

**CITY OF LONG BEACH**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

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, 2015 and the related notes to the financial statements which collectively comprise the City of Long Beach'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

25 SUFFOLK COURT  
HAUPPAUGE, NY 11788-3715

## 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *New Accounting Guidance*

As described in Note 1 to the basic financial statements, the City of Long Beach, New York adopted the provisions of Governmental Accounting Standards No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as of and for the year ended June 30, 2015.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, scheduling of funding progress for the retiree medical program and the budgetary comparison information 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2016, 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.



Hauppauge, New York  
March 29, 2016

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

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2015

**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, 2015. 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.

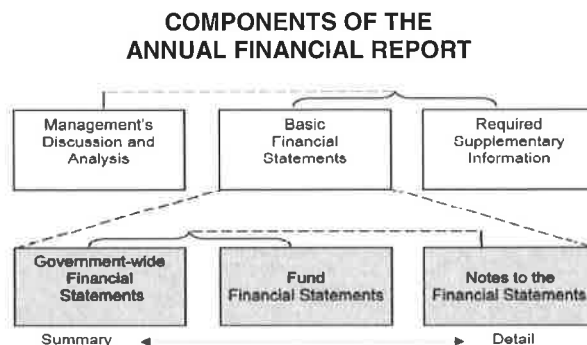
**FINANCIAL HIGHLIGHTS**

- The liabilities of the City exceeded its assets and deferred outflows of resources at the close of 2015 by \$31,589,478 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 increased by \$12,491,613 (exclusive of the cumulative effect of change in accounting principle of \$(3,517,390)). This is the result of revenues in excess of expenses and in particular the recognition of state and federal disaster assistance revenue above current year costs.
- As of the close of 2015, the City's governmental funds reported a combined fund balance of \$20,413,999, which consists of the following: \$1,414,670 of amounts not in spendable form; \$14,873,300 of amounts restricted for specific purposes (primarily debt service and capital projects); \$2,741,222 of amounts assigned for a specific purpose and subsequent year's budget and \$1,384,807 of unassigned fund balance. The \$1,384,807 unassigned fund balance consists of a deficit in the FEMA fund of \$(5,575,924), a deficit in the community development fund of \$(89,582) and a fund balance of the general fund of \$7,050,313. Fund balance, excluding the deficits of the FEMA and community development fund totaled \$26,079,505 of which \$1,414,670 (5.4%) is in nonspendable form, \$14,873,300 (57.1%) is restricted for primarily debt service and capital projects, \$2,741,222 (10.5%) is assigned for the general fund and water fund subsequent year's budget and for water and sewer operations and \$7,050,513 (27.0%) is unassigned for general fund purposes.
- At the end of 2015, the City's total fund balance for the general fund was \$9,134,864, a decrease of \$794,100 from the prior year. The assigned and unassigned fund balance for the general fund was \$7,685,513, or 10.3% of total general fund expenditures and other uses.
- The City's total bonded debt was \$61,525,000 for an increase of 3.0% from the prior year. This increase was mainly due to bonds issued for an arbitration award offset by principal payments made during the year.

**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2015

**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.



**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, 2015

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

**Governmental Activities**

The City's basic services are reported here, including: general government support, public safety, education, 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 for the six (6) major funds. 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. 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 schedule for these major funds can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis".



**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2015

**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, this report contains 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 of Long Beach, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$31,589,478 at the close of the most recent year.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2015

**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	
	2015	2014
<b>Assets</b>		
Current and other assets	\$ 71,181,414	\$ 55,283,355
Capital and other assets	129,050,843	126,070,699
Total Assets	<u>200,232,257</u>	<u>181,354,054</u>
Deferred outflows of resources	4,042,321	215,583
Total Assets and Deferred Outflows of Resources	<u>204,274,578</u>	<u>181,569,637</u>
<b>Liabilities</b>		
Current and other liabilities	92,652,551	75,031,816
Long-term liabilities	143,090,137	147,101,522
Total Liabilities	<u>235,742,688</u>	<u>222,133,338</u>
Deferred inflows of resources	121,368	-0-
Total Liabilities and Deferred Inflows of Resources	<u>235,864,056</u>	<u>222,133,338</u>
<b>Net Position</b>		
Net investment in capital assets	79,493,494	75,749,989
Restricted	14,873,300	5,997,967
Unrestricted	(125,956,272)	(122,311,657)
Total Net Position	<u>\$ (31,589,478)</u>	<u>\$ (40,563,701)</u>

The City's governmental activities net position includes \$79,493,494 in net investment in capital assets, \$14,873,300 in net position restricted for specific purposes (primarily for capital projects and debt service) and \$125,956,272 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 increased in the current year due to recognition of disaster assistance related to Superstorm Sandy but will most likely decrease in subsequent years due to the ongoing recognition of the City's other postemployment benefits (OPEB) costs. The unfunded liability for other postemployment benefits (OPEB) increased in 2015 by \$6,652,473 bringing the net OPEB obligation at year-end to \$38,789,906. Additional information on OPEB can be found in the notes to the financial statements.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2015

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

**Financial Highlights (continued)**

Net Position (continued)

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, accrued liabilities (compensated absences, accrued payroll and retroactive wage adjustment) 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	
	2015	2014
<b>Program Revenues</b>		
Charges for services	\$ 34,766,994	\$ 29,437,969
Operating grants and contributions	2,630,238	3,325,095
Capital grants and contributions	31,476,622	38,317,169
<b>Total Program Revenues</b>	<b>68,873,854</b>	<b>71,080,233</b>
<b>General Revenues</b>		
Real property taxes	32,604,023	33,053,752
Other real property tax items	495,103	479,862
Non-property tax items	5,333,572	5,116,685
Earnings on investments	50,212	114,229
Grants - unrestricted	4,010,001	3,918,124
Sale of property and compensation for loss	459,201	865,866
Other	174,032	525,378
<b>Total General Revenues</b>	<b>43,126,144</b>	<b>44,073,896</b>
<b>Total Revenues</b>	<b>111,999,998</b>	<b>115,154,129</b>
<b>Program Expenses</b>		
General government support	21,138,856	31,446,509
Public safety	29,444,685	33,713,194
Transportation	4,874,514	5,884,282
Economic assistance and opportunity	495,538	328,902
Culture and recreation	16,695,966	13,520,616
Home and community services	23,934,181	34,776,744
Education	716,721	297,951
Interest on debt	2,207,924	2,709,082
<b>Total Program Expenses</b>	<b>99,508,385</b>	<b>122,677,280</b>
<b>Change in Net Position</b>	<b>12,491,613</b>	<b>(7,523,151)</b>
<b>Net Position at Beginning of Year</b>	<b>(40,563,701)</b>	<b>(32,880,566)</b>
*Cumulative Effect of Change in Accounting Principle	(3,517,390)	(159,984)
<b>Net Position at Beginning of Year, as Restated</b>	<b>(44,081,091)</b>	<b>(33,040,550)</b>
<b>Net Position at End of Year</b>	<b>\$ (31,589,478)</b>	<b>\$ (40,563,701)</b>

\* The City's financial statements presented herein are for the year ended June 30, 2015 and the cumulative effect of applying Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition Guidance for Contributions Made Subsequent to the Measurement Date", is shown as an adjustment to the beginning net position of fiscal year 2015. Accordingly, the condensed financial information presented above also reflects this cumulative effect of the accounting change to the beginning net position of fiscal year 2015. The condensed financial information for the year ended June 30, 2014 was not restated as all related information was not available.

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 June 30, 2015

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

**Financial Highlights (continued)**

Net Position (continued)

The City's net position from governmental activities increased from the prior year by \$8,974,223, or 22.1% (which is inclusive of a cumulative effect of change in accounting principle of \$(3,517,390)) from a negative \$40,563,701 to a negative \$31,589,478.

Key elements of the governmental activities are:

- Charges for services increased by \$5,329,025 from the prior year primarily due to additional building permit fees, an increase in the residential sanitation charge and increases in water and sewer rates.
- Capital grants and contributions decreased by \$6,840,547 mainly due to a decrease in the amount recognized for state and federal reimbursements related to Superstorm Sandy off set by grant moneys received from the FTA for transit-system purchases.
- Real property taxes decreased \$449,729 from the prior year due to a slight decrease in the tax rate.
- Overall expenses decreased by \$23,168,895, due to a decrease of \$10,307,653 in General Government Support expenses related to a decrease in litigation costs and less \$10,842,563 in Home and Community expenses due to less Superstorm Sandy recovery costs in the current year.

For the year ended June 30, 2015, the total cost of services provided by the City (governmental activities) totaled \$99,508,385 of which 69.2% was funded from program revenues (35.0% from charges for services, 34.2% from operating and capital grants); 32.8% was funded by real property taxes, 5.4% from non-property tax items and 4.0% from unrestricted aid from other governments.

The cost of all governmental activities this year was \$99,508,385. The net cost of these services after being subsidized by program revenues of \$68,873,854 was \$30,634,531.

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,**

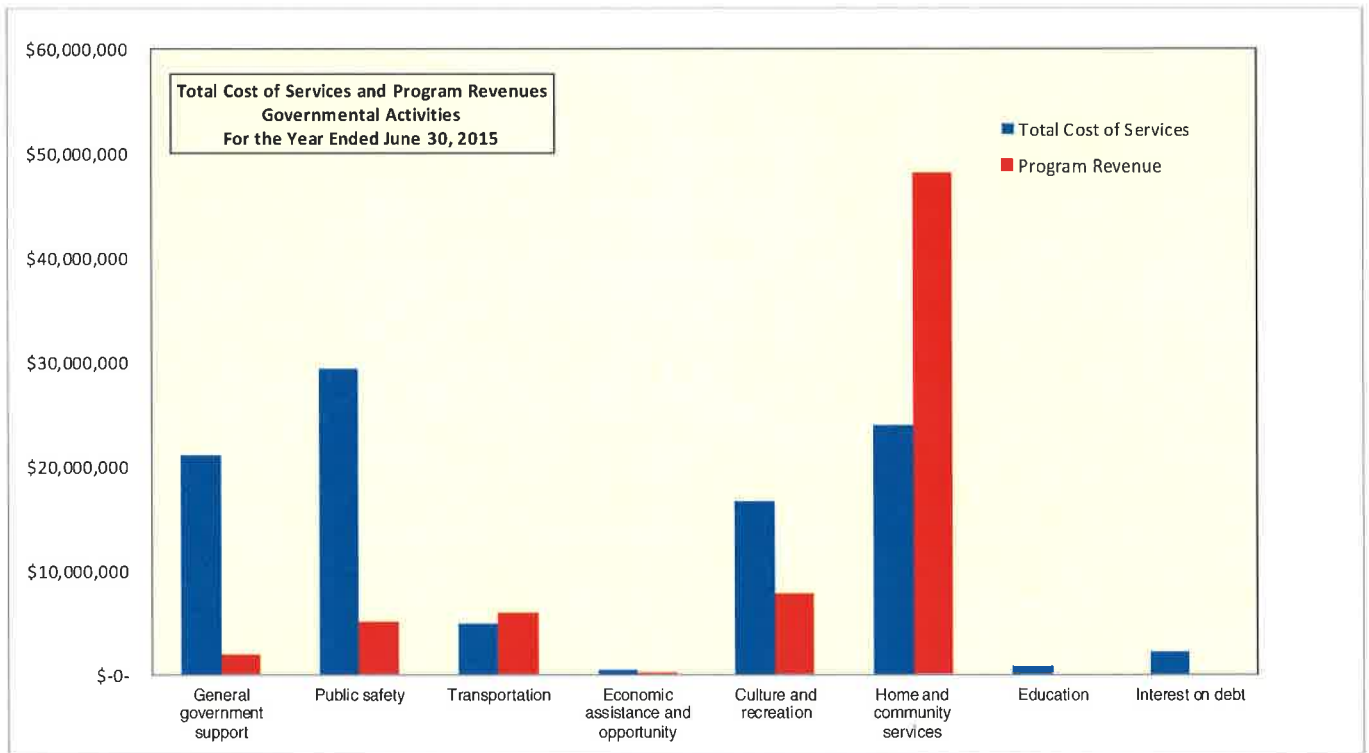
	2015	2014	2015	2014	2015	2014
	Total Cost of Services		Program Revenue		Net Cost of Services	
General government support	\$ 21,138,856	\$ 31,446,509	\$ 1,932,280	\$ 1,678,864	\$ (19,206,576)	\$ (29,767,645)
Public safety	29,444,685	33,713,194	5,067,766	3,023,718	(24,376,919)	(30,689,476)
Transportation	4,874,514	5,884,282	5,933,056	2,313,103	1,058,542	(3,571,179)
Economic assistance and opportunity	495,538	328,902	8,585	-0-	(486,953)	(328,902)
Culture and recreation	16,695,966	13,520,616	7,852,554	7,090,651	(8,843,412)	(6,429,965)
Home and community services	23,934,181	34,776,744	48,079,613	56,973,897	24,145,432	22,197,153
Education	716,721	297,951	-0-	-0-	(716,721)	(297,951)
Interest on debt	2,207,924	2,709,082	-0-	-0-	(2,207,924)	(2,709,082)
	<u>\$ 99,508,385</u>	<u>\$ 122,677,280</u>	<u>\$ 68,873,854</u>	<u>\$ 71,080,233</u>	<u>\$ (30,634,531)</u>	<u>\$ (51,597,047)</u>

