,160	11,417,278		117,622,438
Total accumulated depreciation	\$ 149,337,078	\$ 14,059,892	\$ 1,029,517	162,367,453
Total net depreciable capital assets				116,598,982
Total net capital assets				\$ 127,695,368

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 1,975,434
Public safety	1,953,502
Transportation	2,332,266
Economic assistance and opportunity	8,957
Culture and recreation	6,238,808
Home and community services	1,550,925
Total governmental activities depreciation expense	\$ 14,059,892

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The City's policy is to record an impairment loss in the period when the City determines that the carrying amount of the asset will not be recoverable. During the year ended June 30, 2018, the City did not record any such impairment losses.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS

SHORT-TERM DEBT

Revenue Anticipation Notes – In September 2016, the City issued \$9,250,000 (2016 Series B) in revenue anticipation notes in advance of the receipt of Federal Emergency Management Agency and state aid relating to Superstorm Sandy. As of the beginning of the year, the City had \$10,430,000 of 2015 Series B revenue anticipation notes outstanding. The City redeemed \$1,180,000 of these notes and renewed the \$9,250,000 balance from the proceeds of the RANs. The \$9,250,000 Series B note bore interest at 1.21% and matured in June 2017. The City made a late payment on these notes in July 2017, as such they were reported as outstanding at June 30, 2017.

Revenue Anticipation Notes – In June 2017, the City issued \$4,000,000 of 2017 revenue anticipation notes in advance of the receipt of FEMA aid and state aid the City expects to receive for relief of Superstorm Sandy. The proceeds of the RANs will be used to pay expenditures incurred as a result of Superstorm Sandy. The \$4,000,000 note bore interest at 2.0% and matured in June 2018.

Tax Anticipation Notes – In June 2018, the City issued \$4,000,000 of 2018 tax anticipation notes in advance of the collection of real estate taxes which were to be levied for City purposes for the fiscal year beginning July 1, 2018. The note bore interest at 2.0% and matures in June 2019.

Bond Anticipation Notes – During the year, the City issued \$41,583,370 of bond anticipation notes to finance \$15,150,000 of various capital projects, \$1,315,000 for the cost of certain extraordinary expenses resulting from Superstorm Sandy (Federally Taxable), \$550,000 of separation payments due to employees, \$21,927,370 to renew outstanding BANs and \$2,641,000 for litigation claims. The bond anticipation notes bear interest at rates ranging from 2.0% to 4.0%. Of the ending BAN payable balances, \$18,291,000 matures in February 2019 and the remainder matures in June 2019.

These notes are summarized as follows:

	<u>Balance July 1, 2017</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance June 30, 2018</u>
Revenue anticipation notes	\$ 13,250,000		\$ 13,250,000	
Tax anticipation note	4,200,000	\$ 4,000,000	4,200,000	\$ 4,000,000
Bond anticipation notes	<u>1,303,000</u>	<u>41,583,370</u>	<u>22,730,370</u>	<u>20,156,000</u>
Total short-term debt	<u>\$ 18,753,000</u>	<u>\$ 45,583,370</u>	<u>\$ 40,180,370</u>	<u>\$ 24,156,000</u>

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS (continued)

LONG-TERM DEBT

General Obligation Bonds

The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

In February 2018, the City issued \$26,206,870 million in serial bonds and together with \$803,000 in available funds redeemed a portion of the 2017 Series A and C and all of Series B bond anticipation notes. Of these bonds, \$15,360,000 is to be used to finance litigation awards, \$2,200,000 to fund employee separation payments and related benefits, and \$8,646,870 to finance various public improvements. The public improvement serial bonds mature in September 2030 and bear interest rates ranging from 2.0% to 3.0%.

These long-term liabilities are backed by the full faith and credit of the City. A summary of these bonds outstanding at June 30, 2018 is as follows:

Description of Issue	Original Debt	Year Maturity	Interest Rate	Outstanding Balance
Governmental Activities:				
EFC - Water Pollution Control	\$ 2,261,000	2020	4.270 -5.220%	\$ 509,000
Refunding	22,585,000	2020	2.750-5.000%	1,280,000
Public Improvements	5,575,000	2022	4.000%	1,940,000
Public Improvements	4,650,000	2020	3.250-3.500%	995,000
Public Improvements	16,045,000	2030	3.500-4.000%	11,120,000
Public Improvements	15,015,000	2027	2.000-4.000%	11,445,001
Deficit Financing	8,200,000	2023	2.000-4.000%	5,715,000
General Obligation Refunding	7,765,000	2025	2.000-4.000%	4,275,000
Public Improvements	6,500,000	2029	2.000-3.000%	5,310,000
Public Improvements	16,156,512	2031	2.125-3.000%	14,355,000
Public Improvements	6,859,500	2036	3.125-3.500%	6,585,000
Public Improvements	26,206,870	2030	2.00-3.00%	26,206,870
Total Governmental Activities				<u>\$ 89,735,871</u>

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

The annual debt service requirements of the City, including principal and interest of governmental activities, are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2019	\$ 8,557,871	\$ 1,429,681	\$ 9,987,552
2020	8,140,000	1,247,881	9,387,881
2021	7,893,000	1,132,131	9,025,131
2022	7,715,000	1,021,869	8,736,869
2023	7,435,000	905,519	8,340,519
2024-2028	32,995,000	2,834,756	35,829,756
2029-2033	15,590,000	625,097	16,215,097
2034-2036	1,410,000	50,050	1,460,050
Total	\$ 89,735,871	\$ 9,246,984	\$ 98,982,855

The above maturity schedule does not reflect amounts for bond issuances subsequent to year end.

Capital Leases

The City entered into lease agreements to finance the acquisition of equipment purchases. The agreements are in substance purchases (capital assets) and are to be reported as capital lease obligations. The various agreements expire at various dates through July 2027. The leases are being repaid in monthly/quarterly/annual installments (as per the agreements) and bear interest at rates ranging from 1.44% to 5.168%. At June 30, 2018, the principal balance outstanding was \$2,593,502.

The following schedule presents future minimum lease payments as of June 30, 2018:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2019	\$ 415,895	\$ 83,346	\$ 499,241
2020	431,706	67,535	499,241
2021	291,692	51,044	342,736
2022	300,805	41,930	342,735
2023	310,245	32,491	342,736
2024-2028	843,159	37,985	881,144
Total	\$ 2,593,502	\$ 314,331	\$ 2,907,833

Included in capital assets are various equipment financed under a capital lease with a cost of \$4,345,774 and accumulated depreciation of \$1,951,268.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

E. INDEBTEDNESS (continued)

LONG-TERM DEBT (continued)

Summary of Long-Term Debt

A summary of changes in long-term debt transactions for the year ended June 30, 2018, is as follows:

	(As Restated)				Noncurrent	
	Balance	New Issues/ Additions	Maturities/ Reductions	Balance	liabilities due	Noncurrent
	July 1, 2017			June 30, 2018	within one year	liabilities
Governmental Activities:						
Bonds payable	\$ 71,197,501	\$ 26,206,870	\$ 7,668,500	\$ 89,735,871	\$ 8,557,871	\$ 81,178,000
Plus: premiums on issuance	526,427		79,361	447,066	-0-	447,066
Total bonds payable	71,723,928	26,206,870	7,747,861	90,182,937	8,557,871	81,625,066
Bond anticipation notes payable	26,206,870		26,206,870	-0-	-0-	-0-
Capital leases payable	2,995,305		401,803	2,593,502	415,895	2,177,607
Pension related debt	5,487,516		722,391	4,765,125	746,061	4,019,064
Net pension liability, proportionate share of unfunded liability	14,843,180	8,936,470	17,883,018	5,896,632	-0-	5,896,632
Accrued liabilities:						
Compensated absences	30,220,158	6,585,009	5,687,007	31,118,160	1,555,908	29,562,252
Accrued payroll	1,359,789	18,635	54,545	1,323,879	66,194	1,257,685
Other	350,962			350,962	-0-	350,962
Claims and judgments payable	11,141,217	85,596	3,325,436	7,901,377	1,045,010	6,856,367
Tax certioraris and grievances payable	336,386	163,340	336,386	163,340	163,340	-0-
Length of Service Award Program liability	3,116,555	219,864	310,289	3,026,130	-0-	3,026,130
Other postemployment benefits payable *	158,872,055	11,355,203	33,385,212	136,842,046	-0-	136,842,046
Total non-current liabilities	\$ 326,653,921	\$ 53,570,987	\$ 96,060,818	\$ 284,164,090	\$ 12,550,279	\$ 271,613,811

* The beginning balance of the Other postemployment benefits payable is reported as of July 1, 2017 in accordance with GASB Statement No. 75. See Note 7.

