

**CITY OF LONG BEACH**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2016

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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, each major fund, and the aggregate remaining fund information of the City of Long Beach, New York, as of and for the year ended June 30, 2016 and the related notes to the financial statements which collectively comprise the City of Long Beach, New York'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 of 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.

PERSONAL SERVICE. TRUSTED ADVICE.

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR  
NEW YORK, NY 10167  
T: 212.792.4075

25 SUFFOLK COURT  
HAUPPAUGE, NY 11788-3715  
T: 631.434.9500 F: 631.434.9518

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Long Beach, New York, as of June 30, 2016, 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 discussed in Note 8 to the financial statements, the City determined that there was an error in the calculation of accumulated depreciation and the compensated absences liability which resulted in an understatement of capital assets and an overstatement of compensated absences liability for the year ended June 30, 2015. Consequently, the beginning balances were restated to reflect this correction of an error. 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, scheduling of funding progress for the other postemployment benefits, schedule of funding progress for length of service award program, 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 are not a required part of the basic financial statements.

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 May 2, 2017, 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 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 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.

*Albrecht, Viggiano, Zurek & Company, P.C.*

Hauppauge, New York  
May 2, 2017

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**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, 2016. 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**

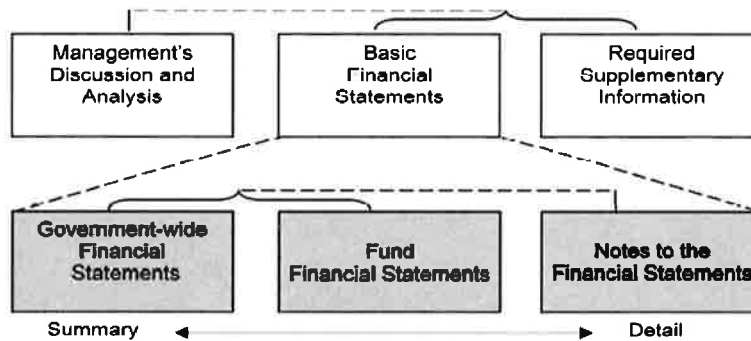
- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of 2016 by \$46,019,079 resulting in a negative net position. This is primarily the result of unfunded liabilities, including other postemployment benefits payable (OPEB) costs, pension related debt and claims and judgments payable.
- The City's total net position decreased by \$17,137,588 (exclusive of prior period adjustments related to accumulated depreciation and the compensated absences liability of \$2,707,987). 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 2016, the City's governmental funds reported a combined fund balance of \$11,212,900, which consists of the following: \$1,474,001 of amounts not in spendable form; \$8,880,466 of amounts restricted for specific purposes (primarily debt service and capital projects); \$2,761,581 of amounts assigned for a specific purpose and subsequent year's budget and a remaining deficit of (\$1,903,148) of unassigned fund balance. The deficit of (\$1,903,148) in unassigned fund balance consists of a deficit in the FEMA fund of (\$7,267,371), a deficit in the community development fund of (\$46,326) and a fund balance in the general fund of \$5,410,549. Fund balance, excluding the deficits of the FEMA and community development fund totaled \$18,522,204 of which \$1,469,608 (7.9%) is in nonspendable form, \$8,880,466 (48.0%) is restricted primarily for debt service and capital projects, \$2,761,581 (14.9%) is assigned for the general fund and water fund subsequent year's budget and for water and sewer operations and \$5,410,549 (29.2%) is unassigned for general fund purposes.
- At the end of 2016, the City's total fund balance for the general fund was \$7,548,349, a decrease of \$1,586,515 from the prior year. The assigned and unassigned fund balance for the general fund was \$6,048,094, or 7.9% of total general fund expenditures and other uses.
- The City's total bonded debt, inclusive of long-term BANs, was \$78,341,012 for an increase of 0.9% from the prior year. This increase was mainly due to bonds issued for capital improvements and employee separation payments offset by principal payments made during the year.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**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 activities of the City itself (known as the primary government).



**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2016

**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.

**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.

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 done 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.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds (continued)

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

Proprietary Funds

The City maintains a Proprietary Fund, which is an Internal Service Fund, 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.

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 \$46,019,079 at the close of the most recent year.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**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	
	2016	(As Restated) 2015 *
<b>Assets</b>		
Current and other assets	\$ 47,942,941	\$ 71,181,414
Capital and other assets	135,795,543	130,238,284
Total Assets	<u>183,738,484</u>	<u>201,419,698</u>
Deferred outflows of resources	<u>24,746,226</u>	<u>4,042,321</u>
Total Assets and Deferred Outflows of Resources	<u>208,484,710</u>	<u>205,462,019</u>
<b>Liabilities</b>		
Current and other liabilities	72,539,787	92,652,551
Long-term liabilities	177,581,727	141,569,591
Total Liabilities	<u>250,121,514</u>	<u>234,222,142</u>
Deferred inflows of resources	<u>4,382,275</u>	<u>121,368</u>
Total Liabilities and Deferred Inflows of Resources	<u>254,503,789</u>	<u>234,343,510</u>
<b>Net Position</b>		
Net investment in capital assets	80,456,104	78,324,158
Restricted	897,416	1,200,880
Unrestricted	(127,372,599)	(108,406,529)
Total Net Position	<u>\$ (46,019,079)</u>	<u>\$ (28,881,491)</u>

\* Certain reclassifications have been made to the prior year numbers to conform to the current year presentation.

The City's governmental activities net position includes \$80,456,104 in net investment in capital assets, \$897,416 in net position restricted for specific purposes (primarily for debt service) and \$127,372,599 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.

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

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

**Financial Highlights** (continued)

Net Position (continued)

The unfunded liability for other postemployment benefits (OPEB) increased in 2016 by \$6,521,099 bringing the net OPEB obligation at year-end to \$45,311,005. The City's net pension liability increased by \$19,598,643 in 2016, resulting in a year-end balance of \$23,400,426. This increase was offset by a net change in deferred outflows of resources and deferred inflows of resources of \$16,478,929. 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, 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	
	2016	2015
Program Revenues		
Charges for services	\$ 33,733,579	\$ 34,766,994
Operating grants and contributions	3,171,117	2,630,238
Capital grants and contributions	9,619,824	31,476,622
Total Program Revenues	<u>46,524,520</u>	<u>68,873,854</u>
General Revenues		
Real property taxes	33,644,491	32,604,023
Other real property tax items	525,970	495,103
Non-property tax items	5,041,559	5,333,572
Earnings on investments	83,609	50,212
Grants - unrestricted	4,192,506	4,010,001
Sale of property and compensation for loss	780,321	459,201
Other	26,941	174,032
Total General Revenues	<u>44,295,397</u>	<u>43,126,144</u>
Total Revenues	<u>90,819,917</u>	<u>111,999,998</u>
Program Expenses		
General government support	24,255,826	21,138,856
Education	267,964	716,721
Public safety	31,967,305	29,444,685
Transportation	5,979,984	4,874,514
Economic assistance and opportunity	926,562	495,538
Culture and recreation	17,291,955	16,695,966
Home and community services	24,823,887	23,934,181
Interest on debt	2,444,022	2,207,924
Total Program Expenses	<u>107,957,505</u>	<u>99,508,385</u>
Change in Net Position	<u>(17,137,588)</u>	<u>12,491,613</u>

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**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 \$17,137,588, or 54.3% (which is exclusive of prior period adjustments related to accumulated depreciation and the compensated absences liability of \$2,707,987) to a negative \$46,019,079.

Key elements of the governmental activities are:

- Capital grants and contributions decreased by \$21,856,798 mainly due to a decrease in the amount recognized for state and federal reimbursements related to Superstorm Sandy.
- Real property taxes increased \$1,040,468 from the prior year due to an increase in the tax rate.
- Overall expenses increased by \$8,449,120, due to an overall increase in employee benefits of \$5,720,231, and an increase in general government support expenses related to litigation costs.

For the year ended June 30, 2016, the total cost of services provided by the City (governmental activities) totaled \$107,957,505 of which 43.1% was funded from program revenues (31.2% from charges for services, 11.9% from operating and capital grants); 31.2% was funded by real property taxes, 4.7% from non-property tax items and 3.9% from unrestricted aid from other governments.

The cost of all governmental activities this year was \$107,957,505. The net cost of these services after being subsidized by program revenues of \$46,524,520 was \$61,432,985.

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,

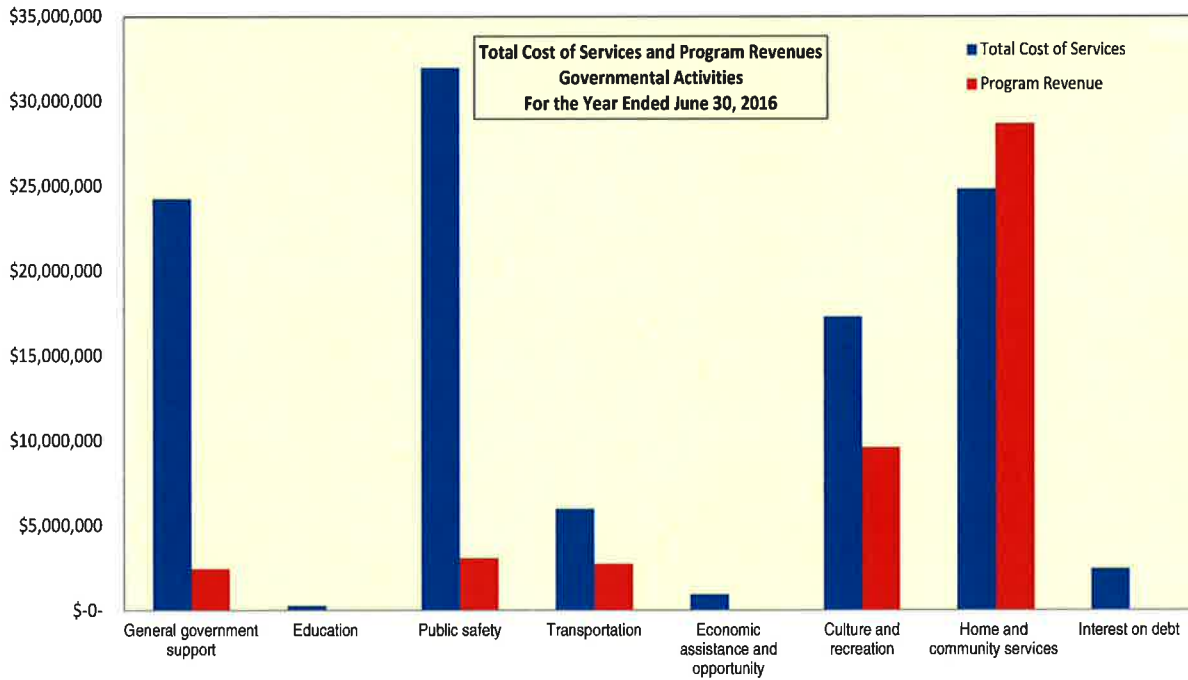
	2016	2015	2016	2015	2016	2015
	Total Cost of Services		Program Revenue		Net (Cost) Revenue of Services	
General government support	\$ 24,255,826	\$ 21,138,856	\$ 2,441,019	\$ 1,932,280	\$ (21,814,807)	\$ (19,206,576)
Education	267,964	716,721	-0-	-0-	(267,964)	(716,721)
Public safety	31,967,305	29,444,685	3,079,122	5,067,766	(28,888,183)	(24,376,919)
Transportation	5,979,984	4,874,514	2,739,889	5,933,056	(3,240,095)	1,058,542
Economic assistance and opportunity	926,562	495,538	-0-	8,585	(926,562)	(486,953)
Culture and recreation	17,291,955	16,695,966	9,586,433	7,852,554	(7,705,522)	(8,843,412)
Home and community services	24,823,887	23,934,181	28,678,057	48,079,613	3,854,170	24,145,432
Interest on debt	2,444,022	2,207,924	-0-	-0-	(2,444,022)	(2,207,924)
	<u>\$ 107,957,505</u>	<u>\$ 99,508,385</u>	<u>\$ 46,524,520</u>	<u>\$ 68,873,854</u>	<u>\$ (61,432,985)</u>	<u>\$ (30,634,531)</u>

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 June 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