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 June 30, 2015

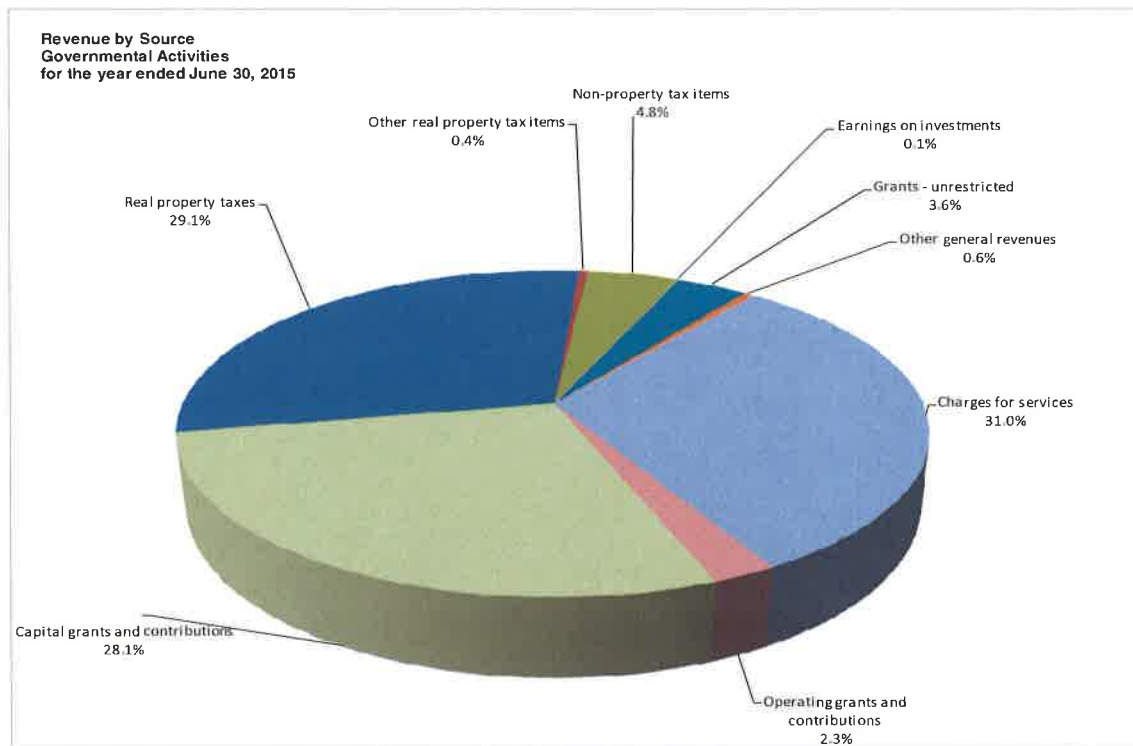
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**Financial Highlights (continued)**

Net Position (continued)



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



**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2015

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

**Governmental Funds**

As of June 30, 2015, the City's governmental funds reported overall fund balances of \$20,413,999, an increase of \$24,410,271 from the beginning year fund deficits of \$(3,996,272). The category breakdown is as follows:

- **Nonspendable fund balance** - \$1,414,670 (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.
- **Restricted fund balance** - \$14,873,300 (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 \$13,672,420 that can only be used to fund authorized capital projects and \$1,165,999 which can only be used to fund debt service.
- **Assigned fund balance** - \$2,741,222 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making and the remaining positive fund balance amounts in funds other than the general fund. At year end, this amount consisted of \$635,000 appropriated fund balance for the general fund subsequent year's budget, \$383,308 appropriated fund balance for the water fund subsequent year's budget and positive fund balances in the water and sewer funds of \$1,460,166 and \$262,748, respectively.
- **Unassigned fund balance** - \$1,384,807 (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 \$9,134,864, a \$794,100 decrease from the prior year.

The general fund revenues (excluding other financing sources) increased \$4,771,753 from \$65,800,710 in 2014 to \$70,572,463 in 2015. The increase is primarily attributable to \$2,010,881 in additional departmental income due to an increase in the residential garbage rate, a \$402,195 increase in intergovernmental charges, an increase of \$2,317,101 in licenses and permits, and \$541,719 in additional state and local aid mainly from increased sales tax revenue. These increases were partially offset by a decrease in property taxes of \$449,729.

The key elements of the negative change in fund balance of \$794,100 are as follows:

- Non-property tax income exceeded budgeted amounts by \$598,572, mainly from additional sales tax of \$594,782.

**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2015

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

**General Fund** (continued)

- Federal aid was less than the budgeted amount by \$656,069, as a firefighter assistance grant was not renewed and budgeted building department cost reimbursements were not earned as expected.
- Overall departmental income was \$1,056,434 under budget primarily due to lower than expected youth services of \$1,024,222 and beach charges of \$414,570, offset by additional recreation charges of \$274,226 and additional ambulance revenue of \$146,508.
- Overall total expenditures (excluding other financing sources) were \$359,314 less than the final budgeted amount. This is primarily due to lower than expected street maintenance expenditures (\$144,268), lower than expected recreation costs (\$71,642), and additional small savings in various departments related to lower supplies and materials costs.

**Water Fund**

In the water fund, fund balance decreased \$26,995, from \$1,870,469 at the beginning of the year to \$1,843,474 at the end of the year. This is primarily due to lower than expected license and permit revenue of \$128,850 offset by additional water service charges of \$76,047 and sale of equipment of \$12,684.

**Sewer Fund**

In the sewer fund, the fund balance increased \$53,714, from \$209,034 at the beginning of the year to \$262,748 at the end of the year. This is primarily due to lower than budgeted home and community expenses of \$298,693, offset by lower than expected service charges of \$226,474.

**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, 2015, the City recognized \$26,839,479 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, 2015, the City incurred \$11,077,529 of expenditures as a result of Superstorm Sandy for emergency and debris costs as well as extensive repairs and capital improvements, resulting in a increase in fund balance of \$16,278,176 and a total fund deficit of \$5,575,924. Grant funding will continue to be recognized during the year ending June 30, 2016, 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. Currently, 100% of these expenditures are reported in the FEMA fund.

**CITY OF LONG BEACH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2015

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

**Debt Service Fund**

The debt service fund has a total fund balance of \$1,165,999 which is a decrease of \$306,209 from the prior year balance of \$1,472,208. This decrease is directly due to the transfer of prior year debt issuance premiums of \$514,673 to the operating funds offset by the current year debt premiums received totaling \$486,308 and savings on refunded debt service. The fund balance is restricted for the payment of debt service. During the year ended June 30, 2015, the City paid \$4,564,000 of serial bond principal and \$2,047,003 of related interest and paid \$163,762 of capital lease principal and \$43,765 of related interest. These expenditures were funded by \$6,818,530 of operating transfers from the general fund, water and sewer funds, (\$4,847,193, \$780,320, and \$1,191,017, respectively).

**Capital Projects Fund**

The capital projects fund has a total fund balance of \$13,672,420, an increase of \$9,191,646 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 \$12,918,012 of proceeds from long-term financing issued during the year ended June 30, 2015.

**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 \$70,237,458 to \$71,380,050. The budgeted revenue increase of \$1,142,592 is primarily the result of intergovernmental reimbursements (\$747,845) and additional grant funds and miscellaneous local sources (\$384,626). Overall budgeted appropriations/expenditures (excluding other financing uses) increased \$1,269,140 from \$68,194,653 to \$69,463,793. The significant budget amendments were to increase appropriations for economic development contractual services costs of \$210,000, street maintenance costs in the amount of \$853,091, transportation costs of \$43,750, and public safety costs of \$27,750.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

As of June 30, 2015, the City had \$119,402,873 in net capital assets, of which \$107,969,255 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 \$4.5 million.
- Construction of dune walkovers at certain beach entrances at a cost of \$5.3 million.
- Road, parking lot and other transportation related improvements totaling \$5.1 million.
- Improvements to the City's water and sewer infrastructure with a total cost of \$3.8 million.



**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 June 30, 2015

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

Capital Assets (continued)

- Other infrastructure improvements were approximately \$2.4 million, which mainly consisted of recreation and drainage improvements.
- Construction in progress totaled approximately \$5.3 million, due to various ongoing infrastructure projects related to flood protection projects, road improvements and Superstorm Sandy recovery.
- The City purchased various equipment items and vehicles at a total cost of approximately \$1.6 million.

**Capital assets, net of accumulated depreciation  
 At June 30, 2015 and 2014**

<b>Governmental Activities:</b>	2015	2014
Land	\$ 4,135,210	\$ 4,135,210
Construction-in-progress	5,345,913	11,903,107
Buildings	15,481,906	14,958,000
Machinery and equipment	35,595,729	33,990,471
Infrastructure	192,769,870	170,925,116
Total capital assets	253,328,628	235,911,904
Less: accumulated depreciation	124,444,632	110,166,908
Total net governmental capital assets	\$ 128,883,996	\$ 125,744,996

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

**CITY OF LONG BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2015

**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, 2015, is as follows:

	Balance July 1, 2014	New Issues	Maturities/ Reductions	Balance June 30, 2015
Revenue anticipation notes payable	\$ 38,100,000	\$ 25,000,000	\$ 38,100,000	\$ 25,000,000
Bond anticipation notes payable	-0-	3,680,488	-0-	3,680,488
Total short-term debt	<u>\$ 38,100,000</u>	<u>\$ 28,680,488</u>	<u>\$ 38,100,000</u>	<u>\$ 28,680,488</u>

**Long-Term Debt**

At the end of 2015, the City had general obligation bonded debt outstanding, inclusive of premiums on issuance, of \$62,210,149, capital lease obligations of \$2,634,761 and outstanding bond anticipation notes in the amount of \$16,111,512, for a total of \$80,956,422, in comparison to \$69,453,343 in the prior year. For the year ended June 30, 2015, the City's debt increased by \$11,503,079 or 16.6%. The entire debt is backed by the full faith and credit of the City.