The liabilities for general obligation bonds payable, bond anticipation notes payable, capital leases, pension related debt, net pension liability, accrued liabilities, length of service award program liability and other postemployment benefits payable will be liquidated through future budgetary appropriation in the fund that gave rise to the liability. The liability for claims and judgments payable and tax certioraris and grievances payable will be liquidated through the internal service fund and general fund, respectively.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM

Plan Description

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"), collectively referred to as New York State and Local Retirement System (the "System"). These are cost sharing multiple public employer defined benefit pension plans provide retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the NYSRSSL, Tier 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEMS (continued)

Benefits Provided (continued)

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63 for ERS members and 62 for PFRS members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEMS (continued)

Benefits Provided (continued)

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, regardless of age, who have been retired for five years; 4) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Contributions

Generally, Tier 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the NYSRSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31st.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEMS (continued)

Contributions (continued)

The City is required to contribute at an actuarially determined rate. For the year ended June 30, 2018, the actual contributions were equal to 100% of the actuarially required amount of \$2,778,423 for the ERS and \$3,279,619 for the PFRS.

Retirement Incentives and Other Pension Obligations

The State, at various times, will enact laws which allow local employers to defer a portion of their retirement bill and enact laws authorizing local governments to make available various retirement incentive programs and amortize certain contribution costs. The law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts. Below is a summary of these programs with which the City opted to participate.

In 2012, the City elected to defer a portion of its ERS and PFRS retirement contribution under Chapter 57 of the Laws of 2010 of the State of New York. The deferred amounts are due in ten annual installments including interest at 3.75% per annum. At June 30, 2018, the outstanding amounts owed to the System totaled \$355,030 (\$260,333 related to ERS and \$94,697 related to PFRS).

In 2013, the City elected to defer a portion of its ERS and PFRS retirement contribution under Chapter 57 of the Laws of 2010 of the State of New York. The deferred amounts are due in ten annual installments including interest at 3.00% per annum. At June 30, 2018, the outstanding amounts owed to the System totaled \$1,156,107 (\$818,653 related to ERS and \$337,454 related to PFRS).

In 2014, the City elected to defer a portion of its ERS and PFRS retirement contribution under Chapter 57 of the Laws of 2010 of the State of New York. The deferred amounts are due in ten annual installments including interest at 3.67% per annum. At June 30, 2018, the outstanding amounts owed to the System totaled \$979,260 (\$459,305 related to ERS and \$519,955 related to PFRS).

In 2015, the City elected to defer a portion of its ERS and PFRS retirement contributions under Chapter 57 of the Laws of 2010 of the State of New York. The deferred amounts are due in ten annual installments included interest at 3.67% per annum. At June 30, 2018, the outstanding amounts owed to the System totaled \$2,274,728 (\$706,987 related to ERS and \$1,567,741 related to PFRS).

Future principal and interest payments to maturity for the afore mentioned programs are as follows:

Years ending June 30,	ERS		PFRS		Total Principal and Interest
	Principal	Interest	Principal	Interest	
2019	\$ 377,402	\$ 73,449	\$ 368,659	\$ 82,141	\$ 901,651
2020	389,791	61,060	380,723	70,079	901,653
2021	402,592	48,259	393,183	57,618	901,652
2022	415,815	35,035	406,053	44,747	901,650
2023	358,180	21,374	393,412	31,453	804,419
2024-2025	301,498	13,417	577,817	26,422	919,154
Total	\$ 2,245,278	\$ 252,594	\$ 2,519,847	\$ 312,460	\$ 5,330,179

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAILED NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEMS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2018, the City reported a liability of \$5,896,632 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. Below is the City's proportionate share of the net pension liability of the System and its related employer allocation percentage as of March 31, 2018 (measurement date).

	Net Pension Liability	Allocation of the System's Total Net Pension Liability	Change in Allocation of the System's Total Net Pension Liability Since Prior Measurement Date
ERS	\$ 2,337,261	0.0724183%	-0.002042600%
PFRS	\$ 3,559,371	0.3521491%	-0.026209030%

There was no significant change in the City's proportion from March 31, 2017 to March 31, 2018.

For the year ended June 30, 2018, the City recognized pension expense of \$6,216,579 (\$2,712,898 for ERS and \$3,494,681 for PFRS) in the statement of activities.

At June 30, 2018, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	ERS	PFRS	Total	ERS	PFRS	Total
Differences between expected and actual experience	\$ 833,625	\$ 1,465,002	\$ 2,298,627	\$ 688,877	\$ 945,807	\$ 1,634,684
Changes of assumptions	1,549,797	2,696,868	4,246,665			
Net difference between projected and actual investment earnings on pension plan investments	3,394,686	2,880,894	6,275,580	6,700,770	5,801,964	
Changes in proportion and differences between the City's contribution and proportionate share of contributions	110,679	847,666	958,345	360,130	856,050	1,216,180
City's contributions subsequent to the measurement date	792,715	936,521	1,729,236			
Total	\$ 6,681,502	\$ 8,826,951	\$ 15,508,453	\$ 7,749,777	\$ 7,603,821	\$ 15,353,598

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

The City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS	Total
Plan Year Ended March 31, 2019	\$ 396,606	\$ 823,386	\$ 1,219,992
2020	301,139	742,027	1,043,166
2021	(1,733,739)	(929,370)	(2,663,109)
2022	(824,996)	(502,940)	(1,327,936)
2023		153,506	153,506
Total	<u>\$ (1,860,990)</u>	<u>\$ 286,609</u>	<u>\$ (1,574,381)</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Measurement Date	March 31, 2018	March 31, 2018
Actuarial Valuation Date	April 1, 2017	April 1, 2017
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Salary Increases	3.8%	4.5%, indexed by service
Inflation Rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.55%
Absolute return strategies*	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.25%
	<u>100.0%</u>	

* Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

F. RETIREMENT SYSTEM (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate (7.0%):

	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
City's proportionate share of the collective net pension liability/(asset)			
ERS	\$ 17,684,345	\$ 2,337,261	\$ (10,645,759)
PFRS	17,434,766	3,559,371	(8,078,829)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of all the employers participating in the Systems' as of March 31, 2018 were as follows:

Valuation Date	(Dollars in Thousands)		
	April 1, 2017		
	ERS	PFRS	Total
Employers' total pension liability	\$ 183,400,590	\$ 32,914,423	\$ 216,315,013
Plan fiduciary net position	(180,173,145)	(31,903,666)	(212,076,811)
Employers' net pension liability	<u>\$ 3,227,445</u>	<u>\$ 1,010,757</u>	<u>\$ 4,238,202</u>
Ratio of plan net position to the Employers' total pension liability	98.24%	96.90%	98.04%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS/PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions for both ERS and PFRS, as of June 30, 2018 amounted to \$1,729,236.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

G. LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

Program Description

The City established a defined benefit plan for the active volunteer firefighters of the City of Long Beach Fire Department (the "Fire Department"). The Length of Service Awards Program (the "Program") was established in 1994 and amended in 2007. The Program was established pursuant to Article 11-A of New York State General Municipal Law. The Program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The City is the sponsor and administrator of the Program.

The Program has a year end of December 31st, and an actuarial valuation is performed as of the beginning of the Program's year, January 1st for funding purposes.