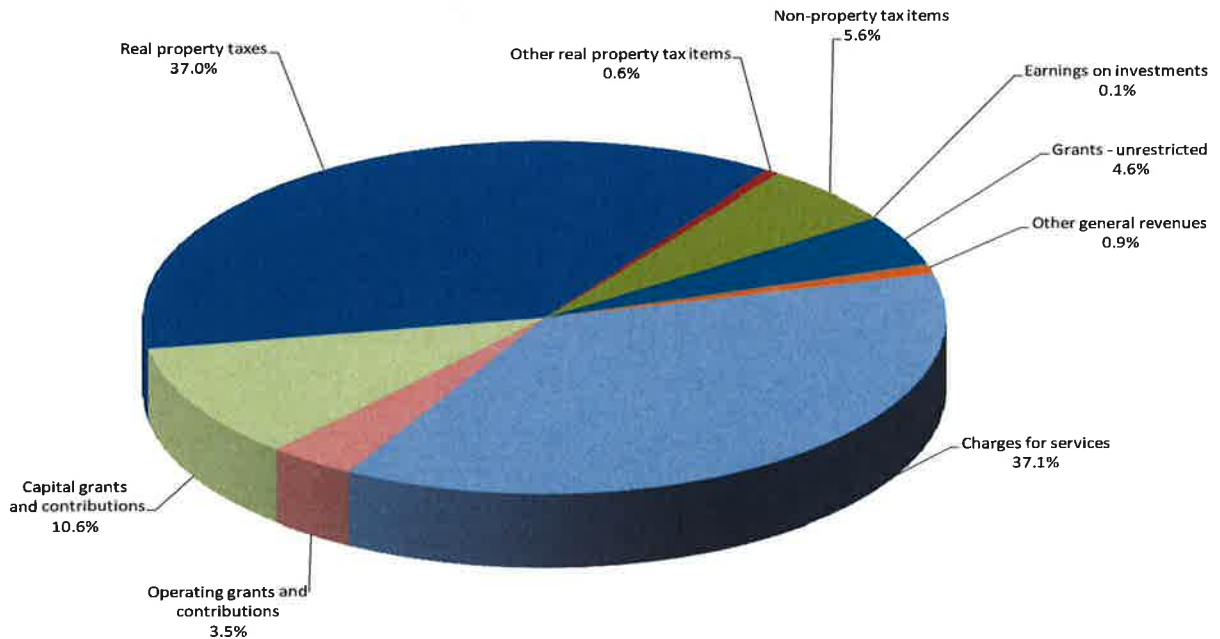
**Financial Highlights (continued)**

Net Position (continued)



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

**Revenue by Source**  
**Governmental Activities**  
 for the year ended June 30, 2016



**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2016

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds**

As of June 30, 2016, the City's governmental funds reported overall fund balances of \$11,212,900, a decrease of \$9,201,099 from the beginning year fund balances of \$20,413,999. The category breakdown is as follows:

- **Nonspendable fund balance** - \$1,474,001 (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** - \$8,880,466 (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 \$7,983,050 that can only be used to fund authorized capital projects, \$866,554 which can only be used to fund debt service and \$30,862 which can be used for public safety.
- **Assigned fund balance** - \$2,761,581 (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 \$637,545 appropriated fund balance for the general fund subsequent year's budget, \$155,253 appropriated fund balance for the water fund subsequent year's budget and positive fund balances in the water and sewer funds of \$1,477,051 and \$491,732, respectively.
- **Unassigned fund deficit** – (\$1,903,148) (residual net resources) is the total fund balance in the general fund in excess of nonspendable, restricted and assigned fund balance and primarily represents the fund deficit in the FEMA fund and community development fund and the remaining fund balance in the general fund.

**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 \$7,584,349, a \$1,586,515 decrease from the prior year.

The general fund revenues (excluding other financing sources) increased \$546,338 from \$70,572,463 in 2015 to \$71,118,801 in 2016. The increase is primarily attributable to an increase of \$1,040,468 in property taxes, \$2,007,791 in additional departmental income mainly due to an increase in beach charges and civil service income, and state and local aid increases of \$589,052. These increases were partially offset by decreases in license and permit fees of \$2,120,928 and intergovernmental charges of \$1,081,965.

The key elements of the decrease in fund balance of \$1,586,515 are as follows:

- Non-property tax item income was under budget by \$268,441, due to lower than expected utility gross receipts partially offset by higher than expected sales tax revenues.
- Overall departmental income exceeded budget by \$1,234,577, mainly from increased beach revenue.

**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2016

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS** (continued)

**General Fund** (continued)

- Sales of property and compensation for loss was less than the budgeted amount by \$1,201,363, due to an expected land sale being delayed.
- Federal aid was less than the budgeted amount by \$2,360,435, as a timing issue on a Federal Transit Administration award caused certain federal reimbursements to not be recognized as anticipated.
- Overall total expenditures (excluding other financing sources) were \$396,960 less than the final budgeted amount. This is primarily due to lower than expected general government support expenditures (\$323,814), 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 \$211,170, from \$1,843,474 at the beginning of the year to \$1,632,304 at the end of the year. This was expected due to an appropriation of fund balance to fund capital and separation pay expenditures totaling \$383,308, offset by lower than expected water distribution and supply expenditures.

**Sewer Fund**

In the sewer fund, the fund balance increased \$229,199, from \$262,748 at the beginning of the year to \$491,947 at the end of the year. This is primarily due to lower than budgeted home and community expenditures of \$222,392 and transfers in of \$107,538, offset by lower than expected revenues of \$179,642.

**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, 2016, the City recognized \$7,906,031 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, 2016, the City incurred \$9,049,348 of expenditures as a result of Superstorm Sandy for extensive repairs and capital improvements, resulting in a decrease in fund balance of \$1,691,447 and a total fund deficit of \$7,267,371. 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, 2016

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)**

**Debt Service Fund**

The debt service fund has a total fund balance of \$866,554 which is a decrease of \$299,445 from the prior year balance of \$1,165,999. This decrease is directly due to the transfer of prior year debt issuance premiums of \$489,841 to the operating funds offset by the current year debt premiums received totaling \$168,173. The fund balance is restricted for the payment of debt service. During the year ended June 30, 2016, the City paid \$6,200,000 of serial bond principal and \$2,445,618 of related interest and paid \$320,996 of capital lease principal and \$113,581 of related interest. These expenditures were funded by \$9,080,195 of operating transfers from the general fund, water and sewer funds, (\$6,825,942, \$846,605, and \$1,407,648, respectively).

**Capital Projects Fund**

The capital projects fund has a total fund balance of \$7,983,050, a decrease of \$5,689,370 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. Included in other financing sources is \$3,954,500 of proceeds from long-term financing issued during the year ended June 30, 2016.

**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 \$71,711,986 to \$73,018,832. The budgeted revenue increase of \$1,306,846 is primarily the result of additional grant funds and miscellaneous local sources (\$877,846), departmental income (\$77,000) and sales of property and compensation for loss (\$180,000). Overall budgeted appropriations/expenditures (excluding other financing uses) increased \$2,183,596 from \$67,664,326 to \$69,847,922. The significant budget amendments were to increase appropriations for termination payments by \$724,852, economic development contractual services costs of \$510,629, public safety costs of \$506,432, sanitation costs of \$465,438 and street maintenance of \$279,476.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

As of June 30, 2016, the City had \$135,626,613 in net capital assets, of which \$108,430,884 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:

- Reconstruction costs related to the City's 2.2 mile boardwalk of approximately \$3.4 million.
- Replanting of trees city-wide at a cost of \$1.3 million.
- Road, parking lot and other transportation related improvements totaling \$2.1 million.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

Capital Assets (continued)

- Costs for improvements to City recreational areas of approximately \$1.4 million.
- Improvements to the City's water and sewer infrastructure with a total cost of \$1.2 million.
- Construction in progress totaled approximately \$10.4 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 \$2.7 million.

**Capital assets, net of accumulated depreciation**  
**At June 30,**

<b>Governmental Activities:</b>	2016	(As Restated) 2015
Land	\$ 4,135,210	\$ 4,135,210
Construction-in-progress	10,419,864	5,345,913
Buildings	15,715,034	15,481,906
Machinery and equipment	38,257,730	35,595,729
Infrastructure	203,570,477	192,769,870
Total capital assets	272,098,315	253,328,628
Less: accumulated depreciation	136,471,702	123,257,191
Total net governmental capital assets	\$ 135,626,613	\$ 130,071,437

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.

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.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Short-Term Debt**

A summary of changes in short-term outstanding debt, related to governmental activities, for the year ended June 30, 2016, is as follows:

	Balance July 1, 2015	New Issues	Maturities/ Reductions	Balance June 30, 2016
Revenue anticipation notes payable	\$ 25,000,000	\$ 29,000,000	\$ 39,570,000	\$ 14,430,000
Bond anticipation notes payable	3,680,488	17,607,500	3,680,488	17,607,500
Total short-term debt	<u>\$ 28,680,488</u>	<u>\$ 46,607,500</u>	<u>\$ 43,250,488</u>	<u>\$ 32,037,500</u>

**Long-Term Debt**

At the end of 2016, the City had general obligation bonded debt outstanding, inclusive of premiums on issuance, of \$72,087,300, capital lease obligations of \$2,313,765 and outstanding bond anticipation notes in the amount of \$6,859,500, for a total of \$81,260,565, in comparison to \$80,956,422 in the prior year. For the year ended June 30, 2016, the City's long-term debt increased by \$304,143 or 0.4%. The entire debt is backed by the full faith and credit of the City.

In February 2016, Moody's Investors Service, Inc. upgraded the City's credit rating as "Baa1" with a positive outlook. In February 2017, Moody's Investors Service, Inc. affirmed the City's credit rating as "Baa1" with a positive 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, 2016 was \$346,421,307 which is significantly in excess of the City's outstanding general obligation debt. The percentage of debt limit exhausted at June 30, 2016 was 22.2%.

A summary of changes in outstanding long-term debt, related to governmental activities, for the year ended June 30, 2016, is as follows:

	Balance July 1, 2015	New Issues	Maturities	Balance June 30, 2016
Capital leases payable	\$ 2,634,761	\$ -0-	\$ 320,996	\$ 2,313,765
Bond anticipation notes payable	16,111,512	6,859,500	16,111,512	6,859,500
General obligation bonds payable, inclusive of premiums on issuance	62,210,149	16,156,512	6,279,361	72,087,300
Total long-term debt	<u>\$ 80,956,422</u>	<u>\$ 23,016,012</u>	<u>\$ 22,711,869</u>	<u>\$ 81,260,565</u>

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

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2016

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Collective Bargaining Agreements

The City employs approximately 340 full-time employees as of June 30, 2016. The Civil Service Employees Association ("CSEA") covers approximately 220 employees. Their contract was renewed on July 1, 2013, and will expire June 30, 2018. The International Association of Firefighters AFL-CIO Uniform Firefighters Association Local 287 covers approximately 27 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 63 employees. Their contract was renewed on July 1, 2009, and expired June 30, 2015, negotiations are ongoing. The Commanding Officers Association, a new bargaining unit whose contract is still in negotiation, covers 5 employees.

Long-Term Debt

In February 2017, the City issued \$6.86 million in serial bonds to convert \$2.95 million in bond anticipation notes used to fund employee separation payments and related benefits and \$3.91 million in bond anticipation notes to finance various public improvements.

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, 2017, includes a \$2,139,162 increase in real property taxes in the general fund. This change equates to a 6.36% increase, which exceeds the Tax Cap Law. On May 17, 2016, the City Council enacted a local law to override the Tax Cap.