In February 2015, Moody's Investors Service, Inc. upgraded the City's credit rating as "Baa2" with a positive outlook. In February 2012, Moody's Investors Service, Inc. further upgraded 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, 2015 was \$350,833,450 which is significantly in excess of the City's outstanding general obligation debt. The percentage of debt limit exhausted at June 30, 2015 was 24.4%.

A summary of changes in outstanding long-term debt, related to governmental activities, for the year ended June 30, 2015, is as follows:

	Balance July 1, 2014	New Issues	Maturities	Balance June 30, 2015
Capital leases payable	\$ 2,798,523	\$ -0-	\$ 163,762	\$ 2,634,761
Bond anticipation notes payable	6,500,000	16,111,512	6,500,000	16,111,512
General obligation bonds payable, inclusive of premiums on issuance	60,154,820	14,596,918	12,541,589	62,210,149
Total long-term debt	<u>\$ 69,453,343</u>	<u>\$ 30,708,430</u>	<u>\$ 19,205,351</u>	<u>\$ 80,956,422</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, 2015

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

- The City employs approximately 340 full-time employees as of June 30, 2015. 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 31 employees. Their contract expired on June 30, 2010, and is in the process of being renewed. The Patrolmen's Benevolent Association of Long Beach covers approximately 64 employees. Their contract was renewed on July 1, 2009, and expired June 30, 2015. The Commanding Officers Association, a new bargaining unit whose contract is still in negotiation, covers 6 employees.
- In February 2016, the City issued \$16.1 million in serial bonds to convert \$3.2 million in bond anticipation notes used to fund employee separation payments and related benefits and \$12.9 million in bond anticipation notes to finance various public improvements.
- 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, 2016, includes a \$1,037,168 increase in real property taxes in the general fund. This change equates to a 3.18% increase, which does not exceed the Tax Cap Law due to carryover amounts from previous years.
- 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: stormwater remediation, bulkhead 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.

**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 – 1000.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LONG BEACH**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Governmental Activities
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and investments	\$ 35,926,670
Restricted cash	1,174,761
Accounts receivable	4,320,903
Due from other governments	29,691,603
Due from trust and agency fund	26,134
Prepaid items	41,343
Total Current Assets	71,181,414
<b>Noncurrent Assets:</b>	
Non-current benefit assessment receivable	166,847
Non-depreciable capital assets	9,481,123
Depreciable capital assets, net of accumulated depreciation	119,402,873
Total Noncurrent Assets	129,050,843
<b>Total Assets</b>	<b>200,232,257</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension amounts	3,862,669
Deferred loss on refunding	179,652
<b>Total Deferred Outflows of Resources</b>	<b>4,042,321</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable and other current liabilities	13,336,123
Accrued interest payable	948,811
Tax assessment refunds payable	68,555
Due to other governments	3,364
Unearned revenues	6,652,090
Bond and revenue anticipation notes payable	28,680,488
Noncurrent liabilities due within one year:	
Accrued liabilities	1,640,531
Claims and judgments payable	17,237,306
Tax certioraris payable	447,088
Capital lease payable	320,996
Pension related debt	926,326
Bond anticipation notes payable	16,111,512
General obligation bonds payable	6,279,361
Total Current Liabilities	92,652,551
<b>Noncurrent Liabilities:</b>	
Accrued liabilities	29,945,919
Claims and judgments payable	6,120,983
Other postemployment benefits payable	38,789,906
Capital lease payable	2,313,765
Pension related debt	6,186,993
Net pension liability, proportionate share of unfunded liability	3,801,783
General obligation bonds payable	55,930,788
Total Noncurrent Liabilities	143,090,137
<b>Total Liabilities</b>	<b>235,742,688</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension amounts	121,368
<b>Total Deferred Inflows of Resources</b>	<b>121,368</b>
<b>NET POSITION</b>	
Net investment in capital assets	79,493,494
Restricted for:	
Capital projects	13,672,420
Debt service	1,165,999
Public safety	34,881
Unrestricted	(125,956,272)
<b>Total Net Position</b>	<b>\$ (31,589,478)</b>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
June 30, 2015

Function/Program	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions		
<b>PRIMARY GOVERNMENT</b>					
Government Activities:					
General government support	\$ 21,138,856	\$ 1,597,591	\$ 208,456	\$ 126,233	\$ (19,206,576)
Public safety	29,444,685	4,796,029	271,737		(24,376,919)
Transportation	4,874,514	1,822,442	1,127,302	2,983,312	1,058,542
Economic assistance and opportunity	495,538		8,585		(486,953)
Culture and recreation	16,695,966	7,047,284	32,244	773,026	(8,843,412)
Home and community services	23,934,181	19,503,648	981,914	27,594,051	24,145,432
Education	716,721				(716,721)
Interest and other debt service costs	2,207,924				(2,207,924)
Total Governmental Activities	<u>\$ 99,508,385</u>	<u>\$ 34,766,994</u>	<u>\$ 2,630,238</u>	<u>\$ 31,476,622</u>	<u>\$ (30,634,531)</u>

**GENERAL REVENUES:**

Real property taxes	\$ 32,604,023
Other real property tax items	495,103
Non-property tax items	5,333,572
Earnings on investments	50,212
Grants and contributions not restricted to specific programs	4,010,001
Sale of property and other compensation for loss	459,201
Other	174,032
Total General Revenues	<u>43,126,144</u>
Change in Net Position	12,491,613
Net Position at Beginning of Year	(40,563,701)
Cumulative Effect of Change in Accounting Principle	<u>(3,517,390)</u>
Net Position at Beginning of Year, as Restated	<u>(44,081,091)</u>
Net Position at End of Year	<u>\$ (31,589,478)</u>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	Major Funds						Nonmajor Governmental Fund	Total Governmental Funds
	General	Water	Sewer	FEMA	Debt Service	Capital Projects		
<b>ASSETS</b>								
Cash and investments	\$ 8,287,218	\$ 225,853	\$ 14,096	\$ 6,059,308	\$ 1,041,379	\$ 18,528,626	\$ 149,995	\$ 34,306,475
Restricted cash	34,881			1,139,880				1,174,761
Accounts receivable	810,702	1,850,108	1,660,093					4,320,903
Benefit assessment receivable	166,847							166,847
Due from other funds	2,680,347	28,348			124,620	2,714	109,131	2,945,160
Due from other governments	2,819,170		334,321	24,755,381		1,449,792	332,939	29,691,603
Advances to other funds	1,373,327							1,373,327
Prepaid items	41,343							41,343
Total Assets	<u>\$ 16,213,835</u>	<u>\$ 2,104,309</u>	<u>\$ 2,008,510</u>	<u>\$ 31,954,569</u>	<u>\$ 1,165,999</u>	<u>\$ 19,981,132</u>	<u>\$ 592,065</u>	<u>\$ 74,020,419</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 6,094,688	\$ 260,835	\$ 372,435	\$ 3,877,087		\$ 2,618,472	\$ 32,849	\$ 13,256,366
Accrued interest				328,125				328,125
Due to other funds	200,982			1,911,642		9,752	648,798	2,771,174
Tax assessment refunds payable	68,555							68,555
Bond anticipation note payable						3,680,488		3,680,488
Revenue anticipation notes payable				25,000,000				25,000,000
Due to other governments	3,364							3,364
Unearned revenues	238,451			6,413,639				6,652,090
Advances from other funds			1,373,327					1,373,327
Total Liabilities	<u>6,606,040</u>	<u>260,835</u>	<u>1,745,762</u>	<u>37,530,493</u>	<u>-0-</u>	<u>6,308,712</u>	<u>681,647</u>	<u>53,133,489</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	472,931							472,931
Total Deferred Inflows of Resources	<u>472,931</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>472,931</u>
<b>Fund Balances (Deficits)</b>								
Nonspendable	1,414,670							1,414,670
Restricted	34,881				1,165,999	13,672,420		14,873,300
Assigned	635,000	1,843,474	262,748					2,741,222
Unassigned	7,050,313			(5,575,924)			(89,582)	1,384,807
Total Fund Balances (Deficits)	<u>9,134,864</u>	<u>1,843,474</u>	<u>262,748</u>	<u>(5,575,924)</u>	<u>1,165,999</u>	<u>13,672,420</u>	<u>(89,582)</u>	<u>20,413,999</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 16,213,835</u>	<u>\$ 2,104,309</u>	<u>\$ 2,008,510</u>	<u>\$ 31,954,569</u>	<u>\$ 1,165,999</u>	<u>\$ 19,981,132</u>	<u>\$ 592,065</u>	<u>\$ 74,020,419</u>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2015

**TOTAL FUND BALANCES- GOVERNMENTAL FUNDS** \$ 20,413,999

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	\$ 9,481,123	
Capital assets - depreciable	243,847,505	
Accumulated depreciation	<u>(124,444,632)</u>	
		128,883,996

Internal Service Fund is used to account for the City's risk retention and charges to individual funds		1,392,586
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Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable in the funds		472,931
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Deferred outflows of resources reported in the Statement of Net Position		4,042,321
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Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:

Accrued liabilities	(31,586,450)	
Claims and judgments payable	(23,358,289)	
Tax certioraris payable	(447,088)	
Pension related debt	(7,113,319)	
Net pension liability, proportionate share of unfunded liability	(3,801,783)	
Other postemployment benefits payable	(38,789,906)	
Capital lease payable	(2,634,761)	
Bond anticipation notes payable	(16,111,512)	
General obligation bonds payable, net	<u>(62,210,149)</u>	
		(186,053,257)

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.		(620,686)
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Deferred inflows of resources reported in the Statement of Net Position		<u>(121,368)</u>
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**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (31,589,478)**

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, 2015**

	General	Water	Sewer	FEMA	Debt Service	Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
<b>REVENUES</b>								
Real property taxes and tax items	\$ 32,604,023							\$ 32,604,023
Other real property tax items	495,103							495,103
Non-property tax items	5,333,572							5,333,572
Departmental income	18,203,106	\$ 4,615,736	\$ 4,386,121					27,204,963
Intergovernmental charges	1,378,073		452,363					1,830,436
Use of money and property	536,565			\$ 2,366	\$ 9,913		\$ 92,649	641,493
Licenses and permits	3,992,911	212,950	23,250					4,229,111
Fines and forfeitures	748,955							748,955
Sale of property and compensation for loss	401,517	57,684						459,201
Miscellaneous local sources	780,523	1,500	2,623	2,280	3,949	\$ 204,040		994,915
Interfund revenues	53,191	3,829						57,020
State and local aid	5,484,530			9,119,260		128,026		14,731,816
Federal aid	560,394			17,720,219		3,875,490	695,403	22,851,506
Total Revenues	<u>70,572,463</u>	<u>4,891,699</u>	<u>4,864,357</u>	<u>26,844,125</u>	<u>13,862</u>	<u>4,207,556</u>	<u>788,052</u>	<u>112,182,114</u>
<b>EXPENDITURES</b>								
Current:								
General government support	14,349,805	141,750	157,500					14,649,055
Education	365,759							365,759
Public safety	17,153,481							17,153,481
Transportation	2,005,825							2,005,825
Economic assistance and opportunity	299,137							299,137
Culture and recreation	6,712,869							6,712,869
Home and community services	8,391,745	2,683,478	2,266,493	1,285,258			753,384	15,380,358
Employee benefits	19,722,303	1,361,767	1,377,124	92,706			17,916	22,571,816
Capital outlay				9,371,540		7,938,136		17,309,676
Debt service:								
Principal					4,727,762			4,727,762
Interest		9,354	17,140		2,488,288			2,514,782
Debt issuance costs	103,555	564	5,908	328,125	101,291			539,443
Total Expenditures	<u>69,104,479</u>	<u>4,196,913</u>	<u>3,824,165</u>	<u>11,077,629</u>	<u>7,317,341</u>	<u>7,938,136</u>	<u>771,300</u>	<u>104,229,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,467,984</u>	<u>694,786</u>	<u>1,040,192</u>	<u>15,766,496</u>	<u>(7,303,479)</u>	<u>(3,730,580)</u>	<u>16,752</u>	<u>7,952,151</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt proceeds	2,920,000	102,500	171,000			12,918,012		16,111,512
Proceeds of refunding bonds					7,765,000			7,765,000
Debt service - principal currently refunded					(7,905,000)			(7,905,000)
Premiums on debt issuance					486,608			486,608
Transfers in	636,805	6,039	83,539	545,890	7,165,335	4,214		8,441,822
Transfers out	(5,818,889)	(830,320)	(1,241,017)	(34,210)	(514,673)		(2,713)	(8,441,822)
Total Other Financing Sources (Uses)	<u>(2,262,084)</u>	<u>(721,781)</u>	<u>(986,478)</u>	<u>511,680</u>	<u>6,997,270</u>	<u>12,922,226</u>	<u>(2,713)</u>	<u>16,458,120</u>
Net Change in Fund Balances	(794,100)	(26,995)	53,714	16,278,176	(306,209)	9,191,646	14,039	24,410,271
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>9,928,964</u>	<u>1,870,469</u>	<u>209,034</u>	<u>(21,854,100)</u>	<u>1,472,208</u>	<u>4,480,774</u>	<u>(103,621)</u>	<u>(3,996,272)</u>
Fund Balances (Deficits) at End of Year	<u>\$ 9,134,864</u>	<u>\$ 1,843,474</u>	<u>\$ 262,748</u>	<u>\$ (5,575,924)</u>	<u>\$ 1,165,999</u>	<u>\$ 13,672,420</u>	<u>\$ (89,582)</u>	<u>\$ 20,413,999</u>

