

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE LONG BEACH UTILITIES DEPARTMENT
A Department of the City of Long Beach, California

For The Fiscal Year Ended
September 30, 2024



LONG BEACH
Utilities

Water · Gas · Sewer

LONG BEACH UTILITIES DEPARTMENT

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Long Beach, CA 90807

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Long Beach Utilities Department
(A Department of the City of Long Beach, California)

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2024

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INTRODUCTORY SECTION

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Annual Comprehensive Financial Report of the

Long Beach Utilities Department

(A Department of the City of Long Beach, California)

For the Fiscal Year Ended September 30, 2024

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DATE March 28, 2025
TO Board of Utilities Commissioners and Residents of the City of Long Beach
FROM Stefanie Clavery, Acting Senior Director of Finance
SUBJECT Approval of Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024

Management is pleased to present the Annual Comprehensive Financial Report (ACFR) of the Long Beach Utilities Department (Department), for the fiscal year ended September 30, 2024. The Department's financial statements are also included in the City of Long Beach (the City) Financial Statements as enterprise funds (Gas Fund, Water Fund and Sewer Fund).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The accompanying financial statements have been audited by Crowe LLP, an independent certified public accounting firm. Crowe LLP has issued an unmodified ("clean") opinion on the Department's financial statements for the fiscal year ended September 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report, and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

THE REPORTING ENTITY

A General Municipal Election was held on November 8, 2022, which contained Ballot Measure BB, amending the City Charter to merge the existing water, sewer, and gas utilities into a single publicly-owned utility, governed by the existing independent Water/Utility Commission. The residents of Long Beach passed the Measure by simple majority and the City Council certified the election results at its meeting on December 13, 2022.

In January 2023, the Long Beach Water Department and the Long Beach Energy Resources Department merged operations as single utility department formally known as Public Utilities Department. The Department, also known as Long Beach Utilities Department, is under the exclusive jurisdiction and control of the Board of Public Utilities Commissioners, which is comprised of five members.

The Department has the responsibility of the various functions of natural gas and water distribution system and sanitary sewer collection system, including operations and maintenance. The Department's service area encompasses the boundaries of the City of Long Beach, the seventh largest city in the state of California, with an area of approximately 50 square miles and with a population of 458,813 as of September 30, 2024, with some customers outside the City limits.

The Department continues to deliver natural gas to approximately 1,900 miles of gas main and 156,000 service meters, providing residents the much-needed commodity in their homes and businesses.

The Department obtains potable water for distribution from two sources. Historically, approximately half of the City's water is purchased from the Metropolitan Water District of Southern California; the other half is pumped from the Department's own groundwater wells. Potable water is stored in two reservoirs with a combined capacity of 108.9 million gallons. The Department delivered over 2.8 billion gallons of reclaimed water to various users in the City in fiscal year 2024 (FY2024).

The Department also services the City's sewer system that consists of 714 miles of sewer mains, 15,141 manholes, and 29 sewage pumping stations. This system is capable of transporting approximately 40 to 60 million gallons of raw sewage for treatment daily.

LOCAL ECONOMY

Long Beach continues to maximize opportunities in today's global economy by drawing from the strength and adaptability of its local economy. In the current economic environment, the combination of local, national, and international businesses keeps Long Beach growing to meet the constantly changing needs of city.

Housing developments such as The Cove and Heritage Gardens, Wellspring, and 26 Point 2 were completed in FY2024. The Heritage Gardens has 90 units of affordable housing for veterans, while Wellspring includes 87 affordable rental units. Furthermore, the 26 Point 2 development includes 77 units dedicated to people experiencing homelessness. These developments are a reflection of Long Beach's economic growth in FY2024. In addition to city-wide improvements, the City added 2 miles of protected bike lanes along Pacific Avenue as part of Long Beach's efforts to become even more bicycle-friendly by year 2040.

In FY2024, the Department's customer base is relatively stable and is comprised of ninety-four percent (94%) residential accounts, with the remaining six percent (6%) comprised of commercial, industrial, irrigation and other accounts. The residential accounts comprise approximately sixty-nine percent (69%) of the Department's total potable water and natural gas.

The City continues to address the need for more housing and commercial development, while still committing to protecting the environment and resources by transitioning to a low-polluting public transportation system which uses compressed natural gas and electric power. In addition, the City implements innovative changes throughout its organization to maintain and improve its services. Such improvements include natural gas pipeline leaks survey systems, library system remote services, crosswalks updates, traffic signal improvements and airport terminal upgrades and expansions.

The City has bounced back economically from the COVID-19 pandemic, aided by the residual federal financial assistance. The Department benefitted from federal and state arrearage aid that helped to address outstanding accounts receivables due to the pandemic, allowing arrearage relief for customers along with option for flexible payment plans for past due bills. The pandemic's economic impact on revenues is not expected to be permanent and the Department is continuously searching for new opportunities to reduce the economic hardship endured by its residents and businesses.

Further information on the local economy is provided in the City of Long Beach Annual Comprehensive Financial Report.

GAS SUPPLY

The Department safely provides reliable price-competitive natural gas utility services to residents and businesses with its network of nearly 1,900 miles of pipeline and approximately 156,000 meters. The Department relies on a combination of domestic production and imports via pipelines from other states (through So Cal Gas) for its natural gas supply. The specific sources vary depending on market conditions, contractual agreements, and infrastructure availability.

Natural Gas Market

California has an extensive network of pipelines, storage facilities, and distribution systems to transport natural gas from production areas to end-users. The region also had terminals and facilities for storing gas underground. The Department obtains natural gas from multiple sources, including domestic production and interstate pipelines. Domestic production occurs primarily in the western United States, while interstate pipelines bring gas from producing regions such as the Rocky Mountains, Texas, and the Southwest.

The regional natural gas market includes various participants, including utility companies, independent producers, pipeline operators, marketers, and traders. Competition among these entities can affect pricing and service offerings for consumers.

Natural gas prices can be volatile, influenced by factors such as weather patterns, supply disruptions, geopolitical events, and market speculation. Price fluctuations can affect energy costs for consumers and businesses.

Natural Gas Price Spike

During the winter of 2022-2023, the West Coast faced an unusually cold winter, leading to a surge in natural gas demand. Supply constraints along with pipeline infrastructure issues resulted in a large spike in natural gas prices, specifically in the California region. The Department passes the commodity costs onto customers, which saw a sharp increase in their monthly bills through early 2023.

In order to provide relief to natural gas customers, the Department developed a relief program for those in most need for payment assistance, which included an across the board credit, along with targeted aide or low-income, seniors, and residents with disabilities.

In May of 2023, the Department also entered into a three-year annual energy swap transaction with J. Aron & Company during the winter months, November through March, from 2024 to 2026. The swap agreement provides price protection for gas customers from unforeseeable market volatility like what was experienced during the winter of 2022-2023.

Climate and Environmental Challenges

The Department continues to lead in the effort to lower greenhouse gas emissions by utilizing natural gas as an economically efficient alternative fuel source and delivering Renewable Natural Gas (RNG or Biogas) to local transit and the City's fleet of refuse trucks. It also anticipates the rapid expansion of Biogas fuel to other Compressed Natural Gas (CNG) powered vehicles throughout the City.

Other efforts include implementing and managing the City's California Global Warming Solutions Act (AB 32) aimed at reducing greenhouse gas emissions, with a focus on the adoption of renewable energy sources and energy efficiency measures.

Regulation and Compliance

Long Beach's natural gas utility is regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA), a federal agency within the United States Department of Transportation. PHMSA is responsible for regulating the transportation of natural gas and other hazardous materials through pipelines to ensure public safety and environmental protection. The Department must comply with pipeline safety standards, inspection requirements, and emergency response procedures to prevent accidents and mitigate risks associated with the transportation of natural gas. The Department's ongoing compliance work involves coordinating with pipeline operators, conducting inspections, implementing safety measures, and responding to incidents or emergencies related to natural gas pipelines within the city's boundaries.

WATER SUPPLY

The Department meets the needs of its customers through an increasingly diverse portfolio of water resources. Local groundwater, combined with imported supplies, water recycling and water conservation are used in combination to meet the water demands within the service area.

Drought Related Developments

Long Beach water demand peaked in 1990, but water demand has been declining ever since. The reduced water demand can be attributed to a combination of a steady commitment to water conservation efforts by the Department and statewide droughts in 1990-1991, 2007-2009, 2015-2016, and 2020-2022, each of which triggered a sharp decrease in water demand. FY2024 was an average year from a precipitation standpoint compared to the prior Fiscal Year 2023 (FY2023). However, unlike in the more distant past when water use would rebound after low water demand years, the water demand remained low in FY2024 with minimal rebound, which is now more expected due to the long term permanent commitments to conservation by the state. Conservation efforts have included aggressive public outreach and incentive programs for water saving measures. The Department will continue these efforts to incorporate the conservation success into a sustained change in consumption behavior.

Reduced water usage due to conservation does result in reduced revenues. At the same time, those reductions are also offset by a reduction in operating expenses as a result of reduced need for imported water purchases from Metropolitan Water District (MWD).

Additionally, the Department managed discretionary budget expenses to minimize initial budget and rate impacts from reduced consumption. The Department's Water enterprise budget and rate structure is based annually on cost recovery and on State law governing water utility rate setting (Proposition 218).

The following subsections provide an overview of the Department's water resources.

Groundwater

Ownership of water rights allows approximately sixty percent (60%) of Long Beach's water supply needs to be produced from groundwater wells located within the City. Before it reaches our customers' taps, local groundwater must journey many miles from its source high up in the mountains. Rain and snow-melt from the San Gabriel Mountains watershed travel through washes and creeks into the San Gabriel River and the Whittier Narrows Basin. From there it percolates underground through sand and water beds where it begins a lengthy subsurface journey to Long Beach. High-powered pumps then extract it from active groundwater wells and pump it to our groundwater treatment plant.

During the 1940's and 1950's the population grew and the increased water demand in the San Gabriel Valley significantly reduced the flows southward to the Central Basin, contributing to falling water tables. In 1959, to protect this vital source of local water supply, the Board initiated a lawsuit against major water producers in the San Gabriel Valley to guarantee water supplies to Central Basin producers.

Parties to the lawsuit negotiated a settlement which provided the basis of a stipulated judgment (the "Long Beach Judgment") rendered by the Superior Court on October 8, 1965. By separate action, a committee of Central Basin producers reached an agreement for voluntary reduction of pumpage within the basin to restore and protect the water table and to expedite the above judgment to permanently prevent excessive pumping. The reduction in pumping began October 1, 1962. The two events were of major importance in securing local water supplies for the City. The Department is the largest producer of water in the Central Basin.

Imported Supplies

Another portion of the City's potable (drinking) water supply is treated water purchased from MWD. This water originates from two sources: the Colorado River Aqueduct and the State Water Project (SWP).

Through its 242-mile long system, the Colorado River Aqueduct provides up to a billion gallons of water a day to residents and businesses in Southern California's coastal plain. Water is taken in at Lake Havasu and carried to the reservoir facilities at Lake Mathews. The State Water Project delivers water originating from the Oroville Dam and Reservoir and the Sacramento River Delta. The SWP is an intricate network of dams, pumping plants, reservoirs, hydroelectric plants, the Sacramento and San Joaquin Rivers and 440 miles of aqueducts that carry water to several Southern California reservoirs.

Water Recycling

Effective water recycling helps stretch the potable water supply; that is the primary reason the Department launched a reclaimed water system in 1978. In FY2024, the Department served approximately 2.8 billion gallons of reclaimed water to a variety of users throughout the City.

Water that would otherwise flow to the ocean and be wasted is reclaimed and used to irrigate park land, golf courses, freeway landscaping and school grounds, which reduces our dependence on imported water. Since 2005, recycled water treated at the Leo J. Vander Lans Advanced Water Treatment Facility (LVLAWTF) has partially replaced the use of imported water at the Alamitos Barrier, an engineered freshwater pressure ridge and seawater trough constructed to prevent seawater intrusion into the Central Basin and neighboring Orange County Groundwater Basin. In 2015, LVLAWTF was expanded, providing the operational flexibility to meet the needs of the Alamitos Barrier almost entirely with recycled water, minimizing the need of imported water.

Conservation

The Department has an aggressive water conservation program that offers a variety of opportunities to conserve water across different sectors of the community and for both indoor and outdoor water uses.

Single-family and multi-family customers together are responsible for approximately two-thirds of the City's demand for water. Several of the Department's programs provide rebates to residential customers towards the purchase of water-efficient toilets and washing machines.

Close to half of single-family residential water use is estimated to be for landscape irrigation. The Department has also developed and implemented programs whereby customers can apply for an incentive to replace turf with a California-friendly landscape.

In addition to promoting conservation to residential and landscape accounts, we work closely with commercial, industrial and institutional (CII) customers to help them conserve water. The Department has encouraged conservation through targeted direct marketing, through rebates for water conserving devices, and offers a Certified Blue program to promote water efficiency in restaurants which will be expanded to include other CII sectors.

Long Beach Water Department promotes water use efficiency with many community partners, including schools, organizations and businesses. The Department takes pride in its award-winning outreach efforts, including supporting community functions, making presentations at local and regional events, and marketing through print, digital and social media strategies.

WATER QUALITY

A primary objective of the Department is to deliver to our customers water that meets or exceeds all Federal and State standards. The Department continues to be recognized as a leader in water quality. Our extensive testing and Quality Assurance/Quality Control program ensures that water delivered to our customers is of the highest possible quality.

The Long Beach Groundwater Treatment Plant is a state of the art water treatment facility, including four advanced water quality laboratories. This combination helps explain why the City's high quality drinking water consistently meets or exceeds all Federal and state drinking water regulations.

The Department conducts extensive sampling and testing of groundwater wells, water storage reservoirs, the water distribution system and, when appropriate, selected homes, businesses, schools and public facilities. This year, our Water Quality laboratories collected 12,081 samples and performed 62,292 tests while maintaining certification with the California Department of Health Services and Environmental Protection Agency (EPA).

During FY2024, the Groundwater Treatment Plant processed approximately 7.4 billion gallons of drinking water. Overall, 14.7 billion gallons of high-quality water were delivered to the Long Beach community.

MAJOR INITIATIVES

Automated Metering Infrastructure

The Department has undertaken a comprehensive overhaul of its metering infrastructure, by installing Automated Metering Infrastructure (AMI) on all of its approximately 90,000 water and 150,000 gas metered connections. The installed automated meters will capture and store real-time flow measurements, and then routinely upload them electronically into the existing Meter Data Management System (MDMS) and interface with the Customer Information System (CIS), used for all utility billing in the City.

AMI provides enhanced customer benefits, ultimately allowing for more self-monitoring of water and natural use by customers via an interactive web portal, allowing for more timely responses to customer leaks through high use alerts, and provide additional data to help with Department operations.

Natural Gas Distribution Integrity Management Plan (DIMP)

Since 2012, the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA), has required all natural gas distribution pipeline operators to implement a Distribution Integrity Management Plan (DIMP). DIMP requires the Department to periodically perform risk assessments on its pipelines by identifying, ranking and mitigating risks. Through the DIMP process, the Department identified five significant risks to the City's gas distribution pipeline system: 1) excavation damage caused by third parties, 2) corrosion damage to older steel pipelines in the system, 3) past pipeline installation practices, 4) susceptibility of major pipeline damage in the event of a localized earthquake, and 5) damage caused by other outside forces (e.g. sewer cross-bores, vehicles hitting meter set assemblies). These risks are being mitigated through the Department's ongoing pipeline replacement, DigAlert, public awareness, cathodic protection, leak survey, sewer inspection, bollard installation, and various other programs.

Conjunctive Use

The Department has also partnered with MWD and the California Department of Water Resources (DWR) on an innovative groundwater storage program. The \$4.5 million project, which was funded by State of California Proposition 13, stored surplus water in the Central Groundwater Basin, and has previously, delivered the stored water during previous drought conditions in 2008 and 2009. A second \$2.7 million joint conjunctive use project with the City of Lakewood was completed in 2009 and water stored under this project may also be called upon in a drought.

Distribution Systems

The City has an aging infrastructure, which needs to be maintained, and in certain parts, replaced. On September 30, 2024, the water distribution system totaled 916 miles of water mains with approximately 97,000 service connections. The gas distribution system totaled 1,900 miles of pipeline with approximately 156,000 meters delivering approximately 9.5 million dekatherms annually to customers.

During fiscal year 2024, the Department replaced 9,863 feet of deteriorated cast iron water mains with new ductile iron pipe. This critical replacement program addresses upgrading old pipelines, many of which were installed more than 50 years ago. The Department also replaced approximately 27,000 feet of natural gas pipeline mains and over 500 service pipelines to improve the integrity of the natural gas distribution system, performed 2,000 cross-bore inspections, and responded to over 15,000 DigAlert requests and marked gas utilities to avoid excavation damage.

The Department maintains 646 large water control valves 20 inches or more in diameter and 23,598 smaller control valves. The Department has a maintenance and replacement program to ensure that water control valves are operational and that they can be turned off or on promptly during emergencies. The Department responds immediately, 24 hours a day, 365 days a year to water and natural gas emergencies. With 23 active water wells across Long Beach supplying just over half of the City's water, well maintenance is another ongoing project for the Department. Rehabilitation of water wells and storage tanks at Alamitos and J. Will Johnson Reservoirs continues to ensure a reliable supply of water in the

future. Continuing natural gas pipeline maintenance and replacement is necessary to meet federal regulations and guidelines and ensure customer safety.

Sanitary Sewer Collection System

The Department has made considerable progress since 1988 in addressing the substantial challenges posed by an aging sanitary sewer infrastructure, much of which is between 60 and 100 years old. On September 30, 2024, the sanitary sewer collection system totaled 714 miles of sewer pipelines. The Department developed the first City-wide Sewer Master Plan in 1991, which provided an initial prioritization of sewer deficiencies to be addressed. The Department has since developed a comprehensive program of maintenance, monitoring and repair of sewer lines including:

- an aggressive annual pipeline cleaning program;
- a Fats, Oil and Grease (FOG) program, working collaboratively with the City's Department of Health and Human Services, to address impacts to lines;
- a video monitoring program to assess conditions of pipelines;
- a comprehensive annual sewer infrastructure rehabilitation and replacement program

The Department continues to develop and implement a multi-year Capital Improvement Program to address aging pipeline and lift station infrastructure. In 2021, the Department began another Sewer Master Plan Update Project to renew the comprehensive plan for the Department's sanitary sewer system, studying the existing sewer infrastructure and aiding in the planning of future operations, maintenance, and upgrades of the system. The Project builds on the existing sewer hydraulic system model, originally created in the 2009 Sewer Master Plan Project and updated further in the 2013 Update and expands on the recently-updated downtown sewer hydraulic system model created in the 2018 Downtown Area Sewer Focus Study.

The Department is currently in the process of finalizing the new Sewer Master Plan Update.

RELEVANT FINANCIAL POLICIES

The Department's financial statements are presented on the accrual basis of accounting. As enterprise fund operation, the cost of providing water and natural gas is recovered through user charges assessed by meter size, volumetric charges and other miscellaneous charges. The cost of providing sewer service is also recovered through user and volumetric charges for all water customers who are connected to the City's sewers. Certain services, such as payroll, civil service, public service, general service, cashiering & collection, data processing, legal, etc., are provided to the Department by other City departments; these costs are reimbursed to the City by transfer of funds from the Gas Fund, the Water Fund or the Sewer Fund.

Internal Control Structure

In the development and enhancement of the Department's accounting system, careful consideration is given to the adequacy of the internal controls designed to provide reasonable assurance regarding the safeguarding of assets against possible loss, unauthorized use or disposition; to ensure the reliability of financial records for preparing financial statements and maintaining accountability for assets, and to promote operational efficiency and compliance with managerial policies. The concept of reasonable assurance recognizes that: (1) the cost of a specific control feature should not exceed the benefits likely to be derived, and; (2) the evaluation of costs and benefits requires continued estimates and judgment by management.

Budgetary Control

The budget is a management control device for the forthcoming fiscal year. Prior to July 1 each year, the Board adopts an operating budget, which covers anticipated revenues and expenditures of the Department. The Department's budget is also subject to the approval of the City Council. By September 30 each year, the City Council shall approve the budget as adopted by the Board of Utilities Commissioners, or shall amend the budget and approve it as amended.