Participation, vesting and service credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the Program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age or the participant is awarded a finding of total and permanent disability. The Program's entitlement age is the later of age 65 or the age after first year of service credit. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the Program in which they accumulate fifty points. Points are granted for the performance of certain activities in accordance with a system (the "Point System") established by the City on the basis of a statutory list of activities and point values. A Participant may also receive credit for five years of firefighting service (called "Prior Service") rendered prior to the establishment of the Program.

Benefits

A participant's benefit under the program is a continuous monthly payment life annuity with 10 years certain equal to \$20 multiplied by the firefighter's total number of years firefighting experience. The maximum number of years of firefighting service for which a participant may receive a contribution is twenty years.

Participants covered by the benefit terms:

Retired participants receiving benefits	11
Inactive participants entitled to, but not yet receiving benefits	78
Active participants	<u>118</u>
Total	<u><u>207</u></u>

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

G. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (continued)

Fiduciary Investment and Control

Service credit is determined based on information maintained by the Fire Department. The Fire Department must maintain all required records on forms prescribed by the City Council. The City Council has retained and designated BPAS Actuarial and Pension Service, LLC to assist in the administration of the Program. The designated Program administrator's functions include calculating the amount to be contributed at the end of each year based upon the criteria set forth in the Program document. Disbursements of Program assets for the payment of benefits or administrative expenses must be approved by the City Council and delivered to the Custodian through a payment schedule. The City Council has retained and designated Hometown Firefighters as the Custodian of the Program's assets. The Custodian shall make payments to Program participants and their beneficiaries in accordance with the payment schedule.

Program assets are required to be held in a trust by Length of Service Award Program legislation, for the purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Any payments under the program shall be made from the general assets of the sponsor (City) which general assets are subject to the claims of the creditors of the sponsor. As such, the trust assets do not meet the criteria as defined by GASB and, therefore, may not be offset against the length of service award program (LOSAP) liability.

The Service Award Program Trust Document is dated January 1994, and the trustees are the City Council. Authority to invest Program assets is vested in the City Council. Subject to restrictions in the Program document, Program assets are invested in accordance with a statutory "prudent person" rule.

The Sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is BPAS Actuarial and Pension Service, LLC. Portions of the following information are derived from a report prepared by the actuary dated April 2018.

The assumptions used in calculating the City's contribution were as follows:

Actuarial Valuation Date	January 1, 2018
Measurement Date	December 31, 2018
Actuarial cost method	Unit Credit Method
Investment rate of return	4.75%
Mortality	15CM-2015 Combined (male)
Salary increases	Not Applicable

Prior service costs are being amortized over a range of 10 to 19 years at a discount of 4.75%.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

G. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (continued)

Contributions and Administration Fees

New York State General Municipal Law Section §219-o(1) requires the Program sponsor to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution are appropriated annually by the City Board.

Amount of City's required contribution:	Minimum	\$	114,508
	Maximum	\$	142,429

Amount of City's actual contribution:		\$	114,150
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The City's contribution was pending at year end and was recorded as a receivable in the Plan.

Receipts and Disbursements

The following represents the Program's program assets as of June 30, 2018 and the changes for the year then ended.

Group annuity contracts		\$ 1,365,557	
NY SAFE (Limited Partnership at Net Asset Value)		254,226	
Receivable		114,150	
Total Net Assets Available for Benefits		<u>\$ 1,733,933</u>	
 Receipts and Disbursements			
Program Net Assets, July 1, 2017		\$ 1,789,411	
Changes during the year:			
Plan contributions		114,150	
Changes in fair market value of investments		56,055	
Plan benefit withdrawals		(219,033)	
Administrative and Other Fees/Charges		<u>(6,650)</u>	
Program Net Assets, June 30, 2018		<u>\$ 1,733,933</u>	

See Note 4.A for more information on the program assets.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

G. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (continued)

Program Liabilities, Program Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program

At June 30, 2018, the City reported a liability of \$3,026,130 for the length of service award program (LOSAP) liability.

The following information is derived from an actuarial report prepared by BPAS Actuarial and Pension Service, LLC dated December 2018 to determine the GASB Statement No. 73 liability at the City's year-end.

Program Liability - Beginning of year	\$3,116,555
Service cost	81,490
Interest	107,050
Changes in assumptions	31,324
Differences between expected and actual experience	(91,256)
Benefit payments	(219,033)
Program Liability - End of year	<u>\$3,026,130</u>

For the year ended June 30, 2018, the City recognized program expense of \$149,649 in the Statement of Activities. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 31,324	\$ 91,256
Difference between expected and actual experience	28,492	502,266
Total	<u>\$ 59,816</u>	<u>\$ 593,522</u>

These deferred outflows and inflows of resources related to the program will be recognized in program expense as follows:

For years ending June 30, 2019	\$ (43,186)
2020	\$ (43,186)
2021	\$ (43,186)
2022	\$ (43,186)
2023	\$ (43,186)
Thereafter	<u>\$ (317,776)</u>
	<u>\$ (533,706)</u>

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

G. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (continued)

Funding Methodology and Actuarial Assumptions

The assumed rate of return on investments was based upon the Fidelity 20-Year GO AA Bond Index. Update procedures were used to roll forward the liability from the actuarial valuation date to the measurement date.

The assumptions used by the actuary to determine the actuarial present value of benefits are:

Actuarial Valuation Date	January 1, 2018
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return	3.62%
Mortality	RP 2000 Combined Table Projected to 2018
Inflation rate	2.30%
Salary increases	Not Applicable

Sensitivity of the LOSAP Liability to the Discount Rate Assumption

The following presents the City's length of service award program liability calculated using the discount rate of 3.62% as well as what the program liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current assumption:

<u>One Percent Decrease</u>	<u>Current Assumption</u>	<u>One Percent Increase</u>
2.62%	3.62%	4.62%
\$ 3,701,000	\$3,026,130	\$ 2,497,000

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The City, administers in a single-employer defined benefit plan, pursuant to collective bargaining contracts with three associations a) Civil Service Employees Association, Inc., b) City of Long Beach Police Benevolent Association and c) International Association of Fire Fighters AFL-CIO Uniformed Fire Fighters Association Local 287. These contracts may be renegotiated at various times in the future.

The City, in accordance with its contract with Civil Service Employees Association, Inc., will pay 100% of the premium costs for medical insurance coverage (currently provided by the New York State Empire Plan) and life insurance coverage at retirement, provided the employee is credited with at least 15 years of service under the New York State Retirement System and is at least 55 years old; or has at least 30 years of service with the City under the New York State Retirement System.

The City, in accordance with its contract with City of Long Beach Police Benevolent Association, will pay 100% of the premium costs for medical insurance coverage (currently provided by the New York State Empire Plan), as well as life insurance coverage at retirement for the retiree and their families who is credited with 20 years of service in the New York State Policeman and Fireman's Retirement System and 15 years of service in the City of Long Beach Police Department. Upon death of the retiree, the surviving spouse and dependent children will continue to receive health and dental coverage for three years.

The City, in accordance with its contract with the International Association of Fire Fighters AFL-CIO Uniformed Fire Fighters Association Local 287, will pay 100% of the premium costs for medical insurance coverage (currently provided by the New York State Empire Plan), as well as dental and life insurance coverage at retirement for the retiree who is credited with 20 years of service in the New York State Policeman and Fireman's Retirement System and 15 years of service in the City of Long Beach Fire Department. Upon the death of the retiree, the surviving spouse and dependents will continue to receive health insurance coverage for one year.

All retirees are eligible for Medicare reimbursement in accordance with the Plan provisions. Upon death of a retiree, the City will cease to pay any portion of the health insurance premium for the surviving spouse; however, the spouse is still eligible for Medicare reimbursement.