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, 2015

**NET CHANGE IN FUND BALANCES** \$ 24,410,271

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	\$ 17,416,724	
Depreciation expense	<u>(14,277,724)</u>	
		3,139,000

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (154,774)

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

Tax certioraris payable	449,299	
Repayment of capital leases	163,762	
Pension related debt	(2,312,925)	
Bonds and bond anticipation notes issued	(16,111,512)	
Premiums on bonds issued, net of amortization	(259,329)	
Refunding bond proceeds issued	(7,765,000)	
Repayment of bond principal	12,469,000	
Amortization of deferred loss on refunding	<u>(35,931)</u>	
		(13,402,636)

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

Other postemployment benefits payable	(6,652,473)	
Accrued liabilities	1,402,474	
Accrued interest	269,891	
Net pension liability, proportionate share of unfunded liability	1,523,751	
Changes in deferred outflows of resource and deferred inflows of resources related to net pension amounts	<u>1,933,157</u>	
		(1,523,200)

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>22,952</u>
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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 12,491,613

See notes to the financial statements.

**CITY OF LONG BEACH**  
**STATEMENT OF**  
**FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2015

		Agency Fund
<b>ASSETS</b>		
Cash	\$	450,112
Length of service plan assets		1,516,916
<b>Total Assets</b>	<b>\$</b>	<b>1,967,028</b>
<b>LIABILITIES</b>		
Accounts payable	\$	13,275
Employee payroll deductions		63,528
Due to other funds		26,134
Other agency liabilities		347,175
Liability arising from length of service plan		1,516,916
<b>Total Liabilities</b>		<b>1,967,028</b>
<b>NET POSITION</b>	<b>\$</b>	<b>-0-</b>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND - RISK RETENTION FUND**  
June 30, 2015

**ASSETS**

**Current Assets:**

Cash		\$	1,620,195
	Total Current Assets		<u>1,620,195</u>
	Total Assets	\$	<u><u>1,620,195</u></u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable and accrued liabilities		\$	79,757
Due to other funds			147,852
Claims and judgments payable			<u>17,237,305</u>
	Total Current Liabilities		17,464,914

**Noncurrent Liabilities:**

Claims and judgments payable			<u>6,120,983</u>
	Total Liabilities		<u>23,585,897</u>

**NET POSITION**

Unrestricted			<u>(21,965,702)</u>
	Total Net Deficit	\$	<u><u>(21,965,702)</u></u>

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, 2015

**OPERATING REVENUES**

**Premiums Charged for  
Risk Retention:**

Judgments and claims	\$ 729,823
Employee benefits - workers' compensation	<u>2,431,183</u>
<b>Total Operating Revenues</b>	<u><u>3,161,006</u></u>

**OPERATING EXPENSES**

Administrative costs	250,080
Employee benefits - workers' compensation claims	2,328,796
Judgments and claims	<u>559,430</u>
<b>Total Operating Expenses</b>	<u><u>3,138,306</u></u>
<b>Income from Operations</b>	<u><u>22,700</u></u>

**NON-OPERATING REVENUES**

Interest on investments	<u>252</u>
<b>Total Non-Operating Revenues</b>	<u><u>252</u></u>
<b>Change in Net Position</b>	22,952
<b>Net Position at Beginning of Year</b>	<u><u>(21,988,654)</u></u>
<b>Net Position at End of Year</b>	<u><u>\$ (21,965,702)</u></u>

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, 2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Revenue Collected:	
Receipts for interfund services provided	\$ 3,161,006
Payments for Expenses:	
Payments to insurance carriers and claimants	(2,910,989)
Payments for other	<u>(172,048)</u>
Net Cash Provided by Operating Activities	<u>77,969</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and earnings received	<u>252</u>
Net Cash Provided by Investing Activities	<u>252</u>

Net Change in Cash	78,221
Cash at Beginning of Year	<u>1,541,974</u>
Cash at End of Year	<u><u>\$ 1,620,195</u></u>

**RECONCILIATION OF THE INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Change in net position	\$ 22,700
Adjustments to reconcile operating income to net cash provided by operating activities:	
Accounts payable	78,032
Claims and judgments payable	<u>(22,763)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 77,969</u></u>

See notes to the financial statements.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2015

**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, 2015

**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 expenditure 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), as authorized disasters.

Capital Projects Fund – is used to account for and report financial resources that are restricted, committed, or assigned to expenditure 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, 2015

**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. Agency fund resources cannot be held for other funds.

**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, the internal service fund and the pension trust fund 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, 2015

**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, long-term debt is recognized as revenue upon receipt of the proceeds.

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 proprietary fund is reported using the economic measurement focus and the accrual basis of accounting. 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. Investments are stated at fair value.

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, 2015

**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 and time deposit accounts and certificates of deposit at 100% of all deposits not covered by the FDIC. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

**2. RESTRICTED CASH**

Restricted cash consists of cash which is to be used 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, 2015

**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 - 20 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 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 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 Plans pension fiduciary net position. It also includes the City's contributions paid subsequent to the Plan's measurement date.

In addition to liabilities, the 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 contributions.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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 retroactive wages due pursuant to a contract renegotiation), claims and judgments, tax certioraris 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.

In the fund financial statements governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 equity is classified as net position and displayed in three components:

- 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 – 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 – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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

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

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

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

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

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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)

Net Position and Fund Balance Flow Assumptions (continued)

When both restricted and unrestricted fund balance resources are available for use, it is the City's default 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 1st and 50% due July 1st, payable without penalty to February 10th 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.

**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.

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.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

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

**3. OTHER POSTEMPLOYMENT BENEFITS** (continued)

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 postemployment benefits payable 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 and proprietary fund 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. Investments are reported at fair value.

**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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

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

**6. INTERFUND TRANSACTIONS** (continued)

a) Interfund Revenues (continued)

Interfund revenues primarily consists of FEMA fund reimbursements to the general, water and sewer funds for various 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/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2015, the City adopted:

Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These Statements establish financial reporting standards for state and local governments which have defined benefit plans and defined contribution pension plans that are administered through trusts or equivalent arrangements. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures as related to defined benefit and contribution plans. The implementation of this Statement resulted in reporting a restatement of the City's net position (see Note 6) and required additional note disclosure as well as required supplementary information.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement had no effect on the City's financial statements.

Statement No. 69 "*Government Combinations and Disposals of Government Operations*". The statement establishes accounting and financial reporting standards related to governmental combinations and disposals of governmental operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. 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 7.

**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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**A. BUDGETARY INFORMATION (continued)**

- 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 function level of expenditures. Transfers between appropriation accounts, at the function 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.
- 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 2015.

**B. FUND EQUITY**

**FUND BALANCE (DEFICIT)**

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	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,373,327
Prepaid items	41,343							41,343
Total Nonspendable	<u>1,414,670</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,414,670</u>
Restricted for:								
Capital projects						13,672,420		13,672,420
Debt service					1,165,999			1,165,999
Public safety	34,881							34,881
Total Restricted	<u>34,881</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,165,999</u>	<u>13,672,420</u>	<u>-0-</u>	<u>14,873,300</u>
Assigned to:								
Subsequent year's budget	635,000	383,308						1,018,308
Special revenue funds		1,460,166	262,748					1,722,914
Total Assigned	<u>635,000</u>	<u>1,843,474</u>	<u>262,748</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,741,222</u>
Unassigned, reported in:								
General fund	7,050,313							7,050,313
Special revenue funds				(5,575,924)			(89,582)	(5,665,506)
Total Unassigned	<u>7,050,313</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,575,924)</u>	<u>-0-</u>	<u>-0-</u>	<u>(89,582)</u>	<u>1,384,807</u>
Total Fund Balances (Deficits)	<u>\$ 9,134,864</u>	<u>\$ 1,843,474</u>	<u>\$ 262,748</u>	<u>\$ (5,575,924)</u>	<u>\$ 1,165,999</u>	<u>\$ 13,672,420</u>	<u>\$ (89,582)</u>	<u>\$ 20,413,999</u>

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**B. FUND EQUITY**

**DEFICIT FUND EQUITY**

The FEMA fund deficit of \$5,575,924 at June 30, 2015 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, borne by the City's operating funds and/or financed with long-term debt.

The non-major fund deficit decreased from \$103,621 to \$89,582 at June 30, 2015 as a result of excess revenues over expenditures in the current year.

The internal service fund deficit of \$21,965,702 at June 30, 2015 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.

**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, 2015, approximately \$109.6 million for emergency protective measures, debris clean-up and other costs following the storm have been spent over the last three 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 when they have been 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 \$109.6 million during the three years ended June 30, 2015. The City has received insurance payments totaling \$10.9 million from its insurance carrier during the two years ended June 30, 2014. Additionally, the City has recorded \$81.9 million in aid from FEMA and other federal agencies during the three years ended June 30, 2015 based on the contractual reimbursement rate of 90% of eligible costs incurred related to approved Project Worksheets. The City has been informed by New York State that it will be covering the additional 10% match. Accordingly, the City has recorded an additional \$9.1 million in revenues related to this 10% match.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**3. NATURAL DISASTER/SUPERSTORM SANDY (continued)**

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

At June 30, 2015, the City's cash and investments totaled \$37,544,417. This amount is inclusive of fiduciary fund deposits of \$450,112, internal service fund deposits of \$1,620,195 and restricted cash of \$1,174,761 but exclusive of petty cash of \$7,126. The bank balance was \$38,168,185. Of the total bank balance, \$662,030 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$37,506,155 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, 2015, the City did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**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, 2015, 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	\$ 2,680,347	\$ 200,982	\$ 1,373,327	
Water fund	28,348			
Sewer fund				\$ 1,373,327
FEMA fund		1,911,642		
Debt service fund	124,620			
Capital projects fund	2,714	9,752		
Non-Major Fund:				
Community development fund	109,131	648,798		
Proprietary Fund:				
Internal Service Fund		147,852		
Subtotal	2,945,160	2,919,026	1,373,327	1,373,327
Trust and agency funds		26,134		
Total	<u>\$ 2,945,160</u>	<u>\$ 2,945,160</u>	<u>\$ 1,373,327</u>	<u>\$ 1,373,327</u>

At June 30, 2015, 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:

	Transfers In	Transfers Out
Major Funds:		
General fund	\$ 636,805	\$ 5,818,889
Water fund	6,039	830,320
Sewer fund	83,539	1,241,017
FEMA fund	545,890	34,210
Debt service fund	7,165,335	514,673
Capital projects fund	4,214	
Non-Major Fund:		
Community development fund		2,713
Total	<u>\$ 8,441,822</u>	<u>\$ 8,441,822</u>

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**C. BENEFIT ASSESSMENT RECEIVABLE**

At June 30, 2015, the City has a receivable from benefit assessments, which consists of \$577,000 of principal and \$90,389 of accrued interest. The amounts due are billed semiannually.