Budgets are prepared on a cash basis for revenues and for several categories of expenses. These budgets are not designed to be pro-forma statements of income and expense in the same format as the Utilities Department's financial statements. Instead, they are utilized primarily for controlling costs along organizational and programmatic lines. Each Bureau within the Department is responsible for outlays initiated by Divisions. Revenues are monitored only at the departmental level, except in certain areas where they are controlled by individual projects.

AWARDS AND ACKNOWLEDGEMENTS

We would like to acknowledge the professional contribution of the Business Unit 1 - Finance Division in the preparation of this report.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government agency and its management. In order to be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized ACFR whose contents not only conform to the high program standards of the GFOA, but also satisfy both generally accepted accounting principles and applicable legal requirements.

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

It is recommended that the Board of Water Commissioners receive and file the Annual Comprehensive Financial Report for the fiscal years ended September 30, 2024.

Prepared by:



Dan Nguyen,
Senior Accountant



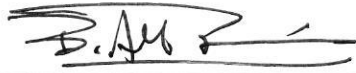
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Submitted and
Recommended
by:



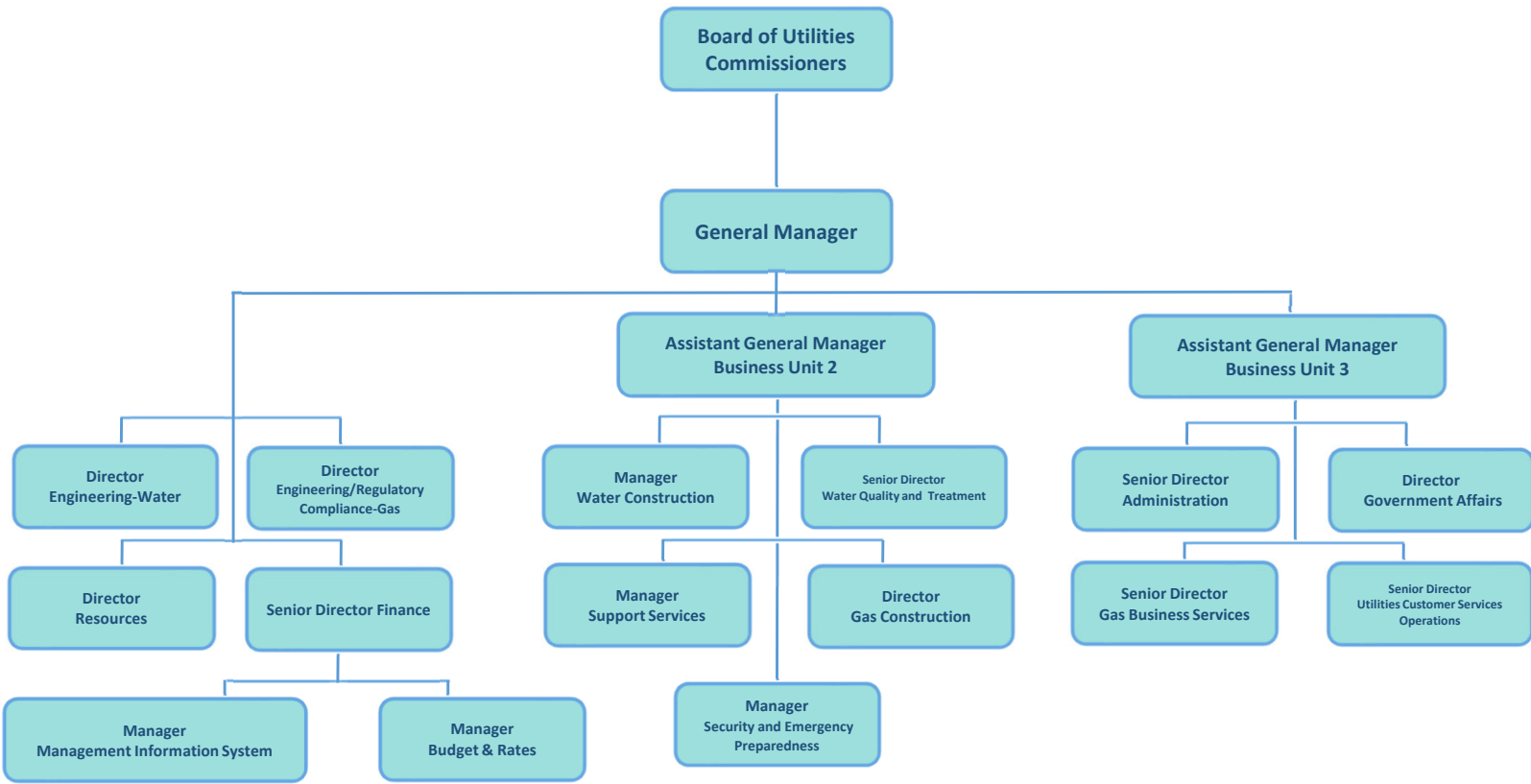
Stefanie Clavery, Acting Senior Director of Finance

Approved by:



B. Anatole Falagan, General Manager

Long Beach Utilities Department Organizational Chart





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**Long Beach Utilities Department
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

LONG BEACH UTILITIES DEPARTMENT

BOARD OF UTILITIES COMMISSIONERS

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General Manager

TAI TSENG
Assistant General Manager

DIANA TANG
Assistant General Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
The Honorable Members of the Board of the Utilities Commission

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities and each major fund of the Long Beach Utilities Department (the Department) of the City of Long Beach, California (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund for the Department, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City, as of September 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

(Continued)

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, professional style.

Crowe LLP

Costa Mesa, California
March 28, 2025

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

As the management of the Long Beach Utilities Department, a department of the City of Long Beach (the City), we offer readers of the Long Beach Utilities Department's financial statements this narrative overview and analysis of the financial activities of the Long Beach Utilities Department (the Department) for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements. The Department comprises the City's Gas Enterprise Fund (Gas Fund), Water Enterprise Fund (Water Fund), and Sewer Enterprise Fund (Sewer Fund). All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The Department's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2024 (FY2024) by \$440,344 (*net position*). The Department's net position is further broken down between the Gas Fund, Water Fund and Sewer Fund below.

Gas Fund. Liabilities and deferred inflows exceeded assets and deferred outflows at the close of FY2024 by \$396. This amount includes a total of net investment in capital assets of \$191,524, and \$28,432 in resources that are subject to restrictions on how they may be used. The Gas Fund reported a deficit in unrestricted net position of \$220,352 in FY2024. Total Gas Fund net position increased by \$10,621 (+96.4%) from the prior fiscal year. The increase is mostly due to net decreases in expenditures during the year.

Water Fund. Assets and deferred outflows exceeded liabilities and deferred inflows at the close of FY2024 by \$348,994. This amount includes a total of net investment in capital assets of \$369,276. The Water Fund reported a deficit in unrestricted net position of \$20,282 in FY2024. Total Water Fund net position increased by \$10,910 (+3.2%) from the prior fiscal year. The increase is mostly due to increases in revenues during the year.

Sewer Fund. Total Sewer Fund net position totaled \$91,746 as of September 30, 2024, an increase of \$3,272 (+3.7%) from the prior fiscal year. The increase reflects income in excess of expenses during the year. In FY2024, the net investment in capital assets and the unrestricted portion of net position totaled \$89,722 and \$2,024, respectively.

Significant Department Events

On December 7, 2023, the Department drew additional \$25,500 on the Second Lien Water Revenue Revolving Line of Credit (Water LOC) to fund the Department's water system infrastructure.

On May 7, 2024, the Water Fund issued \$91,630 in Senior Water Revenue Bonds, Series 2024 (the Series 2024 Bonds) at a premium to provide funds to pay approximately \$55,000 of the costs of capital improvements to the Department's water system in FY2024

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

and fiscal year 2025 (FY2025). In addition, the proceeds were used to refund and defease the Second Lien Water Revenue Bonds – Series 2012A (the Series 2012A Bonds) at redemption price equal to 100% of the principal amount of \$2,475 plus accrued interest up to the redemption date of May 8, 2024. Also, the bond proceeds were used to refund and defease the aggregate principal of the Water LOC in the amount of \$39,500, plus accrued interest. The purpose of this debt refinancing was to take advantage of competitive and low fixed debt rates achieving debt service savings and provide the Department the ability to fund critical capital improvement projects.

New significant Accounting Standards Implemented

In FY2024, the Department adopted a new Government Accounting Standards Board (GASB) statement of financial accounting as follows:

- *GASB issued Statement No. 103 (GASB 103): "Financial Reporting Model Improvements"*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

As a result of the implementation of GASB 103 statement, the Department's Schedule of Revenues, Expenses and Changes in fund net position continued to distinguish between operating and nonoperating revenues and expenses. In FY2024, the Department reported nonoperating revenues and expenses into categories namely: Noncapital subsidies and Other nonoperating revenue and expenses. Noncapital subsidies included items such as operating grants, credit to customers, and operating transfers in and out. Further discussion on this statement is provided within the Notes to Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Department's financial statements. Because the Department is a business-type activity of the City, enterprise funds are used to account for its gas, water, and sewer operations. These financial statements include only the activities of the Department and provide comparative information for the last fiscal year. Information on Citywide financial operating results is available in the City of Long Beach Annual Comprehensive Financial Report as of September 30, 2024.

The Department's financial statements comprise two components: 1) financial statements and 2) notes to financial statements. Included as part of the financial statements are the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Fund Net Position, and Statements of Cash Flows.

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Management's Discussion and Analysis
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The *Statements of Net Position* present the Department's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Fund Net Position* present information showing how the Department's net position have changed during the most recent fiscal year. Results of operations are recorded under the accrual basis of accounting, whereby transactions are reported as underlying events occur, regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (i.e., accounts payable and accounts receivable). The Department's use of the accrual basis of accounting is more fully described in the accompanying *Notes to Financial Statements*.

The *Statements of Cash Flows* present flows of cash and cash equivalents during the last fiscal year, including certain restricted amounts.

The *Notes to Financial Statements* provide additional information that is essential to the full understanding of the data provided in the financial statements and can be found on pages 35-70 of this report.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Department's financial position. As of September 30, 2024, Gas Fund liabilities and deferred inflows exceeded assets and deferred outflows by \$396, representing a 96.4% increase in net position compared to FY2023. In addition, Water Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$348,994, and Sewer Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$91,746, representing a 3.2% increase in net position over the prior fiscal year for the Water Fund and a 3.7% increase in Sewer Fund net position. Net positions are further categorized by net investment in capital assets, restricted and unrestricted net positions.

As of September 30, 2024, investment in capital assets, such as production, transmission, and distribution facilities, less any related debt used to acquire those assets that remains outstanding, amounted to \$191,524 of Gas Fund, \$369,276 of Water Fund and \$89,722 of Sewer Fund. The Department uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt on the Statements of Net Position must come from other sources such as operations.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

In FY2024, the restricted portion for the Gas Fund's net position amounted to \$28,432 for Gas Fund. No restricted portion of Water Fund and Sewer Fund's net position were recorded in FY2024. This represents resources that are subject to external restrictions on how they may be used. These restrictions are for items such as debt repayment and other legally restricted purposes.

The unrestricted portion of the net positions for Gas Fund and Water Fund reflect deficits of \$220,352 and \$20,282 as of September 30, 2024, representing 5.8% decrease and 52.7% increase, respectively, compared to FY2023. The Sewer Fund's unrestricted portion amounted to \$2,024, representing a 58.5% decrease over FY2023. The unrestricted portion of the Department's net position may be used to meet the Department's ongoing obligations to creditors and customers.

The Department's Condensed Schedules of Net Position as of September 30, 2024, and 2023 are as follows:

Long Beach Utilities Department Condensed Schedules of Net Position September 30, 2024 and 2023 (in thousands)				
	2024	2023	Variance	
			2024/2023	
			Amount	%
Assets:				
Current and Other assets	\$ 802,579	\$ 738,426	\$ (3,460)	8.7%
Capital assets	749,719	708,666	108,666	5.8%
Total assets	<u>1,552,298</u>	<u>1,447,092</u>	<u>105,206</u>	<u>7.3%</u>
Deferred outflows of resources	<u>23,453</u>	<u>25,392</u>	<u>(1,939)</u>	<u>-7.6%</u>
Liabilities:				
Current liabilities	88,772	115,848	(27,076)	-23.4%
Noncurrent liabilities	700,737	647,138	53,599	8.3%
Total liabilities	<u>789,509</u>	<u>762,986</u>	<u>26,523</u>	<u>3.5%</u>
Deferred inflows of resources	<u>345,898</u>	<u>293,957</u>	<u>51,941</u>	<u>17.7%</u>
Net Position:				
Net investment in capital assets	650,522	641,098	9,424	1.5%
Restricted	28,432	20,632	7,800	37.8%
Unrestricted	(238,610)	(246,189)	7,579	-3.1%
Total net position	<u>\$ 440,344</u>	<u>\$ 415,541</u>	<u>\$ 24,803</u>	<u>6.0%</u>

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

The Department's financial position is further broken down as follows between the Department's Gas Fund, Water Fund, and the Sewer Fund as of September 30, 2024, and 2023:

Gas Fund Condensed Schedules of Net Position September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Assets:				
Current and Other assets	\$ 703,336	\$ 692,370	\$ 10,966	1.6%
Capital assets	203,701	193,226	10,475	5.4%
Total assets	<u>907,037</u>	<u>885,596</u>	<u>21,441</u>	<u>2.4%</u>
Deferred outflows of resources	<u>12,911</u>	<u>11,394</u>	<u>1,517</u>	<u>13.3%</u>
Liabilities:				
Current liabilities	52,292	70,155	(17,863)	-25.5%
Noncurrent liabilities	527,674	550,110	(22,436)	-4.1%
Total liabilities	<u>579,966</u>	<u>620,265</u>	<u>(40,299)</u>	<u>-6.5%</u>
Deferred inflows of resources	<u>340,378</u>	<u>287,742</u>	<u>52,636</u>	<u>18.3%</u>
Net Position:				
Net investment in capital assets	191,524	179,298	12,226	6.8%
Restricted	28,432	17,921	10,511	58.7%
Unrestricted	(220,352)	(208,236)	(12,116)	-5.8%
Total net position	<u>\$ (396)</u>	<u>\$ (11,017)</u>	<u>\$ 10,621</u>	<u>96.4%</u>

Water Fund Condensed Schedules of Net Position September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Assets:				
Current and Other assets	\$ 87,801	\$ 32,203	\$ 55,598	172.6%
Capital assets	448,274	422,536	25,738	6.1%
Total assets	<u>536,075</u>	<u>454,739</u>	<u>81,336</u>	<u>17.9%</u>
Deferred outflows of resources	<u>8,662</u>	<u>11,885</u>	<u>(3,223)</u>	<u>-27.1%</u>
Liabilities:				
Current liabilities	33,996	42,586	(8,590)	-20.2%
Noncurrent liabilities	156,743	80,795	75,948	94.0%
Total liabilities	<u>190,739</u>	<u>123,381</u>	<u>67,358</u>	<u>54.6%</u>
Deferred inflows of resources	<u>5,004</u>	<u>5,159</u>	<u>(155)</u>	<u>-3.0%</u>
Net Position:				
Net investment in capital assets	369,276	378,510	(9,234)	-2.4%
Restricted	-	2,409	(2,409)	-100.0%
Unrestricted	(20,282)	(42,835)	22,553	52.7%
Total net position	<u>\$ 348,994</u>	<u>\$ 338,084</u>	<u>\$ 10,910</u>	<u>3.2%</u>

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

Sewer Fund Condensed Schedules of Net Position September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Assets:				
Current and Other assets	\$ 11,442	\$ 13,853	\$ (2,411)	-17.4%
Capital assets	97,744	92,904	4,840	5.2%
Total assets	109,186	106,757	2,429	2.3%
Deferred outflows of resources	1,880	2,113	(233)	-11.0%
Liabilities:				
Current liabilities	2,484	3,107	(623)	-20.1%
Noncurrent liabilities	16,320	16,233	87	0.5%
Total liabilities	18,804	19,340	(536)	-2.8%
Deferred inflows of resources	516	1,056	(540)	-51.1%
Net Position:				
Net investment in capital assets	89,722	83,290	6,432	7.7%
Restricted	-	302	(302)	(1)
Unrestricted	2,024	4,882	(2,858)	-58.5%
Total net position	\$ 91,746	\$ 88,474	\$ 3,272	3.7%

Fiscal Year Ended September 30, 2024 Compared to 2023

Gas Fund. The deficit on net position decreased by \$10,621 (+96.4%) over FY2023. This net decrease is mostly attributable to an income from operations and noncapital subsidies of \$30,781 in FY2024. This was offset by the net amount of other nonoperating expenses of \$20,160 in FY2024.

Current and Other assets increased by \$10,966 (+1.6%) from FY2023, which is mainly attributable to Assembly Bill 32 (AB32) funding in restricted assets. The restricted net position for AB32 gas allowances and capital projects totaled \$28,432 in FY2024 compared to \$17,921 in FY2023.

Capital assets increased by \$10,475 (+5.4%) over the prior year, mainly due to the completion of additional capital projects, contributing \$19,014 to distribution systems. Accumulated depreciation decreased by \$7,705 (-5.1%) compared to FY2023. Inflation also contributed to higher capital project costs for materials and labor.

Deferred outflows of resources increased by \$1,517 (+13.3%) over FY2023. The majority of the net increase in FY2024 is a result of the change in fair market value of commodity swap derivative instrument of \$984 and deferred outflow pension proportion of \$2,509. Current liabilities decreased by \$17,863 (-25.5%) compared to FY2023, mainly due to decrease due to other funds by \$18,275.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

Noncurrent liabilities decreased by \$22,436 (-4.1%) from FY2023, primarily due to decrease in long term debt obligation of gas prepay bond series A of \$25,280. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements on page 50.

Deferred inflows of resources increased by \$52,636 (+18.3%) over FY2023. This net increase mainly reflects the change in fair market value of commodity swap derivative of \$53,459.

Water Fund. Net position increased by \$10,910 (+3.2%) over FY2023. This net increase is mostly attributable to an income loss from operations and noncapital subsidies of \$12,527 in FY2024. This increase was offset by the net amount of other nonoperating expenses of \$1,617.

Current and Other assets increased by \$55,598 (+172.6%) in FY2024, reflecting increases in non-pooled cash and cash equivalents in the amount of \$39,812 (+1,769.4%) primarily attributable to the issuance of the Series 2024 Bonds. In addition, pooled cash and cash equivalents increased by \$15,156 (+11,840.63%) due to an increase in cash reserves from revenues in excess of operating expenses in FY2024.

Capital assets increased by \$25,738 (+6.1%) over the prior year, mainly due to the ongoing capital improvement program such the cast iron water main replacement, water service installations, automated water infrastructure installations, well development and rehabilitation, large valve replacements, machinery and equipment purchases, and facility improvements.

Deferred outflows of resources decreased by \$3,223 (-27.1%) over FY2023. The majority of the net decrease in FY2024 is a result of decreases in the difference between actual and expected investment returns in the amount of \$4,200 (-64.7%). However, this decrease was offset by increases on changes on actuarial assumptions and proportions, changes in actuarial assumptions on Other Postemployment Benefits (OPEB) costs and pension contributions after the measurement date in the amount of \$1,093 (+20.70%) compared to FY2023. Additional information on deferred outflows related to pensions is provided on Note 6 - Retirement Program of the Notes to Financial Statements on page 62.

Current liabilities decreased by \$8,590 (-20.2%) compared to FY2023, mainly due to decreases in liability due to other funds by \$9,015 (-90.1%). However, this decrease was offset by an increase in accrued interest payable in the amount of \$1,525 (+1,314.7%) relating to the issuance of the Series 2024 Bonds.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

Noncurrent liabilities increased by \$75,948 (+94.0%) from FY2023, primarily due to increases in the Series 2024 Bonds outstanding principal and premium in the amount of \$93,217 (+3,490.2%) and cost of the Series 2024 Bonds issuance. These increases were offset by the refunding of long-term obligations on the Second Lien Water Revenue Revolving Line of Credit (Water LOC) in the amount of \$14,000 (-100.0%) and on the Second Lien Water Revenue Bonds, Series 2012A (Series 2012A) in the amount of \$2,475 (-100.0%) in FY2024. Furthermore, long-term obligations on the equipment financing agreement executed by the Department to finance the AMI project decreased by \$1,813 (-11.2%) in FY2024. Additional information is provided on Note 4 – Long-term Liabilities of the Notes to Financial Statements on page 50.