Employees Covered by Benefit Terms

The number of employees covered by the benefit terms as of July 1, 2017, the effective date of the most recent OPEB valuation is as follows:

Active employees	328
Inactive employees or beneficiaries currently receiving benefit payments	<u>244</u>
Total	<u><u>572</u></u>

There have been no significant changes in the number of employees or the type of coverage since that date. The City, as administrator of the plan, does not issue a separate report.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Total OPEB Liability

The City's total OPEB liability of \$136,842,046 was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2017.

Funding Policy

The City currently pays for other postemployment benefits on a pay-as-you-go basis.

Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The total OPEB liability in the July 1, 2017 and July 1, 2016 valuations were determined using the following actuarial assumptions and other inputs:

Measurement Date - July 1, 2017

Salary increases	2.00%
Discount rate	3.60%
Healthcare cost trend rates	7.5% for 2018, decreasing 0.5 percent per year to an ultimate rate of 5.0% in 2023
Cost Method	Entry Age Normal Cost
Mortality	RP 2014 mortality table - projected to current yesing Scale MP 2014

Measurement Date - July 1, 2016

Salary increases	2.00%
Discount rate	2.85%
Healthcare cost trend rates	8.0% for 2017, decreasing 0.5 percent per year to an ultimate rate of 5.0% in 2023
Retirees' share of benefit-related costs	50% for single coverage and 65% for dependent coverage
Cost Method	Entry Age Normal Cost
Mortality	RP 2014 mortality table - projected to current yesing Scale MP 2014

The discount rate used was based on the Bond Buyer GO-20 municipal bond index as of the measurement date.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Changes in the Total OPEB Liability

The following table shows the components of the City's other postemployment benefits liability:

Balance at June 30, 2017- as originally reported	\$ 53,115,829
Cumulative effect of implementing GASB Statement No. 75	105,756,226
Balance as restated at measurement	<u>158,872,055</u>
Changes for the year:	
Service cost	6,044,078
Interest	5,311,125
Differences between expected and actual experience	(517,490)
Changes of assumptions or other inputs	(29,042,133)
Benefit payments	<u>(3,825,589)</u>
Net Changes	<u>(22,030,009)</u>
Balance at June 30, 2018	<u>\$ 136,842,046</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.6%) or 1-percentage-point higher (4.6%) than the current discount rate:

	One Percent Decrease (2.6%)	Current Discount Rate (3.6%)	One Percent Increase (4.6%)
Total OPEB liability	\$ 160,374,786	\$ 136,842,046	\$ 117,828,704

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current discount rate:

	One Percent Decrease (Starts at 6.5% to 4%)	Healthcare Cost Trend Rates (Starts at 7.5% to 5%)	One Percent Increase (Starts at 8.5% to 6%)
Total OPEB liability	\$ 106,024,588	\$ 136,842,046	\$ 178,988,803

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$8,070,800. At June 30, 2018, the City reported deferred outflows or inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 459,991
Changes of assumptions		25,815,229
City's contributions subsequent to the measurement date	\$ 3,559,661	
Total	\$ 3,559,661	\$ 26,275,220

The City's contributions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For years ending June 30, 2019	\$ 3,284,403
2020	3,284,403
2021	3,284,403
2022	3,284,403
2023	3,284,403
Thereafter	9,853,205
	\$ 26,275,220

A copy of the City of Long Beach Other Postemployment Benefits Valuation is available by contacting the City of Long Beach, Office of Comptroller, Long Beach, New York.

I. ACCRUED LIABILITIES

Long-term accrued liabilities consist of compensated absences, accrued payroll and amounts owed to Nassau County, New York for tuition chargeback costs pertaining to the years 2004-2009.

Compensated Absences

City employees are granted vacation and sick leave and earn compensatory absences in varying amounts, the terms of which must comply with the current collective bargaining agreements. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave and compensatory absences, subject to certain limitations.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. DETAIL NOTES ON ALL FUNDS (continued)

I. ACCRUED LIABILITIES (continued)

Compensated Absences (continued)

Estimated vacation, sick leave, and compensatory absences accumulated by governmental employees have been recorded in the statement of net position. Payment of vacation, sick leave, and compensatory absences is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave, and compensatory absences when such payments become due. As of June 30, 2018, the value of the City's accumulated vacation, sick leave, and compensatory absences for governmental activities was \$31,118,160 which has been recorded in the statement of net position.

Accrued Payroll

In accordance with a stipulation of agreement entered into with a labor contract, the equivalent of ten days of pay was withheld from each employee during the years ended June 30, 2013 and 2014. This liability is payable upon the employee's separation from employment at the rate of pay at time of such separation. As of June 30, 2018, the liability totaled \$1,323,879 which has been recorded in the statement of net position.

Tuition Chargebacks

In June 2015, Nassau County informed the City that they owed \$350,962 in tuition chargebacks which represents the payments the County made for students residing in the City who attended the Fashion Institute of Technology (the "FIT") for the years 2004 through 2009. These charges are currently in dispute and therefore the City included them within long-term debt. As of June 30, 2018, this liability has been recorded in the statement of net position.

5. TAX ABATEMENT PROGRAMS

The City is subject to real property tax abatements granted by the Nassau County Industrial Development Agency ("NCIDA"), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and an industry base to prevent unemployment. Generally, a qualified project is an applicant submitted project which meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of NCIDA issued bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. The NCIDA is authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. In 2018, the agreements the NCIDA ratified in the current and previous years, resulted in abatements of \$131,238 and \$76,050 of the City's general and sanitation real property taxes, respectively and the receipt of \$131,238 in PILOT payments.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

In common with other municipalities, the City receives numerous notices of claims. During this reporting period the City was self-insured for the first \$500,000 per general liability including law enforcement liability occurrence and for the first \$150,000 public officials and employment practices liability occurrences and carried excess liability insurance coverage of \$4,000,000 per occurrence with a \$8,000,000 annual aggregate and is self-insured for claims under the self-insurance retention and above this threshold. The Fire Department has first dollar coverage. Automobile claims were subject to a \$10,000 self-insured retention, however, the policy provided for a potential refund of the premium paid based on the claims experience during the policy period. Although the eventual outcome of these claims cannot presently be determined, the City has estimated unsettled claims and litigation to be \$3,587,952, which is included in the claims and judgments payable in the government-wide financial statements and in the risk retention fund, which is an internal service fund.

The City is self-insured for property protection on the first \$25,000 per loss with insurance protection coverage of up to \$25,000,000. The City is self-insured for machinery and equipment protection on the first \$25,000 per loss with insurance protection coverage of up to \$72,720,530.

Through June 30, 2007, the City was self-insured with respect to workers' compensation insurance. Subsequent to that date, the City purchased insurance through a group self-insured program in order to minimize the costs. Under this policy, the City's coverage is unlimited.

In accordance with General Municipal Law, section 207-a, the City is required to compensate retired firemen who are injured or suffered illness in performance of their duties, their regular salary less any retirement allowance received. The City is self-insured for this and the liability of \$3,142,341 is included in the workers' compensation liability below.

The City established a risk retention fund, which is an internal service fund, to account for the general liability and workers' compensation claims activity. The risk retention fund is funded by charges to the City's other funds.

There have been no significant reductions in insurance coverage as compared to the prior year, and, other than the resolution agreement which established a date for the City to comply with the judgment rendered in the Matter of Marshall Starkman v. City of Long Beach, Index No. 16834/10, 2d Dept. No. 2015-01328, there were no settlements in excess of insurance coverage over the last three years.

Changes in the liability for claims and judgments for the years ended June 30, 2018 and 2017, is as follows:

	Workers' Compensation		General Liability	
	2018	2017	2018	2017
Unpaid claims as of July 1,	\$ 4,403,995	\$ 4,750,838	\$ 6,737,222	\$ 5,427,479
Incurred Claims including IBNR	479,506		400,072	280,195
Changes to prior years estimates	1,535	303,066	(795,517)	1,183,991
Payments of claims	(571,610)	(649,909)	(2,753,826)	(154,443)
Unpaid Claims as of June 30,	<u>\$ 4,313,426</u>	<u>\$ 4,403,995</u>	<u>\$ 3,587,951</u>	<u>\$ 6,737,222</u>

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. COMMITMENTS AND CONTINGENCIES (continued)

B. TAX CERTIORARI PROCEEDINGS AND GRIEVANCES

From time to time, the City is involved in tax certiorari proceedings and grievances under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. The amount refunded to City taxpayers as a result of tax certiorari proceedings and grievances was \$207,886 during the year ended June 30, 2018. As of June 30, 2018, the liability totaled \$163,340 which has been recorded in the statement of net position.