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 2014/2015 and 2015/2016 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 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, 2016

		Governmental Activities
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$	18,575,372
Restricted cash		1,057,817
Accounts receivable		5,534,739
Due from other governments		20,925,962
Due from agency fund		1,748,377
Prepaid items		100,674
Total Current Assets		47,942,941
<b>Noncurrent Assets:</b>		
Non-current benefit assessment receivable		168,930
Non-depreciable capital assets		14,555,074
Depreciable capital assets, net of accumulated depreciation		121,071,539
Total Noncurrent Assets		135,795,543
<b>Total Assets</b>		183,738,484
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension amounts		24,602,505
Deferred loss on refunding		143,721
<b>Total Deferred Outflows of Resources</b>		24,746,226
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and other current liabilities		11,114,419
Accrued interest payable		1,047,980
Retainage payable		888,860
Due to agency fund		89,243
Due to other governments		66,377
Unearned revenues		7,116,032
Revenue anticipation notes payable		14,430,000
Bond anticipation notes payable		17,607,500
Noncurrent liabilities due within one year:		
Accrued liabilities		1,531,497
Claims and judgments payable		3,128,530
Tax certioraris and grievances payable		442,883
Capital lease payable		294,617
Pension related debt		699,477
Bond anticipation notes payable		6,859,500
General obligation bonds payable, net		7,222,872
Total Current Liabilities		72,539,787
<b>Noncurrent Liabilities:</b>		
Accrued liabilities		29,449,417
Claims and judgments payable		7,049,787
Capital lease payable		2,019,148
Pension related debt		5,487,516
Net pension liability, proportionate share of unfunded liability		23,400,426
Other postemployment benefits payable		45,311,005
General obligation bonds payable, net		64,864,428
Total Noncurrent Liabilities		177,581,727
<b>Total Liabilities</b>		250,121,514
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension amounts		4,382,275
<b>Total Deferred Inflows of Resources</b>		4,382,275
<b>NET POSITION</b>		
Net investment in capital assets		80,456,104
Restricted for:		
Debt service		866,554
Public safety		30,862
Unrestricted		(127,372,599)
<b>Total Net Position</b>	<b>\$</b>	(46,019,079)

See notes to the financial statements.

**CITY OF LONG BEACH**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
June 30, 2016

Function/Program	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
<b>PRIMARY GOVERNMENT</b>					
Government Activities:					
General government support	\$ 24,255,826	\$ 2,015,861	\$ 246,580	\$ 178,578	\$ (21,814,807)
Education	267,964				(267,964)
Public safety	31,967,305	2,528,659	550,463		(28,888,183)
Transportation	5,979,984	825,720	1,383,618	530,551	(3,240,095)
Economic assistance and opportunity	926,562				(926,562)
Culture and recreation	17,291,955	8,635,265	67,962	883,206	(7,705,522)
Home and community services	24,823,887	19,728,074	922,494	8,027,489	3,854,170
Interest and other debt service costs	2,444,022				(2,444,022)
<b>Total Governmental Activities</b>	<b>\$ 107,957,505</b>	<b>\$ 33,733,579</b>	<b>\$ 3,171,117</b>	<b>\$ 9,619,824</b>	<b>\$ (61,432,985)</b>

**GENERAL REVENUES:**

Real property taxes	\$ 33,644,491
Other real property tax items	525,970
Non-property tax items	5,041,559
Earnings on investments	83,609
Grants and contributions not restricted to specific programs	4,192,506
Sale of property and other compensation for loss	780,321
Other	26,941
<b>Total General Revenues</b>	<b>44,295,397</b>
<b>Change in Net Position</b>	<b>(17,137,588)</b>
<b>Net Position at Beginning of Year</b>	<b>(31,589,478)</b>
<b>Prior Period Adjustments</b>	<b>2,707,987</b>
<b>Net Position at Beginning of Year, as Restated</b>	<b>(28,881,491)</b>
<b>Net Position at End of Year</b>	<b>\$ (46,019,079)</b>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2016

	Major Funds						Nonmajor Governmental Fund	Total Governmental Funds
	General	Water	Sewer	FEMA	Debt Service	Capital Projects		
<b>ASSETS</b>								
Cash and investments	\$ 3,425,998	\$ 50	\$ 50	\$ 3,088,337	\$ 566,244	\$ 10,825,993	\$ 178,964	\$ 18,085,636
Restricted cash	30,862			1,026,955				1,057,817
Accounts receivable	1,815,348	1,922,934	1,794,007				2,450	5,534,739
Benefit assessment receivable	168,930							168,930
Due from other funds	6,184,151	395,667	234,096	11,559	300,310	289,830	109,091	7,524,704
Due from other governments	2,376,482		878,024	14,717,436		2,523,184	430,836	20,925,962
Advances to other funds	1,373,327							1,373,327
Prepaid items	96,066		215				4,393	100,674
<b>Total Assets</b>	<b>\$ 15,471,164</b>	<b>\$ 2,318,651</b>	<b>\$ 2,906,392</b>	<b>\$ 18,844,287</b>	<b>\$ 866,554</b>	<b>\$ 13,639,007</b>	<b>\$ 725,734</b>	<b>\$ 54,771,789</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 5,948,333	\$ 264,840	\$ 495,466	\$ 953,984		\$ 3,230,676	\$ 21,580	\$ 10,914,879
Accrued interest payable				114,995				114,995
Retainage payable				383,507		101,145		484,652
Due to other funds	981,353	414,382	545,652	3,800,818		76,636	746,087	6,564,928
Due to other governments	66,377							66,377
Unearned revenues	680,553	7,125		6,428,354				7,116,032
Bond anticipation note payable						2,247,500		2,247,500
Revenue anticipation notes payable				14,430,000				14,430,000
Advances from other funds			1,373,327					1,373,327
<b>Total Liabilities</b>	<b>7,676,616</b>	<b>686,347</b>	<b>2,414,445</b>	<b>26,111,658</b>	<b>-0-</b>	<b>5,655,957</b>	<b>767,667</b>	<b>43,312,690</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	246,199							246,199
<b>Total Deferred Inflows of Resources</b>	<b>246,199</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>246,199</b>
<b>Fund Balances (Deficits)</b>								
Nonspendable	1,469,393		215				4,393	1,474,001
Restricted	30,862				\$ 866,554	7,983,050		8,880,466
Assigned	637,545	1,632,304	491,732					2,761,581
Unassigned	5,410,549			(7,267,371)			(46,326)	(1,903,148)
<b>Total Fund Balances (Deficits)</b>	<b>7,548,349</b>	<b>1,632,304</b>	<b>491,947</b>	<b>(7,267,371)</b>	<b>866,554</b>	<b>7,983,050</b>	<b>(41,933)</b>	<b>11,212,900</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>	<b>\$ 15,471,164</b>	<b>\$ 2,318,651</b>	<b>\$ 2,906,392</b>	<b>\$ 18,844,287</b>	<b>\$ 866,554</b>	<b>\$ 13,639,007</b>	<b>\$ 725,734</b>	<b>\$ 54,771,789</b>

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, 2016

<b>TOTAL FUND BALANCES- GOVERNMENTAL FUNDS</b>	<b>\$ 11,212,900</b>
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	\$ 14,555,074
Capital assets - depreciable	257,543,241
Accumulated depreciation	<u>(136,471,702)</u>
	135,626,613
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.	
	(24,711,600)
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable in the funds	
	246,199
Deferred outflows of resources reported in the Statement of Net Position	
	24,746,226
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Accrued liabilities	(30,980,914)
Tax certioraris payable	(442,883)
Capital lease payable	(2,313,765)
Pension related debt	(6,186,993)
Net pension liability, proportionate share of unfunded liability	(23,400,426)
Other postemployment benefits payable	(45,311,005)
Bond anticipation notes payable	(6,859,500)
General obligation bonds payable, net	<u>(72,087,300)</u>
	(187,582,786)
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.	
	(770,148)
Retainage 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.	
	(404,208)
Deferred inflows of resources reported in the Statement of Net Position	
	<u>(4,382,275)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (46,019,079)</u></b>

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, 2016

	Major Funds						Nonmajor Governmental Fund	Total Governmental Funds
	General	Water	Sewer	FEMA	Debt Service	Capital Projects		
<b>REVENUES</b>								
Real property taxes and tax items	\$ 33,644,491							\$ 33,644,491
Other real property tax items	525,970							525,970
Non-property tax items	5,041,559							5,041,559
Departmental income	20,210,897	\$ 4,601,985	\$ 4,397,790					29,210,672
Intergovernmental charges	296,108		543,703					839,811
Use of money and property	640,915			\$ 2,259	\$ 22,223		\$ 92,569	757,966
Licenses and permits	1,871,983	290,500	47,250					2,209,733
Fines and forfeitures	798,254							798,254
Sale of property and compensation for loss	618,637	61,739		2,444				682,820
Miscellaneous local sources	844,315	40		12,559	168,173	\$ 181,768		1,206,855
Interfund revenues	180,725	21,596	78,115					280,436
State and local aid	6,073,582			615,345		500,000		7,188,927
Federal aid	371,365			7,290,686		1,167,920	365,011	9,194,982
<b>Total Revenues</b>	<b>71,118,801</b>	<b>4,975,860</b>	<b>5,066,858</b>	<b>7,923,293</b>	<b>190,396</b>	<b>1,849,688</b>	<b>457,580</b>	<b>91,582,476</b>
<b>EXPENDITURES</b>								
Current:								
General government support	13,543,278	193,876	213,134					13,950,288
Education	267,964							267,964
Public safety	17,277,790							17,277,790
Transportation	2,147,642							2,147,642
Economic assistance and opportunity	680,623							680,623
Culture and recreation	6,859,876							6,859,876
Home and community services	8,333,662	2,639,902	2,356,236	1,655,226			392,958	15,377,984
Employee benefits	20,226,230	1,456,286	1,350,313	214,335			12,958	23,260,122
Capital outlay				7,064,792		11,458,671		18,523,463
Debt service:								
Principal					6,520,996			6,520,996
Interest			15,244		2,559,199			2,574,443
Debt issuance costs	113,897	2,382	15,610	114,995				246,884
<b>Total Expenditures</b>	<b>69,450,962</b>	<b>4,292,446</b>	<b>3,950,537</b>	<b>9,049,348</b>	<b>9,080,195</b>	<b>11,458,671</b>	<b>405,916</b>	<b>107,688,075</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,667,839	683,414	1,116,321	(1,126,055)	(8,889,799)	(9,608,983)	51,664	(16,105,599)
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt proceeds	2,867,451		82,549			3,954,500		6,904,500
Transfers in	1,354,283	177,021	462,977	328,125	9,080,195	176,037	8,603	11,587,241
Transfers out	(7,476,088)	(1,071,605)	(1,432,648)	(893,517)	(489,841)	(210,924)	(12,618)	(11,587,241)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,254,354)</b>	<b>(894,584)</b>	<b>(887,122)</b>	<b>(565,392)</b>	<b>8,590,354</b>	<b>3,919,613</b>	<b>(4,015)</b>	<b>6,904,500</b>
<b>Net Change in Fund Balances</b>	<b>(1,586,515)</b>	<b>(211,170)</b>	<b>229,199</b>	<b>(1,691,447)</b>	<b>(299,445)</b>	<b>(5,689,370)</b>	<b>47,649</b>	<b>(9,201,099)</b>
<b>Fund Balances (Deficits), Beginning of Year</b>	<b>9,134,864</b>	<b>1,843,474</b>	<b>262,748</b>	<b>(5,575,924)</b>	<b>1,165,999</b>	<b>13,672,420</b>	<b>(89,582)</b>	<b>20,413,999</b>
<b>Fund Balances (Deficits) at End of Year</b>	<b>\$ 7,548,349</b>	<b>\$ 1,632,304</b>	<b>\$ 491,947</b>	<b>\$ (7,267,371)</b>	<b>\$ 866,554</b>	<b>\$ 7,983,050</b>	<b>\$ (41,933)</b>	<b>\$ 11,212,900</b>

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, 2016

**NET CHANGE IN FUND BALANCES** \$ (9,201,099)

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	\$ 18,769,687	
Depreciation expense	<u>(13,214,511)</u>	5,555,176

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (226,732)

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

Tax certioraris payable	4,205	
Repayment of capital leases	320,996	
Pension related debt	926,326	
Bonds and bond anticipation notes issued	(6,904,500)	
Premiums on bonds issued, net of amortization	79,361	
Repayment of bond principal	6,200,000	
Amortization of deferred loss on refunding	<u>(35,931)</u>	590,457

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	(6,521,099)	
Accrued liabilities	(915,010)	
Accrued interest	(149,461)	
Retainage payable	(404,208)	
Net pension liability, proportionate share of unfunded liability	(19,598,643)	
Changes in deferred outflows of resource and deferred inflows of resources related to net pension amounts	<u>16,478,929</u>	(11,109,492)

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>(2,745,898)</u>
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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (17,137,588)

See notes to the financial statements.