Deferred inflows of resources decreased by \$155 (-3.0%) over FY2023. This net decrease mainly reflects a total of \$694 (-32.4%) decreases in deferred amount for leases and changes on actuarial assumption and proportions in FY2024. However, these decreases were offset by an increase on proportionate share of deferred pension in the amount of \$522 (+28.0%). Additional information on deferred lease receivable is found on Note 1 – Description of the Department and Summary of Significant Accounting Policies on page 32 and on deferred outflows related to pensions is provided on Note 6 - Retirement Program of the Notes to Financial Statements on page 62.

Sewer Fund. Net position increased \$3,272 (+3.7%) over FY2023. This increase is primarily due to revenues in excess of expenses.

Current and Other assets decreased by \$2,411 (-17.4%) over FY2023, mainly due to a decrease in receivables from other funds in the amount of \$1,991 (-99.6%). In addition, pooled cash and cash equivalents and customer accounts receivable decreased by \$162 (-1.6%) and \$235 (-14.9%), respectively, which reflect decreases on sales revenues in FY2024.

Capital assets increased by \$4,840 (+5.2%) over FY2023, mainly due to the completion of capital improvement projects for sewer lift station rehabilitation and sewer main pipe relining and replacement.

Deferred outflows of resources decreased by \$233 (-11.0%) over FY2023. This net decrease reflects decreases in the difference between actual and expected investment returns in FY2024 in the amount of \$712 (-61.0%). However, this was offset by increases in pension contributions after measurement date, changes in actuarial assumptions, experience, and funds proportion on OPEB costs in the amount of \$479 (+51.0%) over FY2023. Additional information on deferred outflows related to pensions is provided on Note 6 - Retirement Program of the Notes to Financial Statements on page 62.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

Current liabilities decreased by \$623 (-20.1%) over FY2023, which is mainly due to a decrease in accounts payable outstanding at the end of the fiscal year.

Noncurrent liabilities increased by \$87 (+0.5%) from FY2023, primarily due to an increase in the net pension and OPEB liabilities of \$308 (+4.0%) and \$94 (+47.0%), respectively. In addition, the compensated absences liabilities increased by \$233 (+35.2%) in FY2024. However, these increases were offset by a decrease in long-term bonds payable by \$548 (-7.2%) due to annual principal payments on Series 2016A Bonds in FY2024. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 50 and on Note 6 - Retirement Program on page 62.

Deferred Inflows of resources decreased by \$540 (-51.1%) over FY2023. This net decrease reflects a total of \$486 (-61.2%) decrease in proportionate share of deferred pension and a decrease in changes in actuarial assumptions for pension costs by \$54 (-90.0%) in FY2024. Additional information on deferred outflows related to pensions is provided on the Note 6 - Retirement Program of the Notes to Financial Statements on page 62.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

The Department's Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position provide further insight as to the nature and source of changes in net position and are summarized as follows for the years ended September 30, 2024 and 2023:

Long Beach Utilities Department
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Years Ended September 30, 2024 and 2023
(in thousands)

	2024*	2023	Variance	
			2024/2023	
			Amount	%
Operating Revenues:				
Metered sales	\$ 178,323	\$ 220,112	\$ (41,789)	-19.0%
Reclaimed water sales	4,301	3,553	748	21.1%
Service charges	63,123	57,139	5,984	10.5%
Other services	40,619	14,965	25,654	171.4%
Total operating revenues	286,366	295,769	(9,403)	-3.2%
Operating Expenses:				
Cost of gas	29,024	83,823	(54,799)	-65.4%
Cost of water	27,186	30,987	(3,801)	-12.3%
Personal services	65,864	60,915	4,949	8.1%
Commercial Services	5,061	4,311	750	17.4%
Maintenance and other	63,661	58,337	5,324	9.1%
Street Impact charges	4,020	2,999	1,021	34.0%
Depreciation and amortization	25,512	24,476	1,036	4.2%
Total operating expenses	220,328	265,848	(45,520)	-17.1%
Operating income	66,038	29,921	36,117	120.7%
Noncapital subsidies:				
Operating grants	1,397	-	1,397	100.0%
Credit to customers	(3,649)	-	(3,649)	-100.0%
Operating Transfers In	6	-	6	100.0%
Operating Transfers Out	(16,728)	-	(16,728)	-100.0%
Total noncapital subsidies	(18,974)	-	(18,974)	-100.0%
Operating income (loss) and noncapital subsidies	47,064	29,921	17,143	57.3%
Other nonoperating revenue (expense):				
Interest income	5,557	3,630	1,927	53.1%
Investment income	2,407	2,194	213	9.7%
Interest expense	(28,783)	(28,425)	(358)	-1.3%
Rental income	-	1,671	(1,671)	-100.0%
Payments from/(to) the City	-	(21,168)	21,168	100.0%
Payments from other governments	-	9,777	(9,777)	-100.0%
Credit to customers	-	(5,743)	5,743	100.0%
Capital contributions	218	-	218	100.0%
Other	(1,660)	(5,753)	4,093	71.1%
Total other nonoperating revenue (expense)	(22,261)	(43,817)	21,556	49.2%
Loss before capital grants and contributions	-	(13,896)	13,896	100.0%
Capital grants and contributions	-	9,437	(9,437)	-100.0%
Changes in net position	24,803	(4,459)	29,262	-656.2%
Net position - October 1	415,541	420,000	(4,459)	-1.1%
Net position - September 30	\$ 440,344	\$ 415,541	\$ 24,803	6.0%

*FY2024 statement presentation shows implementation of GASB Statement No. 103

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

The Department's operations are further broken down as follows between the Department's Gas Fund, Water Fund and the Sewer Fund for the years ended September 30, 2024 and 2023:

Gas Fund				
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position				
Fiscal Years Ended September 30, 2024 and 2023				
(in thousands)				
	2024*	2023	Variance	
			2024/2023	
			Amount	%
Operating Revenues:				
Metered sales	\$ 100,458	\$ 149,317	\$ (48,859)	-32.7%
Service charges	10,423	7,894	2,529	32.0%
Other services	26,480	8,122	18,358	226.0%
Total operating revenues	<u>137,361</u>	<u>165,333</u>	<u>(27,972)</u>	<u>-16.9%</u>
Operating Expenses:				
Cost of gas	29,024	83,823	(54,799)	-65.4%
Personal services	30,049	27,860	2,189	7.9%
Commercial Services	1,244	500	744	148.8%
Maintenance and other	21,461	18,342	3,119	17.0%
Depreciation and amortization	8,080	7,848	232	3.0%
Total operating expenses	<u>89,858</u>	<u>138,373</u>	<u>(48,515)</u>	<u>-35.1%</u>
Operating income	47,503	26,960	20,543	76.2%
Noncapital subsidies:				
Operating Transfers In	6	-	6	100.0%
Operating Transfers Out	(16,728)	-	(16,728)	-100.0%
Total noncapital subsidies	<u>(16,722)</u>	<u>-</u>	<u>(16,722)</u>	<u>-100.0%</u>
Operating income (loss) and noncapital subsidies	<u>30,781</u>	<u>26,960</u>	<u>3,821</u>	<u>14.2%</u>
Other nonoperating revenue (expense):				
Interest income	3,380	2,549	831	32.6%
Investment income	1,952	250	1,702	680.8%
Interest expense	(25,319)	(26,432)	1,113	-4.2%
Rental income	-	360	(360)	-100.0%
Payments from/(to) the City	-	(21,168)	21,168	-100.0%
Payments from other governments	-	9,777	(9,777)	-100.0%
Credit to customers	-	(1,191)	1,191	-100.0%
Other	(173)	(831)	658	-79.2%
Total other nonoperating revenue (expense)	<u>(20,160)</u>	<u>(36,686)</u>	<u>16,526</u>	<u>-45.0%</u>
Income (loss) before capital grants and contributions	-	(9,726)	9,726	100.0%
Capital grants and contributions	-	3,231	(3,231)	-100.0%
Changes in net position	10,621	(6,495)	17,116	-263.5%
Net position - October 1	(11,017)	(4,522)	(6,495)	-143.6%
Net position - September 30	<u>\$ (396)</u>	<u>\$ (11,017)</u>	<u>\$ 10,621</u>	<u>-96.4%</u>

*FY2024 statement presentation shows implementation of GASB Statement No. 103

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

Water Fund Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position Fiscal Years Ended September 30, 2024 and 2023 (in thousands)

	2024*	2023	Variance	
			2024/2023	
			Amount	%
Operating Revenues:				
Metered sales	\$ 72,240	\$ 65,079	\$ 7,161	11.0%
Reclaimed water sales	4,301	3,553	748	21.1%
Service charges	40,377	36,951	3,426	9.3%
Other services	10,677	4,558	6,119	134.2%
Total operating revenues	127,595	110,141	17,454	15.8%
Operating Expenses:				
Cost of water	27,186	30,987	(3,801)	-12.3%
Personal services	29,736	27,501	2,235	8.1%
Commercial Services	2,211	2,095	116	5.5%
Maintenance and other	37,462	35,805	1,657	4.6%
Street Impact charges	1,722	1,285	437	34.0%
Depreciation and amortization	14,499	13,607	892	6.6%
Total operating expenses	112,816	111,280	1,536	1.4%
Operating income (loss)	14,779	(1,139)	15,918	-1397.5%
Noncapital subsidies:				
Operating grants	1,183	-	1,183	100.0%
Credit to customers	(3,435)	-	(3,435)	-100.0%
Total noncapital subsidies	(2,252)	-	(2,252)	-100.0%
Operating income (loss) and noncapital subsidies	12,527	(1,139)	13,666	-1199.8%
Other nonoperating revenue (expense):				
Interest income	1,722	708	1,014	143.2%
Investment income	65	1,816	(1,751)	-96.4%
Interest expense	(3,277)	(1,794)	(1,483)	82.7%
Rental income	-	1,311	(1,311)	-100.0%
Credit to customers	-	(4,552)	4,552	-100.0%
Capital contributions	218	-	218	100.0%
Other	(345)	(3,908)	3,563	-91.2%
Total other nonoperating revenue (expense)	(1,617)	(6,419)	4,802	-74.8%
Loss before capital grants and contributions	-	(7,558)	7,558	100.0%
Capital grants and contributions	-	6,068	(6,068)	-100.0%
Changes in net position	10,910	(1,490)	12,400	-832.2%
Net position - October 1	338,084	339,574	(1,490)	-0.4%
Net position - September 30	\$ 348,994	\$ 338,084	\$ 10,910	3.2%

*FY2024 statement presentation shows implementation of GASB Statement No.103

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

Sewer Fund Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position Fiscal Years Ended September 30, 2024 and 2023 (in thousands)

	2024*	2023	Variance	
			2024/2023	
			Amount	%
Operating Revenues:				
Metered sales	\$ 5,625	\$ 5,716	\$ (91)	-1.6%
Service charges	12,323	12,294	29	0.2%
Other services	3,462	2,285	1,177	51.5%
Total operating revenues	<u>21,410</u>	<u>20,295</u>	<u>1,115</u>	<u>5.5%</u>
Operating Expenses:				
Personal services	6,079	5,554	525	9.5%
Commercial Services	1,606	1,716	(110)	-6.4%
Maintenance and other	4,738	4,190	548	13.1%
Street Impact charges	2,298	1,714	584	34.1%
Depreciation	2,933	3,021	(88)	-2.9%
Total operating expenses	<u>17,654</u>	<u>16,195</u>	<u>1,459</u>	<u>9.0%</u>
Operating income	<u>3,756</u>	<u>4,100</u>	<u>(344)</u>	<u>-8.4%</u>
Noncapital subsidies:*				
Operating grants	214	-	214	100.0%
Credit to customers	(214)	-	(214)	-100.0%
Total noncapital subsidies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss) and noncapital subsidies	<u>3,756</u>	<u>4,100</u>	<u>(344)</u>	<u>-8.4%</u>
Other nonoperating revenue (expense):				
Interest income	455	373	82	22.0%
Investment income	390	128	262	204.7%
Interest expense	(187)	(199)	12	-6.0%
Other	(1,142)	(1,014)	(128)	12.6%
Total other nonoperating revenue (expense)	<u>(484)</u>	<u>(712)</u>	<u>228</u>	<u>-32.0%</u>
Income before capital grants and contributions	<u>-</u>	<u>3,388</u>	<u>(3,388)</u>	<u>-100.0%</u>
Capital grants and contributions*	<u>-</u>	<u>138</u>	<u>(138)</u>	<u>-100.0%</u>
Changes in net position	<u>3,272</u>	<u>3,526</u>	<u>(254)</u>	<u>-7.2%</u>
Net position - October 1	<u>88,474</u>	<u>84,948</u>	<u>3,526</u>	<u>4.2%</u>
Net position - September 30	<u>\$ 91,746</u>	<u>\$ 88,474</u>	<u>\$ 3,272</u>	<u>3.7%</u>

*FY2024 statement presentation shows implementation of GASB Statement No. 103

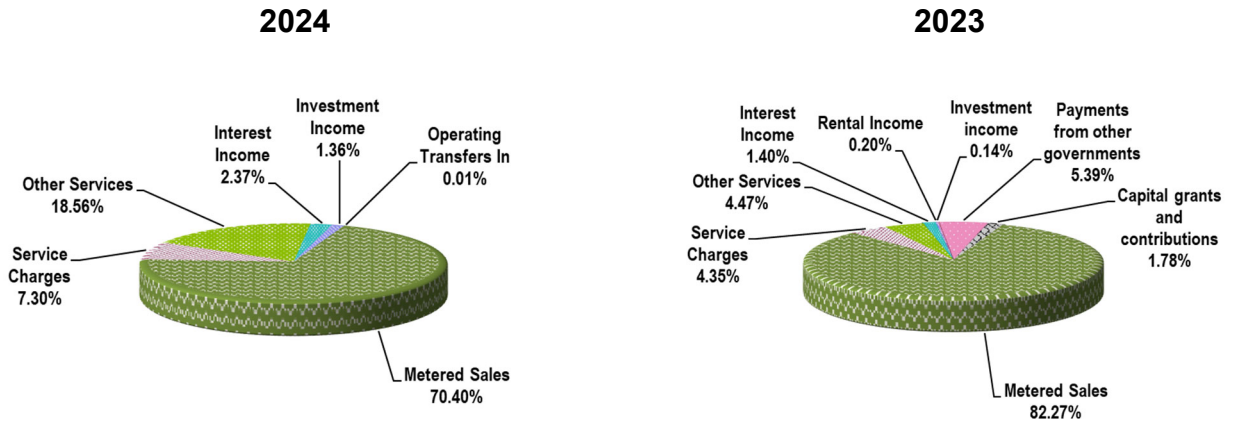
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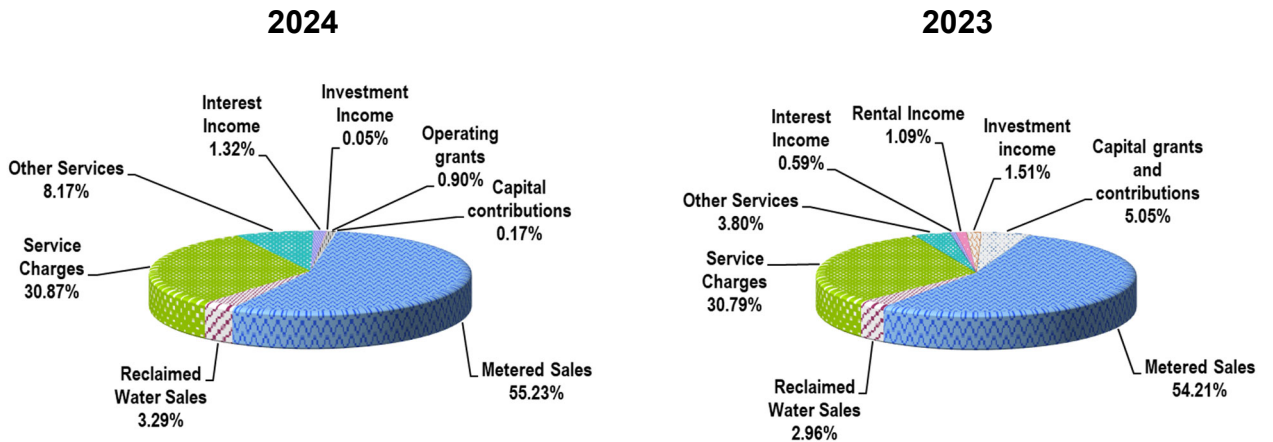
Sources of Revenues

Sources of revenue for fiscal years 2024 and 2023 are shown on the following charts.

Gas Fund



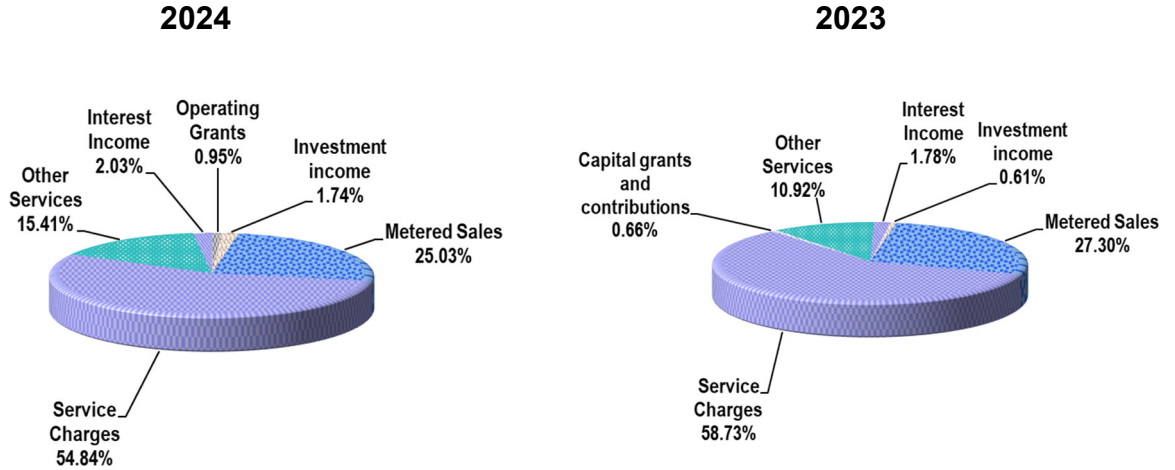
Water Fund



LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
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Sewer Fund



Management Review of the Department's Revenues

Gas Fund

Fiscal Year Ended September 30, 2024 Compared to 2023

Total operating revenues were \$137,361, a decrease of \$27,972 (-16.9%) over FY2023. The major elements of this net decrease are as follows:

- Metered sales revenue decreased by \$48,859 (-32.7%), primarily due to a lower gas prices in FY2024 compared to FY2023. The average rate for FY2024 is \$9.81 per one thousand cubic feet (MCF) and for FY2023 is \$16.45/MCF.
- Service charges increased by \$2,529 (+32.0%) over FY2023 which is mainly due to the resumption of shutoffs notices in FY2024 resulting increase in payment outstanding.
- Revenue from other services totaled \$26,480, a net increase of \$18,358 (+226.0%) from the prior year mainly due to GASB 103 implementation reclassification of capital contributions of \$7,899 and AB32 Consignment revenue of \$9,853 as part of operating income in FY2024.

LONG BEACH UTILITIES DEPARTMENT

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Water Fund

Fiscal Year Ended September 30, 2024 Compared to 2023

Total operating revenues were \$127,595, an increase of \$17,454 (+15.8%) over FY2023. The major elements of this increase are as follows:

- Metered sales and service charges revenue increased by \$7,161 (+11.0%) and \$3,426 (+9.3%) respectively, in FY2024. This is primarily due to 9% water rates increase and a 923 AF (+2.2%) increase in consumption over FY2023.
- Reclaimed water sales revenue increased by \$748 (+21.1%) mainly due to an increase in consumption by 533 AF (+14.3%) compared to FY2023. In addition, there was a 9% reclaimed water rates increase in FY2024.
- Revenue from other services totaled \$10,677, a net increase of \$6,119 (+134.2%) from the prior year. The major factors of this net increase are as follows:
 - Revenue received from water service connection installation fees in the amount of \$3,513 was recorded under the other operating revenues in FY2024 as a result of the GASB 103 implementation.
 - Rental income received in FY2024 in the amount of \$1,379 was recorded under the other operating revenues in FY2024 due to the implementation of GASB103.
 - In FY2024, the Department agreed to retire unused Current Allocated Pumping Rights (CAPR) of 2,410.3 acre feet (AF) with Water Replenishment District of Southern California (WRD). Similar transaction did not occur in FY2023, which contributed to an increase of \$513 (+100.0%) in revenue from an In-Lieu Groundwater Replenishment Agreement with WRD.
 - In FY2024, the Department imposed water capacity fee assessment charges for new or for upgrades on water service installations. The revenue received from water capacity fees amounted to \$306 (+100.0%) in FY2024.