	Principal	Interest	Total Principal and Interest
Past due amounts	\$ 453,600	\$ 90,389	\$ 543,989
Year ending June 30, 2016	123,400	8,330	131,730
<b>Total</b>	<b>\$ 577,000</b>	<b>\$ 98,719</b>	<b>\$ 675,719</b>

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 \$500,542, resulting in a net reported balance of \$166,847 at June 30, 2015.

**D. CAPITAL ASSETS**

A summary of changes within the City's capital assets for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,135,210			\$ 4,135,210
Construction-in-progress	11,903,107	\$ 15,811,467	\$ 22,368,661	5,345,913
Total capital assets not being depreciated	16,038,317	15,811,467	22,368,661	9,481,123
Depreciable capital assets:				
Buildings	14,958,000	523,906		15,481,906
Machinery and equipment	33,990,471	1,605,258		35,595,729
Infrastructure	170,925,116	21,844,754		192,769,870
Total depreciable capital assets	219,873,587	23,973,918	-0-	243,847,505
Less accumulated depreciation:				
Buildings	10,973,655	401,398		11,375,053
Machinery and equipment	24,168,955	4,100,009		28,268,964
Infrastructure	75,024,298	9,776,317		84,800,615
Total accumulated depreciation	\$ 110,166,908	\$ 14,277,724	\$ -0-	124,444,632
Total net depreciable capital assets				119,402,873
Total net capital assets				<u>\$ 128,883,996</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 1,745,916
Public safety	2,584,719
Transportation	1,838,422
Economic assistance and opportunity	14,136
Culture and recreation	6,125,649
Home and community services	1,968,882
Total governmental activities depreciation expense	<u>\$ 14,277,724</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, 2015, the City did not record any such impairment losses.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**E. INDEBTEDNESS**

**SHORT-TERM DEBT**

**Revenue Anticipation Notes** – In September 2014, the City issued \$25 million (\$14.57 million Series A and \$10.43 million Series B) in revenue anticipation notes in advance of the receipt FEMA aid and state aid the City expects to receive for relief of Hurricane Sandy and mitigation costs. The proceeds of the RANs will be used to refund \$14,570,000 of RANs issued in September 2013 and to pay expenditures incurred as a result of Hurricane Sandy. The notes bear interest at 1.5% and mature in September 2015. Series A notes will be subject to redemption prior to maturity, in whole or in part, on or after May 19, 2015.

**Bond Anticipation Notes** – During the year, the City issued \$19,792,000 of bond anticipation notes, of which \$3,680,488 is considered short-term debt (See Long-Term Debt- Bond Anticipation Notes below). The \$3,680,488 of short-term notes were issued to finance various capital projects throughout the City. The bond anticipation notes bear interest at rates ranging from 1.25% to 1.5% and mature in February 2016.

These notes are summarized as follows:

	Balance July 1, 2014	New Issues/ Additions	Maturities/ Reductions	Balance June 30, 2015
Revenue anticipation notes	\$ 38,100,000	\$ 25,000,000	\$ 38,100,000	\$ 25,000,000
Bond anticipation notes	-0-	3,680,488	-0-	3,680,488
<b>Total short-term debt</b>	<b>\$ 38,100,000</b>	<b>\$ 28,680,488</b>	<b>\$ 38,100,000</b>	<b>\$ 28,680,488</b>

**LONG-TERM DEBT**

**Bond Anticipation Notes**

During the year, the City issued \$19,792,000 of bond anticipation notes to finance \$16,598,500 of various capital projects and \$3,193,500 of separation payments due to employees pursuant to the collective bargaining agreement. The bond anticipation notes bears interest at 1.5% and matures in February 2016. Subsequent to year end, the City issued \$16,156,512 of public improvement serial bonds to redeem \$16,111,512 of the outstanding BANs and \$45,000 for a capital project. Accordingly, \$16,111,512 of the BANs outstanding at June 30, 2015 have been classified and reported as long-term debt. The public improvement serial bonds mature in February 2031 and bear interest at rates ranging from 2.125% to 3.00%. 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 2015, the City issued \$6,500,000 of public improvement serial bonds at interest rates ranging from 2% to 3% and maturing in installments through February 2029. Proceeds of the bonds were used to retire \$6,500,000 of outstanding bond anticipation notes which was considered long-term at June 30, 2014, and was used to fund amounts due under the Police Benevolent Association arbitration agreement.

In July 2014, the City issued \$7,765,000 of refunding serial bonds with interest rates ranging from 2% to 4% and is due in installments through December 2024.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**E. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**General Obligation Bonds (continued)**

The net proceeds of \$7,955,587 (the par amount of the bonds plus a premium of \$291,878) less underwriters fees, insurance and other issuance costs of \$101,291) were used to currently refund \$7,905,000 of outstanding 1999 Series A, 1999 Series B and 2004 Series A Public Improvement Serial Bonds with interest rates ranging from 4% to 4.75%.

The net proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the governmental liabilities portion of the statement of net assets.

The refunding was done in order to reduce debt payments in the short-term. The refunding decreased total debt service by \$540,661 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$478,352.

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, 2015 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	\$ 2,261,000	2020	4.270 -5.220%	\$ 950,000
Refunding	22,585,000	2020	2.750-5.000%	5,805,000
Public Improvements	5,575,000	2022	4.000%	3,190,000
Public Improvements	4,650,000	2020	3.250-3.500%	2,355,000
Public Improvements	16,045,000	2030	3.500-4.000%	13,165,000
Public Improvements	15,015,000	2027	2.000-4.000%	14,445,000
Deficit Financing	8,200,000	2023	2.000-4.000%	8,200,000
General Obligation Refunding	7,765,000	2025	2.000-4.000%	6,915,000
Public Improvements	6,500,000	2029	2.000-3.000%	6,500,000
			Total Governmental Activities	<u>\$ 61,525,000</u>

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**E. INDEBTEDNESS** (continued)

**LONG-TERM DEBT** (continued)

**General Obligation Bonds** (continued)

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

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2016	\$ 6,200,000	\$ 2,019,748	\$ 8,219,748
2017	6,252,000	1,842,610	8,094,610
2018	6,484,000	1,646,900	8,130,900
2019	5,701,000	1,419,814	7,120,814
2020	5,150,000	1,277,094	6,427,094
2021-2025	21,428,000	3,947,775	25,375,775
2026-2030	10,310,000	924,025	11,234,025
Total	<u>\$ 61,525,000</u>	<u>\$ 13,077,966</u>	<u>\$ 74,602,966</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 leases) 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, 2015, the principal balance outstanding was \$2,634,761.

The following schedule presents future minimum lease payments as of June 30, 2015:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2016	\$ 320,996	\$ 113,581	\$ 434,577
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
2021-2025	1,053,596	128,361	1,181,957
	<u>\$ 2,634,761</u>	<u>\$ 553,358</u>	<u>\$ 3,188,119</u>

Included in capital assets are various equipment financed under a capital lease with a cost of \$3,586,819 and accumulated depreciation of \$1,382,726.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**E. INDEBTEDNESS (continued)**

**LONG-TERM DEBT (continued)**

**Summary of Long-Term Debt**

A summary of changes in long-term debt transactions for the year ended June 30, 2015, is as follows:

	(As Restated)					
	Balance	New Issues/ Additions	Maturities/ Reductions	Balance	Noncurrent liabilities due within one year	Noncurrent liabilities
	July 1, 2014			June 30, 2015		
<b>Governmental Activities:</b>						
Bonds payable	\$ 59,729,000	\$ 14,265,000	\$ 12,469,000	\$ 61,525,000	\$ 6,200,000	\$ 55,325,000
Plus: premiums on issuance	425,820	331,918	72,589	685,149	79,361	605,788
Total bonds payable	60,154,820	14,596,918	12,541,589	62,210,149	6,279,361	55,930,788
Bond anticipation notes payable	6,500,000	16,111,512	6,500,000	16,111,512	16,111,512	-0-
Capital leases	2,798,523	-0-	163,762	2,634,761	320,996	2,313,765
Pension related debt	4,800,394	3,108,237	795,312	7,113,319	926,326	6,186,993
Net pension liability, proportionate share of unfunded liability	5,325,534	7,847,186	9,370,937	3,801,783	-0-	3,801,783
Accrued liabilities:						
Compensated absences	30,776,999	5,635,038	6,606,230	29,805,807	1,490,290	28,315,517
Accrued payroll	1,161,680	347,447	79,446	1,429,681	71,484	1,358,197
Retroactive wage adjustment	1,050,245	-0-	1,050,245	-0-	-0-	-0-
Other	-0-	350,962	-0-	350,962	78,757	272,205
Claims and judgments	23,381,051	1,043,727	1,066,489	23,358,289	17,237,306	6,120,983
Tax certioraris payable	896,387	476,616	925,915	447,088	447,088	-0-
Other postemployment benefits	32,137,433	10,555,010	3,902,537	38,789,906	-0-	38,789,906
<b>Total non-current liabilities</b>	<b>\$ 168,983,066</b>	<b>\$ 60,072,653</b>	<b>\$ 43,002,462</b>	<b>\$ 186,053,257</b>	<b>\$ 42,963,120</b>	<b>\$ 143,090,137</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 payable will be liquidated through the internal service fund.

**F. RETIREMENT SYSTEM**

Plan Description and Benefits Provided

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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**F. RETIREMENT SYSTEM** (continued)

Plan Description and Benefits Provided (continued)

The Comptroller has served since February 7, 2007 and in November 2014, was elected for a new term commencing January 1, 2015. 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/bulication/index.php](http://www.osc.state.ny.us/retire/bulication/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who jointed on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length 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>.

The contributions paid during the current year and two preceding years were as follows:

Contribution - ERS					
	Regular Pension Contribution	Credits and Miscellaneous Adjustments	Deferred Amounts	Amortization Payments	Total Payment
2015	\$ 3,284,133	\$ 77,014	\$ (966,042)	\$ 613,064	\$ 3,008,169
2014	3,302,156	(472,112)	(714,736)	526,386	2,641,694
2013	3,364,429	458,439	(1,524,832)	347,628	2,645,664
Contribution - PFRS					
	Regular Pension Contribution	Credits and Miscellaneous Adjustments	Deferred Amounts	Amortization Payments	Total Payment
2015	\$ 4,761,017	\$ 1,242,463	\$ (2,142,195)	\$ 363,123	\$ 4,224,408
2014	3,708,878	(162,770)	(809,116)	264,997	3,001,989
2013	3,379,356	(24,118)	(628,544)	191,315	2,918,009

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**F. RETIREMENT SYSTEM** (continued)

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 2005, 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, 2015, the City paid the outstanding balance of \$167,355 (\$67,912 related to ERS and \$99,443 related to PFRS). As of June 30, 2015, there is no outstanding balance.

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. At June 30, 2015, the outstanding amounts owed to the System totaled \$66,688 (\$10,626 related to ERS and \$58,062 related to PFRS).

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. At June 30, 2015, the outstanding amounts owed to the System related to this deferral totaled \$180,342 (all related to ERS).