**CITY OF LONG BEACH**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND - RISK RETENTION FUND**  
June 30, 2016

**ASSETS**

**Current Assets:**

Cash	\$	489,736
Due from other funds		956,015
<b>Total Current Assets</b>		<b>1,445,751</b>

<b>Total Assets</b>	<b>\$</b>	<b>1,445,751</b>
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**LIABILITIES**

**Current Liabilities:**

Accounts payable and accrued liabilities	\$	199,540
Accrued interest		162,837
Due to other funds		256,657
Bond anticipation note payable		15,360,000
Claims and judgments payable		3,128,530
<b>Total Current Liabilities</b>		<b>19,107,564</b>

**Noncurrent Liabilities:**

Claims and judgments payable		7,049,787
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<b>Total Liabilities</b>		<b>26,157,351</b>
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**NET POSITION**

Unrestricted		(24,711,600)
<b>Total Net Deficit</b>	<b>\$</b>	<b>(24,711,600)</b>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND - RISK RETENTION FUND**  
Year Ended June 30, 2016

**OPERATING REVENUES**

**Premiums Charged for  
Risk Retention:**

Judgments and claims	\$	690,000
Employee benefits - workers' compensation		2,829,625
<b>Total Operating Revenues</b>		<u>3,519,625</u>

**OPERATING EXPENSES**

Administrative costs		160,851
Employee benefits - workers' compensation claims		2,441,755
Judgments and claims		3,500,285
Bond issuance costs		162,867
<b>Total Operating Expenses</b>		<u>6,265,758</u>

Loss from Operations (2,746,133)

**NON-OPERATING REVENUES**

Interest on investments		235
<b>Total Non-Operating Revenues</b>		<u>235</u>

Change in Net Position (2,745,898)

**Net Position at Beginning of Year** (21,965,702)

**Net Position at End of Year** \$ (24,711,600)

See notes to the financial statements.

**CITY OF LONG BEACH**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND - RISK RETENTION FUND**  
Year Ended June 30, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

Revenue Collected:		
Receipts for interfund services provided	\$	2,563,610
Payments for Expenses:		
Payments to insurance carriers and claimants		(19,013,206)
Payments for other		<u>(41,098)</u>
Net Cash Used by Operating Activities		<u>(16,490,694)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and earnings received		<u>235</u>
Net Cash Provided by Investing Activities		<u>235</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from BANs		<u>15,360,000</u>
Net Cash Provided by Financing Activities		<u>15,360,000</u>

Net Change in Cash		(1,130,459)
Cash at Beginning of Year		<u>1,620,195</u>
Cash at End of Year	\$	<u><u>489,736</u></u>

**RECONCILIATION OF THE LOSS FROM OPERATIONS TO NET CASH  
USED BY OPERATING ACTIVITIES:**

Change in net position	\$	(2,746,133)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Due from other funds		(956,015)
Accounts payable		119,783
Accrued Interest		162,837
Due to other funds		108,805
Claims and judgments payable		<u>(13,179,971)</u>
Net Cash Used by Operating Activities	\$	<u><u>(16,490,694)</u></u>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**STATEMENT OF**  
**ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
June 30, 2016

		Agency Fund
<b>ASSETS</b>		
Cash	\$	1,917,498
Length of service plan assets		1,738,215
Due from other funds		89,243
Prepaid items		79,594
<b>Total Assets</b>	<b>\$</b>	<b>3,824,550</b>
 <b>LIABILITIES</b>		
Accounts payable	\$	7,687
Employee payroll deductions		64,336
Due to other funds		1,748,377
Other agency liabilities		265,935
Liability arising from length of service plan		1,738,215
<b>Total Liabilities</b>	<b>\$</b>	<b>3,824,550</b>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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 (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 determined there are no other entities which should be included in the financial statements.

Management has identified Long Beach Housing Authority ("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 a separate column for the primary governmental activities. All fiduciary activities are reported in the fund financial statements. The effect of interfund activity has been eliminated from the government-wide financial statements, except for interfund services provided and used.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Government-wide Financial Statements (continued)**

In the government-wide statement of net position, the City's governmental 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 funds 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. Management has designated the water, sewer and debt service funds as major. 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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**Fund Financial Statements** (continued)

**Governmental Funds** (continued)

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 (FEMA), for authorized disasters.

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.

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.

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 major proprietary fund.

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 fund:

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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Fund Financial Statements (continued)**

**Proprietary Fund (continued)**

Included is the following:

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.

**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.

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. 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, 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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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.

**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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**1. CASH AND INVESTMENTS** (continued)

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 (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 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.

**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 fair market 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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**6. CAPITAL ASSETS (continued)**

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. 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.

**8. 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 represents 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 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 amounts consists of changes in the components of the City's net proportional share of the Plan's net pension liability, that is, the City's proportionate share of the changes in the Plan's total pension liability and in the Plan's pension fiduciary net position. 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 represents 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 a deferred inflows of resources stemming from pension 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 liability as well as differences between expected and actual experience.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**9. 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 FIT chargebacks), claims and judgments, tax certioraris and grievances payable, certain pension obligations, 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.

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.

**10. 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 are 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).

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

Fund Balance/Deficit (continued)

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.
- 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 1<sup>st</sup> and 50% due January 1<sup>st</sup>, payable without penalty to July 31<sup>st</sup> and January 31<sup>st</sup>, respectively. County taxes are due in two installments, 50% due January 1<sup>st</sup> and 50% due July 1<sup>st</sup>, payable without penalty to February 10<sup>th</sup> and August 10<sup>th</sup>, respectively. On or about September 1<sup>st</sup>, 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, 2016

**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 (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 ("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. 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.

**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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. REVENUE AND EXPENDITURES (continued)**

**6. INTERFUND TRANSACTIONS**

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds 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.

Interfund revenues primarily relate to payments by the general, water and sewer funds to the FEMA fund for labor and equipment usage related to Superstorm Sandy.

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 allocating FEMA revenues from the FEMA fund to the appropriate operating funds to cover certain Superstorm Sandy related expenditures.

**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 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.

**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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. NEW ACCOUNTING PRINCIPLES**

The City has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2016, the City adopted:

Statement No. 72, "*Fair Value Measurement and Application*," the objective of which is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement had no effect on the City's financial statements.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," the objective of which is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles. This Statement had no effect on the City's financial statements.

**I. 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 6.

**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 10<sup>th</sup>, the City Manager submits to the City Council a tentative operating budget for the year commencing the following July 1<sup>st</sup>. 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.
- d) After the public hearings and no later than May 31<sup>st</sup>, 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 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 and debt service funds lapse at year end, except that outstanding encumbrances, where applicable, are re-appropriated in the succeeding year.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. BUDGETARY INFORMATION (continued)**

- 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. The City did not exceed the allowable cap in fiscal year 2016.

**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.

	General Fund	Water Fund	Sewer Fund	FEMA Fund	Debt Service Fund	Capital Projects Fund	Non-major Fund	Total
Fund Balances (Deficits):								
Nonspendable:								
Long-term advances	\$ 1,373,327							\$ 1,373,327
Prepaid items	96,066		\$ 215				\$ 4,393	100,674
Total Nonspendable	<u>1,469,393</u>	<u>\$ -0-</u>	<u>215</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>4,393</u>	<u>1,474,001</u>
Restricted for:								
Capital projects						7,983,050		7,983,050
Debt service					866,554			866,554
Public safety	30,862							30,862
Total Restricted	<u>30,862</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>866,554</u>	<u>7,983,050</u>	<u>-0-</u>	<u>8,880,466</u>
Assigned to:								
Subsequent year's budget	637,545	155,253						792,798
Special revenue funds		1,477,051	491,732					1,968,783
Total Assigned	<u>637,545</u>	<u>1,632,304</u>	<u>491,732</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,761,581</u>
Unassigned, reported in:								
General fund	5,410,549							5,410,549
Special revenue funds				(7,267,371)			(46,326)	(7,313,697)
Total Unassigned	<u>5,410,549</u>	<u>-0-</u>	<u>-0-</u>	<u>(7,267,371)</u>	<u>-0-</u>	<u>-0-</u>	<u>(46,326)</u>	<u>(1,903,148)</u>
Total Fund Balances (Deficits)	<u>\$ 7,548,349</u>	<u>\$ 1,632,304</u>	<u>\$ 491,947</u>	<u>\$ (7,267,371)</u>	<u>\$ 866,554</u>	<u>\$ 7,983,050</u>	<u>\$ (41,933)</u>	<u>\$ 11,212,900</u>

**DEFICIT FUND BALANCE**

The FEMA fund deficit of \$7,267,371 at June 30, 2016 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 non-major fund deficit decreased from \$89,582 to \$41,933 at June 30, 2016 as a result of excess revenues over expenditures in the current year.

The internal service fund deficit of \$24,711,600 at June 30, 2016 is 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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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, 2016, approximately \$119.6 million for emergency protective measures, debris clean-up and other costs following the storm have been spent over the last four 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 the Federal Emergency Management Agency ("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 \$119.6 million during the four years ended June 30, 2016. The City received insurance payments totaling \$10.9 million from its insurance carrier during the year ended June 30, 2013. Additionally, the City has recorded \$89.2 million in aid from FEMA and other federal agencies during the four years ended June 30, 2016 based on the contractual reimbursement rate of 90% of eligible costs incurred related to approved Project Worksheets. The City has also recorded an additional \$9.7 million in aid from NYS during the four years ended June 30, 2016 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.

**4. DETAIL NOTES ON ALL FUNDS**

**A. CASH**

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

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**A. CASH (continued)**

At June 30, 2016, the City's cash book balance totaled \$21,543,561. This amount is inclusive of fiduciary fund deposits of \$1,917,498, internal service fund deposits of \$489,736 and restricted cash of \$1,057,817 but exclusive of petty cash of \$7,126. The bank balance was \$22,273,182. Of the total bank balance, \$658,349 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$21,614,833 was covered by collateral held by the City's agent, a third-party financial institution, in the City's name.

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, 2016, the City did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

**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, are not expected to be repaid in the subsequent year and are therefore considered long-term advances.

At June 30, 2016, 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	\$ 6,184,151	\$ 981,353	\$ 1,373,327	
Water fund	395,667	414,382		
Sewer fund	234,096	545,652		\$ 1,373,327
FEMA fund	11,559	3,800,818		
Debt service fund	300,310			
Capital projects fund	289,830	76,636		
Non-Major Fund:				
Community development fund	109,091	746,087		
Proprietary Fund:				
Internal service fund	956,015	256,657		
Subtotal	8,480,719	6,821,585	1,373,327	1,373,327
Agency funds	89,243	1,748,377		
Total	\$ 8,569,962	\$ 8,569,962	\$ 1,373,327	\$ 1,373,327

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS** (continued)

**B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS** (continued)

At June 30, 2016, individual fund interfund transfer balances primarily represent receipt and payment of debt service and capital projects expenditures as well as allocation of FEMA revenues, and are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 1,354,283	\$ 7,476,088
Water fund	177,021	1,071,605
Sewer fund	462,977	1,432,648
FEMA fund	328,125	893,517
Debt service fund	9,080,195	489,841
Capital projects fund	176,037	210,924
Non-Major Fund:		
Community development fund	8,603	12,618
Total	<u>\$ 11,587,241</u>	<u>\$ 11,587,241</u>

**C. BENEFIT ASSESSMENT RECEIVABLE**

At June 30, 2016, 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.

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Past due amounts	<u>\$ 577,000</u>	<u>\$ 98,719</u>	<u>\$ 675,719</u>

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 75% in the amount of \$506,789, resulting in a net reported benefit assessment receivable of \$168,930 at June 30, 2016. In addition, a deferred inflow of resources has been recorded in relation to the benefit assessment receivable due to the availability of the revenue.

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**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS**

A summary of changes within the City's capital assets for the year ended June 30, 2016 is as follows:

	(As Restated)			Balance June 30, 2016
	Balance July 1, 2015	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,135,210			\$ 4,135,210
Construction-in-progress	5,345,913	\$ 9,014,166	\$ 3,940,215	10,419,864
Total capital assets not being depreciated	<u>9,481,123</u>	<u>9,014,166</u>	<u>3,940,215</u>	<u>14,555,074</u>
Depreciable capital assets:				
Buildings	15,481,906	233,128		15,715,034
Machinery and equipment	35,595,729	2,662,001		38,257,730
Infrastructure	192,769,870	10,800,607		203,570,477
Total depreciable capital assets	<u>243,847,505</u>	<u>13,695,736</u>	<u>-0-</u>	<u>257,543,241</u>
Less accumulated depreciation:				
Buildings	11,375,053	426,532		11,801,585
Machinery and equipment	27,081,523	2,449,001		29,530,524
Infrastructure	84,800,615	10,338,978		95,139,593
Total accumulated depreciation	<u>\$ 123,257,191</u>	<u>\$ 13,214,511</u>	<u>\$ -0-</u>	<u>136,471,702</u>
Total net depreciable capital assets				<u>121,071,539</u>
Total net capital assets				<u>\$ 135,626,613</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 1,659,350
Public safety	2,111,992
Transportation	1,752,990
Economic assistance and opportunity	10,677
Culture and recreation	6,084,327
Home and community services	1,595,175
Total governmental activities depreciation expense	<u>\$ 13,214,511</u>

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, 2016, the City did not record any such impairment losses.