As a result of GASB 103 implementation in FY2024, the Department presented nonoperating revenue items under noncapital subsidies and other nonoperating revenue and expenses. In FY2024, noncapital subsidies included operating grants received by the Department in the amount of \$1,183 relating to the financial assistance provided through the California Water and Wastewater Arrearage Payment Program (CWWAPP). In addition, capital contributions amounting to \$218 in FY2024 are presented as part of other nonoperating revenues received by the Department.

LONG BEACH UTILITIES DEPARTMENT

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Sewer Fund

Fiscal Year Ended September 30, 2024 Compared to 2023

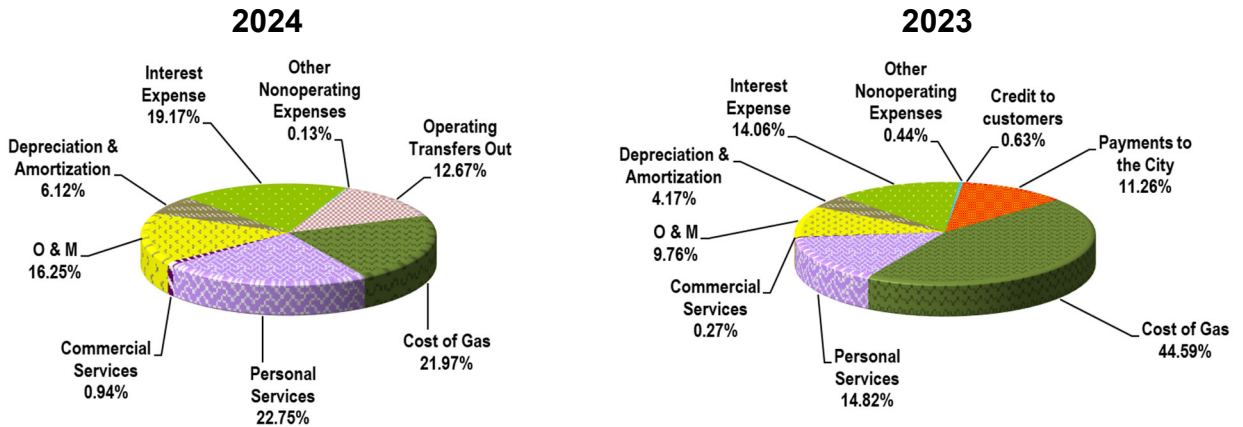
Total operating revenues increased \$1,115 (+5.5%) over FY2023. The key elements of this net increase are as follows:

- Metered sales revenues decreased by \$91 (-1.6%) as a result of a 734 AF (-2.2%) decrease in demand, which was slightly offset by an increase in service charges in the amount of \$29 (+0.2%) over FY2023. There was no sewer rate increase in FY2024.
- Other services revenue increased by \$1,177 (+51.5%) over FY2023, mainly due to an increase in sewer service installation fees and plan reviews. This reflects an increase in residential and commercial sewer collection system developments in the city of Long Beach.

Functional Expenses

Functional expenses for the 2024 and 2023 fiscal years are shown on the following charts.

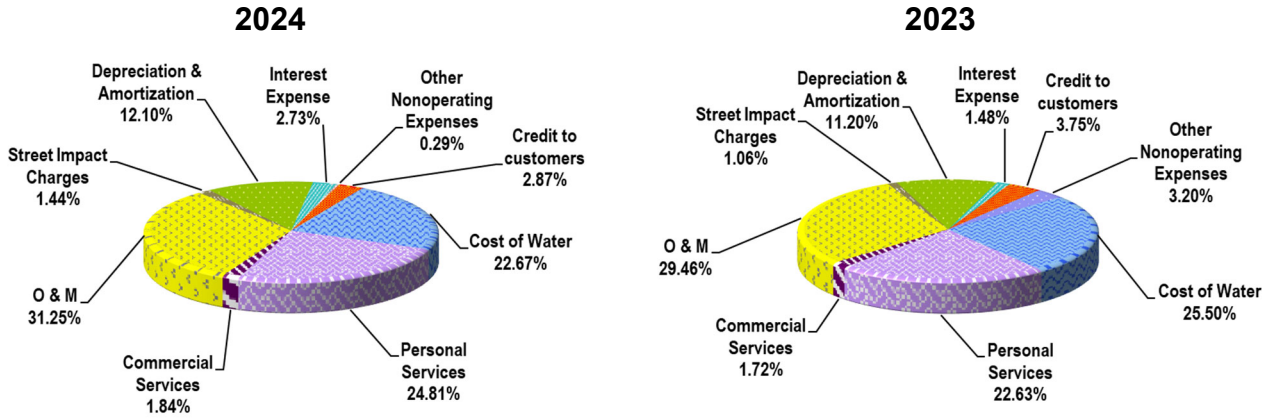
Gas Fund



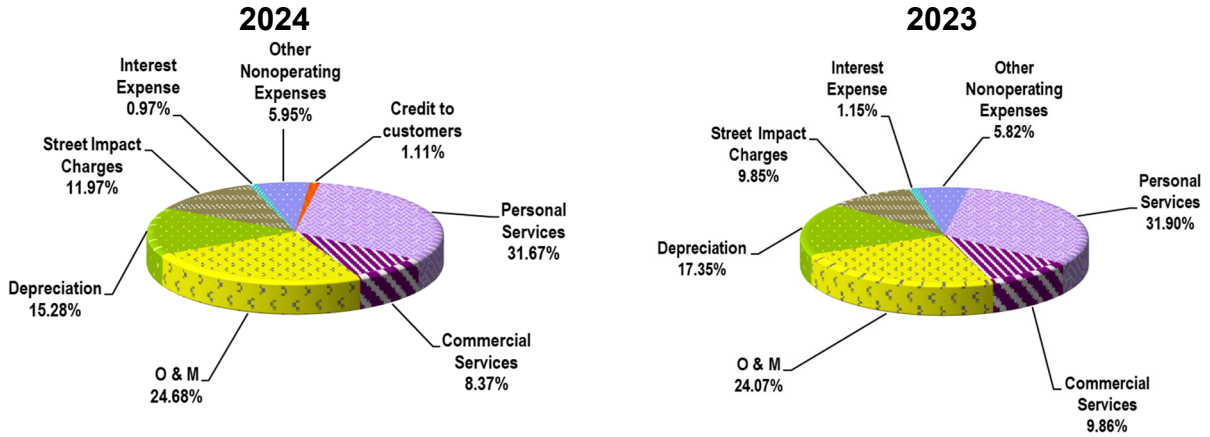
LONG BEACH UTILITIES DEPARTMENT

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Water Fund



Sewer Fund



LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
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Management Review of the Department's Expenses

Gas Fund

Fiscal Year Ended September 30, 2024 Compared to 2023

Operating expenses totaled \$89,858, a decrease of \$48,515 (-35.1%) over FY2023. The major elements attributable to the net increase are as follows:

- Purchased gas costs decreased by \$54,799 (-65.4%) due to lower gas prices in FY2024. The cost of gas decreased by \$65,111 (-78.6%) compared to FY2023. This decrease is offset by the increase in gas storage and transmission costs of \$4,161 (+48.6%) in FY2024.
- Personal services costs increased by \$2,189 (+7.9%) in FY2024, primarily due to increases in salaries, overtime pay, and Cost of Living Allowance (COLA).
- Maintenance and other costs had a net increase of \$3,119 (+17.0%) from FY2023. The net increase is primarily attributable to an increase in services from other City Departments in the amount of \$2,436 (+22.4%) in FY2024

With the implementation of GASB 103, Noncapital subsidies section was created in the Statement of Revenues, Expenses, and Changes in Net position presenting operating transfer in/out and inter-government operating grants. The Department recorded operating transfers out of \$16,728 in FY2024. This pertains to fund transfers to the General Fund in the amount of \$13,798 in FY2024. In addition, the Department made a fund transfer to the City's Public Works Department in the amount of \$2,780 for capital improvement projects relating to AB32 funding for greenhouse gas emission mitigation.

FY2024 net nonoperating expense totaled \$20,160, a net decrease of \$16,526 (-45.0%) over FY2023. The net decrease is primarily due to the following factors:

- Payments to the City decreased by \$21,168 (-100.0%) in FY2024. This is primarily due to the \$6,019 transfer to General Fund for purchase of property on Elm street in FY2023. The transfer to City's Public Works Department in FY2024 increased by \$1,479 for capital projects related to AB32 funding.
- Due to GASB 103 implementation, payments from other governments of \$9,777 in FY2023, is under operating revenue. In FY2024, AB32 funding received \$9,854 compared to \$6,392 in FY2023. Due to the unusually high gas price in FY2023, general fund transfer back to the Gas fund \$2,186 for UUT and ICAP charges to support the natural gas price spike relieve program. Gas fund also received \$1,191 from AB135 California arrearage payment program in FY2023.
- Investment and interest income increased by \$1,702 (+680.8%) and \$831 (+32.6%) respectively, mainly due to higher interest rate in FY2024. The average monthly interest rate in FY2024 is 0.27% compared to 0.19% in FY2023.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

Water Fund

Fiscal Year Ended September 30, 2024 Compared to 2023

Operating expenses totaled \$112,816, an increase of \$1,536 (+1.4%) over FY2023. The major elements attributable to the net increase are as follows:

- In FY2024, purchased water costs and volume decreased by \$3,801 (-12.3%) and 1,509 AF (-8.7%) respectively, reflecting credits received for potable water purchased from Metropolitan Water District (MWD) in connection with the Long Beach Conjunctive Use Program (CUP) and Cyclic Cost Offset Program (CCOP). This decrease was slightly offset by a water retail rate increase of 3.9% imposed by MWD during FY2024.
- Personal services costs increased by \$2,235 (+8.1%) in FY2024, primarily due to increases in salaries, overtime pay, and compensated absences in the amount of \$1,023 (+6.2%) due to increases in personnel filling budgeted positions, negotiated salary range and Cost of Living Allowance (COLA). In addition, an increase of \$3,152 (+192.1%) was recorded in FY2024 relating to the City's Employee Benefit Fund (EBF) for sick leave and Retired Employees Health Insurance Program (REHIP) costs.
- Maintenance and other costs had a net increase of \$1,657 (+4.6%) from FY2023. The net increase is primarily attributable to the following factors:
 - Contractual services such as engineering services, geotechnical services and other professional consulting services increased by \$658 (+535.0%) mainly due to water distribution system repair and maintenance compared to FY2023.
 - Paving, disposal services and other construction services increased by \$295 (+38.5%) in FY2024, due to increases in repairs on water pipeline services.
 - Telecommunication system and software maintenance services costs increased by \$299 (+41.2%) compared to FY2023, mainly due to new hybrid cloud telephone system implementation and operation services. In addition, technology business information services costs increased by \$88 (+5.3%) in FY2024 due to increases in allocated costs.
 - Laboratory and chemical supplies increased by \$142 (+6.6%) compared to FY2023, primarily due to an increase in purchases of chemicals used for treating groundwater.
 - Professional services providing water conservation education and community outreach increased by \$161 (+6,590.8%) compared to FY2023, due to increase in water conservation campaigns provided by the Department.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
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In FY2024, as a result of GASB 103 implementation, the Department presented nonoperating expense items under noncapital subsidies and other nonoperating expenses. In FY2024, noncapital subsidies included credit to customers amounted to \$3,435, which is related to a utility rebates applied against consumption and daily service charges on all water customers' utility bills.

FY2024 net other nonoperating expense totaled \$1,617, a net decrease of \$4,802 (-74.8%) over FY2023. The net decrease is primarily a result of GASB 103 implementation in the following factors that were presented in FY2024.

- FY2023 Credit to customers in the amount of \$4,552 was presented as part of noncapital subsidies in FY2024.
- Rental income revenue received in FY2023 in the amount of \$1,311 was presented as part of other operating revenue in FY2024.
- Interest expense increased by \$1,483 (+82.7%) compared to FY2023, mainly due to costs associated with the issuance of the Series 2024 Bonds.

Sewer Fund

Fiscal Year Ended September 30, 2024 Compared to 2023

Total operating expenses amounted to \$17,654, an increase of \$1,459 (+9.0%) over FY2023. This net increase is mostly attributable to the following elements:

- Personal services costs increased by \$525 (+9.5%) in FY2024, primarily due to increases in salaries and overtime costs, pension costs and fringe benefits.
- Street impact charges increased by \$584 (+34.1%) compared to FY2023, due to an increase in allocated costs for right-of-way street operations and maintenance charges from the City.
- Maintenance and other costs had a net increase of \$548 (+13.1%) in FY2024, primarily due to an increase in allocated costs for technology infrastructure services in the amount of \$179 (+255.0%) compared to FY2023. In addition, professional services costs providing security and sewer collection system maintenance increased by \$391 (+201.3%) in FY2024.

Due to the implementation of GASB 103 in FY2024, the Department recorded items under noncapital subsidies. The operating grants received by the Department in the amount of \$214 in FY2024, is related to the financial assistance provided through the California Water and Wastewater Arrearage Payment Program (CWWAPP). In addition, the proceeds in the amount of \$214 were used to reduce the past due bill balances of sewer customers and recorded as credits.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

FY2024 net nonoperating expense totaled \$484, a net decrease of \$228 (-32.0%) compared to FY2023. The net decrease is primarily due to increases in interest and investment income by \$82 (+22.0%) and \$262 (+204.7%), respectively. This is mainly due to an increase in income received relating to pooled cash and mark-to-market pooled cash investments.

Capital Assets and Debt Administration

Capital assets. The Department's capital assets (net of accumulated depreciation and amortization) as of September 30, 2024 amounted to \$749,719. Capital assets include investments in production, transmission, patent, improvements on buildings and structures, and distribution related facilities, as well as general items such as office equipment and furniture. For FY2024, net capital assets increased \$10,475 (+5.4%) for Gas Fund, \$25,738 (+6.1%) for Water Fund and \$4,840 (+5.2%) for Sewer Fund. The net increase is due primarily to machinery and equipment purchases and capitalization of major gas, potable water and reclaimed water distribution systems, and sewer collection systems.

The Department's capital assets are summarized as follows for the years ended September 30, 2024 and 2023 (in thousands):

Long Beach Utilities Department Condensed schedules of Capital Assets September 30, 2024 and 2023 (in thousands)				
	2024	2023	Variance	
			2024/2023	
			Amount	%
Land	\$ 11,417	\$ 11,417	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	188,882	188,214	668	0.4%
Distribution/collection systems	1,004,873	923,457	81,416	8.8%
Machinery and equipment	37,792	34,061	3,731	11.0%
Construction in progress	136,269	156,619	(20,350)	-13.0%
Total capital assets	1,380,088	1,314,623	65,465	5.0%
Less: accumulated depreciation and amortization	(630,369)	(605,957)	(24,412)	4.0%
Total capital assets, net	\$ 749,719	\$ 708,666	\$ 41,053	5.8%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

The Department's capital assets are further broken down as follows between the Department's Gas Fund, Water Fund and the Sewer Fund for the years ended September 30, 2024 and 2023:

Gas Fund Capital Assets September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Land	\$ 203	\$ 203	\$ -	-
Buildings, structures, and facilities	16,159	16,160	(1)	-
Distribution/collection systems	315,911	296,897	19,014	6.4%
Machinery and equipment	6,251	6,251	-	-
Construction in progress	24,152	24,985	(833)	-3.3%
Total capital assets	<u>362,676</u>	<u>344,496</u>	<u>18,180</u>	<u>5.3%</u>
Less: accumulated depreciation and amortization	<u>(158,975)</u>	<u>(151,270)</u>	<u>(7,705)</u>	<u>5.1%</u>
Total capital assets, net	<u>\$ 203,701</u>	<u>\$ 193,226</u>	<u>\$ 10,475</u>	<u>5.4%</u>

Water Fund Capital Assets September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	157,016	156,347	669	0.4%
Distribution/collection systems	457,336	400,259	57,077	14.3%
Machinery and equipment	24,716	21,128	3,588	17.0%
Construction in progress	99,730	121,552	(21,822)	-18.0%
Total capital assets	<u>750,867</u>	<u>711,355</u>	<u>39,512</u>	<u>5.6%</u>
Less: accumulated depreciation and amortization	<u>(302,593)</u>	<u>(288,819)</u>	<u>(13,774)</u>	<u>4.8%</u>
Total capital assets, net	<u>\$ 448,274</u>	<u>\$ 422,536</u>	<u>\$ 25,738</u>	<u>6.1%</u>

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

Sewer Fund Capital Assets September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Buildings, structures, and facilities	\$ 15,707	\$ 15,707	\$ -	-
Distribution/collection systems	231,626	226,301	5,325	2.4%
Machinery and equipment	6,825	6,682	143	2.1%
Construction in progress	12,387	10,082	2,305	22.9%
Total capital assets	<u>266,545</u>	<u>258,772</u>	<u>7,773</u>	<u>3.0%</u>
Less: accumulated depreciation	<u>(168,801)</u>	<u>(165,868)</u>	<u>(2,933)</u>	<u>1.8%</u>
Net capital assets	<u>\$ 97,744</u>	<u>\$ 92,904</u>	<u>\$ 4,840</u>	<u>5.2%</u>

Additional information regarding capital assets can be found in notes 1 and 3 to the Department's financial statements.

Long-term obligations. As of September 30, 2024, the Department had total long-term obligations in the amount of \$507,577 for the Gas Fund, \$113,415 for Water Fund, and \$7,468 for the Sewer Fund. All debt is supported by the Department's Fund revenues. Total Department outstanding debt as of September 30, 2024 and 2023 is summarized as follows:

Gas Fund Long-Term Obligations September 30, 2024 and 2023 (in thousands)

	2024	2023*	Variance	
			2024/2023	
			Amount	%
Equipment Financing obligation:				
Equipment Financing obligation-AMI	\$ 7,932	\$ 9,147	\$ (1,215)	-13.3%
Total equipment financing obligation outstanding	<u>7,932</u>	<u>9,147</u>	<u>(1,215)</u>	<u>-13.3%</u>
Long-term debt:				
Gas Prepay bonds	490,215	511,870	(21,655)	-4.2%
Gas Prepay Fair Value - Interest Rate Swap	1,630	646	984	152.3%
Long-term debt outstanding, net	<u>491,845</u>	<u>512,516</u>	<u>(20,671)</u>	<u>-4.0%</u>
Add: Unamortized bond premium	7,800	8,396	(596)	-7.1%
Total long-term debt outstanding	<u>499,645</u>	<u>520,912</u>	<u>(21,267)</u>	<u>-4.1%</u>
Total long-term obligations	<u>\$ 507,577</u>	<u>\$ 530,059</u>	<u>\$ (22,482)</u>	<u>-4.2%</u>

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2024

Water Fund Long-Term Obligations September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Equipment Financing obligation:				
Equipment Financing obligation-AMI	\$ 16,137	\$ 17,890	\$ (1,753)	-9.8%
Total equipment financing obligation outstanding	<u>16,137</u>	<u>17,890</u>	<u>(1,753)</u>	<u>-9.8%</u>
Long-term debt:				
Revenue refunding bonds	91,630	6,195	85,435	1379.1%
Water Revenue Revolving Line of Credit	-	14,000	(14,000)	-
Long-term debt outstanding, net	<u>91,630</u>	<u>20,195</u>	<u>71,435</u>	<u>353.7%</u>
Unamortized bond discount	-	-	-	-
Add: Unamortized bond premium	5,648	196	5,452	2781.6%
Total long-term debt outstanding	<u>97,278</u>	<u>20,391</u>	<u>76,887</u>	<u>377.1%</u>
Total long-term obligations	<u>\$ 113,415</u>	<u>\$ 38,281</u>	<u>\$ 75,134</u>	<u>196.3%</u>

Sewer Fund Long-Term Obligations September 30, 2024 and 2023 (in thousands)

	2024	2023	Variance	
			2024/2023	
			Amount	%
Long-term debt:				
Revenue refunding bonds	\$ 6,745	\$ 7,165	\$ (420)	-5.9%
Long-term debt outstanding, net	<u>6,745</u>	<u>7,165</u>	<u>(420)</u>	<u>-5.9%</u>
Add: Unamortized bond premium	723	836	(113)	-13.5%
Total long-term obligations	<u>\$ 7,468</u>	<u>\$ 8,001</u>	<u>\$ (533)</u>	<u>-6.7%</u>

The Department maintains credit ratings of A- for the Gas Fund from Moody's and AA+ for the Water and Sewer Funds from Standard & Poor's. Additional information on the Department's long-term obligations can be found in Note 4 - Long-term Liabilities of the Notes to Financial Statements on page 50.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2024

Economic Factors and Next Year's Budget and Rates

The Board of Utilities Commissioners (Board) approved the budget for the fiscal year-end September 30, 2025, with budgeted expenditures totaling approximately \$377,081, an increase of \$60,416 (+19.1%) compared to FY2024. Total Department budgeted expenditures for FY2025 and FY2024 are summarized as follows:

Long Beach Utilities Department Annual Budgeted Expenditures (in thousands)				
	2025	2024	Variance	
			2025/2024	
			Amount	%
Gas Fund	\$ 164,746	\$ 130,733	\$ 34,013	26.0%
Water Fund	179,776	162,428	17,348	10.7%
Sewer Fund	32,559	23,504	9,055	38.5%
Total Budgeted Expenditures	\$ 377,081	\$ 316,665	\$ 60,416	19.1%

In FY2025, there were 11% rate increases for potable water and reclaimed water. The rate increases for gas distribution services and sewer collection services is 4% and 8% respectively, in FY2025.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Senior Director of Finance, Long Beach Utilities Department, 1800 E. Wardlow Road, Long Beach, California 90807.