C. CONSTRUCTION AND OTHER CAPITAL ACQUISITION COMMITMENTS

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$5,827,904 are recorded as encumbrances in the capital projects fund and \$784,001 are recorded as encumbrances in the FEMA fund. These commitments are recorded as a portion of restricted fund balance in the captions capital projects and long-term receivables, for the capital projects fund and FEMA fund, respectively.

D. LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City, except as noted below.

Eminent Domain

In April 2006, the City of Long Beach acquired, via eminent domain, individual parcels of land collectively comprising 6 acres of land on the oceanfront between Long Beach Boulevard and Riverside Boulevard ("Superblock property"). Two of the property holders who owned various parcels of land challenged the valuations and amounts of the advance payments made on the April 18, 2006 taking date. In October 2012, the Nassau County Supreme Court rendered two decisions and two judgments in favor of the property owners. In January 2015, the Appellate Division, Second Department, issued two separate decisions which upheld these judgments.

In September 2015, the New York State Court of Appeals denied the City's appeal of the Second Department's decisions. The claims associated with these judgments are estimated to total between \$19 and \$22 million. Together with \$2.5 million in available escrowed funds, \$15.6 million proceeds of bond anticipation notes issued by the City in February 2016 were used to finance payments totaling \$18.1 million to the plaintiffs and thereby provide funding for the first and largest phase of the claims associated with this litigation. Of the two separate claims for attorneys' fees, one is still in appeal. The other, attorneys' fees award, for approximately \$1.745 million, was affirmed on appeal, and the corresponding judgment has since been satisfied by the City.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. COMMITMENTS AND CONTINGENCIES (continued)

D. LITIGATION (continued)

Zoning Board of Appeals

In 2002, a commercial real estate developer commenced litigation that claims the City has improperly prevented it from building certain residential cooperative towers on the City's waterfront on Shore Road. The Plaintiffs/Petitioners are seeking both zoning relief and money damages. In March 2015, the trial court (Supreme Court of the State of New York, County of Nassau) granted the plaintiffs' motion seeking a default judgment against the City and the Zoning Board of Appeals of the City of Long Beach ("ZBA"). The individual ZBA members were dismissed from the action shortly thereafter. Both parties filed appeals. On July 19, 2017, the Appellate Division, Second Department issued two separate decisions in favor of the Plaintiffs/Petitioners. Accordingly, the individual ZBA defendants were reinstated as parties, and the default judgment (against all Defendants/Respondents) was affirmed. Upon remand, the trial court is expected to schedule a damages inquest during 2019. While the plaintiffs are claiming approximately \$55 million in damages, the amount the City may ultimately be liable for cannot be determined at this time as actual damages need to be established at the damages inquest, and are based on alleged losses suffered by the Plaintiffs/Petitioners. Accordingly, no amount has been accrued in the financial statements.

iStar Financial

iStar Financial, Inc. ("iStar"), through its wholly-owned subsidiary, Shore Road-Long Beach Superblock LLC (collectively, "iStar"), the owner and developer of the "Superblock" property in Long Beach, has long threatened to institute a breach-of-contract action (stemming from a January 2014 settlement agreement) seeking approximately \$105 million in damages.

On August 3, 2017, a CPLR Article 78 Petition was filed against the ZBA, the City's Building Commissioner, and iStar, by several residents (led by James Kirklin) who sought to annul the Long Beach Building Commissioner's issuance of a permit to iStar. In the alternative, Petitioners sought to compel the ZBA to place the matter on its calendar to review of the Building Commissioner's permit, and to examine whether the ZBA's variance (originally issued in February 2014) expired by its own terms. Subsequently, the Supreme Court of the State of New York, County of Nassau, issued a decision on January 22, 2018, which remanded this matter to the ZBA. Consequently, the ZBA conducted a court-ordered hearing on April 10, 2018. On May 16, 2018, iStar filed its long-awaited \$105 million lawsuit against the City (alleging breach of contract) and the Long Beach Local Development Corporation (a separate corporate entity).

On May 24, 2018, the ZBA voted unanimously to revoke iStar's existing permit (see above). The ZBA subsequently issued findings of fact, and, on June 21, 2018, iStar filed an Article 78 petition challenging the ZBA's decision. Subsequently, Kirklin filed a notice of discontinuance which released the ZBA and Building Commissioner in the first matter. Thereafter, the ZBA filed a motion to dismiss wherein it alleged that iStar failed to name a necessary party to the proceeding, and requesting the dismissal of the action on the ground that the ZBA's decision was rational. On December 13, 2018, the Court ruled in favor of the City by upholding the ZBA's decision in its entirety. In addition, the Court permitted the release of the City from the Kirklin matter. If this decision is affirmed after iStar's (anticipated) appeal, the City expects that it will have a major impact on iStar's separate \$105 million case, as most of the damages alleged therein stem from iStar's claim for lost profits, on a project that they now lack permission to build.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. COMMITMENTS AND CONTINGENCIES (continued)

E. GRANTS

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

F. OTHER

The City's employees are represented by four collective bargaining agreements: Civil Service Employees Association, Police Benevolent Association, Commanding Officers Associations and the Long Beach Professional Firefighters Association. The Police Benevolent Association agreement expired June 30, 2016 and the parties are now engaged in an interest arbitration. A decision is expected in the next four (4) to six (6) months. The Long Beach Professional Firefighters Association agreement expired on June 30, 2010. The Commanding Officers Association agreement is still in negotiations. At this point in time, the City is unable to determine the potential outcome of the settlement of these contracts and is therefore unable to estimate the potential impact it may have on the financial statements. See subsequent events in Note 8.B for additional information.

7. RESTATEMENT AND EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE ON CURRENT PERIOD FINANCIAL STATEMENTS

For the year ended June 30, 2018, the City adopted, GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The implementation of the Statement resulted in the retroactive reporting of a liability related to the City's OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability) and the related deferred outflow of resources. In the government-wide statements, the City's July 1, 2017 governmental activities net position was restated by the City's OPEB liability \$105,756,226 net of deferred outflows of resources for OPEB of \$3,825,589 which increased the negative net position by \$101,930,637 from \$60,587,325 to \$162,517,962.

8. SUBSEQUENT EVENTS

A. DEBT ISSUANCES

In February 2019, the City issued \$10,845,000 million in refunding serial bonds to refund up to \$1,485,000 of outstanding principal of public improvement serial bonds 2007 and up to \$10,835,000 of outstanding principal of public improvement serial bonds 2010. The refunding serial bonds mature in January 2030 and bear interest rates ranging from 3.0% to 5.0%.

In February 2019, the City issued \$24,789,389 in bond anticipation notes (2019 Series A) which bore an interest rate of 2.75% maturing in September 2019. The purposes of the proceeds in the amount of \$17,141,000, along with \$1,150,000 in available funds will be used to redeem the City's bond anticipation notes 2018 Series A at maturity and renew financing for various capital purchases. A portion of the proceeds in the amount of \$7,648,389 will be used to provide original financing for various capital projects.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. SUBSEQUENT EVENTS (continued)

B. COLLECTIVE BARGAINING AGREEMENTS

The City's contract with The Patrolmen's Benevolent Association of Long Beach ("PBA"), which covers approximately 64 employees, is awaiting the results of recent interest arbitration.

9. NEW PRONOUNCEMENTS

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB) and are to be implemented in future years:

Statement No. 83, "*Certain Asset Retirement Obligations*," the objective of which is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of the new Statement become effective for the City for the year ended June 30, 2019.