**E. INDEBTEDNESS**

**SHORT-TERM DEBT**

**Revenue Anticipation Notes** – In September 2015, the City issued \$25,000,000 (\$14,570,000 Series A and \$10,430,000 Series B) in 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 renew \$25,000,000 of RANs issued in September 2014 and to pay expenditures incurred as a result of Superstorm Sandy. The \$14,570,000 Series A note bore interest at 1.5% and matured in June 2016. The \$10,430,000 Series B note bore interest at 1.25% and matured in September 2016.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS (continued)**

**SHORT-TERM DEBT (continued)**

**Revenue Anticipation Notes (continued)** – In June 2016, the City issued \$4,000,000 of 2016 Series A 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 Series A note bears interest at 1.1% and matures in June 2017.

**Bond Anticipation Notes** – During the year, the City issued \$24,467,000 of bond anticipation notes to finance \$6,157,000 of various capital projects, \$2,950,000 of separation payments due to employees and \$15,360,000 to provide financing for the cost of two judgments against the City. Of these bond anticipation notes, \$17,607,500 is considered short-term debt and \$6,859,500 is considered long-term debt. (See Long-Term Debt- Bond Anticipation Notes below). The bond anticipation notes bear interest at rates ranging from 1.15% to 2.00% and mature in February 2017.

These notes are summarized as follows:

	Balance July 1, 2015	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2016
Revenue anticipation notes	\$ 25,000,000	\$ 29,000,000	\$ 39,570,000	\$ 14,430,000
Bond anticipation notes	3,680,488	17,607,500	3,680,488	17,607,500
Total short-term debt	<u>\$ 28,680,488</u>	<u>\$ 46,607,500</u>	<u>\$ 43,250,488</u>	<u>\$ 32,037,500</u>

**LONG-TERM DEBT**

**Bond Anticipation Notes**

Subsequent to year end, the City issued \$6,859,500 of public improvement serial bonds and used \$40,500 of available funds to redeem \$6,900,000 in outstanding BANs. Accordingly, \$6,859,500 of the BANs outstanding at June 30, 2016 have been classified and reported as long-term debt. The public improvement serial bonds mature in February 2036 and bear interest at rates ranging from 3.125% to 3.50%. Maturity schedules relating to the public improvement bonds will be presented next year.

**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 2016, the City issued \$16,156,512 of public improvement serial bonds at interest rates ranging from 2.125% to 3.00% and maturing in installments through February 2031. Proceeds of the bonds together with \$23,488 of available funds were used to redeem \$16,135,000 of bond anticipation notes, of which \$16,111,512 were considered long-term at June 30, 2015 and provided \$45,000 in new money to finance various public improvements.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**General Obligation Bonds (continued)**

These long-term liabilities are backed by the full faith and credit of the City. Interest rates on these bonds vary from 2.00% to 5.22%. A summary of these bonds outstanding at June 30, 2016 is as follows:

<u>Description of Issue</u>	<u>Original Debt</u>	<u>Year Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Balance</u>
Governmental Activities:				
EFC - Water Pollution Control Refunding	\$ 2,261,000	2020	4.270 -5.220%	\$ 810,000
Public Improvements	22,585,000	2020	2.750-5.000%	4,255,000
Public Improvements	5,575,000	2022	4.000%	2,790,000
Public Improvements	4,650,000	2020	3.250-3.500%	1,920,000
Public Improvements	16,045,000	2030	3.500-4.000%	12,510,000
Public Improvements	15,015,000	2027	2.000-4.000%	13,485,000
Deficit Financing	8,200,000	2023	2.000-4.000%	7,390,000
General Obligation Refunding	7,765,000	2025	2.000-4.000%	6,055,000
Public Improvements	6,500,000	2029	2.000-3.000%	6,110,000
Public Improvements	16,156,512	2031	2.125-3.000%	16,156,512
			Total Governmental Activities	<u>\$ 71,481,512</u>

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>
2017	\$ 7,143,511	\$ 2,227,682	\$ 9,371,193
2018	7,394,000	2,014,100	9,408,100
2019	6,631,000	1,797,331	8,428,331
2020	6,100,000	1,602,894	7,702,894
2021	5,803,001	1,414,419	7,217,420
2022-2026	24,855,000	4,375,281	29,230,281
2027-2031	13,555,000	1,086,100	14,641,100
Total	<u>\$ 71,481,512</u>	<u>\$ 14,517,807</u>	<u>\$ 85,999,319</u>

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 2024. The leases are being repaid in monthly/quarterly/annual installments (as per the agreements) and bear interest at rates ranging from 3.75% to 5.168%. At June 30, 2016, the principal balance outstanding was \$2,313,765.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**E. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**Capital Leases (continued)**

The following schedule presents future minimum lease payments as of June 30, 2016:

Years ending June 30,	Principal	Interest	Total Principal and Interest
2017	\$ 294,617	\$ 98,279	\$ 392,896
2018	307,827	85,069	392,896
2019	321,641	71,256	392,897
2020	336,084	56,812	392,896
2021	194,683	41,708	236,391
2022-2025	858,913	86,654	945,567
<b>Total</b>	<b>\$ 2,313,765</b>	<b>\$ 439,778</b>	<b>\$ 2,753,543</b>

Included in capital assets are various equipment financed under a capital lease with a cost of \$3,362,101 and accumulated depreciation of \$1,565,434.

**Summary of Long-Term Debt**

A summary of changes in long-term debt transactions for the year ended June 30, 2016, is as follows:

	(As Restated)			Balance June 30, 2016	Noncurrent liabilities due within one year	Noncurrent liabilities
	Balance July 1, 2015	New Issues/ Additions	Maturities/ Reductions			
<b>Governmental Activities:</b>						
Bonds payable	\$ 61,525,000	\$ 16,156,512	\$ 6,200,000	\$ 71,481,512	\$ 7,143,511	\$ 64,338,001
Plus: premiums on issuance	685,149	-0-	79,361	605,788	79,361	526,427
Total bonds payable	62,210,149	16,156,512	6,279,361	72,087,300	7,222,872	64,864,428
Bond anticipation notes payable	16,111,512	6,859,500	16,111,512	6,859,500	6,859,500	-0-
Capital leases payable	2,634,761	-0-	320,996	2,313,765	294,617	2,019,148
Pension related debt	7,113,319	-0-	926,326	6,186,993	699,477	5,487,516
Net pension liability, proportionate share of unfunded liability	3,801,783	24,730,227	5,131,584	23,400,426	-0-	23,400,426
Accrued liabilities:						
Compensated absences	28,285,261	4,459,412	3,547,747	29,196,926	1,459,846	27,737,080
Accrued payroll	1,429,681	55,294	51,949	1,433,026	71,651	1,361,375
Other	350,962	-0-	-0-	350,962	-0-	350,962
Claims and judgments payable	23,358,289	3,667,146	16,847,118	10,178,317	3,128,530	7,049,787
Tax certioraris and grievances payable	447,088	621,383	625,588	442,883	442,883	-0-
Other postemployment benefits payable	38,789,906	10,164,517	3,643,418	45,311,005	-0-	45,311,005
<b>Total non-current liabilities</b>	<b>\$ 184,532,711</b>	<b>\$ 66,713,991</b>	<b>\$ 53,485,599</b>	<b>\$ 197,761,103</b>	<b>\$ 20,179,376</b>	<b>\$ 177,581,727</b>

The liabilities for general obligation bonds payable, bond anticipation notes payable, capital leases, pension related debt, net pension liability, accrued liabilities, 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, 2016

**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 retirement systems and 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 ("RSSL"). 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](http://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, NY 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 RSSL, 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, 2016

**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, 2016

**4. DETAILED NOTES ON ALL FUNDS** (continued)

**F. RETIREMENT SYSTEMS** (continued)

Benefits Provided (continued)

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

*Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

*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 RSSL, 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 31<sup>st</sup>.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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, 2016, the actual contributions was equal to 100% of the actuarially required amount of \$2,838,886 for the ERS and \$2,230,796 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 2006, the City elected to defer a portion of its ERS and PFRS retirement contribution under Chapter 260 of the Laws of 2004 of the State of New York. The deferred amounts are due in ten annual installments including interest at 5% per annum. During the year ended June 30, 2016, the City paid the outstanding balance of \$68,688 (\$10,626 related to ERS and \$58,062 related to PFRS). As of June 30, 2016, there is no outstanding balance.

In 2011, the City elected to defer a portion of its retirement incentive under Chapter 105 of the Laws of 2010 of the State of New York, subject to certain stipulations. The deferred amounts are due in five annual installments including interest at 7.5% per annum. During the year ended June 30, 2016, the City paid the outstanding balance of \$180,342 (all related to ERS). As of June 30, 2016, there is no outstanding balance.

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, 2016, the outstanding amounts owed to the System totaled \$513,875 (\$376,810 related to ERS and \$137,065 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, 2016, the outstanding amounts owed to the System totaled \$1,572,781 (\$1,113,705 related to ERS and \$459,076 related to PFRS).

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**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAILED NOTES ON ALL FUNDS** (continued)

**F. RETIREMENT SYSTEMS** (continued)

Retirement Incentives and Other Pension Obligations (continued)

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, 2016, the outstanding amounts owed to the System totaled \$1,261,366 (\$591,622 related to ERS and \$669,744 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, 2016, the outstanding amounts owed to the System totaled \$2,838,971 (\$882,354 related to ERS and \$1,956,617 related to PFRS).

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

Years ending June 30,	ERS		PFRS	
	Principal	Interest	Principal	Interest
2017	\$ 353,803	\$ 97,048	\$ 345,674	\$ 105,125
2018	365,410	85,441	356,981	93,820
2019	377,402	73,449	368,659	82,141
2020	389,791	61,060	380,723	70,079
2021	402,592	48,259	393,183	57,618
2022-2025	1,075,493	69,826	1,377,282	102,622
Total	\$ 2,964,491	\$ 435,083	\$ 3,222,502	\$ 511,405

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

At June 30, 2016, the City reported a liability of \$23,400,426 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. 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, 2016 (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	\$ 11,223,658	0.0699281%	-0.0019415%
PFRS	\$ 12,176,768	0.4112679%	-0.0878430%

There was no significant change in the City's proportion from March 31, 2015 to March 31, 2016.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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)

For the year ended June 30, 2016, the City recognized pension expense of \$8,474,841 (\$3,939,462 for ERS and \$4,535,379 for PFRS) in the statement of activities.

At June 30, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources			Deferred Inflow of Resources		
	ERS	PFRS	Total	ERS	PFRS	Total
Differences between expected and actual experience	\$ 56,716	\$ 109,215	\$ 165,931	\$ 1,330,378	\$ 1,840,981	\$ 3,171,359
Changes of assumptions	2,993,011	5,249,364	8,242,375			
Net difference between projected and actual investment earnings on pension plan investments	6,658,490	6,824,094	13,482,584			
Changes in proportion and differences between the City's contribution and proportionate share of contributions		993,003	993,003	250,266	960,650	1,210,916
City's contributions subsequent to the measurement date	762,492	956,120	1,718,612			
<b>Total</b>	<b>\$ 10,470,709</b>	<b>\$ 14,131,796</b>	<b>\$ 24,602,505</b>	<b>\$ 1,580,644</b>	<b>\$ 2,801,631</b>	<b>\$ 4,382,275</b>

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, 2017. 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, 2017	\$ 2,054,679	\$ 2,494,879	\$ 4,549,558
2018	2,054,679	2,494,879	4,549,558
2019	2,054,679	2,494,879	4,549,558
2020	1,963,536	2,399,862	4,363,398
2021		489,546	489,546
<b>Total</b>	<b>\$ 8,127,573</b>	<b>\$ 10,374,045</b>	<b>\$ 18,501,618</b>

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS** (continued)

**F. RETIREMENT SYSTEM** (continued)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement Date	ERS	PFRS
	March 31, 2016	March 31, 2016
Actuarial Valuation Date	April 1, 2015	April 1, 2015
Interest Rate	7.0%	7.0%
Salary Increases	3.8%	4.5%
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, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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, 2016, are summarized below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation indexed bonds	2.00%	4.00%
	<u>100.00%</u>	

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**F. RETIREMENT SYSTEM (continued)**

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.