LONG BEACH UTILITIES DEPARTMENT

**Statements of Net Position
Business Type Activity - Enterprise
September 30, 2024**

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS				
Current Assets:				
Pooled cash and cash equivalents	\$ 40,686	19,908	10,035	70,629
Non-pooled cash equivalents	46	42,062	-	42,108
Due from other funds	7,905	468	9	8,382
Due from other government	-	419	-	419
Customer accounts receivable	19,843	10,980	1,338	32,161
Allowance for doubtful accounts	(7,948)	(793)	(124)	(8,865)
Material and supplies inventory	6,319	5,276	184	11,779
Prepaid expense:				
Prepaid gas expense	19,933	-	-	19,933
Other prepaid expense	131	7,833	-	7,964
Lease receivable-current	-	348	-	348
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	86,915	86,501	11,442	184,858
Noncurrent Assets:				
Capital assets:				
Land	203	11,214	-	11,417
Water rights	-	40	-	40
Patent	-	815	-	815
Buildings, structures and facilities	16,159	157,016	15,707	188,882
Distribution/collection systems	315,911	457,336	231,626	1,004,873
Machinery and equipment	6,251	24,716	6,825	37,792
Construction in progress	24,152	99,730	12,387	136,269
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	362,676	750,867	266,545	1,380,088
Less: Accumulated depreciation and amortization	(158,975)	(302,593)	(168,801)	(630,369)
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, net	203,701	448,274	97,744	749,719
Restricted Noncurrent Assets:				
Non-pooled investments	34,379	-	-	34,379
	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted noncurrent assets	34,379	-	-	34,379
Other noncurrent assets:				
Fair Value - Commodity Swap	339,290	-	-	339,290
Prepaid gas expense	242,752	-	-	242,752
Lease receivable-noncurrent	-	1,300	-	1,300
	<hr/>	<hr/>	<hr/>	<hr/>
Total other noncurrent assets	582,042	1,300	-	583,342
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	820,122	449,574	97,744	1,367,440
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 907,037	536,075	109,186	1,552,298

(Continued)

LONG BEACH UTILITIES DEPARTMENT

**Statements of Net Position
Business Type Activity - Enterprise
September 30, 2024**

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
DEFERRED OUTFLOWS OF RESOURCES				
Fair value derivative - interest rate swap	\$ 1,630	-	-	1,630
Pension contributions after measurement date	1,360	1,366	272	2,998
Difference between actual and expected				
CalPERS investment returns	2,279	2,289	456	5,024
Pension changes in assumptions	107	107	21	235
Pension changes in proportions	2,509	-	131	2,640
Pension changes in experience	3,314	3,330	663	7,307
OPEB contributions after measurement date	183	178	35	396
OPEB liability change in proportions	267	167	53	487
OPEB change in assumptions	1,241	1,205	244	2,690
OPEB change in experience	21	20	5	46
Total deferred outflows of resources	<u>12,911</u>	<u>8,662</u>	<u>1,880</u>	<u>23,453</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	6,625	22,090	942	29,657
Accrued wages payable	534	496	118	1,148
Unearned revenue	1,133	1,123	-	2,256
Accrued compensated absences	2,513	2,507	505	5,525
Due to other funds	3,428	993	172	4,593
Advances from developers	592	1,088	191	1,871
Accrued interest payable	8,809	1,641	121	10,571
Equipment financing obligation due with in one year	1,244	1,813	-	3,057
Long-term debt due within one year	25,280	1,390	435	27,105
Customer deposits	2,134	855	-	2,989
Total current liabilities	<u>52,292</u>	<u>33,996</u>	<u>2,484</u>	<u>88,772</u>
Noncurrent Liabilities:				
Equipment financing obligation, net of current portion	6,687	14,324	-	21,011
Long-term debt, net of current portion	472,735	95,887	7,033	575,655
Compensated absences	4,660	4,426	895	9,981
Total OPEB liability	1,503	1,460	294	3,257
Net pension liability	40,459	40,646	8,098	89,203
Fair value - interest rate swap	1,630	-	-	1,630
Total noncurrent liabilities	<u>527,674</u>	<u>156,743</u>	<u>16,320</u>	<u>700,737</u>
Total Liabilities	<u>579,966</u>	<u>190,739</u>	<u>18,804</u>	<u>789,509</u>
DEFERRED INFLOWS OF RESOURCES				
Pension changes in experience	28	28	6	62
CalPERS change in proportion	23	2,384	308	2,715
OPEB change in assumptions	614	597	120	1,331
OPEB change in proportion	325	356	62	743
OPEB change in experience	98	95	20	213
Gain on debt refunding	-	122	-	122
Fair value derivative - commodity swap	339,290	-	-	339,290
Deferred amount for leases	-	1,422	-	1,422
Total deferred inflows of resources	<u>340,378</u>	<u>5,004</u>	<u>516</u>	<u>345,898</u>
NET POSITION				
Net investment in capital assets	191,524	369,276	89,722	650,522
Restricted for:				
Gas allowances	3,293	-	-	3,293
Capital Projects	25,139	-	-	25,139
Unrestricted	(220,352)	(20,282)	2,024	(238,610)
Total Net Position	<u>\$ (396)</u>	<u>348,994</u>	<u>91,746</u>	<u>440,344</u>

See accompanying notes to financial statements

LONG BEACH UTILITIES DEPARTMENT

Statements of Revenues, Expenses,
and Changes in Fund Net Position
Business Type Activity - Enterprise
Year Ended September 30, 2024

	Gas Fund	Water Fund	Sewer Fund	Total
Operating Revenues:				
Metered sales	\$ 100,458	72,240	5,625	178,323
Reclaimed water sales	-	4,301	-	4,301
Service charges	10,423	40,377	12,323	63,123
Other services	26,480	10,677	3,462	40,619
Total operating revenues	<u>137,361</u>	<u>127,595</u>	<u>21,410</u>	<u>286,366</u>
Operating Expenses:				
Cost of gas	29,024	-	-	29,024
Cost of water	-	27,186	-	27,186
Personal services	30,049	29,736	6,079	65,864
Commercial services	1,244	2,211	1,606	5,061
Maintenance and other	21,461	37,462	4,738	63,661
Street Impact charges	-	1,722	2,298	4,020
Depreciation and amortization	8,080	14,499	2,933	25,512
Total operating expenses	<u>89,858</u>	<u>112,816</u>	<u>17,654</u>	<u>220,328</u>
Operating income	<u>47,503</u>	<u>14,779</u>	<u>3,756</u>	<u>66,038</u>
Noncapital subsidies:				
Operating grants	-	1,183	214	1,397
Credit to customers	-	(3,435)	(214)	(3,649)
Operating Transfers In	6	-	-	6
Operating Transfers Out	(16,728)	-	-	(16,728)
Total noncapital subsidies	<u>(16,722)</u>	<u>(2,252)</u>	<u>-</u>	<u>(18,974)</u>
Operating income and noncapital subsidies	<u>30,781</u>	<u>12,527</u>	<u>3,756</u>	<u>47,064</u>
Other nonoperating revenue (expense):				
Interest income	3,380	1,722	455	5,557
Investment income	1,952	65	390	2,407
Interest expense	(25,319)	(3,277)	(187)	(28,783)
Capital contributions	-	218	-	218
Other	(173)	(345)	(1,142)	(1,660)
Total other nonoperating revenue (expense)	<u>(20,160)</u>	<u>(1,617)</u>	<u>(484)</u>	<u>(22,261)</u>
Changes in net position	10,621	10,910	3,272	24,803
Net position - October 1	<u>(11,017)</u>	<u>338,084</u>	<u>88,474</u>	<u>415,541</u>
Net Position - September 30	<u>\$ (396)</u>	<u>348,994</u>	<u>91,746</u>	<u>440,344</u>

See accompanying notes to financial statements

LONG BEACH UTILITIES DEPARTMENT

Statements of Cash Flows
Business Type Activity - Enterprise
Year ended September 30, 2024

	Gas Fund	Water Fund	Sewer Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 135,868	125,119	23,389	284,376
Cash paid to employees	(27,346)	(27,294)	(5,541)	(60,181)
Cash paid for gas	(4,631)	-	-	(4,631)
Cash paid for water	-	(26,764)	-	(26,764)
Cash paid for goods and services	(26,130)	(42,985)	(9,335)	(78,450)
Cash paid to other funds	(18,275)	(9,015)	-	(27,290)
Other cash payments	-	(432)	(1,185)	(1,617)
Other cash receipts	-	196	5	201
Net cash provided by operating activities	<u>59,486</u>	<u>18,825</u>	<u>7,333</u>	<u>85,644</u>
Cash flows from non-capital financing activities:				
Cash received from other funds	6	-	-	6
Payments to other funds	(16,728)	-	-	(16,728)
Operating grants	-	1,183	214	1,397
Payment of interest	(26,353)	-	-	(26,353)
Payment of principal on bonds payable	(21,655)	-	-	(21,655)
Net cash used for non-capital financing activities	<u>(64,730)</u>	<u>1,183</u>	<u>214</u>	<u>(63,333)</u>
Cash flows from capital and related financing activities:				
Proceeds from line of credit	-	25,500	-	25,500
Proceeds from sale of revenue bonds	-	54,666	-	54,666
Proceeds from sale of capital assets	-	260	38	298
Capital contributions	-	1,563	-	1,563
Payments for capital acquisitions	(18,729)	(40,482)	(7,868)	(67,079)
Principal repayments-bonds	-	(3,720)	(420)	(4,140)
Principal repayments-equipment financing obligation	(1,216)	(1,752)	-	(2,968)
Interest payments	-	(1,587)	(307)	(1,894)
Net cash used for capital and related financing activities	<u>(19,945)</u>	<u>34,448</u>	<u>(8,557)</u>	<u>5,946</u>
Cash flows from investing activities:				
Payments for investments	(2,889)	-	-	(2,889)
Changes on investments	1,952	808	391	3,151
Receipt of Interest	3,380	1,723	455	5,558
Net cash provided by investing activities	<u>2,443</u>	<u>2,531</u>	<u>846</u>	<u>5,820</u>
Net increase (decrease) in cash and cash equivalents	<u>(22,746)</u>	<u>56,987</u>	<u>(164)</u>	<u>34,077</u>
Cash and cash equivalents, October 1	<u>63,479</u>	<u>4,983</u>	<u>10,199</u>	<u>78,661</u>
Cash and cash equivalents, September 30	<u><u>40,733</u></u>	<u><u>61,970</u></u>	<u><u>10,035</u></u>	<u><u>112,738</u></u>

(Continued)

LONG BEACH UTILITIES DEPARTMENT

**Statements of Cash Flows
Business Type Activity - Enterprise
Year ended September 30, 2024**

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	47,503	14,779	3,756	66,038
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense and amortization	8,080	14,499	2,933	25,512
Credit to customers		(3,435)	(214)	(3,649)
Other cash payments	-	(432)	(1,185)	(1,617)
Other cash receipts	-	196	5	201
Increase in compensated absences		1,207	357	1,564
Increase (decrease) in OPEB liability	(208)	312	94	198
Increase (decrease) in D/O of resources related to OPEB	431	(292)	(112)	27
Increase (decrease) in D/I of resources related to OPEB	(252)	(105)	-	(357)
Increase (decrease) in Pension liability	4,971	(2,630)	308	2,649
Increase (decrease) in D/O of resources related to Pension	(965)	3,400	345	2,780
Increase (decrease) in D/I of resources related to Pension	(570)	214	(540)	(896)
Decrease (Increase) in prepaid expense	24,393	(2,959)	-	21,434
Decrease (increase) in customer accounts receivable	668	(190)	202	680
Decrease (increase) in due from City of Long Beach	(890)	188	1,991	1,289
Decrease (increase) in material and supplies inventory	(1,536)	2,007	54	525
Decrease accounts and retainage payable	(1,889)	(214)	(816)	(2,919)
Increase (decrease) in accrued wages payable	(704)	336	86	(282)
Increase (decrease) in unearned revenue	(666)	1,063	-	397
Increase (decrease) in due to other funds	(18,275)	(9,015)	69	(27,221)
Decrease in customer deposits	(605)	(104)	-	(709)
Total adjustments	<u>11,983</u>	<u>4,046</u>	<u>3,577</u>	<u>19,606</u>
Net cash provided by operating activities	<u>\$ 59,486</u>	<u>18,825</u>	<u>7,333</u>	<u>85,644</u>
Supplemental schedule of noncash transactions:				
Amortization of Bond premium, net	597	102	113	812
Net book value of retired assets	173	-	-	173
Refunding of 2012 Water Revenue Bonds	-	2,750	-	2,750
Refunding of Water Revenue Revolving Line of Credit	-	39,500	-	39,500

See accompanying notes to financial statements

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Note 1 - Description of the Department and Summary of Significant Accounting Policies

Description of the Department

A General Municipal Election was held on November 8, 2022, which contained Ballot Measure BB, amending the City Charter to merge the existing water, sewer, and gas utilities into a single publicly-owned utility, governed by the existing independent Water/Utility Commission. The residents of Long Beach passed the Measure by simple majority and the City Council certified the election results at its meeting on December 13, 2022.

In January 2023, the Long Beach Water Department and the Long Beach Energy Resources Department merged operations as single utility department formally known as Public Utilities Department. The Department, also known as Long Beach Utilities Department, is under the exclusive jurisdiction and control of the Board of Public Utilities Commissioners, which is comprised of five members.

The Department has the responsibility of the various functions of natural gas and water distribution system and sanitary sewer collection system, including operations and maintenance. The Department's service area encompasses the boundaries of the City of Long Beach, the seventh largest city in the state of California, with an area of approximately 50 square miles and with a population of 458,813 as of September 30, 2024, with some customers outside the City limits.

The Department continues to deliver natural gas to approximately 1,900 miles of gas main and service pipelines, providing residents the much-needed commodity in their homes and businesses.

The Department obtains potable water for distribution from two sources. Historically, approximately half of the City's water is purchased from the Metropolitan Water District of Southern California; the other half is pumped from the Department's own groundwater wells. Potable water is stored in two reservoirs with a combined capacity of 108.9 million gallons. The Department delivered over 2.8 billion gallons of reclaimed water to various users in the City in FY2024.

The Department also services the City's sewer system that consists of 714 miles of sewer mains, 15,141 manholes, and 29 sewage pumping stations. This system is capable of transporting approximately 40 to 60 million gallons of raw sewage for treatment daily.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Reporting Entity

The Department's financial activities are considered to be enterprise operations of the City of Long Beach. The Department manages these activities in three major enterprise funds namely Gas Fund, Water Fund & Sewer Fund. Accordingly, these funds are included in the City's Annual Comprehensive Financial Report in the Gas Utility Fund and Water Utility Fund. The Gas Fund is used to account for the activities associated with the transmission and distribution of natural gas to the customers. The Water Fund is used to account for the activities involving the purchasing, pumping, treatment and distribution of potable and reclaimed water to the customers. The Sewer Fund accounts for the operation of the Department's sewage collection system located within the Department's service area. Control and management of the Department is vested in the five-member Board of Public Utilities Commissioners (the Board). Each Commissioner is appointed by the Mayor, confirmed by the City Council, and may serve two five-year terms.

The accompanying Department financial statements include the Gas, Water and Sewer Fund operations of the City of Long Beach. The statements of the Department are intended to present the financial position, and changes in financial position, and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City, as of September 30, 2024, and the changes in its financial position, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The City's Annual Comprehensive Financial Report may be obtained by contacting:

City of Long Beach, California – Department of Financial Management
411 W. Ocean Blvd.
Long Beach, CA 90802

Basis of Accounting

The Department's accounts are maintained on a flow of economic resources measurement focus utilizing the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, regardless of when they are received, and expenses are recognized in the period incurred. The Department's operations are not subject to regulation by the Public Utilities Commission.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

The Department applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations.

Implementation of New Accounting Pronouncements

Application of the following Statements was effective for the Department's fiscal year ended September 30, 2024.

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The City implemented GASB Statement No. 99 for the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. Application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2024.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2024.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. As a result of the implementation of GASB Statement No. 103, the City has improved presentations of the MD&A, proprietary fund statement of revenues, expenses, and changes in fund net position, and budgetary comparison information for the fiscal year ended September 30, 2024.

City of Long Beach Investment Pool

In order to maximize investment return and in accordance with City Charter requirements, the Department pools its available cash with other City funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used as a demand deposit account by participating units. Investment decisions are made by the City Treasurer and approved by a general investment committee whose membership includes a member of the Department's management. Interest income and realized and unrealized gains and

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

losses arising from the Pool are apportioned to each participating unit based on their average daily cash balances compared to aggregate pooled cash and investments.

At September 30, 2024, the Gas Fund, Water Fund, and Sewer Fund had equity in the Pool of \$40,686, \$19,908, and \$10,035, respectively, which represents approximately 1.75%, 0.86%, and 0.43%, respectively, for a total departmental equity of \$70,629 or 3.04% of the Pool.

The Department's share of the Pool is stated at fair value. For a complete description of the Pool and its underlying investments, refer to the City of Long Beach's separately issued financial statements.

Cash Equivalents

The Department classifies its investment in the Pool as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments as the Department can withdraw amounts from the pool without penalty or notice.

The Department classifies all other investments with maturities of three months or less at the time of purchase as cash equivalents. These cash equivalents are reported at amortized cost in the accompanying financial statements.

Fair Value

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction.

The Department categorizes investments reported at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Material and Supplies Inventory

Material and supplies inventory are reported at cost determined on a first-in, first-out basis.

Capital Assets

Capital assets, which include property, plant, equipment, and transmission and distribution infrastructure, are composed of assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. The cost of additions to capital assets and replacement of retired property is capitalized. The costs of replacement expenditures are expensed as incurred. Upon retirement or sale of capital assets, the cost and related accumulated depreciation are removed from the accounts, with any resulting gain or loss recorded in the Department's financial statements (see note 3).

Depreciation of capital assets is provided by the straight-line method based on the estimated service lives of the properties, as follows:

Buildings, structures, and facilities	10 to 50 years
Distribution/collection systems	20 to 75 years
Patents	20 years
Other machinery and equipment	5 to 10 years

Lease Receivable

The Department is a lessor for noncancellable leases of land and buildings and recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the Department measures the lease receivable at the present value of payments expected to be received over the course of the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term. Key estimates and judgments related to leases in which the Department is lessor are as follows:

- The Department recognizes lease receivables with an initial, individual value of \$500 or more.
- The Department uses its estimated implicit rate or incremental borrowing rate as the discount rate for leases, whichever is applicable.
- The lease term includes the noncancellable period of the lease.
- Projected lease revenues included in the measurement of the lease receivable are comprised of fixed payments required per the lease terms.

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- Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- Leases with rent payments that depend on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage rent increases or flat rate rent increases that are specified in the lease terms are included in the measurement of the lease receivable.

The Department monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

Land rentals

The Department owns approximately 820 acres of land, approximately 80 acres of which is rented for commercial purposes. All nine land rental agreements are cancellable, with various terms ranging from 1 to 42 years. Within the various terms, the minimum future rentals for these agreements total to \$11,145. As of September 30, 2024, the Department recorded a total rental income of \$1,615.