Statement No. 84, "*Fiduciary Activities*," the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of the new Statement become effective for the City for the year ending June 30, 2020.

Statement No. 87, "*Leases*," requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the City for the year ending June 30, 2020.

Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*," the objective of which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement 1) defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established, 2) requires that additional information related to debt be disclosed, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses, and 3) requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the City for the year ending June 30, 2019.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

9. NEW PRONOUNCEMENTS (continued)

Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*," the objectives of which are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for the City for the year ending June 30, 2021.

Statement No. 90, "*Majority Equity Interests - an Amendment of GASB Statements No. 14 and 61*" provides guidance regarding the accounting and financial reporting of a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for the City for the year ending June 30, 2020.

The City is currently evaluating the impact, if any, of the above pronouncements.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Major Governmental Funds and Schedules
Schedule of Changes in the Total Other Postemployment Benefit (OPEB) Liability
and Related Ratios
Schedule of Pension Liability - Length of Service Award Program (LOSAP)
Schedule of Proportionate Share of the Net Pension Liability
Schedule of Pension Contributions

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and the FEMA funds are budgeted on a project or grant basis.

CITY OF LONG BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Real Property Taxes				
Real property taxes	\$ 36,693,869	\$ 36,693,869	\$ 36,567,744	\$ (126,125)
Total Real Property Taxes	36,693,869	36,693,869	36,567,744	(126,125)
Other Real Property Tax Items				
Payment in lieu of taxes	220,000	220,000	272,486	52,486
Interest and penalties on real property tax	272,500	272,500	188,004	(84,496)
Total Other Real Property Tax Items	492,500	492,500	460,490	(32,010)
Non-Property Tax Items				
Sales tax revenues	4,045,000	4,045,000	4,178,455	133,455
Utilities gross receipts tax	700,000	700,000	468,053	(231,947)
Franchise fees	875,000	875,000	853,710	(21,290)
Total Non-Property Tax Items	5,620,000	5,620,000	5,500,218	(119,782)
Departmental Income				
Civil service charges	85,000	85,000	88,506	3,506
Clerk fees	110,000	110,000	97,657	(12,343)
Other general fees	11,650	11,650	14,352	2,702
Emergency tenant protection act fees	7,260	7,260	5,844	(1,416)
Police fees	730,000	730,000	110,249	(619,751)
Fire and automatic alarm fees	140,000	140,000	99,581	(40,419)
Clean lots and secure buildings	15,000	15,000	12,883	(2,117)
Sidewalk and curb charges	20,000	20,000	1,604	(18,396)
Recreation fees	1,592,500	1,592,500	1,337,238	(255,262)
Ambulances charges	1,100,000	1,100,000	1,089,960	(10,040)
Data processing fees	800	800	800	-0-
Parking, meters and gate access fees	186,166	186,166	176,585	(9,581)
Bus passenger fees	475,000	475,000	364,734	(110,266)
Beach charges	4,980,827	4,980,827	4,318,612	(662,215)
Long Beach arena fees	767,500	767,500	704,746	(62,754)
Other recreational charges	185,000	215,000	138,500	(76,500)
Youth services	1,058,975	1,058,975	1,044,495	(14,480)
Community Center activities	5,000	5,000	5,250	250
Zoning and planning board	53,550	53,550	48,181	(5,369)
Memorial Garden fees	1,225	1,225	1,225	-0-
Refuse and garbage charges	9,448,598	9,448,598	9,328,995	(119,603)
Commercial sanitation fees	670,000	670,000	601,497	(68,503)
Total Departmental Income	21,644,051	21,674,051	19,591,494	(2,082,557)
Intergovernmental Charges				
Fire protection and dispatching services	205,088	205,088	205,758	670
Health and inspection services - Nassau County	25,000	25,000	22,861	(2,139)
Transit services - Nassau County	75,000	75,000	225,000	150,000
Housing inspections	30,000	30,000	30,000	-0-
Total Intergovernmental Charges	335,088	335,088	483,619	148,531

(continued)

CITY OF LONG BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
(continued)				
Use of Money and Property				
Interest earnings	50,000	50,000	125,386	75,386
Interest earnings - interfund balances	15,000	15,000	27,531	12,531
Transportation advertising fees	70,000	70,000	110,942	40,942
Banner advertising fees	12,000	12,000	19,779	7,779
Vending machine	5,000	5,000	9,562	4,562
Rental of real property	478,870	478,870	427,406	(51,464)
Interest and penalties	6,000	6,000	7,917	1,917
Total Use of Money and Property	<u>636,870</u>	<u>636,870</u>	<u>728,523</u>	<u>91,653</u>
Licenses and Permits				
Business and occupational licenses	1,300,000	1,300,000	1,468,539	168,539
Street opening permits	140,000	140,000	141,772	1,772
Plumbing permits	150,000	150,000	121,566	(28,434)
Dog licenses	3,000	3,000	4,632	1,632
Marriage licenses	3,000	3,000	2,698	(302)
Other	1,299,000	1,299,000	333,746	(965,254)
Total Licenses and Permits	<u>2,895,000</u>	<u>2,895,000</u>	<u>2,072,953</u>	<u>(822,047)</u>
Fines and Forfeitures				
Fines and forfeited bail	530,000	530,000	409,293	(120,707)
Seized property and unclaimed property	20,000	20,000	7,520	(12,480)
Handicapped parking education	3,500	3,500	1,620	(1,880)
Court fees	475,000	475,000	368,836	(106,164)
Total Fines and Forfeitures	<u>1,028,500</u>	<u>1,028,500</u>	<u>787,269</u>	<u>(241,231)</u>
Sales of Property and Compensation for Loss				
Insurance recoveries	250,000	250,000	265,425	15,425
Sale of equipment	50,000	50,000	76,191	26,191
Minor sales	65,000	65,000	49,195	(15,805)
Other compensation for loss	5,000	5,000	2,655	(2,345)
Total Sale of Property and Compensation for Loss	<u>370,000</u>	<u>370,000</u>	<u>393,466</u>	<u>23,466</u>
Miscellaneous Local Sources				
Refund of prior year's expenditures	25,000	25,000	80,891	55,891
Gifts and donations	435,000	449,023	363,292	(85,731)
Employee health insurance contributions	132,500	132,500	114,920	(17,580)
Other	51,750	106,075	52,788	(53,287)
Total Miscellaneous Local Sources	<u>644,250</u>	<u>712,598</u>	<u>611,891</u>	<u>(100,707)</u>

(continued)

CITY OF LONG BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
Interfund Revenues	565,000	565,000	-0-	(565,000)
State and Local Aid				
Per capita	3,152,704	3,152,704	3,152,704	-0-
Mortgage tax	1,300,000	1,300,000	1,398,661	98,661
Court facilities aid	62,908	62,908	66,745	3,837
Public safety grants	74,000	91,850	6,150	(85,700)
Bus operations	900,000	900,000	920,502	20,502
CHIPs grant	396,000	396,000	597,937	201,937
Youth, elderly and out of school program	9,294	9,294	2,781	(6,513)
Other	349,770	349,770	10,300	(339,470)
Total State and Local Aid	6,244,676	6,262,526	6,155,780	(106,746)
Federal Aid				
Youth services	20,000	20,000	12,637	(7,363)
Mass transit	340,000	450,120	428,384	(21,736)
Transit preventative maintenance	201,200	201,200	80,000	(121,200)
Community development block grant	-0-	-0-	2,248	2,248
Other	50,000	50,000	10,141	(39,859)
Total Federal Aid	611,200	721,320	533,410	(187,910)
Total Revenues	\$ 77,781,004	\$ 78,007,322	\$ 73,886,857	\$ (4,120,465)

(continued)