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, 2015, the outstanding amounts owed to the System totaled \$589,018 (\$431,910 related to ERS and \$157,108 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, 2015, the outstanding amounts owed to the System totaled \$1,772,060 (\$1,254,817 related to ERS and \$517,243 related to PFRS).

In 2014, the City elected to defer a portion of its ERS and PFRS retirement contribution under Chapter 57 of the Laws of 2010 of the State of New York. The deferred amounts are due in ten annual installments including interest at 3.67% per annum. At June 30, 2015, the outstanding amounts owed to the System totaled \$1,394,974 (\$654,288 related to ERS and \$740,686 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 including interest at 3.67% per annum. At June 30, 2015, the outstanding amounts owed to the System totaled \$3,108,237 (\$966,042 related to ERS and \$2,142,195 related to PFRS).

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**F. RETIREMENT SYSTEM (continued)**

Retirement Incentives and Other Pension Obligations (continued)

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

Years ending June 30,	ERS		PFRS		Total Principal and Interest
	Principal	Interest	Principal	Interest	
2016	\$ 533,534	\$ 122,342	\$ 392,792	\$ 118,974	\$ 1,167,642
2017	353,803	97,048	345,674	105,125	901,650
2018	365,410	85,441	356,981	93,820	901,652
2019	377,402	73,449	368,659	82,141	901,651
2020	389,791	61,060	380,723	70,079	901,653
2021-2025	1,478,085	118,085	1,770,465	160,240	3,526,875
Total	\$ 3,498,025	\$ 557,425	\$ 3,615,294	\$ 630,379	\$ 8,301,123

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

At June 30, 2015, the City reported a liability of \$3,801,783 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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.

Measurement Date	ERS	PFRS	Total
	March 31, 2015	March 31, 2015	March 31, 2015
Net pension liability	\$ 2,427,932	\$ 1,373,851	\$ 3,801,783
City's allocation of the System's total net liability	0.07186960%	0.49911090%	n/a

There was no change in the City's proportion from March 31, 2014 to March 31, 2015.

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**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2015, the City recognized pension expense of \$5,600,953 (\$2,166,960 for ERS and \$3,433,993 for PFRS) in the statement of activities. At June 30, 2015, 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	\$ 77,721	\$ 165,678	\$ 243,399			
Net difference between projected and actual earnings on pension plan investments	421,701	461,247	882,948			
Changes in proportion and differences between the City's contribution and proportionate share of contributions		1,241,254	1,241,254	\$ 121,368		\$ 121,368
City's contributions subsequent to the measurement date	806,525	688,543	1,495,068			
Total	<u>\$ 1,305,947</u>	<u>\$ 2,556,722</u>	<u>\$ 3,862,669</u>	<u>\$ 121,368</u>	<u>\$ -0-</u>	<u>\$ 121,368</u>

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, 2016. 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
Plan Year Ended March 31, 2016	\$ 94,513	\$ 396,698
2017	94,513	396,698
2018	94,513	396,698
2019	94,513	396,698
2020		281,386
	<u>\$ 378,052</u>	<u>\$ 1,868,178</u>

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**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2014, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	April 1, 2014	April 1, 2014
Interest Rate	7.50%	7.50%
Salary Scale		
Inflation	2.70%	2.70%
Productivity & Merit	2.20%	3.30%
Total Salary Scale	<u>4.90%</u>	<u>6.00%</u>
Inflation Rate	2.70%	2.70%
Decrement tables	<u>April 1, 2005-March 31, 2005, System's Experience</u>	

Annuitant mortality rates are based on the April 1, 2005 – March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term 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, 2015, are summarized below:

Asset Type:	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Equity:		
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Alternatives:		
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Other	9.00%	6.75-8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation indexed bonds	<u>2.00%</u>	4.00%
	100.00%	

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**F. RETIREMENT SYSTEM** (continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% 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 7.5%, 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-percentagepoint lower (6.5%) or 1-percentagepoint higher (8.5%) than the current rate (7.5%):

	1% Decrease 6.50%	Current Assumption 7.50%	1% Increase 8.50%
City's proportionate share of the collective net pension liability/(asset)			
ERS	\$ 16,183,217	\$ 2,427,932	\$ (9,184,940)
PFRS	18,292,100	1,373,851	(12,804,664)
<b>Total</b>	<b>\$ 34,475,317</b>	<b>\$ 3,801,783</b>	<b>\$ (21,989,604)</b>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)		
	April 1, 2014		
Valuation Date	ERS	PFRS	Total
Employers' total pension liability	\$ (164,591,504)	\$ (28,474,417)	\$ (193,065,921)
Plan net position	161,213,259	28,199,157	189,412,416
Employers' net pension liability	\$ (3,378,245)	\$ (275,260)	\$ (3,653,505)

Ratio of plan net position to the			
Employers' total pension liability	97.95%	99.03%	98.11%

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, 2015

**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, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions for both ERS and PFRS, as of June 30, 2015 amounted to \$1,495,069.

**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, 2015

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

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

Plan Description (continued)

The number of participants as of July 1, 2013, the effective date of the most recent OPEB valuation is as follows:

Active employees	329
Retired employees	240
Total	569

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. It is not required to fund the accrued liability; only that the unfunded accrued liability is accounted for and in compliance in meeting its Annual Required Contribution (ARC). However, if the liability is funded, assets must be transferred to a qualifying irrevocable trust or equivalent arrangement for the exclusive benefit of plan members and must be protected from creditors. At this time, there is no New York State statute providing local governments with the requisite authority for establishing an other postemployment benefits trust. Therefore, these financial statements are presented on a pay-as-you-go basis until a funding mechanism is authorized for municipalities by New York State statute.

Annual Other Postemployment Benefit Cost and Net Obligation

For the year ended June 30, 2015, the City's annual other postemployment benefits cost (expense) was \$10,555,010. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$3,902,537 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$6,652,473 for the year ended June 30, 2015.

**Benefit Obligations and Normal Cost**

Actuarial Accrued Liability (AAL)	
Active employees	\$ 47,271,900
Retired employees	65,642,210
Total Actuarial Accrued Liability (AAL)	112,914,110
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	\$ 112,914,110
Funded Ratio	0.00%
Normal cost at the beginning of the year	\$ 4,175,391
Amortization cost at the beginning of the year	\$ 7,120,845
Annual covered payroll	\$ 33,212,727
UAAL as a percentage of covered payroll	339.97%

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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 actuarially determined annual required contribution (ARC) of the City. 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, 2015, amounted to \$112,914,110.

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

<u>Level Dollar Amortization Method</u>	
<u>Calculation of ARC under the Projected Unit Credit Cost Method- Governmental Activities</u>	
Normal cost	\$ 4,175,391
Amortization of unfunded actuarial liability (UAAL) over 30 years	<u>7,120,845</u>
Annual required contribution (ARC)	11,296,236
Interest on net OPEB obligation	1,285,497
Adjustment to ARC	<u>(2,026,723)</u>
OPEB Cost	10,555,010
Less: Contribution for year ended June 30, 2015	<u>3,902,537</u>
Increase in other postemployment benefits liability	6,652,473
Other postemployment benefits liability at June 30, 2014	<u>32,137,433</u>
Other postemployment benefits liability at June 30, 2015	<u><u>\$ 38,789,906</u></u>
Percent of annual OPEB cost contributed	36.97%

Funded Status and Funding Progress

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

Year Ended June 30,	Annual OPEB Cost	Annual Contribution Made	Percentage Contributed	Net OPEB Obligation
2015	\$ 10,555,010	\$ 3,902,537	36.97%	\$ 38,789,906
2014	10,368,097	3,716,702	35.85%	32,137,433
2013	10,038,783	3,199,407	31.87%	25,486,038

The funded status of the plan as of July 1, 2014, projected for the year ended June 30, 2015 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, 2014	\$ 112,914,110	\$ -0-	\$ 112,914,110	0.00%	\$ 33,212,727	339.97%

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2013 actuarial valuation (the most recent valuation), the liabilities were computed using the projected unit credit actuarial 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 4.0% interest rate and a 4.0% inflation 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. The July 1, 2013 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 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 retroactive wage adjustment 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, 2015

**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 statements 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, 2015, the value of the City's accumulated vacation, sick leave, and compensatory absences for governmental activities was \$29,805,507 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, 2015, the liability totaled \$1,429,681 which has been recorded in the statement of net position.

Retroactive Wage Adjustment

Pursuant to the renegotiation of the Long Beach Police Benevolent Association Inc. labor agreement, the City had accrued a liability for retroactive wages, related taxes and pension contributions. During the year, the City paid \$1,050,245 in retroactive wages, which resulted in no outstanding liability at June 30, 2015.

**5. COMMITMENTS AND CONTINGENCIES**

**A. RISK RETENTION**

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 \$18,451,007, 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 \$100,000 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 \$70,320,530.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**A. RISK RETENTION (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 \$3,979,607 is included in the workers' compensation liability below.

The City established a risk management fund, which in an internal service fund, to account for the general liability and workers' compensation claims activity. The risk management 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, 2015 and 2014, is as follows:

	Workers' Compensation		General Liability	
	2015	2014	2015	2014
Unpaid claims as of July 1,	\$ 5,240,179	\$ 4,562,027	\$ 18,140,872	\$ 6,631,000
Incurring Claims including IBNR	-0-	1,862,846	244,033	359,300
Changes to prior years estimates	484,295	(390,035)	315,399	11,348,861
Payments of claims	(817,192)	(794,659)	(249,297)	(198,289)
Unpaid Claims as of June 30,	<u>\$ 4,907,282</u>	<u>\$ 5,240,179</u>	<u>\$ 18,451,007</u>	<u>\$ 18,140,872</u>

**B. TAX CERTIORARI PROCEEDINGS**

From time to time, the City is involved in tax certiorari proceedings 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 was \$925,915 during the year ended June 30, 2015. As of June 30, 2015, the liability totaled \$447,088 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 \$4,055,800 are recorded as encumbrances in the capital projects fund, \$5,574,000 are recorded as encumbrances in the FEMA fund.



**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**D. LITIGATION**

The City is a party to various legal proceedings arising principally in the normal course of operations. These cases are in various stages of litigation and their outcome cannot presently be determined. As of June 30, 2015, no liability has been recorded in the financial statements for these matters.

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 & 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. Accordingly, the City has accrued a \$16.2 million liability in the risk retention fund. Subsequent to year end, \$18.1 million was paid to the plaintiffs, which included the \$2.5 million in escrow.

Other Litigation

In addition to the above referenced case, 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.

In 2012, 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 ZBA 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 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 denied. Accordingly, no amount has been accrued in the financial statements.

As of June 30, 2015, no liability has been recorded in the financial statements on these matters, except as disclosed above.

**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.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**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.

**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, 2015. 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, 2014.