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	\$ 25,308,535	\$ 11,223,658	\$ (677,460)
PFRS	27,198,092	12,176,768	(414,357)

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, 2016 were as follows:

	(Dollars in Thousands)		
	April 1, 2015		
Valuation Date	ERS	PRFS	Total
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan fiduciary net position	(156,253,265)	(27,386,940)	(183,640,205)
Employers' net pension liability	\$ 16,050,279	\$ 2,960,787	\$ 19,011,066
Ratio of plan net position to the Employers' total pension liability	90.68%	90.24%	90.62%

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

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**F. RETIREMENT SYSTEM (continued)**

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 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 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, 2016 amounted to \$1,718,612.

**G. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description

The City, a participant in a single-employer defined benefit plan, has 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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Plan Description (continued)

The number of participants as of July 1, 2015, the effective date of the most recent OPEB valuation is as follows:

Active employees	344
Retired employees	<u>240</u>
Total	<u><u>584</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.

Funding Policy

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

Annual Other Postemployment Benefit Cost and Net Obligation

For the year ended June 30, 2016, the City's annual other postemployment benefits cost (expense) was \$10,164,517. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$3,643,418 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$6,521,099 for the year ended June 30, 2016.

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	
Active employees	\$ 66,160,777
Retired employees	<u>60,650,263</u>
Total Actuarial Accrued Liability (AAL)	126,811,040
Actuarial value of plan assets	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 126,811,040</u></u>
Funded Ratio	0.00%
Normal cost at the beginning of the year	\$ 3,259,661
Amortization cost at the beginning of the year	\$ 7,830,179
Annual covered payroll	\$ 34,072,909
UAAL as a percentage of covered payroll	372.18%

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Annual Other Postemployment Benefit Cost and Net Obligation (continued)

The City's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded actuarial accrued liability for the City for the year ended June 30, 2016, amounted to \$126,811,040.

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

Level Dollar Amortization Method  
Calculation of ARC under the Entry Age Normal Cost Method - Governmental Activities

Normal cost	\$ 3,259,661
Amortization of unfunded actuarial liability (UAAL) over 30 years	7,830,179
Annual required contribution (ARC)	11,089,840
Interest on net OPEB obligation	1,551,596
Adjustment to ARC	<u>(2,476,919)</u>
OPEB Cost	10,164,517
Less: Contribution for year ended June 30, 2016	<u>3,643,418</u>
Increase in other postemployment benefits liability	6,521,099
Other postemployment benefits liability at June 30, 2015	<u>38,789,906</u>
Other postemployment benefits liability at June 30, 2016	<u>\$ 45,311,005</u>
Percent of annual OPEB cost contributed	35.84%

Funded Status and Funding Progress

The percentage contributed, as it relates to the City, for the current year and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2016	\$ 10,164,517	\$ 3,643,418	35.84%	\$ 45,311,005
2015	10,555,010	3,902,537	36.97%	38,789,906
2014	10,368,097	3,716,702	35.85%	32,137,433

The funded status of the plan as of July 1, 2015, projected for the year ended June 30, 2016 as follows:

	Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2015	\$ 126,811,040	\$ -0-	\$ 126,811,040	0.00%	\$ 34,072,909	372.18%

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4. DETAIL NOTES ON ALL FUNDS (continued)**

**G. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Funded Status and Funding Progress (continued)

The required schedule of funding progress can be found immediately following the notes, in required supplementary information, and presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of a plan and the City's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City 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 City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation (the most recent valuation), the liabilities were computed using the entry age normal cost method and level dollar amortization method over a closed 30 year amortization period to amortize the initial unfunded liability. The actuarial assumptions utilized a 3.85% interest rate. The valuation assumes an initial 10% healthcare cost trend and reduced by 1% increments until a rate of 5.0% after five years. The mortality table used was the RP-2000 Mortality Table (combined healthy lives). The July 1, 2015 actuarial valuation did not reflect any effects of the Affordable Care Act and more specifically the effects of the potential taxes as a result of the Affordable Care Act, commonly referred to as the 'Cadillac Tax'.

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.

**H. 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, 2016

**4. DETAIL NOTES ON ALL FUNDS** (continued)

**H. 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, 2016, the value of the City's accumulated vacation, sick leave, and compensatory absences for governmental activities was \$29,196,926 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, 2016, the liability totaled \$1,433,026 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 ("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, 2016, this liability has been recorded in the statement of net position.

**5. COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

In common with other municipalities, the City receives numerous notices of claims. The City is self-insured for the first \$500,000 per occurrence and carries excess liability insurance coverage of \$3,000,000 per occurrence with a \$3,000,000 annual aggregate and is self-insured for claims under this threshold. Automobile claims are subject to a \$10,000 self-insured retention, however the policy provides 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 \$5,427,479, 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.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**5. COMMITMENTS AND CONTINGENCIES (continued)**

**A. RISK MANAGEMENT (continued)**

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 \$3,321,918 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 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, 2016 and 2015, is as follows:

	Workers' Compensation		General Liability	
	2016	2015	2016	2015
Unpaid claims as of July 1,	\$ 4,907,282	\$ 5,240,179	\$ 18,451,007	\$ 18,140,872
Incurred Claims including IBNR	430,000	-0-	307,600	244,033
Changes to prior years estimates	546,833	484,295	2,382,713	315,399
Payments of claims	(1,133,277)	(817,192)	(15,713,841)	(249,297)
Unpaid Claims as of June 30,	<u>\$ 4,750,838</u>	<u>\$ 4,907,282</u>	<u>\$ 5,427,479</u>	<u>\$ 18,451,007</u>

**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 \$625,588 during the year ended June 30, 2016. As of June 30, 2016, the liability totaled \$442,883 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 \$5,036,168 are recorded as encumbrances in the capital projects fund and \$2,378,978 are recorded as encumbrances in the FEMA fund.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**5. COMMITMENTS AND CONTINGENCIES (continued)**

**D. LITIGATION**

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 Court of Appeals denied the City's appeal. Additionally, plaintiffs were awarded the cost of attorney and expert fees (which is being appealed separately). The total of these judgments in favor of the plaintiffs is estimated at \$18.7 million including interest. In calculating the estimated liability, the City has included the accrued interest, and also considered the advance payments made to the property owners and recoveries received from others of approximately \$2.5 million to offset this liability. This \$2.5 million payment was held by an escrow agent and was therefore not included within the City's books and records. In 2016, the City paid approximately \$16.2 million to the plaintiffs, which included the \$2.5 million in escrow. As of June 30, 2016, there is \$2.5 million included within the general liability related to attorney fees which is being appealed separately.

Other Litigation

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 are seeking both zoning relief and money damages. In March 2015, the trial court granted the plaintiffs' motion seeking a default judgment against the City and Zoning Board of Appeals, and the individual members. The City filed a notice of appeal of the trial court's decision in April 2015. While the plaintiffs are claiming \$50.0 million in damages, the amount the City may ultimately be liable for cannot be determined at this time as actual damages will need to be established and are based on losses suffered by the plaintiffs, a process that would not start unless the appeal is determined. Accordingly, no amount has been accrued in the financial statements.

iStar Financial, Inc. ("iStar"), the owner and developer of the Superblock property, has threatened to institute a breach-of-contract action seeking approximately \$105.0 million in damages. iStar has also indicated that they will forego this action, should they receive certain tax abatements from a third party, the Nassau County Industrial Development Agency. The City is currently unable to evaluate the merits of iStar's putative lawsuit, inasmuch the City has not been served with a summons or complaint. Accordingly, no amount has been accrued in the financial statements.

In addition to the above referenced cases, the City is involved in various other litigation matters and administrative proceedings. Except as noted above, management anticipates that any potential claims, if any, against the City would not materially affect the City's financial position.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**5. 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 United Fire Fighters Association. The Uniformed Fire Fighters Association agreement expired on June 30, 2010 and is currently under negotiations. The Commanding Officers Association agreement is still under its initial 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.

**G. LENGTH OF SERVICE AWARD PROGRAM**

Program Description

The City established a defined benefit plan for the active volunteer firefighters of the City of Long Beach Fire Department ("Fire Department"). The program was established on January 1, 1994. The program was established pursuant to Article 11-A of New York State General Municipal Law and is not subject to the provisions of GASB Statement No. 67 "*Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*". The Plan provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The City is the sponsor and program administrator of the Plan.

The City's financial statements are for the year ended June 30, 2016. However, the Length of Service Awards Program ("Plan") has a year end of December 31<sup>st</sup>, and the actuarial valuation is performed as of the beginning of the Plan's year, January 1<sup>st</sup>. Information contained in this note is for the Plan is based on the date of the applicable actuarial valuation, January 1, 2015.

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 Plan. 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 Plan'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 Plan in which they accumulate fifty points. Points are granted for the performance of certain activities in accordance with a system ("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 Plan.

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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**5. COMMITMENTS AND CONTINGENCIES** (continued)

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

Fiduciary Investment and Control

Service credit is determined based on information certified to the City Council 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 Harbridge Consulting Group, LLC to assist in the administration of the Plan. The designated Plan administrator's functions include calculating the amount to be contributed at the end of each year based upon the criteria set forth in the Plan document. Disbursements of Plan 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 Plan's assets. The Custodian shall make payments to Plan 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.

Plan Financial Condition

The Service Award Program Trust Document is dated January 1994, and the trustees are the City Council. Authority to invest Plan assets is vested in the City Council. Subject to restrictions in the Plan document, plan assets are invested in accordance with a statutory "prudent person" rule. The City is required to retain an actuary to determine the amount of the City's contributions to the Plan. The actuary retained by the City for this purpose is Harbridge Consulting Group, LLC. Portions of the following information are derived from a report prepared by the actuary dated March 2015.

As of January 1, 2015, the date of the most recent actuarial valuation:

Funded Status of the Plan:

Actuarial present value of benefits	\$	1,886,203
Less: Assets available for benefits		1,510,893
Total unfunded benefits		375,310
Less: Unfunded liability for prior service		375,310
Unfunded normal benefits	\$	-0-

Assets Available for Benefits

First Security fixed annuity	\$	849,103
Genworth fixed annuity		661,790
Plan assets available for benefits, at December 31, 2015 the Plan's year end applicable to actuarial valuation date	\$	1,510,893
Plan assets available for benefits, at June 30, 2016, the City's fiscal year end	\$	1,738,215

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**5. COMMITMENTS AND CONTINGENCIES (continued)**

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

Contributions

The amount of the City's contribution recommended by the actuary for the Plan year ended December 31, 2015 was:

<u>Recommended Contribution Range:</u>	<u>10 year amortization</u>	<u>13 year amortization</u>
Normal cost	\$ 52,241	\$ 52,241
Post-entitlement age liability amortization payment	46,742	38,534
 Annual Required Contribution	 <u>\$ 98,983</u>	 <u>\$ 90,775</u>

Current membership in the Plan is comprised of the following at December 31, 2015:

Retirees and beneficiaries receiving benefits	7
Terminated members entitled to but not yet receiving benefits	78
Active:	
Non-vested	45
Vested	60

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the City's contribution is the unit credit cost method. The amortization method is level dollar and remaining amortization period is 10 years. The assumed interest rate is 5.25%.