CITY OF LONG BEACH
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
EXPENDITURES				
Current:				
General Government Support				
City council	\$ 107,799	\$ 107,799	\$ 107,387	\$ 412
Traffic violation bureau	66,000	66,000	62,957	3,043
City manager	332,293	177,549	175,134	2,415
City comptroller	713,992	614,689	612,565	2,124
Tax receiver	194,171	194,171	192,228	1,943
Purchasing	200,405	168,739	163,349	5,390
Tax assessor	252,002	252,002	246,764	5,238
Credit card fees	75,000	59,537	59,537	-0-
City clerk	330,413	322,699	311,046	11,653
Legal counsel	1,132,075	1,312,842	1,312,621	221
Civil service	264,594	254,806	229,999	24,807
Buildings	596,092	596,092	559,176	36,916
Public works	1,449,510	1,505,578	1,351,068	154,510
Municipal building	897,867	995,973	995,543	430
Central garage	1,764,345	1,770,203	1,677,204	92,999
Central administration services	545,218	416,030	364,864	51,166
Central data processing	594,028	553,081	498,830	54,251
Other expenditures	124,500	124,500	94,182	30,318
Unallocated insurance	925,000	925,000	855,553	69,447
Refunds of real property taxes	622,500	622,500	207,886	414,614
Metropolitan commuter transportation mobility tax	123,673	129,656	129,656	-0-
Termination payments	1,500,000	1,707,799	1,707,799	-0-
Publicity	158,938	154,898	148,298	6,600
Self insurance	564,274	380,269	380,269	-0-
Contingency	541,549	-0-	-0-	-0-
Total General Government Support	<u>14,076,238</u>	<u>13,412,412</u>	<u>12,443,915</u>	<u>968,497</u>
Education				
Community college chargeback	350,000	350,000	316,345	33,655
College reimbursements	4,000	4,000	3,450	550
Total Education	<u>354,000</u>	<u>354,000</u>	<u>319,795</u>	<u>34,205</u>
Public Safety				
Police department	13,120,598	13,825,405	13,825,093	312
Fire department	3,488,470	3,454,232	3,453,816	416
Traffic control	150,000	148,494	148,494	-0-
Auxiliary police	23,500	23,000	22,589	411
Animal control	116,965	120,160	119,906	254
Total Public Safety	<u>16,899,533</u>	<u>17,571,291</u>	<u>17,569,898</u>	<u>1,393</u>

(continued)

CITY OF LONG BEACH
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
Transportation				
Bus transportation	1,732,634	1,731,481	1,630,301	101,180
Street lighting	195,000	192,587	185,994	6,593
Snow removal	255,000	267,840	267,839	1
Other transportation	32,250	32,250	3,160	29,090
Total Transportation	<u>2,214,884</u>	<u>2,224,158</u>	<u>2,087,294</u>	<u>136,864</u>
Economic Assistance and Opportunity				
Economic development	268,497	298,822	211,751	87,071
Veterans services	-0-	10,022	10,022	-0-
Total Economic Assistance and Opportunity	<u>268,497</u>	<u>308,844</u>	<u>221,773</u>	<u>87,071</u>
Culture and Recreation				
Recreation	3,600,009	3,729,795	3,729,701	94
Lifeguards	1,389,000	1,470,856	1,470,795	61
Beach park	629,500	602,992	599,397	3,595
Youth and family services	730,166	683,600	682,598	1,002
MLK childcare center	-0-	6,326	6,310	16
Magnolia community center	432,055	411,532	411,497	35
Celebrations	240,000	340,909	340,907	2
Arts council	19,030	33,053	31,853	1,200
Performing arts	55,350	50,064	50,063	1
Recreation program for the aging	1,800	-0-	-0-	-0-
Total Culture and Recreation	<u>7,096,910</u>	<u>7,329,127</u>	<u>7,323,121</u>	<u>6,006</u>
Home and Community Services				
Zoning	67,400	54,325	54,324	1
Sanitation	4,304,511	4,237,802	4,237,217	585
Street maintenance	1,552,788	1,459,355	1,459,044	311
Beach maintenance	2,029,691	2,256,259	2,256,106	153
Shade trees	35,000	63,843	63,842	1
Conservation recycling	10,000	25,068	25,067	1
Emergency tenants protection act	6,050	5,060	5,060	-0-
Other	12,500	12,500	12,296	204
Total Home and Community Services	<u>8,017,940</u>	<u>8,114,212</u>	<u>8,112,956</u>	<u>1,256</u>
Employee Benefits				
State retirement	2,900,000	2,657,653	2,657,653	-0-
Fire service award program	97,500	223,351	223,351	-0-
Police and fire retirement	3,950,000	3,798,899	3,798,899	-0-
Social security	2,782,652	2,782,652	2,558,340	224,312
Life insurance	115,000	115,000	103,082	11,918
Unemployment insurance	35,000	35,000	31,121	3,879
Disability	4,750	4,750	4,153	597
Hospital and medical insurance	11,010,000	10,898,996	10,848,588	50,408
Firefighters' supplemental benefit- self insurance charge	416,768	277,299	277,298	1
Workers' compensation - self insurance charge	2,038,958	2,143,194	2,143,194	-0-
Other fringe benefits	130,000	130,000	122,508	7,492
Total Employee Benefits	<u>23,480,628</u>	<u>23,066,794</u>	<u>22,768,187</u>	<u>298,607</u>

(continued)

CITY OF LONG BEACH
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
Debt Service				
Debt issuance costs	90,000	124,872	124,572	300
Total Debt Service	90,000	124,872	124,572	300
Total Expenditures	72,498,630	72,505,710	70,971,511	1,534,199
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,282,374	5,501,612	2,915,346	(2,586,266)
Other Financing Sources (Uses)				
Debt proceeds	1,620,000	1,620,000	-0-	(1,620,000)
Transfers in	1,560,325	1,560,325	1,326,003	(234,322)
Transfers out	(9,300,244)	(9,519,482)	(9,455,104)	64,378
Total Other Financing Sources (Uses)	(6,119,919)	(6,339,157)	(8,129,101)	(1,789,944)
Net Change in Fund Balance	<u>\$ (837,545)</u>	<u>\$ (837,545)</u>	(5,213,755)	<u>\$ (4,376,210)</u>
Fund Balance at Beginning of Year			8,364,799	
Fund Balance at End of Year			<u>\$ 3,151,044</u>	

CITY OF LONG BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
WATER FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Departmental income	\$ 4,938,826	\$ 4,938,826	\$ 4,698,722	\$ (240,104)
Licenses and permits	250,000	250,000	127,250	(122,750)
Sales of property and compensation for loss	75,000	75,000	83,477	8,477
Miscellaneous local sources	-0-	-0-	2,250	2,250
Total Revenues	<u>5,263,826</u>	<u>5,263,826</u>	<u>4,911,699</u>	<u>(352,127)</u>
EXPENDITURES				
Current:				
General government support	178,027	162,703	150,586	12,117
Home and community services	2,523,122	2,611,275	2,566,374	44,901
Employee benefits	1,744,573	1,667,029	1,581,772	85,257
Debt service:				
Debt issuance costs	5,000	5,079	5,078	1
Total Expenditures	<u>4,450,722</u>	<u>4,446,086</u>	<u>4,303,810</u>	<u>142,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>813,104</u>	<u>817,740</u>	<u>607,889</u>	<u>(209,851)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	50,000	(10,000)
Transfers out	(1,023,189)	(1,027,825)	(1,006,811)	21,014
Total Other Financing Sources (Uses)	<u>(963,189)</u>	<u>(967,825)</u>	<u>(956,811)</u>	<u>11,014</u>
Net Change in Fund Balance	<u>\$ (150,085)</u>	<u>\$ (150,085)</u>	<u>(348,922)</u>	<u>\$ (198,837)</u>
Fund Balance at Beginning of Year			<u>1,334,891</u>	
Fund Balance at End of Year			<u>\$ 985,969</u>	