Capital grants and contributions

Advances received from developers for construction of plant assets are recorded as advances from developers when received. As construction progresses, advanced amounts equivalent to capitalized expenditures are recorded as capital grants and contributions in the accompanying financial statements. Donated assets, donated works of art and similar items, capital assets constructed by developers and contributed to the Department are capitalized at fair value at the date of acquisition which equates to the acquisition cost.

Revenue Recognition

Operating revenues include revenues derived from the sale of gas and water, from providing sewer service, and from other activities closely related to providing gas, water and sewer service. Principal revenues are derived from volumetric usage and service charges for gas, water and sewer services. Other operating revenues include rental received for Department property and funds received for distribution and collection system operations. Nonoperating revenues are subsidies received, contributions to permanent and term endowments, revenues related to financing, resources from the disposal of capital assets and inventory and investment income. Revenues that otherwise would be classified as nonoperating are classified as operating revenues if those transactions constitute the Department's principal ongoing operations. Revenues for gas, water and sewer charges are recorded when delivered to customers. Billings to customers are based on monthly meter readings.

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Operating and Nonoperating Expenses

The cost of natural gas includes purchases from open competitive markets and local producers. The cost of water includes all purchases of water from the Metropolitan Water District of Southern California. Personal services include labor costs for operations, maintenance, and general and administrative functions. Commercial services cost is the Department's share of the City's utility billing system. Maintenance and other costs include the operating costs of the Department and include costs of pumping and treating groundwater as well as general and administrative costs. Nonoperating expenses are subsidies provided, expenses related to financing, loss from disposal of capital assets and inventory and interest expense. Expenses that are otherwise would be classified as nonoperating are classified as operating expenses if those transactions constitute the Department's principal ongoing operations.

Employee Benefits, Compensated Absences and Termination Benefits

At September 30, 2024, the Department has recorded compensated absences of \$15,506 (\$7,173 for Gas, \$6,933 for Water, and \$1,400 for Sewer) of which short-term amounts totaled to \$5,525 (\$2,513 for Gas, \$2,507 for Water, and \$505 for Sewer) and long-term balances of \$9,981 (\$4,660 for Gas, \$4,426 for Water, and \$895 for Sewer). Compensated absences include accrued but unused vacation and holiday benefits and accumulated sick and termination benefits.

Vacation, holiday and sick benefits are recognized when earned and recorded as personal services in the accompanying financial statements. Amounts that are earned but unused at year end, are reported as compensated absences and classified as current or non-current in the accompanying financial statements based on historical usage of the benefits. The City's policy is to pay all accumulated vacation and holiday pay when an employee retires or terminates. Accumulated sick leave vests when an employee meets the City's minimum requirements for retirement and is forfeited if the employee terminates prior to vesting.

Upon retirement, management employees may convert 75 percent of their outstanding vacation leave to sick leave. The retiree's accumulated sick leave and any covered sick leave may be used to either purchase additional pension benefits from California Public Employees' Retirement System (CalPERS) or to participate in the City's Retired Employee Health Insurance Program (REHIP) until the sick leave is exhausted. The REHIP allows retirees to convert their accumulated vested unused sick leave to the cash value at the date of retirement and use those amounts for health, dental, and long-term care insurance premiums for the retiree, their spouse, and eligible dependents in accordance with the City's Personnel Ordinance.

LONG BEACH UTILITIES DEPARTMENT

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Pension Plan and Postretirement Benefits

All full-time Department employees are members of the City's Miscellaneous Plan. The Department's policy is to fund. The costs to be funded are determined annually as of July 1 and are incorporated into the payroll burden rate to reimburse the Employee Benefits Internal Service Fund for contributions made on behalf of Department employees (see note 6).

For purposes of measuring 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 Miscellaneous Plan and additions to/deductions from Miscellaneous Plan's fiduciary net position have been determined on the same basis as they are reported by the Miscellaneous Plan. 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.

Restricted Assets

Amounts restricted for bond indenture requirements and funds held in trust are recorded as restricted assets. Related liabilities of these funds are identified as amounts payable from restricted assets when such obligations are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. The separate financial element, Deferred Inflows of Resources, represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Risk Management

The Department, as an entity of the City, participates in the City's self-insured program for workers' compensation, property, and tort liability. The City and the Department's management believe that sufficient funds are being accumulated in the City's Insurance Internal Service Fund (Insurance Fund) to meet losses as they arise. The Department contributes to the Insurance Fund through payroll burden charges applied as a percent of current productive salaries. In addition, various risk control techniques, including safety training for all employees and the inclusion of appropriate legal provisions in third-party contracts, have been implemented to minimize risk losses.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
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(in thousands of dollars)

Estimates

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

Net Position

The Department has adopted a policy of generally utilizing restricted funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

The Department's net position are classified into the following net position categories:

Net Investment in Capital Assets - Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and unexpended bond proceeds and economic losses of refunding of debt.

Restricted - Amounts restricted for bond indenture requirements, gas allowances and capital projects programs.

Unrestricted - All other categories of net position.

Coronavirus Disease 2019 (COVID-19)

On March 11, 2020, the World Health Organization declared a global pandemic due to an outbreak caused by a respiratory disease called Coronavirus Disease 2019 (COVID-19). As changes in the pandemic continue, the Department, being part of the critical infrastructure sector, remains diligent in providing the city of Long Beach with clean water as its top priority.

As part of the 2021-22 State budget approval in late 2021, the State of California initiated the California Water and Wastewater Arrearage Payment Program (CWWAPP) and the California Arrearage Payment Program (CAPP) to offer financial assistance to water, sewer, and natural gas customers to help reduce past due bill balances that accrued during the pandemic. In FY2024, the Department received funds from the CAPP program and applied to eligible customer bills.

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Notes to Financial Statements
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Utility Revenue Transfer Charter Amendment (Measure M)

On June 5, 2018, the residents of the City of Long Beach voted to pass the Utility Revenue Transfer Charter Amendment (Measure M). With this amendment, the Department is authorized to make annual transfers of any funds from the Gas, Water and Sewer Funds to the General Fund that are determined by the Board of Utilities Commissioners (Commission) to be unnecessary to meet its obligations; provided that the maximum transfer does not exceed 12% of each funds' audited annual gross revenues. The transfers to the General Fund can be spent for unrestricted general revenue purposes. The Commission is authorized to set, and the City Council to approve, rates in an amount sufficient to recover the cost of Gas, Water and Sewer Fund obligations.

In October of 2018, a lawsuit was filed against the City of Long Beach (City) alleging that, among other things, the passage of Measure M violated Article XIII of the California Constitution and was unenforceable insofar as it authorized the transfer of funds from the Water and Sewer Funds to the General Fund. On January 2, 2020, a judge in the Superior Court of Los Angeles County issued a tentative ruling in favor of the plaintiffs, finding Measure M unconstitutional, ordering the return of funds previously transferred under the authority granted by Measure M, and prohibiting the future transfer of funds pursuant to Measure M. The tentative ruling became final in February of 2020. On March 23, 2022, the Supreme Court denied the City's petition to review and therefore the appellate court decision stood. In FY2022, the City executed a court-ordered transfer of \$30,832 to the Department within 180 days from the final ruling. In May 2022, the Board of Water Commissioners approved a one-time bill credit of the entire amount of \$30,832 back to the Department's customers. As of September 30, 2024, the customer bill credits used amounted to \$29,261 and the remaining balance of \$1,571 has not been used by customers.

As of September 30, 2024, Measure M still applies to the Gas Fund.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
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Note 2 - Cash Equivalents and Investments

The Department's unrestricted and restricted cash equivalents and investments are as follows:

Gas Fund

	Unrestricted	Restricted	& Cash Equivalent
Equity in the City of Long Beach's investment pool	\$ 40,686	-	40,686
Non-pooled cash equivalents	46	-	46
Guaranteed Investment Contract (GIC)	-	34,379	34,379
Total cash and investments	<u>\$ 40,732</u>	<u>34,379</u>	<u>75,111</u>

Water Fund

	Unrestricted	Restricted	Total Investments & Cash Equivalent
Equity in the City of Long Beach's investment pool	\$ 19,908	-	19,908
Non-pooled cash equivalents	42,062	-	42,062
Total cash and investments	<u>\$ 61,970</u>	<u>-</u>	<u>61,970</u>

Sewer Fund

	Unrestricted	Restricted	Total Investments & Cash Equivalent
Equity in the City of Long Beach's investment pool	\$ 10,035	-	10,035
Total cash and investments	<u>\$ 10,035</u>	<u>-</u>	<u>10,035</u>

The Departments investment policy allows funds to be invested with the City or to be held outside of the Pool based on the requirements of bond indentures or by actions of the Board. The City's investment policy limits the permitted investments in the Investment Pool to the following: Obligations of the U.S. government, federal agencies, local agency bonds, medium-term corporate notes, certificates of deposit; bankers' acceptances, commercial paper, Local Agency Investment Fund, repurchase agreements, reverse repurchase agreements, securities lending, asset-backed securities, mortgage-backed securities and money market mutual funds. Cash equivalents held outside of the Pool are governed by the provisions of the debt agreement.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2024 (in thousands of dollars)

As of September 30, 2024, the City's Investment Pool has weighted average maturity of 2.45 years and is not rated. The Department's investment in the Pool is not categorized nor leveled in the fair value hierarchy.

The Water Funds' investments in U.S. Treasury notes have a weighted average maturity of 1.00 year and are not rated. This investment is reported at fair value using observable inputs and is accordingly reported as a level 2 investment in the fair value hierarchy. The GIC is not subject to the fair value hierarchy as the investments are reported at contract value.

Note 3 – Capital Assets

Capital assets at September 30, 2024 were as follows:

Gas Fund	Balance October 1, 2023	Additions	Deletions, Retirements and Transfers	Balance September 30, 2024
Capital assets, not being depreciated:				
Land	203	-	-	203
Construction in progress	24,985	18,731	(19,564)	24,152
Total capital assets, not being depreciated	25,188	18,731	(19,564)	24,355
Capital assets, being depreciated:				
Buildings, structures and facilities	16,159	-	-	16,159
Distribution/collection systems	296,897	19,564	(550)	315,911
Machinery and equipment	6,251	-	-	6,251
Total capital assets, being depreciated	319,307	19,564	(550)	338,321
Less accumulated depreciation for:				
Buildings, structures and facilities	(10,455)	(502)	-	(10,957)
Distribution/collection systems	(135,580)	(7,425)	374	(142,631)
Machinery and equipment	(5,235)	(152)	-	(5,387)
Total accumulated depreciation	(151,270)	(8,079)	374	(158,975)
Total capital assets, being depreciated, net	168,037	11,485	(176)	179,346
Total Gas Fund capital assets, net	193,225	30,216	(19,740)	203,701

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2024 (in thousands of dollars)

Water Fund	Balance October 1, 2023	Additions	Deletions, Retirements and Transfers	Balance September 30, 2024
Capital assets, not being depreciated:				
Land	11,214	-	-	11,214
Construction in progress	121,552	36,918	(58,740)	99,730
Water Rights	40	-	-	40
Total capital assets, not being depreciated	132,806	36,918	(58,740)	110,984
Capital assets, being depreciated:				
Buildings, structures and facilities	156,347	669	-	157,016
Patents	815	-	-	815
Distribution/collection systems	400,259	57,233	(156)	457,336
Machinery and equipment	21,128	4,157	(569)	24,716
Total capital assets, being depreciated	578,549	62,059	(725)	639,883
Less accumulated depreciation for:				
Buildings, structures and facilities	(81,681)	(4,071)	-	(85,752)
Patents	(695)	(41)	-	(736)
Distribution/collection systems	(186,160)	(9,026)	156	(195,030)
Machinery and equipment	(20,283)	(1,361)	569	(21,075)
Total accumulated depreciation	(288,819)	(14,499)	725	(302,593)
Total capital assets, being depreciated, net	289,730	47,560	-	337,290
Total Water Fund capital assets, net	422,536	84,478	(58,740)	448,274
Sewer Fund	Balance October 1, 2023	Additions	Deletions, Retirements and Transfers	Balance September 30, 2024
Capital assets, not being depreciated:				
Construction in progress	10,082	7,651	(5,346)	12,387
Total capital assets, not being depreciated	10,082	7,651	(5,346)	12,387
Capital assets, being depreciated:				
Buildings, structures and facilities	15,707	-	-	15,707
Distribution/collection systems	226,301	5,325	-	231,626
Machinery and equipment	6,682	143	-	6,825
Total capital assets, being depreciated	248,690	5,468	-	254,158
Less accumulated depreciation for:				
Buildings, structures and facilities	(3,649)	(344)	-	(3,993)
Distribution/collection systems	(157,302)	(2,156)	-	(159,458)
Machinery and equipment	(4,917)	(433)	-	(5,350)
Total accumulated depreciation	(165,868)	(2,933)	-	(168,801)
Total capital assets, being depreciated, net	82,822	2,535	-	85,357
Total Sewer Fund capital assets, net	92,904	10,186	(5,346)	97,744

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2024 (in thousands of dollars)

Combined Total	Balance October 1, 2023	Additions	Deletions, Retirements and Transfers	Balance September 30, 2024
Capital assets, not being depreciated:				
Land	11,417	-	-	11,417
Construction in progress	156,619	63,300	(83,650)	136,269
Water Rights	40	-	-	40
Total capital assets, not being depreciated	168,076	63,300	(83,650)	147,726
Capital assets, being depreciated:				
Buildings, structures and facilities	188,213	669	-	188,882
Patents	815	-	-	815
Distribution/collection systems	923,457	82,122	(706)	1,004,873
Machinery and equipment	34,061	4,300	(569)	37,792
Total capital assets, being depreciated	1,146,546	87,091	(1,275)	1,232,362
Less accumulated depreciation for:				
Buildings, structures and facilities	(95,785)	(4,917)	-	(100,702)
Patents	(695)	(41)	-	(736)
Distribution/collection systems	(479,042)	(18,607)	530	(497,119)
Machinery and equipment	(30,435)	(1,946)	569	(31,812)
Total accumulated depreciation	(605,957)	(25,511)	1,099	(630,369)
Total capital assets, being depreciated, net	540,589	61,580	(176)	601,993
Total Department capital assets, net	708,665	124,880	(83,826)	749,719

In FY2024, the Department capitalized enhancements to treatment plant booster pump facilities, which amounted to \$669 for Water Fund. In addition, the Department completed numerous projects as part of ongoing improvements to its current gas and water distribution system and sewer collection system, which totaled \$19,564 for the Gas Fund, \$57,233 for the Water Fund and \$5,325 for the Sewer Fund. These improvements include ongoing programs for Gas Mainline and Water Cast Iron Main replacements, Gas and Water Services installations, Gas and water meters and regulators replacement and installation, Gas delivery station replacement, Automated Water Meter Infrastructure project, potable water valve replacement, Reclaimed water pipe replacement, Fireline and Fire Hydrant installations, and Sewer Pipe rehabilitation. The Department also purchased machinery and equipment which totaled \$4,157 for the Water Fund and \$143 for the Sewer Fund. These machinery and equipment purchases included utility vehicles, water distribution and sewer collection pump, laboratory equipment, and a milling machine for operations.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
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Construction in Progress

Construction in progress at September 30, 2024 includes the following projects:

<u>Project</u>	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Gas Main Pipeline Development and Replacement Program	\$ 23,324	\$ -	\$ -	\$ 23,324
Gas Services Development and Replacement Program	102	-	-	102
Gas Delivery Station Projects	676	-	-	676
Water Main Replacement Program	-	24,222	-	24,222
Water Reservoir Improvements	-	8,959	-	8,959
Water Well Development and Rehabilitation	-	34,067	-	34,067
Water System Facility Improvements	-	3,720	-	3,720
Reclaimed Water System	-	2,052	-	2,052
Sewer Main Replacement Program	-	-	5,441	5,441
Sewer Lift Stations Rehabilitation	-	-	5,619	5,619
Other Projects	50	26,710	1,327	28,087
Total Combined Construction in Progress	<u>\$ 24,152</u>	<u>\$ 99,730</u>	<u>\$ 12,387</u>	<u>\$ 136,269</u>

It is the Department's policy to transfer the costs of projects after their completion to other capital asset classifications or to expense. For the fiscal year ended September 30, 2024, completed projects were transferred from construction in progress as follows:

	<u>Total</u>		
	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Transfers to Capital Assets	\$ 19,561	\$ 58,361	\$ 5,325
Transfers to Expense	3	379	21
Total	<u>\$ 19,564</u>	<u>\$ 58,740</u>	<u>\$ 5,346</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Note 4 – Long-term Liabilities

Gas Fund					
September 30, 2024	Beginning of year	Additions	Reductions	End of year	Due within one year
2007 Gas Prepay Bond - Series A	\$ 442,865	-	(21,655)	421,210	25,280
2007 Gas Prepay Bond - Series B	69,005	-	-	69,005	-
Gas Prepay Fair Value - Interest Rate Swap	646	1,630	(646)	1,630	-
	512,516	1,630	(22,301)	491,845	25,280
Add 2007 PP Bond A unamortized bond premium	8,396	-	(596)	7,800	-
Total long-term debt	520,912	1,630	(22,897)	499,645	25,280
Compensated Absences	8,273	7,596	(8,697)	7,172	2,513
Net Pension Liability	35,488	4,971	-	40,459	-
Total OPEB Liability	1,712	-	(209)	1,503	-
Equipment financing obligation	9,147	-	(1,215)	7,932	1,244
Total	<u>\$ 575,532</u>	<u>14,197</u>	<u>(33,018)</u>	<u>556,711</u>	<u>29,037</u>

Water Fund					
September 30, 2024	Beginning of year	Additions	Reductions	End of year	Due within one year
2010 Water Revenue Refunding Bonds	\$ 2,945	-	(2,945)	-	-
2012 Water Revenue Refunding Bonds	3,250	-	(3,250)	-	-
2024 Water Revenue Bonds	-	91,630	-	91,630	1,390
	6,195	91,630	(6,195)	91,630	1,390
Add 2010 unamortized bond premium	41	-	(41)	-	-
Add 2012 unamortized bond premium	155	-	(155)	-	-
Add 2024 unamortized bond premium	-	5,880	(232)	5,648	-
Total long-term debt	6,391	97,510	(6,623)	97,278	1,390
Compensated Absences	5,726	7,444	(6,237)	6,933	2,507
Net Pension Liability	43,276	-	(2,630)	40,646	-
Total OPEB Liability	1,148	312	-	1,460	-
Equipment financing obligation	17,890	-	(1,753)	16,137	1,813
Water Revenue Revolving Line of Credit	14,000	25,500	(39,500)	-	-
Total	<u>\$ 88,431</u>	<u>130,766</u>	<u>(56,743)</u>	<u>162,454</u>	<u>5,710</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2024 (in thousands of dollars)

September 30, 2024	Sewer Fund			End of year	Due within one year
	Beginning of year	Additions	Reductions		
2016 Sewer Revenue Refunding Bonds	\$ 7,165	-	(420)	6,745	435
	7,165	-	(420)	6,745	435
Add 2016 unamortized bond premium	836	-	(113)	723	-
Total long-term debt	8,001	-	(533)	7,468	435
Compensated Absences	1,043	1,503	(1,146)	1,400	505
Net Pension Liability	7,790	308	-	8,098	-
Total OPEB Liability	200	94	-	294	-
Total	<u>\$ 17,034</u>	<u>1,905</u>	<u>(1,679)</u>	<u>17,260</u>	<u>940</u>

The bonds are payable from and secured by net revenues of the Department.

Gas Prepay Bond

In 2007, the City of Long Beach issued \$887 million in Revenue Bonds, Series 2007A (fixed rate) \$636 million and Series 2007B (LIBOR Index Rate) \$252 million. The bond proceeds were used to finance and prepay the delivery of natural gas supply for 30 years. The final maturity of the bond is November 2037.

The gas prepay transaction provided an \$0.83 cents discount per MMBtu on gas sales and established a Guaranteed Investment Contract (GIC) that generates additional interest revenue of 4.877% or saving of \$0.11 cents per metric million British thermal unit (MMbtu). The total saving of \$0.94 cents per MMBtu generate approximately \$5 million per year or \$150 million over the life of the bonds.

In 2009, Long Beach Gas & Oil and Merrill Lynch restructured the gas prepay contract by buying back about 30% of the bonds - \$231 million. The remain savings are approximately \$5 million per year.

The gas prepay contract provide substantial savings, mitigates supply and price volatility, and enhances the reliability of gas supply through long-term prepaid contract and supplier diversification.