The City's annual program cost, the percentage of the annual program costs contributed to the plan and the net pension obligation for the current and two preceding years were as follows:

<u>Actuarial Valuation Date January 1,</u>	<u>Annual Recommended Contribution</u>	<u>Annual Contribution</u>	<u>Percentage of Annual Program Cost Contributed</u>	<u>Net Pension Obligation</u>	<u>Increase (Decrease) in Net Pension Obligation</u>
2015	\$ 90,775	\$ 90,000	99.15%	\$ -0-	\$ -0-
2014	90,163	90,000	99.82%	-0-	-0-
2013	81,369	90,000	110.61%	-0-	-0-

The funded status of the plan as of January 1, 2015, the date of the most recent actuarial valuation is as follows:

<u>Actuarial Valuation Date January 1,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Untunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>
2015	\$ 1,510,893	\$ 1,886,203	\$ 375,310	80.10%

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**6. SUBSEQUENT EVENTS**

**A. DEBT ISSUANCES**

In September 2016, the City issued \$9,250,000 (2016 Series B) in revenue anticipation notes in advance of the receipt of FEMA and state aid relating to Superstorm Sandy. As of June 30, 2016, 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 bears interest at 1.21% and matures in June 2017.

In September 2016, the City issued \$8,124,370 (2016 Series C) in bond anticipation notes. The proceeds of the BANs will finance various capital projects in and for the City. The BANs bear interest at 1.75% and mature in September 2017.

In February 2017, the City issued \$6,859,500 of public improvement serial bonds (2017 Series A) and together with \$40,500 of available funds redeemed \$6,900,000 in outstanding BANs. Accordingly, \$6,859,500 of the BANs outstanding at June 30, 2016 have been classified and reported as long-term debt. The public improvement serial bonds mature in February 2036 and bear interest at rates ranging from 3.125% to 3.50%. Maturity schedules relating to the public improvement bonds will be presented next year.

In February 2017, the City issued \$17,185,500 (2017 Series A) in bond anticipation notes. The proceeds in the amount of \$15,843,500 together with \$516,500 of available funds were used to redeem a \$16,360,000 portion of the City's outstanding BANs maturing in February 2017. In addition, proceeds of \$1,342,000 will provide new monies to finance various capital projects in and for the City. The BANs bear interest at rates ranging from 2.00% to 2.50% and mature in February 2018.

**7. 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. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," which outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.
- Statement No. 77, "*Tax Abatement Disclosures*," the objective of which is to improve financial reporting by providing the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations, as well as the impact on the government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**7. NEW PRONOUNCEMENTS** (continued)

- Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*," amends the scope and applicability of Statement No. 68. This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to employees of a state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that meets certain criteria of Statement No. 68 and that (a) is not a state or local governmental pension plan, (b) is used to provided defined benefit pensions both to employees of state/local governmental employers as well as to employees of non-state/local governmental employers and (c) has no predominant state or local governmental employer, either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.
- Statement No. 80, "*Blending Requirements for Certain Component Units – an Amendment of Statement No. 14*," the objective of which is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016.
- Statement No. 82, "*Pension Issues – an Amendment of Statements No. 67, 68, and 73*," the objective of which is to address issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of the Statement are effective for reporting beginning after June 15, 2016, except for the requirements for selection of assumptions in a certain circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- Statement No. 83, "*Certain Asset Retirement Obligations*," addresses accounting and financial reporting for certain asset retirement obligations and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources as well as certain disclosure requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018.
- 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 this Statement are effective for financial statements for periods beginning after December 15, 2018.

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

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**8. PRIOR PERIOD ADJUSTMENT**

Government-wide Statements

Management determined that there was an error in the calculation of accumulated depreciation and the compensated absences payable portion of the accrued liabilities relating to years prior to 2015, which resulted in an understatement of capital assets of \$1,187,441 and an overstatement of the compensated absences payable portion of the accrued liabilities of \$1,520,546, respectively, for the year ended June 30, 2015. Consequently, the following beginning balances were restated to correct these errors in the current year government-wide statement of net position:

Government-wide Statements:

Depreciable capital assets, net of accumulated depreciation, as originally reported	\$ 119,402,873
Prior period adjustment	<u>1,187,441</u>
Depreciable capital assets, net of accumulated depreciation, as restated	<u><u>\$ 120,590,314</u></u>
Accrued liabilities, as originally reported	\$ 31,586,450
Prior period adjustment	<u>(1,520,546)</u>
Accrued liabilities, as restated	<u><u>\$ 30,065,904</u></u>
Total net position at beginning of year, as originally reported	\$ (31,589,478)
Prior period adjustment	<u>2,707,987</u>
Total net position at beginning of year, as restated	<u><u>\$ (28,881,491)</u></u>



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

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Major Governmental Funds and Schedules  
Schedule of Funding Progress for Other Postemployment Benefits (OPEB)  
Schedule of Funding Progress for Length of Service Award Program  
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, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Real Property Taxes</b>				
Real property taxes	\$ 33,655,110	\$ 33,655,110	\$ 33,644,491	\$ (10,619)
Total Real Property Taxes	33,655,110	33,655,110	33,644,491	(10,619)
<b>Other Real Property Tax Items</b>				
Payment in lieu of taxes	220,000	220,000	254,000	34,000
Interest and penalties on real property tax	305,000	305,000	271,970	(33,030)
Total Other Real Property Tax Items	525,000	525,000	525,970	970
<b>Non-Property Tax Items</b>				
Sales tax revenues	3,585,000	3,585,000	3,801,681	216,681
Utilities gross receipts tax	950,000	950,000	410,099	(539,901)
Franchise fees	775,000	775,000	829,779	54,779
Total Non-Property Tax Items	5,310,000	5,310,000	5,041,559	(268,441)
<b>Departmental Income</b>				
Civil service charges	85,000	145,000	425,425	280,425
Clerk fees	70,000	70,000	100,130	30,130
Other general fees	9,150	9,150	12,070	2,920
Emergency tenant protection act fees	7,260	7,260	8,360	1,100
Police fees	80,000	90,000	97,356	7,356
Fire and automatic alarm fees	65,000	65,000	135,110	70,110
Clean lots and secure buildings	15,000	15,000	5,136	(9,864)
Recreation fees	1,375,000	1,375,000	1,395,609	20,609
Ambulances charges	850,000	850,000	991,061	141,061
Data processing fees	800	800	800	-0-
Parking, meters and gate access fees	145,000	145,000	178,038	33,038
Bus passenger fees	465,000	465,000	411,017	(53,983)
Beach charges	4,061,660	4,061,660	5,115,582	1,053,922
Long Beach arena fees	758,000	758,000	642,908	(115,092)
Other recreational charges	125,000	125,000	61,296	(63,704)
Youth services	1,019,050	1,019,050	898,027	(121,023)
Community Center activities	5,000	12,000	15,510	3,510
Zoning and planning board	34,750	34,750	65,222	30,472
Memorial Garden fees	1,225	1,225	1,375	150
Refuse and garbage charges	9,164,925	9,164,925	9,161,762	(3,163)
Commercial sanitation fees	562,500	562,500	489,103	(73,397)
Total Departmental Income	18,899,320	18,976,320	20,210,897	1,234,577
<b>Intergovernmental Charges</b>				
Fire protection and dispatching services	220,760	220,760	210,747	(10,013)
Health and inspection services - Nassau County	22,500	22,500	21,227	(1,273)
Transit services - Nassau County	75,000	75,000	34,134	(40,866)
Gasoline and fuel charges	12,000	12,000	-0-	(12,000)
Housing inspections	30,000	30,000	30,000	-0-
Total Intergovernmental Charges	360,260	360,260	296,108	(64,152)

(continued)

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
<b>Use of Money and Property</b>				
Interest earnings	45,000	45,000	50,743	5,743
Interest earnings - interfund balances	15,000	15,000	15,244	244
Transportation advertising fees	70,000	70,000	60,632	(9,368)
Banner advertising fees	5,000	5,000	16,321	11,321
Vending machine	4,000	4,000	5,893	1,893
Rental of real property	408,233	520,233	484,104	(36,129)
Interest and penalties	6,000	6,000	7,978	1,978
Total Use of Money and Property	<u>553,233</u>	<u>665,233</u>	<u>640,915</u>	<u>(24,318)</u>
<b>Licenses and Permits</b>				
Business and occupational licenses	1,160,000	1,160,000	1,490,198	330,198
Street opening permits	85,000	145,000	165,050	20,050
Plumbing permits	100,000	100,000	140,255	40,255
Dog licenses	3,000	3,000	5,311	2,311
Marriage licenses	3,000	3,000	3,045	45
Other	125,000	125,000	68,124	(56,876)
Total Licenses and Permits	<u>1,476,000</u>	<u>1,536,000</u>	<u>1,871,983</u>	<u>335,983</u>
<b>Fines and Forfeitures</b>				
Fines and forfeited bail	430,000	430,000	391,418	(38,582)
Seized property and unclaimed property	21,000	21,000	2,183	(18,817)
Handicapped parking education	3,500	3,500	2,535	(965)
Court fees	360,000	360,000	402,118	42,118
Total Fines and Forfeitures	<u>814,500</u>	<u>814,500</u>	<u>798,254</u>	<u>(16,246)</u>
<b>Sales of Property and Compensation for Loss</b>				
Insurance recoveries	160,000	340,000	539,674	199,674
Sale of equipment	50,000	50,000	9,305	(40,695)
Sale of real property	1,350,000	1,350,000	-	(1,350,000)
Minor sales	55,000	55,000	58,962	3,962
Other compensation for loss	25,000	25,000	10,696	(14,304)
Total Sale of Property and Compensation for Loss	<u>1,640,000</u>	<u>1,820,000</u>	<u>618,637</u>	<u>(1,201,363)</u>
<b>Miscellaneous Local Sources</b>				
Refund of prior year's expenditures	-	-	26,901	26,901
Gifts and donations	95,000	136,880	196,160	59,280
Employee health insurance contributions	98,000	98,000	114,594	16,594
Premiums on debt issuance	-	53,035	53,035	-
Other	250,000	462,510	453,625	(8,885)
Total Miscellaneous Local Sources	<u>443,000</u>	<u>750,425</u>	<u>844,315</u>	<u>93,890</u>

(continued)

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
<b>Interfund Revenues</b>	-0-	-0-	180,725	180,725
<b>State and Local Aid</b>				
Per capita	3,152,704	3,152,704	3,152,704	-0-
Mortgage tax	800,000	800,000	1,039,802	239,802
Court facilities aid	60,000	60,000	55,420	(4,580)
Public safety grants	41,100	41,100	40,963	(137)
Bus operations	838,400	838,400	861,954	23,554
CHIPs grant	398,000	439,735	439,732	(3)
Mapping studies	-0-	191,500	113,767	(77,733)
Emergency disaster assistance	-0-	-0-	42,618	42,618
Youth, elderly and out of school program	9,294	13,480	8,243	(5,237)
Other	4,265	337,265	318,379	(18,886)
Total State and Local Aid	5,303,763	5,874,184	6,073,582	199,398
<b>Federal Aid</b>				
Youth services	21,600	21,600	17,669	(3,931)
Emergency disaster assistance	-0-	-0-	127,853	127,853
Mass transit	2,290,000	2,290,000	213,337	(2,076,663)
Transit preventative maintenance	201,200	201,200	-0-	(201,200)
Community development block grant	-0-	-0-	8,006	8,006
Other	219,000	219,000	4,500	(214,500)
Total Federal Aid	2,731,800	2,731,800	371,365	(2,360,435)
Total Revenues	\$ 71,711,986	\$ 73,018,832	\$ 71,118,801	\$ (1,900,031)

(continued)

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
(continued)				
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Government Support</b>				
City council	\$ 107,799	\$ 108,203	\$ 108,203	\$ -0-
Traffic violation bureau	60,000	62,233	62,233	-0-
City manager	317,426	328,423	328,423	-0-
City comptroller	671,351	713,795	703,800	9,995
Tax receiver	176,859	176,999	176,036	963
Purchasing	155,706	159,595	159,595	-0-
Tax assessor	237,474	218,316	216,552	1,764
Credit card fees	50,000	69,215	69,215	-0-
City clerk	326,433	322,143	315,782	6,361
Legal counsel	871,760	1,401,185	1,401,185	-0-
Civil service	231,466	321,816	311,549	10,267
Buildings	542,076	542,076	536,108	5,968
Public works	983,999	1,014,006	1,014,006	-0-
Municipal building	808,101	819,433	813,397	6,036
Central garage	1,702,727	1,672,797	1,644,842	27,955
Central administration services	439,285	467,580	463,551	4,029
Central data processing	496,978	496,978	490,138	6,840
Other expenditures	110,000	87,750	78,519	9,231
Unallocated insurance	1,003,200	874,715	874,715	-0-
Refunds of real property taxes	630,000	630,000	625,588	4,412
Metropolitan commuter transportation mobility tax	120,079	124,369	124,369	-0-
Termination payments	1,800,000	2,524,852	2,294,859	229,993
Publicity	166,868	173,937	173,937	-0-
Self insurance	556,676	556,676	556,676	-0-
Contingency	438,760	-0-	-0-	-0-
Total General Government Support	<u>13,005,023</u>	<u>13,867,092</u>	<u>13,543,278</u>	<u>323,814</u>
<b>Education</b>				
Community college chargeback	250,000	266,914	266,914	-0-
College reimbursements	4,000	1,050	1,050	-0-
Total Education	<u>254,000</u>	<u>267,964</u>	<u>267,964</u>	<u>-0-</u>
<b>Public Safety</b>				
Police department	12,926,408	13,046,514	13,046,500	14
Fire department	3,572,470	3,939,524	3,939,518	6
Traffic control	145,000	149,090	149,090	-0-
Auxiliary police	26,000	16,821	16,821	-0-
Animal control	101,500	125,861	125,861	-0-
Total Public Safety	<u>16,771,378</u>	<u>17,277,810</u>	<u>17,277,790</u>	<u>20</u>