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, 2015

**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 April 2014.

As of January 1, 2014, the date of the most recent actuarial valuation:

Funded Status of the Plan:

Actuarial present value of benefits	\$	1,712,209
Less: Assets available for benefits		1,301,941
Total unfunded benefits		410,268
Less: Unfunded liability for separately amortized costs		-0-
Unfunded normal benefits	\$	410,268
 <u>Assets Available for Benefits</u>		
Genworth fixed annuity	\$	658,839
First Security fixed annuity		643,102
Plan assets available for benefits, at December 31, 2014 the Plan's year end applicable to actuarial valuation date	\$	1,301,941
Plan assets available for benefits, at June 30, 2015, the City's fiscal year end	\$	1,516,916

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2014 was:

<u>Recommended Contribution Range:</u>	10 year amortization	15 year amortization
Normal cost	\$ 50,152	\$ 50,152
Post-entitlement age liability amortization payment	51,096	40,011
Annual Required Contribution	<u>\$ 101,248</u>	<u>\$ 90,163</u>

Current membership in the Plan is comprised of the following at December 31, 2014:

Retirees and beneficiaries receiving benefits	3
Terminated members entitled to but not yet receiving benefits	4
Active:	
Non-vested	43
Vested	69

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 closed and remaining amortization period is 10 years. The assumed investment 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:

Actuarial Valuation Date January 1,	Annual Recommended Contribution	Annual Contribution	Percentage of Annual Program Cost Contributed	Net Pension Obligation	Increase (Decrease) in Net Pension Obligation
2014	\$ 90,163	\$ 90,000	99.82%	\$ -0-	\$ -0-
2013	81,369	90,000	110.61%	-0-	-0-
2012	78,369	90,000	114.84%	-0-	-0-

The funded status of the plan as of January 1, 2014, the date of the most recent actuarial valuation is as follows:

Actuarial Valuation Date January 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2014	\$ 1,301,941	\$ 1,712,209	\$ 410,268	76.04%

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**6. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

For the fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement date, an amendment to GASB 68*. The implementation of Statement No. 68 and No. 71 resulted in the retroactive reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the City’s participation in the NYSLRS, which includes both the NYS Local Employees Retirement System and the NYS Local Police and Fire Retirement System. As a result, the City’s July 1, 2014 the City’s governmental activities net position was decreased by \$3,517,390 from a deficit of \$40,563,701 to \$44,081,091. Additionally, activities of the LOSAP are now reported in a trust and agency fund and in prior years was reported in a pension trust fund.

Below details the changes:

	NYS ERS	NYS PFRS	Total
<u>Governmental Activities:</u>			
Net position at July 1, 2014, as originally reported			\$ (40,563,701)
Cummulative effect of a change in accounting principle:			
Net pension asset (liability)	\$ (3,247,688)	\$ (2,077,846)	(5,325,534)
Deferred outflows of resources for contributions subsequent to the measurement date of March 31, 2014	752,042	1,056,102	<u>1,808,144</u>
Net position at July 1, 2014, as restated			<u>\$ (44,081,091)</u>
 <u>Fiduciary Pension Trust Fund:</u>			
Net position at July 1, 2014, as originally reported			\$ 1,485,720
Cummulative effect of a change in accounting principle:			
Report assets and liabilities of the LOSAP in a trust and agency fund			<u>(1,485,720)</u>
Net position at July 1, 2014, as restated			<u>\$ -0-</u>

**7. SUBSEQUENT EVENTS**

**A. DEBT ISSUANCES**

Subsequent to year end, 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 and state aid relating to Superstorm Sandy. The proceeds of the RAN’s will be used to refund \$25,000,000 in RAN’s issued in September 2014 and to pay expenditures incurred as a result of Superstorm Sandy. The \$14,570,000 Series A note bears interest at 1.5% and matures in June 2016. The \$10,430,000 Series B note bears interest at 1.25% and matures in September 2016.

Subsequent to year end, the City issued \$16,156,512 of public improvement serial bonds. The proceeds were used to refund \$16,111,512 of bond anticipation notes payable and \$45,000 to finance various public improvements. The bonds bear interest at rates ranging from 2.125% to 3.00% and are due in installments through 2031. The future principal and interest payments to maturity included in Note 4.E have not been adjusted to reflect this issuance.

**CITY OF LONG BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**8. NEW PRONOUNCEMENTS**

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB) and are to be implemented in the year ending June 30, 2016:

- GASB Statement No. 72, *Fair Value Measurement and Application*. The object of this Statement 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.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement identifies the hierarchy of generally accepted accounting principles ("GAAP") which are used to prepare financial statements of state and local governments. It reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature.

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

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

Schedules of Revenues, Expenditures and Changes in Fund  
Balance – Budget and Actual Major Governmental Funds and  
Schedules

Other Postemployment Benefits – Schedule of Funding  
Progress

Schedule of the City of Long Beach's Proportionate Share of  
the Net Pension Liability

Schedule of the City of Long Beach's 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, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Real Property Taxes</b>				
Real property taxes	\$ 32,617,942	\$ 32,617,942	\$ 32,604,023	\$ (13,919)
Total Real Property Taxes	32,617,942	32,617,942	32,604,023	(13,919)
<b>Other Real Property Tax Items</b>				
Payment in lieu of taxes	220,000	220,000	228,368	8,368
Interest and penalties on real property tax	185,000	185,000	266,735	81,735
Total Other Real Property Tax Items	405,000	405,000	495,103	90,103
<b>Non-Property Tax Items</b>				
Non-property tax distribution from County	3,185,000	3,185,000	3,779,782	594,782
Utilities gross receipts tax	825,000	825,000	762,958	(62,042)
Franchise fees	725,000	725,000	790,832	65,832
Total Non-Property Tax Items	4,735,000	4,735,000	5,333,572	598,572
<b>Departmental Income</b>				
Civil service charges	85,000	85,000	44,507	(40,493)
Clerk fees	65,000	65,000	95,576	30,576
Other general fees	9,150	9,150	14,108	4,958
Emergency tenant protection act fees	7,260	7,260	5,513	(1,747)
Police fees	70,000	70,000	87,498	17,498
Fire and automatic alarm fees	87,500	87,500	92,688	5,188
Clean lots and secure buildings	15,000	15,000	10,743	(4,257)
Sidewalk and curb charges	2,500	2,500	31,277	28,777
Recreation fees	1,139,500	1,139,500	1,413,726	274,226
Ambulances charges	850,000	850,000	996,508	146,508
Data processing fees	400	400	800	400
Parking, meters and gate access fees	150,150	150,150	162,299	12,149
Bus passenger fees	465,000	465,000	420,458	(44,542)
Beach charges	3,891,035	3,891,035	3,476,465	(414,570)
Long Beach arena fees	733,000	733,000	691,193	(41,807)
Other recreational charges	12,000	12,000	45,225	33,225
Youth services	1,929,095	1,929,095	904,873	(1,024,222)
Community Center activities	5,000	5,000	8,259	3,259
Zoning and planning board	24,750	24,750	41,048	16,298
Memorial Garden fees	1,225	1,225	1,075	(150)
Refuse and garbage charges	9,154,475	9,154,475	9,182,800	28,325
Commercial sanitation fees	562,500	562,500	476,467	(86,033)
Total Departmental Income	19,259,540	19,259,540	18,203,106	(1,056,434)
<b>Intergovernmental Charges</b>				
Fire protection and dispatching services	220,760	220,760	220,167	(593)
Health and inspection services - Nassau County	22,500	22,500	20,134	(2,366)
Transit services - Nassau County	75,000	822,845	1,122,772	299,927
Gasoline and fuel charges	12,000	12,000	-	(12,000)
Housing inspections	65,000	65,000	15,000	(50,000)
Total Intergovernmental Charges	395,260	1,143,105	1,378,073	234,968



**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES (continued)</b>				
<b>Use of Money and Property</b>				
Interest earnings	52,500	52,500	29,556	(22,944)
Interest earnings - interfund balances	22,500	22,500	26,494	3,994
Transportation advertising fees	70,000	70,000	49,165	(20,835)
Banner advertising fees	5,000	5,000	11,524	6,524
Vending machine	2,400	2,400	8,802	6,402
Rental of real property	373,348	373,348	403,146	29,798
Interest and penalties	5,000	5,000	7,878	2,878
Total Use of Money and Property	530,748	530,748	536,565	5,817
<b>Licenses and Permits</b>				
Business and occupational licenses	3,485,000	3,485,000	3,707,509	222,509
Street opening permits	85,000	85,000	85,194	194
Plumbing permits	89,100	89,100	118,211	29,111
Dog licenses	3,000	3,000	4,456	1,456
Marriage licenses	3,000	3,000	3,055	55
Other	591,000	591,000	74,486	(516,514)
Total Licenses and Permits	4,256,100	4,256,100	3,992,911	(263,189)
<b>Fines and Forfeitures</b>				
Fines and forfeited bail	455,000	455,000	406,448	(48,552)
Seized property and unclaimed property	41,000	41,000	805	(40,195)
Handicapped parking education	3,500	3,500	2,600	(900)
Court fees	350,000	350,000	339,102	(10,898)
Total Fines and Forfeitures	849,500	849,500	748,955	(100,545)
<b>Sales of Property and Compensation for Loss</b>				
Insurance recoveries	185,000	195,121	307,632	112,511
Sale of equipment	105,000	105,000	44,108	(60,892)
Minor sales	55,000	55,000	46,403	(8,597)
Other compensation for loss	25,000	25,000	3,374	(21,626)
Total Sale of Property and Compensation for Loss	370,000	380,121	401,517	21,396
<b>Miscellaneous Local Sources</b>				
Refund of prior year's expenditures	-0-	-0-	165,961	165,961
Gifts and donations	77,000	148,142	136,813	(11,329)
Employee health insurance contributions	92,500	92,500	102,923	10,423
Other	213,172	293,704	374,826	81,122
Total Miscellaneous Local Sources	382,672	534,346	780,523	246,177

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2015**

REVENUES (continued)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Interfund Revenues</b>	-0-	-0-	53,191	53,191
<b>State and Local Aid</b>				
Per capita	3,152,704	3,152,704	3,152,704	-0-
Mortgage tax	800,000	800,000	857,297	57,297
Court facilities aid	50,000	50,000	71,643	21,643
Public safety grants	22,000	22,000	35,500	13,500
Bus operations	790,000	790,000	819,615	29,615
CHIPs grant	396,000	429,388	429,587	199
Mapping studies	-0-	150,000	71,000	(79,000)
Youth, elderly and out of school program	-0-	5,814	4,098	(1,716)
Other	8,529	52,279	43,086	(9,193)
Total State and Local Aid	5,219,233	5,452,185	5,484,530	32,345
<b>Federal Aid</b>				
Youth services	77,463	77,463	19,446	(58,017)
Firefighters safety grant	544,000	544,000	230,237	(313,763)
Mass transit	30,000	30,000	121,600	91,600
Transit preventative maintenance	5,000	5,000	72,000	67,000
Seat belt program	10,000	10,000	-0-	(10,000)
Community development block grant	-0-	-0-	102,526	102,526
Other	550,000	550,000	14,585	(535,415)
Total Federal Aid	1,216,463	1,216,463	560,394	(656,069)
Total Revenues	\$ 70,237,458	\$ 71,380,050	\$ 70,572,463	\$ (807,587)

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>General Government Support</b>				
City council	\$ 105,171	\$ 105,172	\$ 105,166	\$ 6
Traffic violation bureau	60,000	68,649	68,649	-0-
City manager	301,961	291,424	291,250	174
City comptroller	643,304	620,740	612,082	8,658
Tax receiver	166,865	167,060	166,026	1,034
Purchasing	135,985	134,499	133,315	1,184
Tax assessor	190,863	173,863	173,808	55
Credit card fees	27,500	50,536	50,536	-0-
City clerk	334,936	317,674	313,732	3,942
Legal counsel	861,725	1,244,196	1,242,977	1,219
Civil service	227,455	244,753	244,753	-0-
Buildings	686,335	615,088	611,635	3,453
Public works	776,503	871,867	871,862	5
Municipal building	938,189	1,016,325	1,016,318	7
Central garage	1,819,082	1,827,998	1,818,556	9,442
Central administration services	318,946	319,243	307,864	11,379
Central data processing	538,246	478,117	470,353	7,764
Other expenditures	118,500	100,000	95,579	4,421
Unallocated insurance	912,000	884,542	884,542	-0-
Refunds of real property taxes	700,000	925,915	925,915	-0-
Metropolitan commuter transportation mobility tax	119,656	125,281	125,281	-0-
Termination payments	1,800,000	2,912,895	2,912,895	-0-
Publicity	170,200	176,937	176,888	49
Self insurance	718,000	729,823	729,823	-0-
Contingency	300,000	-0-	-0-	-0-
Total General Government Support	12,971,422	14,402,597	14,349,805	52,792
<b>Education</b>				
Community college chargeback	200,000	361,928	361,928	-0-
College reimbursements	4,000	4,000	3,831	169
Total Education	204,000	365,928	365,759	169
<b>Public Safety</b>				
Police department	13,039,736	12,981,332	12,966,984	14,348
Fire department	3,932,015	3,936,694	3,927,395	9,299
Traffic patrol	136,000	140,500	140,500	-0-
Auxiliary police	27,500	27,500	22,718	4,782
Animal control	96,500	97,603	95,884	1,719
Total Public Safety	17,231,751	17,183,629	17,153,481	30,148