Under the gas prepay term, the Gas Fund's obligation is generally limited to paying for natural gas delivered by gas prepay schedule. Rating agencies have provided favorable reviews of the natural gas prepay deals and would exclude natural gas prepay bonds from the calculation of the City's or the Gas Fund's debt calculation.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
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(in thousands of dollars)

Equipment Financing Obligation-Automated Metering Infrastructure (AMI) - Gas

In 2008, the City of Long Beach entered an Equipment Lease-Purchase Agreement with Bank of America, N.A. to finance the Advanced Metering Infrastructure project in the amount of \$18 million with a fixed interest rate of 2.4%. The annual debt service for the AMI lease is \$1.427 million or bi-annual payments of \$713,669. The lease terminates on 05/01/30.

The primary benefits by automating the meter reading process are elimination of \$1.4 million in annual meter reading costs, reduced greenhouse gas emissions by eliminating 160,000 vehicle trips, improved meter reading accuracy, eliminating the need for estimated bills, improve customer privacy and security, increase customer safety and minimizing leakage cost by recognized and addressed quickly to gas leaks.

Senior Water Revenue Bonds - Series 2024

On May 7, 2024, the Water Fund issued \$91,630 in Senior Water Revenue Bonds, Series 2024 (the Series 2024 Bonds) at a premium to provide funds to (a) pay approximately \$55,000 of the costs of capital improvements to the Department's water system in fiscal years 2024 (FY2024) and fiscal year 2025 (FY2025), (b) refund and defease the Second Lien Water Revenue Bonds – Series 2012A (the Series 2012A Bonds) at redemption price equal to 100% of the principal amount of \$2,475 plus accrued interest up to the redemption date of May 8, 2024, (c) refund and defease the aggregate principal of the Second Lien Water Revenue Short-Term Obligations (the Second Lien Water Revenue Revolving Line of Credit) in the amount of \$39,500, plus accrued interest, and (d) pay the cost of issuing the Series 2024 Bonds in the amount of \$41. The objective of this debt refinancing was to take advantage of competitive and low fixed debt rates achieving debt service savings and provide the Department the ability to fund critical capital improvement projects.

In addition, the Department achieved debt service savings in the amount of \$84.3 as a result of the refunding. The economic gain from refunding (difference between the present value of the old and new debt service payments) was \$78.5.

The Bonds bear interest ranging from 4.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2024. Principal payments are due every May 1, commencing on May 1, 2025, with bond terms maturing through the year 2054. The initial issuance premium of \$5,791 on the Series 2024 Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

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On April 4, 2024, the Board adopted the Board Resolution UT-1512 authorizing the issuance and sale of the Series 2024 Bonds. The City Council of the City adopted the same authorization on April 16, 2024, under City Resolution RES-24-0058.

The Board, on behalf of the City, has covenanted under the Master Indenture, to set rates and charges for the supply of water to its customers sufficient to yield net revenues each year equal to at least equal to 1.25 times the aggregate annual amount of principal and interest due on the Senior Water Revenue Bonds and any Subordinate Obligations.

Second Lien Water Revenue Bonds - Series 2012A

On August 30, 2012, the Water Fund issued \$9,850 in Second Lien Water Revenue Bonds, Series 2012A (the Series 2012A Bonds) at a premium of \$1,342 to provide funds to (a) refund, on a current basis, \$11,000 aggregate principal outstanding in Subordinate Water Revenue Commercial Paper Notes, and (b) pay the cost of issuing the Series 2012A Bonds. There is no bond reserve requirement. The objective of this debt refinancing was to take advantage of historically low fixed bond rates and provide the Department with certainty in its future debt service payment requirements. The Commercial Paper program, as authorized by the Board under Resolution WD-1170, expired on October 1, 2012.

The Bonds bear interest ranging from 2.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2012. Principal payments are due every May 1, commencing on May 1, 2013, with bond terms maturing through the year 2027. The initial issuance premium of \$1,342 on the Series 2012 Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

Under Board Resolution WD-1300 adopted July 24, 2012 authorizing the issuance and sale of the Series 2012A Bonds, the Board also approved closure of the Senior Lien trust indentures pursuant to which the Department previously issued the Series 1997A City of Long Beach Water Revenue Refunding Bonds and Series 2010A City of Long Beach Water Revenue Refunding Bonds. The Board also irrevocably covenanted that the Department would not issue any additional Parity Obligations in the future that would have a lien on Net Revenues senior to its Subordinate Obligations, including the 2012A Bonds.

The Board, on behalf of the City, has covenanted under the Master Subordinate Indenture, to set rates and charges for the supply of water to its customers sufficient to yield net revenues each year equal to at least equal to 1.10 times the aggregate annual amount of principal and interest due on the Senior Lien Bonds and any Subordinate Obligations, including the Series 2012A Bonds.

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On April 4, 2024, the Board adopted the Board Resolution UT-1512 authorizing the issuance and sale of the Series 2024 Bonds. A portion of the proceeds is used to refund and defease the Series 2012A Bonds at redemption price equal to 100% of the principal amount of \$2,475 plus accrued interest up to the redemption date of May 8, 2024.

Water Revenue Refunding Bonds - Series 2010A

On September 29, 2010, the Water Fund issued \$22,740 in Water Revenue Refunding Bonds, Series 2010A (the Series 2010A Bonds) at a premium of \$3,021 to (a) advance refund 82.4% or \$24,290 of the outstanding Series 1997A Water Revenue Refunding Bonds at a redemption premium of 2% over par value, (b) fund a reserve fund for the Series 2010A Bonds, and (c) pay the cost of issuing the 2010 Bonds. The Series 2010A Bonds bear interest ranging from 3.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2010. Principal payments are due May 1, commencing on May 1, 2012.

The remaining Series 1997A Bonds maturing on May 1, 2015 were not subject to redemption prior to maturity and the \$1,825 outstanding was paid off on May 1, 2015.

The initial issuance premium of \$3,021 on the Series 2010A Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

In addition, the refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 1997A Bonds of \$2,697. This difference is considered to be a deferred outflow on the refunding and is reported in the Statement of Net Position as a separate category under Deferred Outflows of Resources. The deferred outflow from the refunding is being amortized using the straight-line method over the life of the Series 2010A bonds, which have the same maturity as the old debt. The Refunded Series 1997A Bonds were refunded in order to take advantage of lower interest rates to achieve debt service savings. The Department reduced its aggregate debt service payments by \$3,286, with the refunding structured to achieve such savings upfront over fiscal years 2011 and 2012. The economic gain from the refunding (difference between the present value of the old and new debt service payments) was \$3,349.

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

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parity obligations. In FY2024, the Department paid the final principal payment and interest in the amount of \$2,945 and \$147, respectively.

Second Lien Water Revenue Revolving Line of Credit

On April 16, 2020, the Board approved Resolution WD-1427 authorizing the issuance of up to \$60,000 of Second Lien Water Revenue Short-Term Obligations pursuant to the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture, and a Credit Agreement with JPMorgan Chase Bank, National Association, the provider of the Revolving Line of Credit (LOC). The term of the Water LOC expired and closed on May, 2024.

The Water LOC would accrued interest at a variable rate per annum equal to a percentage Secured Overnight Financing Rate (SOFR) plus an adjustment of 10 basis points. The purpose of establishing the Water LOC is to facilitate increased investment in the Department's water system infrastructure. On December 7, 2023, the Department made a \$25.5 million draw on the Water LOC, bringing the outstanding balance to \$39,500.

On April 4, 2024, the Board adopted the Board Resolution UT-1512 authorizing the issuance and sale of the Series 2024 Bonds. With the bond issuance on May 7, 2024, the Department used the proceeds to refund and defease the aggregate principal of the Second Lien Water Revenue Revolving Line of Credit in the amount of \$39,500 plus accrued interest and fees.

Equipment Financing Obligation-Automated Metering Infrastructure (AMI) - Water

On November 1, 2018, the Board of Water Commissioners authorized the Long Beach Water Department to proceed with execution of an equipment financing agreement and related financing documents with Banc of America Public Capital Corp. for the financing of the Advanced Metering Infrastructure (AMI) Project, in an amount not to exceed \$36,000, including cost of issuance, principal and interest, payable over a fifteen-year period.

The AMI Project is an integrated network of smart meters, communication collectors, and data management systems that allow water meters to be read automatically and uploaded electronically. AMI Project costs to be financed total approximately \$27,400.

On December 11, 2018, City Council approved the execution of the 15-year equipment financing agreement with Banc of America Public Capital Corporation to finance the AMI Project. The equipment financing agreement was executed and funded on December 20, 2018. The total purchase price was \$27,400, at an interest rate of 3.35%. In FY2024, the Department paid a total of \$2,326 (\$1,753 principal and \$573 interest) in rental payments.

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Senior Sewer Revenue Refunding Bonds - Series 2016A

On September 7, 2016, the Sewer Fund issued \$9,830 in Senior Sewer Revenue Refunding Bonds, Series 2016A (the Series 2016A Bonds) at a premium of \$1,727 to provide funds to (a) refund, on a current basis, \$11,250 aggregate principal outstanding in Subordinate Sewer Revenue Obligations pursuant to the terms of a credit agreement with Wells Fargo Bank, National Association, and (b) pay the cost of issuing the Series 2016A Bonds. There is no bond reserve requirement. The objective of this debt refinancing was to take advantage of low fixed bond yield rates and provide the Department with certainty in its future debt service payment requirements.

The Series 2016A Bonds bear interest ranging from 4.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2016. Principal payments are due every May 1, commencing on May 1, 2017, with bond terms maturing through the year 2036. The initial issuance premium of \$1,727 on the Series 2016A Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

The Series 2016A Bonds and any Parity Obligations are secured by a first lien upon and pledge of all of the net revenues of the Sewer Enterprise. Net revenues are defined as all gross revenues derived by ownership and operation of the Sewer Enterprise less operation and maintenance costs. The Board, on behalf of the City, has covenanted under the Senior Indenture to set rates and charges for sewer service to its customers sufficient to yield net revenues each year which are at least equal to 1.25 times the aggregate annual amount of debt service on the Senior Bonds (including the Series 2016A Bonds) for such fiscal year.

Total Annual Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Gas Fund - Gas Prepay Bonds

Fiscal Year Ending Sept 30	2007 Prepay Bond - Series A		2007 Prepay Bond - Series B		Total		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	25,280	21,513	-	3,403	25,280	24,916	50,196
2026	-	20,881	19,195	2,697	19,195	23,578	42,773
2027	-	20,881	25,175	1,531	25,175	22,412	47,587
2028	4,970	20,744	24,630	305	29,600	21,049	50,649
2029	20,945	20,031	-	-	20,945	20,031	40,976
2030-2034	86,540	80,491	5	1	86,545	80,492	167,037
2035-2038	283,475	31,480	-	-	283,475	31,480	314,955
Total	\$ 421,210	216,021	69,005	7,937	490,215	223,958	714,173

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Gas Fund - Equipment financing obligation

Fiscal Year Ending Sept 30	Principal	Interest	Total Debt Service
2025	\$ 1,244	170	1,414
2026	1,275	140	1,415
2027	1,305	109	1,414
2028	1,337	77	1,414
2029	1,369	45	1,414
2030	1,402	11	1,413
Total	<u>\$ 7,932</u>	<u>552</u>	<u>8,484</u>

Water Fund

Fiscal Year Ending Sept 30	Series 2024 Bonds		Total Debt Service
	Principal	Interest	
2025	\$ 1,390	4,114	5,504
2026	1,485	4,031	5,516
2027	1,555	3,956	5,511
2028	1,635	3,876	5,511
2029	1,715	3,793	5,508
2030-2034	9,955	17,559	27,514
2035-2039	12,705	14,752	27,457
2040-2044	16,220	11,169	27,389
2045-2049	20,285	7,097	27,382
2050-2054	24,685	2,628	27,313
Total	<u>\$ 91,630</u>	<u>72,975</u>	<u>164,605</u>

Water Fund - Equipment Financing Obligation

Fiscal Year Ending Sept 30	Principal	Interest	Total Debt Service
2025	\$ 1,813	513	2,326
2026	1,875	451	2,326
2027	1,938	388	2,326
2028	2,004	322	2,326
2029	2,073	253	2,326
2030-2032	6,434	327	6,761
Total	<u>\$ 16,137</u>	<u>2,254</u>	<u>18,391</u>

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Fiscal Year Ending Sept 30	Sewer Fund		Total Debt Service
	Series 2016A Bonds		
	Principal	Interest	
2025	\$ 435	290	725
2026	455	273	728
2027	475	255	730
2028	495	231	726
2029	520	206	726
2030-2034	2,990	649	3,639
2035-2036	1,375	83	1,458
Total	\$ 6,745	1,987	8,732

Note 5 – Derivative Instruments

At September 30, 2024, the department had the following hedging derivative instruments outstanding:

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Various Maturity Dates to:</u>	<u>Terms</u>
Pay- Fixed Interest Rate Swap	To reduce the risks associated with the change in interest rates realted to the 2007 Series B Variable-rate Bonds.	\$69.00 million	8/15/2023	11/15/2033	Receive 67% SOFR plus 1.725% pay fixed at 5.088%
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	\$77.00 million MMBtu ¹	11/18/2007	9/30/2037	Pay variable receive fixed for scheduled notional quantities.

¹ MMBTU is one million British Thermal Units.

Interest Rate Swap Objective and Terms: As a means to lower financing costs and to reduce the risks associated with the fluctuation of market interest rates, the Long Beach Bond Finance Authority (LBBFA) entered into a series of interest rate swaps in connection with the 2007 Gas Prepay Bonds, Series B (Prepay Bonds) in the amount of \$251.7 million.

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In July 2009, a tender offer was submitted to bondholders reducing the Prepay Bonds' outstanding notional amounts to \$69.0 million as follows:

<u>Maturity Date</u>	<u>Notional Amounts</u>	<u>Synthetic Fixed Rate</u>	<u>Variable Rate</u>	<u>Spread</u>
11/15/2025	\$ 19,195	4.94%	4.66%	1.59%
11/15/2026	25,175	4.97%	4.68%	1.61%
11/15/2027	24,630	4.99%	4.70%	1.63%
11/15/2033	<u>5</u>	<u>5.09%</u>	<u>4.80%</u>	<u>1.73%</u>
	<u>\$ 69,005</u>	4.97% ²	4.68% ³	1.61% ²

² Percentages are weighted average.

³ The weighted average floating rate is based on the present value of 67% of the forward three-month SOFR rate Curve at September 30, 2024, plus the indicative spread.

The objective of the swap was to effectively change the variable interest rate on the Prepay Bonds to a synthetic weighted average fixed rate of 4.9 percent (pay-fixed interest rate swap). The Prepay Bonds and the related swap agreements mature on the dates specified above and the swap's notional amount of \$69.0 million matches the \$69.0 million variable-rate Prepay Bonds. The swap was effective at the same time the Prepay Bonds were issued on October 18, 2007. The effective date was later amended on August 15, 2023, to update the reference index rate to SOFR from LIBOR.

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

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

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million MMBtu. The swap was effective at the same time the Prepay Bonds were issued on October 18, 2007 and continues through September 30, 2037.

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

Fair Value: The interest rate swap, with the market price quoted by Bank of America-Merrill Lynch, had a negative fair value of approximately \$646 on October 1, 2023. During the fiscal year ending September 30, 2024, the fair value decreased by \$914 to a negative fair value of \$1.6 million. The fair value for the interest rate swap is described as the exit price, which is based on the Secured Overnight Financing Rate (SOFR) swap rate. In January 2022, the US stopped using London Interbank Offered Rate (LIBOR) to issue new loans and replaced it with Secured Overnight Financing Rate (SOFR). LIBOR was discontinued as of June 30, 2023.

The commodity swap, with the market price quoted by RBC, had a fair value of \$285.8 million on October 1, 2023. During the fiscal year, fair value increased \$53.5 million to a fair value of \$339.3 million as of September 30, 2024. The fair value for the commodity swap is based on RBC's quoted price. The commodity swap is classified as Level 3 as the valuation relies primarily on unobservable inputs.

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

<i>Maturity Date</i>	<i>Fair Value, October 1, 2023</i>	<i>Change in Fair Value</i>	<i>Fair Value, September 30, 2024</i>
<i>Interest Rate Swap</i>			
11/15/2025 \$	(39)	(152)	(191)
11/15/2026	(222)	(351)	(573)
11/15/2027	(385)	(481)	(866)
	<u>(646)</u>	<u>(984)</u>	<u>(1,630)</u>
<i>Commodity Swap</i>			
9/30/2037	285,831	53,459	339,290
	<u>285,831</u>	<u>53,459</u>	<u>339,290</u>
Total \$	<u>285,185</u>	<u>52,475</u>	<u>337,660</u>

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Credit Risks: As of September 30, 2024, the interest rate swap counterparty was rated AA- by Fitch Ratings with a Stable outlook. It aligns with the counterparties ratings upgrade of Bank of America Corporation's (BAC) Long-Term Issuer Default Rating (IDR) to AA-. Further, these ratings reflect the credit quality of the BAC and Long Beach Energy Resources (LBER), the City's gas distribution utility.

Merrill Lynch Commodities, Inc., a wholly owned subsidiary of Merrill Lynch and Co. Inc. (Guarantor), entered into a Prepaid Natural Gas Purchase and Sale Agreement with the LBBFA to sell and deliver gas to the LBBFA. On July 12, 2012, the City, the Guarantor, and the Bank of New York Mellon Trust Company, N.A. (Custodian) entered into a Pledge Collateral and Custodial Agreement, pursuant to Section 21.2 of the Prepaid Gas Agreement, for purposes of securing the obligations of the Seller and Guarantor to pay the Purchaser the Unearned Amount in the event an Early Termination Date occurs and the Unearned Amount is owed by the Seller or Guarantor to the Purchaser. The Custodian for benefit of the City holds a perfected interest in the collateral pledged. BNY Mellon remains in its role as Trustee since inception of the bonds while the custodian role migrated first to Wells Fargo and most recently to Principal Custody Solutions.

Credit risk exposure was deemed to be sufficiently mitigated through collateral as stipulated in the investment agreement. The RBC as the commodity swap provider has a strong credit profile. The proceeds of the bond issue are used to prepay the Guarantor for specified quantities of natural gas, deliverable to the LBBFA over a 30-year period. Bond holders rely on the supplier to deliver the gas or make a cash payment to the issuer in lieu of delivery over the life of the bonds. LBBFA delivers the gas to the City, which is obligated to purchase delivered gas as an operating expense of LBER, its gas distribution utility.

In March 2019, Moody's upgraded its long-term rating from A3 to A2 to correspond to BAC's upgrade, the parent of Merrill Lynch Commodities, Inc. and the City's Gas utility.

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Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2024, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows:

<i>Fiscal Year Ending September 30</i>		<i>Variable-Rate Bonds</i>		<i>Net Swap Payments</i>	<i>Total Interest</i>
	<i>Principal</i>	<i>Interest</i>			
2025	\$ 19,195	2,697	226	2,923	
2026	25,175	1,531	176	1,707	
2027	24,630	305	99	404	
2028	-	-	18	18	
2029	-	-	-	-	
2030-2033	5	1	-	1	
	<u>\$ 69,005</u>	<u>4,534</u>	<u>519</u>	<u>5,053</u>	

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

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

Note 6 - Retirement Program

Plan Description – Public Employees’ Retirement System (CalPERS)

The Department contributes to the CalPERS agent multiple-employer defined benefit pension plan. The City is considered the employer and the Department is a department of the City. The plan functions as a cost sharing plan for the Department. The Department’s employees are enrolled in the City Miscellaneous Plan. CalPERS provides retirement benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. All City departments are considered collectively to be a single employer, and the actuarial present value of vested and non-vested accumulated plan benefits attributable to the Department’s employees is determined as the Department’s percentage of the City as a single employer. Similarly, the net assets available for benefits of Department employees is determined as the Department’s percentage of the City’s net assets. CalPERS issues publicly available reports that include a full description of the pension plans, including benefit provisions, assumptions and membership information. All qualified permanent employees of the Department are eligible to participate in the Miscellaneous Plan. The reports can be found on the CalPERS website.

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Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment, age at retirement and final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for the plan is applied as specified by the Public Employees' Retirement Law.

Contributions

California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The City's contribution during the year was \$89.8 million for the Miscellaneous Plan.