(continued)

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2016**

(continued)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Transportation</b>				
Bus transportation	1,564,722	1,629,833	1,629,826	7
Street lighting	225,000	225,160	225,160	-0-
Snow removal	245,000	291,036	291,036	-0-
Other transportation	32,244	1,620	1,620	-0-
Total Transportation	2,066,966	2,147,649	2,147,642	7
<b>Economic Assistance and Opportunity</b>				
Economic development	211,598	722,227	675,403	46,824
Veterans services	8,529	8,529	5,220	3,309
Total Economic Assistance and Opportunity	220,127	730,756	680,623	50,133
<b>Culture and Recreation</b>				
Recreation	3,405,006	3,396,967	3,396,535	432
Lifeguards	1,291,800	1,426,013	1,426,013	-0-
Beach park	518,626	535,055	535,055	-0-
Youth and family services	688,127	789,768	789,764	4
MLK childcare center	42,000	29,581	29,581	-0-
Magnolia community center	408,817	349,296	349,292	4
Celebrations	245,200	289,603	279,635	9,968
Arts council	-0-	2,226	2,226	-0-
Performing arts	47,950	51,775	51,775	-0-
Recreation program for the aging	1,800	-0-	-0-	-0-
Total Culture and Recreation	6,649,326	6,870,284	6,859,876	10,408
<b>Home and Community Services</b>				
Zoning	67,500	25,400	25,400	-0-
Sanitation	3,767,131	4,232,569	4,232,563	6
Street maintenance	1,662,689	1,942,165	1,941,585	580
Beach maintenance	2,040,662	2,052,565	2,052,561	4
Shade trees	65,400	62,506	62,506	-0-
Conservation recycling	40,000	2,582	2,582	-0-
Emergency tenants protection act	6,050	5,680	5,680	-0-
Other	14,000	10,785	10,785	-0-
Total Home and Community Services	7,663,432	8,334,252	8,333,662	590
<b>Employee Benefits</b>				
State retirement	2,675,000	2,773,873	2,773,873	-0-
Fire service award program	92,400	93,960	93,960	-0-
Police and fire retirement	3,360,000	3,017,671	3,017,671	-0-
Social security	2,701,775	2,457,700	2,457,700	-0-
Life insurance	120,000	94,108	94,108	-0-
Unemployment insurance	75,000	28,463	28,463	-0-
Disability	5,500	3,879	3,879	-0-
Hospital and medical insurance	9,510,500	9,404,134	9,404,127	7
Firefighters' supplemental benefit- self insurance charge	657,689	657,689	657,689	-0-
Workers' compensation - self insurance charge	1,616,210	1,605,308	1,593,327	11,981
Other fringe benefits	130,000	101,433	101,433	-0-
Total Employee Benefits	20,944,074	20,238,218	20,226,230	11,988

(continued)

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
(continued)				
<b>Debt Service</b>				
Debt issuance costs	90,000	113,897	113,897	-0-
<b>Total Debt Service</b>	<b>90,000</b>	<b>113,897</b>	<b>113,897</b>	<b>-0-</b>
<b>Total Expenditures</b>	<b>67,664,326</b>	<b>69,847,922</b>	<b>69,450,962</b>	<b>396,960</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,047,660</b>	<b>3,170,910</b>	<b>1,667,839</b>	<b>(1,503,071)</b>
<b>Other Financing Sources (Uses)</b>				
Debt proceeds	1,800,000	2,867,451	2,867,451	-0-
Transfers in	802,731	802,731	1,354,283	551,552
Transfers out	(7,285,391)	(7,476,092)	(7,476,088)	4
<b>Total Other Financing Uses</b>	<b>(4,682,660)</b>	<b>(3,805,910)</b>	<b>(3,254,354)</b>	<b>551,556</b>
<b>Net Change in Fund Balance</b>	<b>\$ (635,000)</b>	<b>\$ (635,000)</b>	<b>(1,586,515)</b>	<b>\$ (951,515)</b>
<b>Fund Balance at Beginning of Year</b>			<b>9,134,864</b>	
<b>Fund Balance at End of Year</b>			<b>\$ 7,548,349</b>	

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**WATER FUND**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Departmental income	\$ 4,833,300	\$ 4,833,300	\$ 4,601,985	\$ (231,315)
Licenses and permits	250,000	250,000	290,500	40,500
Sales of property and compensation for loss	60,000	60,000	61,739	1,739
Miscellaneous local sources	-0-	-0-	40	40
Interfund revenues	-0-	-0-	21,596	21,596
Total Revenues	<u>5,143,300</u>	<u>5,143,300</u>	<u>4,975,860</u>	<u>(167,440)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	252,739	194,530	193,876	654
Home and community services	2,714,204	2,726,149	2,639,902	86,247
Employee benefits	1,447,931	1,501,813	1,456,286	45,527
Debt service:				
Interest - interfund	7,500	7,500	-0-	7,500
Debt issuance costs	10,000	2,382	2,382	-0-
Total Expenditures	<u>4,432,374</u>	<u>4,432,374</u>	<u>4,292,446</u>	<u>139,928</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>710,926</u>	<u>710,926</u>	<u>683,414</u>	<u>(27,512)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	51,670	51,670	177,021	125,351
Transfers out	(1,145,904)	(1,145,904)	(1,071,605)	74,299
Total Other Financing Sources (Uses)	<u>(1,094,234)</u>	<u>(1,094,234)</u>	<u>(894,584)</u>	<u>199,650</u>
<b>Net Change in Fund Balance</b>	<u>\$ (383,308)</u>	<u>\$ (383,308)</u>	<u>(211,170)</u>	<u>\$ 172,138</u>
<b>Fund Balance at Beginning of Year</b>			<u>1,843,474</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 1,632,304</u>	



**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**SEWER FUND**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Departmental income	\$ 4,611,500	\$ 4,611,500	\$ 4,397,790	\$ (213,710)
Intergovernmental charges	550,000	550,000	543,703	(6,297)
Licenses and permits	35,000	35,000	47,250	12,250
Interfund revenues	50,000	50,000	78,115	28,115
Total Revenues	<u>5,246,500</u>	<u>5,246,500</u>	<u>5,066,858</u>	<u>(179,642)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	234,079	218,218	213,134	5,084
Home and community services	2,610,328	2,578,628	2,356,236	222,392
Employee benefits	1,361,144	1,393,851	1,350,313	43,538
Debt service:				
Interest - interfund	11,000	15,244	15,244	-0-
Debt issuance costs	5,000	15,610	15,610	-0-
Total Expenditures	<u>4,221,551</u>	<u>4,221,551</u>	<u>3,950,537</u>	<u>271,014</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,024,949</u>	<u>1,024,949</u>	<u>1,116,321</u>	<u>91,372</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	90,000	90,000	82,549	(7,451)
Transfers in	355,439	355,439	462,977	107,538
Transfers out	(1,470,388)	(1,470,388)	(1,432,648)	37,740
Total Other Financing Sources (Uses)	<u>(1,024,949)</u>	<u>(1,024,949)</u>	<u>(887,122)</u>	<u>137,827</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	229,199	<u>\$ 229,199</u>
<b>Fund Balance at Beginning of Year</b>			<u>262,748</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 491,947</u>	

**CITY OF LONG BEACH**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**June 30, 2016**

Actuarial Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
2015	\$ -0-	\$ 126,811,040	\$ 126,811,040	0.00%	\$ 34,072,909	372.18%
2013	\$ -0-	\$ 112,145,012	\$ 112,145,012	0.00%	\$ 33,212,727	337.66%
2011	\$ -0-	\$ 108,077,034	\$ 108,077,034	0.00%	\$ 27,365,670	394.94%
2009	\$ -0-	\$ 68,550,284	\$ 68,550,284	0.00%	\$ 30,900,000	221.85%

**CITY OF LONG BEACH**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR LENGTH OF SERVICE AWARD PROGRAM**  
 June 30, 2016

Actuarial Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio
2015	\$ 1,510,893	\$ 1,886,203	\$ 375,310	80.10%
2014	\$ 1,301,941	\$ 1,712,209	\$ 410,268	76.04%
2013	\$ 1,303,410	\$ 1,599,397	\$ 295,987	81.49%
2012	\$ 1,292,614	\$ 1,508,677	\$ 216,063	85.68%

Note: There is no covered payroll due to the fact that this is a volunteer fire department. Refer to to 5.G for additional information.

**CITY OF LONG BEACH**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
June 30, 2016

<b>NYSERS</b>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability	0.0699281%	0.0718696%	0.0718696%
City's proportionate share of the net collective pension liability	\$ 11,223,658	\$ 2,427,932	\$ 3,247,688
City's covered-employee payroll	\$ 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	58.04%	12.46%	17.91%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	90.70%	97.90%	97.20%
 <b>NYSPPRS</b>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>
City's proportion of the collective net pension liability	0.4112679%	0.4991109%	0.4991109%
City's proportionate share of the net collective pension liability	\$ 12,176,768	\$ 1,373,851	\$ 2,077,846
City's covered-employee payroll	\$ 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	82.87%	10.27%	10.75%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	90.20%	99.00%	98.50%

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

**CITY OF LONG BEACH**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
June 30, 2016

**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
2016	\$ 2,838,886	\$ 2,838,886	\$ -	\$ 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	-	17,950,829	11.34%
2010	1,492,709	1,492,709	-	19,844,576	7.52%
2009	1,335,179	1,335,179	-	16,430,358	8.13%
2008	1,217,254	1,217,254	-	16,221,656	7.50%
2007	1,435,659	1,435,659	-	15,076,204	9.52%

**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
2016	\$ 2,230,796	\$ 2,230,796	\$ -	\$ 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	-	13,299,109	17.71%
2010	1,757,840	1,757,840	-	10,816,952	16.25%
2009	1,903,100	1,903,100	-	13,221,427	14.39%
2008	1,739,460	1,739,460	-	13,233,664	13.14%
2007	2,051,929	2,051,929	-	13,064,071	15.71%

**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, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ -0-	\$ -0-	\$ 22,223	\$ 22,223
Miscellaneous local sources	-0-	-0-	168,173	168,173
Total Revenues	<u>-0-</u>	<u>-0-</u>	<u>190,396</u>	<u>190,396</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal - serial bonds	6,204,543	6,204,543	6,200,000	4,543
Interest - serial bonds	2,509,748	2,509,748	2,445,618	64,130
Principal - capital leases	320,996	320,996	320,996	-0-
Interest - capital leases	113,581	113,581	113,581	-0-
Total Expenditures	<u>9,148,868</u>	<u>9,148,868</u>	<u>9,080,195</u>	<u>68,673</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(9,148,868)</u>	<u>(9,148,868)</u>	<u>(8,889,799)</u>	<u>259,069</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	9,148,868	9,148,868	9,080,195	(68,673)
Transfers out	(489,841)	(489,841)	(489,841)	-0-
Total Other Financing Sources	<u>8,659,027</u>	<u>8,659,027</u>	<u>8,590,354</u>	<u>(68,673)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (489,841)</u>	<u>\$ (489,841)</u>	<u>(299,445)</u>	<u>\$ 190,396</u>
<b>Fund Balance at Beginning of Year</b>			<u>1,165,999</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 866,554</u>	