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended June 30, 2015

<b>EXPENDITURES</b> (continued)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Transportation</b>				
Bus transportation	1,416,586	1,571,159	1,569,620	1,539
Street lighting	225,000	248,889	248,889	-0-
Snow removal	260,000	166,711	155,668	11,043
Other transportation	28,500	32,548	31,648	900
Total Transportation	1,930,086	2,019,307	2,005,825	13,482
<b>Economic Assistance and Opportunity</b>				
Economic development	147,900	306,942	294,442	12,500
Veterans services	8,529	8,529	4,695	3,834
Total Economic Assistance and Opportunity	156,429	315,471	299,137	16,334
<b>Culture and Recreation</b>				
Recreation	3,380,272	3,540,885	3,469,243	71,642
Lifeguards	1,312,100	1,315,479	1,315,436	43
Beach park	545,850	510,106	504,631	5,475
Youth and family services	725,853	792,414	790,941	1,473
MLK childcare center	535,191	218,810	210,825	7,985
Magnolia community center	268,500	233,659	228,710	4,949
Celebrations	150,200	148,498	146,248	2,250
Performing arts	48,200	48,200	45,635	2,565
Recreation program for the aging	2,000	2,000	1,200	800
Total Culture and Recreation	6,968,166	6,810,051	6,712,869	97,182
<b>Home and Community Services</b>				
Zoning	68,100	8,100	7,600	500
Sanitation	4,030,713	3,873,765	3,871,857	1,908
Street maintenance	1,659,993	2,513,089	2,368,821	144,268
Beach maintenance	1,911,442	2,100,580	2,100,530	50
Shade trees	25,000	3,000	2,655	345
Conservation recycling	35,000	24,076	24,076	-0-
Emergency tenants protection act	6,050	6,050	5,790	260
Other	12,000	12,292	10,416	1,876
Total Home and Community Services	7,748,298	8,540,952	8,391,745	149,207
<b>Employee Benefits</b>				
State retirement	2,400,000	2,436,421	2,436,421	-0-
Fire service award program	90,000	92,400	92,400	-0-
Police and fire retirement	4,435,000	3,856,849	3,856,849	-0-
Social security	2,692,251	2,340,163	2,340,163	-0-
Life insurance	105,000	107,237	107,237	-0-
Unemployment insurance	100,000	64,673	64,673	-0-
Disability	5,500	4,533	4,533	-0-
Hospital and medical insurance	9,026,500	8,932,523	8,932,523	-0-
Firefighters' supplemental benefit- self insurance charge	399,830	399,830	399,830	-0-
Workers' compensation - self insurance charge	1,455,420	1,360,975	1,360,975	-0-
Other fringe benefits	175,000	126,699	126,699	-0-
Total Employee Benefits	20,884,501	19,722,303	19,722,303	-0-

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (continued)				
<b>Debt Service</b>				
Debt issuance costs	100,000	103,555	103,555	-0-
Total Debt Service	100,000	103,555	103,555	-0-
Total Expenditures	68,194,653	69,463,793	69,104,479	359,314
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	2,042,805	1,916,257	1,467,984	(448,273)
<b>Other Financing Sources (Uses)</b>				
Debt proceeds	1,800,000	1,800,000	2,920,000	1,120,000
Transfers in	602,595	602,593	636,805	34,212
Transfers out	(5,945,400)	(5,818,889)	(5,818,889)	-0-
Total Other Financing Uses	(3,542,805)	(3,416,296)	(2,262,084)	1,154,212
<b>Net Change in Fund Balance</b>	<b>\$ (1,500,000)</b>	<b>\$ (1,500,039)</b>	<b>\$ (794,100)</b>	<b>\$ 705,939</b>
<b>Fund Balance at Beginning of Year</b>			9,928,964	
<b>Fund Balance at End of Year</b>			<b>\$ 9,134,864</b>	

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**WATER FUND**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Departmental income	\$ 4,573,175	\$ 4,573,175	\$ 4,615,736	\$ 42,561
Licenses and permits	341,800	341,800	212,950	(128,850)
Sales of property and compensation for loss	45,000	45,000	57,684	12,684
Miscellaneous local sources	-0-	-0-	1,500	1,500
Interfund revenues	-0-	-0-	3,829	3,829
Total Revenues	<u>4,959,975</u>	<u>4,959,975</u>	<u>4,891,699</u>	<u>(68,276)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	196,225	141,947	141,750	197
Home and community services	2,670,533	2,686,974	2,683,478	3,496
Employee benefits	1,309,969	1,361,823	1,361,767	56
Debt service:				
Interest - interfund	7,500	9,354	9,354	-0-
Debt issuance costs	-0-	564	564	-0-
Total Expenditures	<u>4,184,227</u>	<u>4,200,662</u>	<u>4,196,913</u>	<u>3,749</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>775,748</u>	<u>759,313</u>	<u>694,786</u>	<u>(64,527)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	65,000	65,000	102,500	37,500
Transfers in	6,039	6,039	6,039	-0-
Transfers out	(846,787)	(830,352)	(830,320)	32
Total Other Financing Sources (Uses)	<u>(775,748)</u>	<u>(759,313)</u>	<u>(721,781)</u>	<u>37,532</u>
<b>Net Change in Fund Balance</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(26,995)</u>	<u>\$ (26,995)</u>
<b>Fund Balance at Beginning of Year</b>			<u>1,870,469</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 1,843,474</u>	

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**SEWER FUND**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Departmental income	\$ 4,514,958	\$ 4,514,958	\$ 4,386,121	\$ (128,837)
Intergovernmental charges	550,000	550,000	452,363	(97,637)
Licenses and permits	15,000	15,000	23,250	8,250
Miscellaneous local sources	-0-	-0-	2,623	2,623
Total Revenues	<u>5,079,958</u>	<u>5,079,958</u>	<u>4,864,357</u>	<u>(215,601)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	157,500	157,500	157,500	-0-
Home and community services	2,578,425	2,565,186	2,266,493	298,693
Employee benefits	1,399,314	1,407,836	1,377,124	30,712
Debt service:				
Interest - interfund	15,000	17,140	17,140	-0-
Debt issuance costs	-0-	5,908	5,908	-0-
Total Expenditures	<u>4,150,239</u>	<u>4,153,570</u>	<u>3,824,165</u>	<u>329,405</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>929,719</u>	<u>926,388</u>	<u>1,040,192</u>	<u>113,804</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	175,000	175,000	171,000	(4,000)
Transfers in	183,539	183,539	83,539	(100,000)
Transfers out	<u>(1,288,258)</u>	<u>(1,284,927)</u>	<u>(1,241,017)</u>	<u>43,910</u>
Total Other Financing Sources (Uses)	<u>(929,719)</u>	<u>(926,388)</u>	<u>(986,478)</u>	<u>(60,090)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>53,714</u>	<u>\$ 53,714</u>
<b>Fund Balance at Beginning of Year</b>			<u>209,034</u>	
<b>Fund Balance at End of Year</b>			<u>\$ 262,748</u>	

**CITY OF LONG BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Use of money and property	\$ -0-	-0-	\$ 9,913	\$ 9,913
Miscellaneous local sources	-0-	-0-	3,949	3,949
Total Revenues	<u>-0-</u>	<u>-0-</u>	<u>13,862</u>	<u>13,862</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal - serial bonds	4,519,003	4,564,000	4,564,000	-0-
Interest - serial bonds	2,910,709	2,764,421	2,444,523	319,898
Principal - capital leases	163,762	163,762	163,762	-0-
Interest - capital leases	43,765	43,765	43,765	-0-
Bond issuance costs	-0-	101,291	101,291	-0-
Total Expenditures	<u>7,637,239</u>	<u>7,637,239</u>	<u>7,317,341</u>	<u>319,898</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>				
	<u>(7,637,239)</u>	<u>(7,637,239)</u>	<u>(7,303,479)</u>	<u>333,760</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds of refunding bonds	-0-	-0-	7,765,000	7,765,000
Premiums on debt issuance	-0-	-0-	486,608	486,608
Debt service - principal currently refunded	-0-	-0-	(7,905,000)	(7,905,000)
Transfers in	7,637,239	7,637,239	7,165,335	(471,904)
Transfers out	(514,673)	(514,673)	(514,673)	-0-
Total Other Financing Sources	<u>7,122,566</u>	<u>7,122,566</u>	<u>6,997,270</u>	<u>(125,296)</u>
<b>Net Change in Fund Balances</b>				
	<u>\$ (514,673)</u>	<u>\$ (514,673)</u>	<u>(306,209)</u>	<u>\$ 208,464</u>
<b>Fund Balance at Beginning of Year</b>				
			<u>1,472,208</u>	
<b>Fund Balance at End of Year</b>				
			<u>\$ 1,165,999</u>	



**CITY OF LONG BEACH**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
June 30, 2015

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
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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
June 30, 2015

NYSERS	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability	0.0718696%	0.0718696%
City's proportionate share of the net collective pension liability	\$ 2,427,932	\$ 3,247,688
City's covered-employee payroll	\$ 19,487,079	\$ 18,128,634
City's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	12.46%	17.91%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	97.90%	97.20%
NYSPFRS	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability	0.4991109%	0.4991109%
City's proportionate share of the net collective pension liability	\$ 1,373,851	\$ 2,077,846
City's covered-employee payroll	\$ 13,371,240	\$ 19,337,631
City's proportionate share of the net collective pension liability as a percentage of its covered-employee payroll	10.27%	10.75%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	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, 2015

**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
2015	\$ 3,415,630	\$ 2,449,588	\$ 966,042	\$ 18,865,565	12.98%
2014	2,874,575	2,159,839	714,736	18,540,953	11.65%
2013	3,574,669	2,049,837	1,524,832	18,654,306	10.99%
2012	2,597,283	2,011,736	585,547	19,420,533	10.36%
2011	2,077,191	2,077,191	-	17,950,829	11.57%
2010	1,456,510	1,456,510	-	19,844,576	7.34%
2009	1,339,806	1,339,806	-	16,430,358	8.15%
2008	1,246,901	1,246,901	-	16,221,656	7.69%
2007	1,398,299	1,398,299	-	15,076,204	9.27%
2006	1,281,424	1,195,271	86,153	14,502,907	8.24%

**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
2015	\$ 5,635,921	\$ 3,493,726	\$ 2,142,195	\$ 14,917,504	23.42%
2014	3,715,683	2,906,567	809,116	18,763,096	15.49%
2013	3,402,955	2,774,411	628,544	13,325,362	20.82%
2012	2,837,661	2,624,668	212,993	14,386,088	18.24%
2011	2,366,051	2,366,051	-	13,299,109	17.79%
2010	1,787,186	1,787,186	-	10,816,952	16.52%
2009	1,857,195	1,857,195	-	13,221,427	14.05%
2008	1,770,061	1,770,061	-	13,233,664	13.38%
2007	1,970,643	1,970,643	-	13,064,071	15.08%
2006	1,537,943	1,070,045	467,898	12,540,662	8.53%