CITY OF LONG BEACH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SEWER FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Departmental income	\$ 5,318,782	\$ 5,318,782	\$ 5,118,015	\$ (200,767)
Intergovernmental charges	550,000	550,000	586,550	36,550
Licenses and permits	50,000	50,000	28,500	(21,500)
Miscellaneous local sources	-0-	-0-	315	315
Total Revenues	<u>5,918,782</u>	<u>5,918,782</u>	<u>5,733,380</u>	<u>(185,402)</u>
EXPENDITURES				
Current:				
General government support	182,326	179,260	168,265	10,995
Home and community services	2,609,298	2,608,338	2,568,106	40,232
Employee benefits	1,567,333	1,527,614	1,457,711	69,903
Debt service:				
Interest - interfund	15,000	27,531	27,531	-0-
Debt issuance costs	11,000	14,066	14,066	-0-
Total Expenditures	<u>4,384,957</u>	<u>4,356,809</u>	<u>4,235,679</u>	<u>121,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,533,825</u>	<u>1,561,973</u>	<u>1,497,701</u>	<u>(64,272)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	208,440	208,440	-0-	(208,440)
Transfers in	50,000	50,000	50,000	-0-
Transfers out	(1,792,265)	(1,820,413)	(1,778,890)	41,523
Total Other Financing Sources (Uses)	<u>(1,533,825)</u>	<u>(1,561,973)</u>	<u>(1,728,890)</u>	<u>(166,917)</u>
Net Change in Fund Balances	<u>\$ -0-</u>	<u>\$ -0-</u>	(231,189)	<u>\$ (231,189)</u>
Fund Balance at Beginning of Year			<u>593,340</u>	
Fund Balance at End of Year			<u>\$ 362,151</u>	

CITY OF LONG BEACH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS
June 30, 2018

Fiscal Year End	Measurement Date	Total OPEB Liability - Beginning of the Period	Service cost	Interest on Total OPEB Liability	Differences between expected and actual experience	Changes in benefit terms	Changes of assumptions or other inputs	Benefit payments	Total OPEB Liability - End of the Period	Covered-employee payroll	Total OPEB Liability as a Percentage of Covered-employee Payroll
June 30, 2018	July 1, 2017	\$ 158,872,055	\$ 6,044,078	\$ 5,311,125	\$ (517,490)	\$ -0-	\$ (29,042,133)	\$ (3,825,589)	\$ 136,842,046	\$ 27,053,772	505.82%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay other postemployment benefits (OPEB).

The City currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2018	3.60%	(July 1, 2017 measurement date)
2017	2.85%	(July 1, 2016 measurement date)

Information prior to June 30, 2018 is not available.

CITY OF LONG BEACH
SCHEDULE OF PENSION LIABILITY - LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
June 30, 2018

Measurement date	June 30, 2018	June 30, 2017
Total pension liability		
Service cost	\$ 81,490	\$ 117,918
Interest	107,050	100,865
Changes in assumptions	31,324	(543,277)
Differences between expected and actual experience	(91,256)	30,818
Benefit payments	(219,033)	(88,107)
Total pension liability - beginning of year	3,116,555	3,498,338
Total pension liability - end of year	\$ 3,026,130	\$ 3,116,555
Covered payroll	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A

Notes:

There are no assets accounted in a trust which meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

The above information is based on a June 30, measurement date. Information for the years prior to 2017 was not available. Additional years will be included as information becomes available.

Covered payroll and total pension liability as a percentage of covered payroll is not applicable as since the the participants are volunteer firefighters.

There was a change in the discount rate assumption as follows:

June 30, 2017 measurement date	3.62%
June 30, 2017 measurement date	3.56%
June 30, 2016 measurement date	2.92%

Information prior to June 30, 2017 is not available.

CITY OF LONG BEACH
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2018

NYSERS	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability	0.0724183%	0.0744609%	0.0699281%	0.0718696%	0.0718696%
City's proportionate share of the net collective pension liability	\$ 2,337,261	\$ 6,996,508	\$ 11,223,658	\$ 2,427,932	\$ 3,247,688
City's covered-employee payroll	\$ 19,367,029	\$ 19,119,593	\$ 19,336,743	\$ 19,487,079	\$ 18,128,634
City's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	12.07%	36.59%	58.04%	12.46%	17.91%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	98.24%	94.70%	90.70%	97.90%	97.20%
 NYSPPRS	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>
City's proportion of the collective net pension liability	0.3521491%	0.3785813%	0.4112679%	0.4991109%	0.4991109%
City's proportionate share of the net collective pension liability	\$ 3,559,371	\$ 7,846,672	\$ 12,176,768	\$ 1,373,851	\$ 2,077,846
City's covered-employee payroll	\$ 14,346,916	\$ 14,145,939	\$ 14,693,135	\$ 13,371,240	\$ 19,337,631
City's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	24.81%	55.47%	82.87%	10.27%	10.75%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	96.90%	93.50%	90.20%	99.00%	98.50%

Note - Amounts presented are based on the fiscal year related to the measurement date of March 31st.

Information prior to March 31, 2014 is not available.

CITY OF LONG BEACH
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2018

ERS						
Year Ended June 30,	Contractually required contributions	Contributions recognized by the plan in relation to the contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2018	\$ 2,778,423	\$ 2,778,423	\$ -0-	\$ 19,172,110	14.49%	
2017	2,955,514	2,955,514	-0-	21,090,672	14.01%	
2016	2,838,886	2,838,886	-0-	19,464,644	14.58%	
2015	3,279,122	2,313,080	966,042	18,865,565	12.26%	
2014	2,825,538	2,110,802	714,736	18,540,953	11.38%	
2013	3,807,300	2,282,468	1,524,832	18,654,306	12.24%	
2012	2,543,976	1,958,429	585,547	19,420,533	10.08%	
2011	2,034,790	2,034,790	-0-	17,950,829	11.34%	
2010	1,492,709	1,492,709	-0-	19,844,576	7.52%	
2009	1,335,179	1,335,179	-0-	16,430,358	8.13%	

PFRS						
Year Ended June 30,	Contractually required contributions	Contributions recognized by the plan in relation to the contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2018	\$ 3,279,619	\$ 3,279,619	\$ -0-	\$ 14,350,635	22.85%	
2017	3,367,397	3,367,397	-0-	15,536,046	21.67%	
2016	2,230,796	2,230,796	-0-	14,748,194	15.13%	
2015	5,654,269	3,512,074	2,142,195	14,917,504	23.54%	
2014	3,809,143	3,000,027	809,116	18,763,096	15.99%	
2013	3,437,619	2,809,075	628,544	13,325,362	21.08%	
2012	2,894,346	2,681,353	212,993	14,386,088	18.64%	
2011	2,355,257	2,355,257	-0-	13,299,109	17.71%	
2010	1,757,840	1,757,840	-0-	10,816,952	16.25%	
2009	1,903,100	1,903,100	-0-	13,221,427	14.39%	

Note - amounts presented are based on the City's fiscal year, June 30th

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund

CITY OF LONG BEACH
SCHEDULE OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$ 38,223	\$ 38,223
Miscellaneous local sources			39,475	39,475
Total Revenues	\$ -0-	\$ -0-	77,698	77,698
EXPENDITURES				
Debt Service:				
Principal - serial bonds	8,553,120	8,415,313	7,668,500	746,813
Interest - serial bonds	2,912,155	2,912,155	2,628,224	283,931
Principal - capital leases	320,996	401,803	401,803	-0-
Interest - capital leases	113,581	113,581	96,229	17,352
Total Expenditures	11,899,852	11,842,852	10,794,756	1,048,096
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(11,899,852)	(11,842,852)	(10,717,058)	1,125,794
OTHER FINANCING SOURCES (USES)				
Transfers in	11,899,852	11,899,852	11,133,310	(766,542)
Transfers out	(410,325)	(467,325)	(410,325)	57,000
Total Other Financing Sources (Uses)	11,489,527	11,432,527	10,722,985	(709,542)
Net Change in Fund Balances				
	\$ (410,325)	\$ (410,325)	5,927	\$ 416,252
Fund Balance at Beginning of Year				
			592,747	
Fund Balance at End of Year				
			\$ 598,674	