The Plans' provisions and benefits in effect at September 30, 2024, are summarized in the following table:

<u>Hire Date</u>	<u>Miscellaneous</u>		
	<u>Prior to October 1, 2006</u>	<u>On or after October 1, 2006 and prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit Formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50-55	50-55	52-62
	<u>Required Contribution Rates</u>		
Employee	8.00%	8.00%	7.25%
Employer	29.40%	29.40%	29.40%
	<u>Miscellaneous</u>		
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%

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Allocation Methodology

The City used a calculated percentage based on the Department's share of the pensionable compensation to the City's total pensionable compensation amounts for each plan, to provide the Department's net pension liability and related GASB 68 accounting elements. The Department's calculated percentage was 11.5% (4.7% for Gas, 5.8% for Water, and 1.0% for Sewer) at the beginning of the period and 11.9% (5.4 percent for Gas, 5.4 percent for Water, and 1.1 percent for Sewer) on June 30, 2024.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The City's net pension liability for the Plan was measured as the total pension liability, less the plan's fiduciary net position. Net pension liability is measured as of June 30, 2024 (measurement date), using the actuarial valuation report as of June 30, 2023. On September 30, 2024, the City reported net pension liability of \$754.8 million for the Plan. The Department's share net pension liability for the Miscellaneous Plan was \$89.2 million (\$40.5 million for Gas, \$40.6 million for Water, and \$8.1 million for Sewer) as of September 30, 2024.

For the year ended June 30, 2024 (the measurement date), the Department reported pension expense of \$16.9 million (\$7.7 million for Gas, \$7.7 million for Water, and \$1.5 million for Sewer).

As of September 30, 2024, the Department had deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Deferred outflows of resources:				
Pension contributions after measurement date	\$ 1,360	1,366	272	2,998
Net difference between actual and expected investment returns	2,279	2,289	456	5,024
Differences between actual and expected experience	3,314	3,330	663	7,307
Pension changes in proportions	2,509	-	131	2,640
CalPERS change in assumptions	107	107	21	235
Total deferred outflows of resources	<u>\$ 9,569</u>	<u>7,092</u>	<u>1,543</u>	<u>18,204</u>
Deferred inflows of resources:				
Differences between actual and expected experience	\$ 28	28	6	62
Change in proportion	23	2,384	308	2,715
Total deferred inflows of resources	<u>\$ 51</u>	<u>2,412</u>	<u>314</u>	<u>2,777</u>

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Notes to Financial Statements
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(in thousands of dollars)

Exclusive of deferred outflows of resources related to contributions after measurement date of \$3.0 million (\$1.3 million for Gas, \$1.4 million for Water, and \$0.3 million for Sewer), the net amount of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense is as follows:

Measurement Period Ending		Gas	Water	Sewer	Total
June 30		Gas	Water	Sewer	Total
2025	\$	3,135	359	141	3,635
2026		6,013	4,015	1,021	11,049
2027		(371)	(373)	(74)	(818)
2028		(660)	(663)	(132)	(1,455)
	\$	<u>8,117</u>	<u>3,338</u>	<u>956</u>	<u>12,411</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

A summary of principal assumptions and methods used to determine the net pension liability is as follows:

	<u>Miscellaneous</u>
Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service
Mortality	¹

¹ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

<u>Asset Class ¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return ^{1,2}</u>
Global Equity - Cap-Weighted	30.00 %	4.54 %
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the department as of the measurement date, calculated using the discount rate of 6.90%, compared to a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%):

<u>Net Pension Liability/(Asset)</u>		<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
1% Decrease (5.90%)	\$	63,326	63,618	12,675	139,619
Current Discount Rate (6.90%)		40,459	40,646	8,098	89,203
1% Increase (7.90%)		21,450	21,548	4,293	47,291

Note 7 - Postemployment Healthcare Benefits

Plan Description

The Department participates in the City of Long Beach Retiree Healthcare plan (the Plan), a single-employer defined-benefit plan administered by the City of Long Beach. The plan covers all eligible full-time employees of the City who retire from the City. City Council has the authority to establish and amend the benefit terms currently permitted by Ordinance No. C-7556.

Benefits Provided

The Plan provides health, dental and long-term care insurance for retirees and their dependents as long as (a) that employee participated in a City provided insurance program of that type (PPO or HMO) during the year immediately preceding retirement, (b) has not attained the eligibility age for Medicare payments, and (c) has attained the minimum retirement age for the employee's retirement plan. Benefits are administered through a third-party provider, and the full cost of the benefits is covered by the plan.

Total OPEB Liability

On September 30, 2024, the Department's total OPEB liability of \$3,257 (\$1,503 for Gas, \$1,460 for Water, and \$294 for Sewer) for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of September 30, 2023 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of September 30, 2023. The Department's proportion of the total OPEB liability was based on the Department's share of sick leave balances. At September 30, 2024, the Department's proportion was 6.5% (3.6% for Gas, 2.4% for Water, and 0.5% for Sewer). For the year ended September 30, 2024, the Department recognized OPEB expense of \$312 (\$144 for Gas, \$140 for Water, and \$28 for Sewer).

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2024, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Gas		Water		Sewer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Amounts paid subsequent to measurement date	\$ 183	-	178	-	35	-
Difference between expected and actual experience	21	98	20	95	5	20
Change in assumptions	1,241	614	1,205	597	244	120
	<u>\$ 1,445</u>	<u>712</u>	<u>1,403</u>	<u>692</u>	<u>284</u>	<u>140</u>

At September 30, 2024, the Department reported \$396 (\$183 for Gas, \$178 for Water, and \$35 for Sewer) of deferred outflows of resources related to OPEB from contributions made subsequent to the measurement date. These amounts will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2025. Amounts related to both the deferred outflows of resources and deferred inflows of resources will be amortized over the next 10 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) over the next 10 years as follows:

	Gas		Water		Sewer	
	Year Ending September 30	Amount to be Recognized	Year Ending September 30	Amount to be Recognized	Year Ending September 30	Amount to be Recognized
2025	\$	(13)	2025	(12)	2025	(2)
2026		(11)	2026	(10)	2026	(2)
2027		(8)	2027	(7)	2027	(2)
2028		42	2028	41	2028	8
2029		114	2029	111	2029	22
2030-2034		<u>426</u>	2030-2034	<u>412</u>	2030-2034	<u>84</u>
Total	\$	<u>550</u>	Total	<u>535</u>	Total	<u>108</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Actuarial Assumptions

Discount rate was updated based on municipal bond rate from 4.40% as of the September 30, 2022 measurement date to 4.63% as of the September 30, 2023 measurement date. The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	September 30, 2022	
Measurement Date	September 30, 2023	
Actuarial Cost Method	Entry Age	
Actuarial Assumptions:		
Inflation	2.50%	
Discount Rate	4.63%	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll Increases	Aggregate 2.75%	
	Merit	CalPERS 2000-2019 Experience Study
Health Care Cost Trend Rates	8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076	
Mortality, Termination, Disability, Retirement	CalPERS 2000-2019 Experience Study	
Mortality Improvement	Mortality projected fully generational with Scale MP-2021	
Participation Rates:		
Miscellaneous Plan	75%, 100% select City plans	
Safety	90%, 85% select City plans	

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease (3.63%)	Discount Rate (4.63%)	1% Increase (5.63%)
Total OPEB Liability - Gas	\$ 1,051	1,503	1,787
Total OPEB Liability - Water	1,021	1,460	1,736
Total OPEB Liability - Sewer	206	294	351

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2024
(in thousands of dollars)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB Liability - Gas	\$ 1,711	1,503	1,124
Total OPEB Liability - Water	1,662	1,459	1,092
Total OPEB Liability - Sewer	336	294	221

Note 8 - Commitments and Contingencies

Litigation

The Department is subject to claims and lawsuits arising from the normal course of business. Such claims are routinely evaluated by representatives of the City Attorney’s office. Department management may make provision for probable losses if deemed appropriate on advice of legal counsel. To the extent that such provision for damages is considered necessary, appropriate amounts are reflected in the accompanying basic financial statements. Based upon information obtained from the City Attorney with respect to remaining cases, it is the opinion of management that any liability for unreserved claims and lawsuits will not have a material impact on the basic financial statements of the Department.

Commitments

Contract commitments and purchase orders for which materials or services were not received as of September 30, 2024, amounting to \$614, \$10,060, and \$1,217 for the Gas Fund, Water Fund, and Sewer Fund, respectively.

Note 9 – Subsequent Events

On February 7, 2025, a break on a 24” potable water transmission main located in Bixby Hill neighborhood led to flooding and causing several property damages around the area. This prompted emergency City personnel to conduct swift water rescue. At the same time, the Department’s emergency crew performed immediate water system control and repairs. In addition, the Department conducted specialized monitoring of water quality in the affected areas to ensure the water is safe to drink. The Department’s Water Fund is estimating a future potential loss due to damages up to \$7,500.

STATISTICAL SECTION
(Unaudited)

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Financial Trends

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

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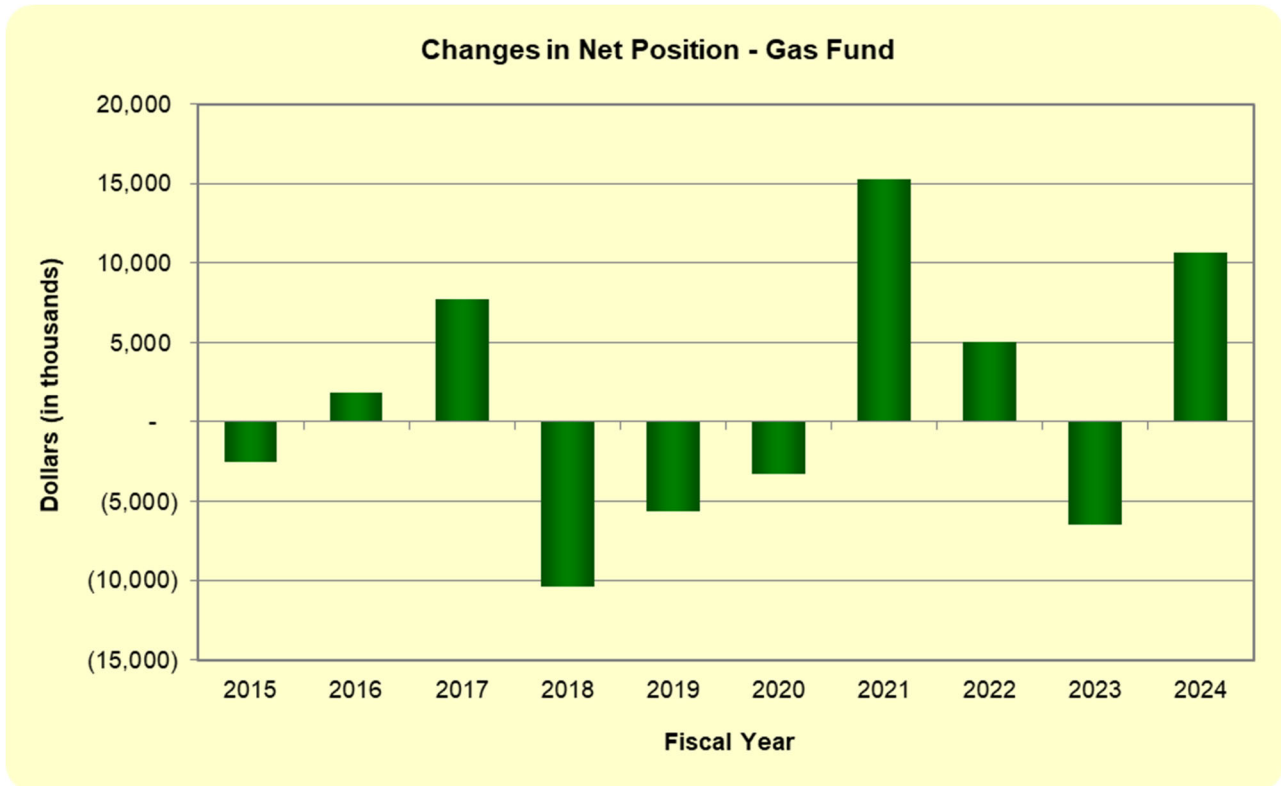
LONG BEACH UTILITIES DEPARTMENT
CHANGES IN NET POSITION - GAS FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<u>Fiscal Year Ended</u>	<u>Total Operating Revenue</u>	<u>Total Operating Expense</u>	<u>Total Noncapital Subsidies</u> ⁽⁵⁾	<u>Operating Income (Loss) and Noncapital Subsidies</u>	<u>Total Other nonoperating Revenue (Expense)</u>	<u>Capital grants and contributions Transfers In(Out)</u>	<u>Changes in Net Position</u>
9/30/2015 ⁽¹⁾	77,098	36,496	-	40,602	(31,118)	(12,000)	(2,516)
9/30/2016 ⁽¹⁾	79,526	34,437	-	45,089	(31,788)	(11,475)	1,826
9/30/2017 ⁽¹⁾	96,723	47,659	-	49,064	(30,497)	(10,860)	7,707
9/30/2018 ⁽¹⁾	91,786	51,776	-	40,010	(30,218)	(20,177)	(10,385)
9/30/2019 ⁽¹⁾	120,228	79,138	-	41,090	(27,944)	(18,776)	(5,630)
9/30/2020 ⁽¹⁾	102,486	64,034	-	38,452	(27,895)	(13,865)	(3,308)
9/30/2021 ⁽¹⁾	111,930	54,067	-	57,863	(28,267)	(14,343)	15,253
9/30/2022 ⁽²⁾	133,275 ⁽³⁾	93,985	-	39,290	(34,960)	658	4,988
9/30/2023	165,333 ⁽³⁾	138,373	-	26,960	(36,686)	3,231	(6,495)
9/30/2024 ⁽⁴⁾	137,361	89,858	(16,722)	30,781	(20,160) ⁽⁶⁾	-	10,621

- Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
(2) Amounts were restated.
(3) Total Operating Revenue is net of Provision for doubtful accounts expense.
(4) Amounts reflects changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103.
(5) Noncapital subsidies category shows revenue and expense components in compliance with GASB Statement No. 103.
(6) Amount included capital contribution in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



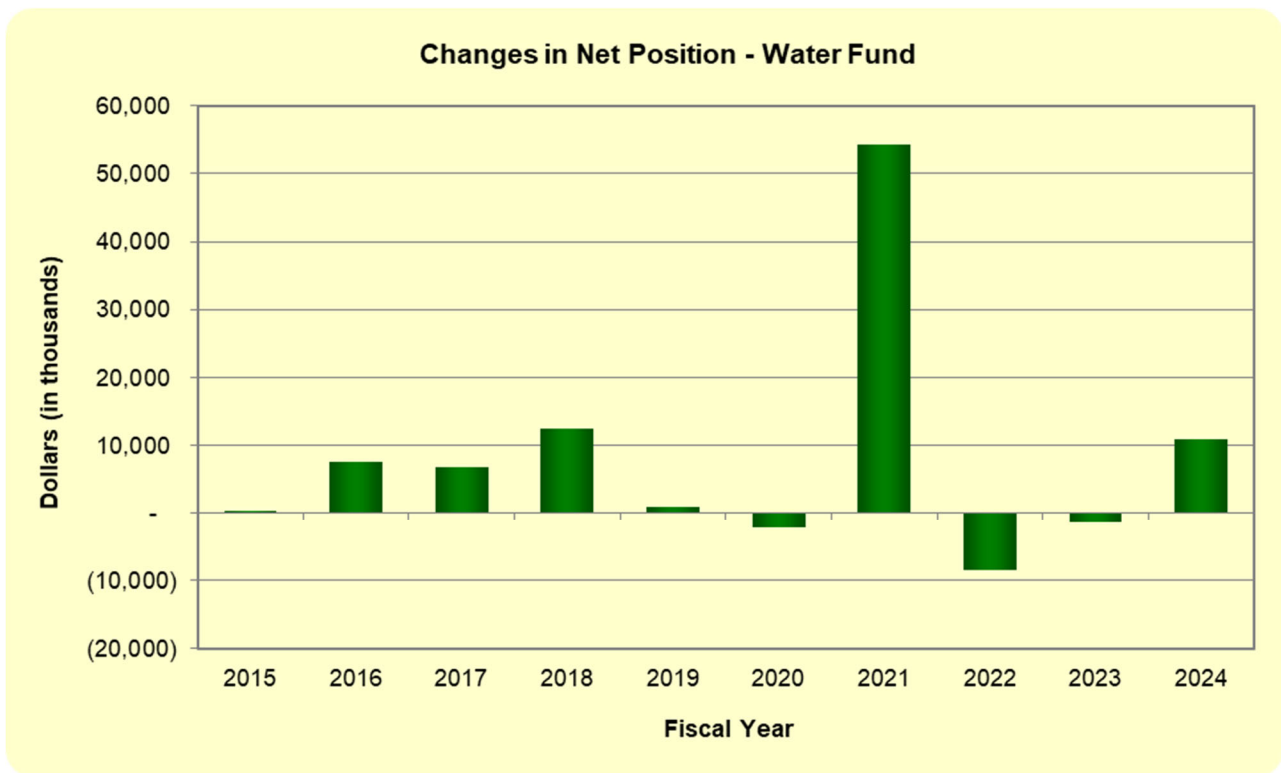
LONG BEACH UTILITIES DEPARTMENT
CHANGES IN NET POSITION - WATER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<u>Fiscal Year Ended</u>	<u>Total Operating Revenue</u>	<u>Total Operating Expense</u>	<u>Total Noncapital Subsidies</u> ⁽⁵⁾	<u>Operating Income (Loss) and Noncapital Subsidies</u>	<u>Total Other nonoperating Revenue (Expense)</u>	<u>Capital grants and contributions Transfers In/(Out)</u>	<u>Changes in Net Position</u>
9/30/2015 ⁽¹⁾	99,475	102,134	-	(2,659)	1,051	1,726	118 ⁽³⁾
9/30/2016 ⁽¹⁾	97,650	92,253	-	5,397	(672)	2,710	7,435
9/30/2017 ⁽¹⁾	97,383	91,893	-	5,490	510	734	6,734
9/30/2018 ⁽¹⁾	99,173	95,066	-	4,107	2,167	6,122	12,396
9/30/2019 ⁽¹⁾	99,289	93,480	-	5,809	(6,506)	1,627	930
9/30/2020 ⁽¹⁾	113,091	110,737	-	2,354	(8,612)	3,909	(2,349)
9/30/2021 ⁽¹⁾	118,968	90,152	-	28,816	22,915	2,665	54,396
9/30/2022 ⁽¹⁾	122,595	108,649	-	13,946	(25,429)	2,920	(8,563)
9/30/2023	110,141	111,280	-	(1,139)	(6,419)	6,068	(1,490)
9/30/2024 ⁽⁴⁾	127,595	112,816	(2,252)	12,527	(1,617) ⁽⁶⁾	-	10,910

- Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
(2) Total Operating Revenue is net of Provision for doubtful accounts expense.
(3) Changes in Net Position amount excludes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.
(4) Amounts reflects changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103
(5) Noncapital subsidies category shows revenue and expense components in compliance with GASB Statement No. 103.
(6) Amount included capital contribution in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
CHANGES IN NET POSITION - SEWER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<u>Fiscal Year Ended</u>	<u>Total Operating Revenue</u>	<u>Total Operating Expense</u>	<u>Total Noncapital Subsidies</u> ⁽⁵⁾	<u>Operating Income (Loss) and Noncapital Subsidies</u>	<u>Total Other nonoperating Revenue (Expense)</u>	<u>Capital grants and contributions Transfers In(Out)</u>	<u>Changes in Net Position</u>
9/30/2015 ⁽¹⁾	17,903	16,024	-	1,879	(257)	-	1,622
9/30/2016 ⁽¹⁾	18,355	15,835	-	2,520	(280)	-	2,240
9/30/2017 ⁽¹⁾	19,949	15,312	-	4,637	(1,087)	-	3,550
9/30/2018 ^{(1) (3)}	18,872	14,474	-	4,398	391	549	5,338
9/30/2019 ⁽¹⁾	19,130	14,903	-	4,227	909	96	5,232
9/30/2020 ⁽¹⁾	17,925	17,490	-	435	129	38	602
9/30/2021 ⁽¹⁾	18,320	13,244	-	5,076	(357)	189	4,908
9/30/2022 ⁽¹⁾	21,447	14,726	-	6,721	(1,575)	133	5,279
9/30/2023	20,295	16,195	-	4,100	(712)	138	3,526
9/30/2024	21,410	17,654	-	3,756	(484)	-	3,272

Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Total Operating Revenue is net of Provision for doubtful accounts expense.

(3) Changes in Net Position amount excludes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.

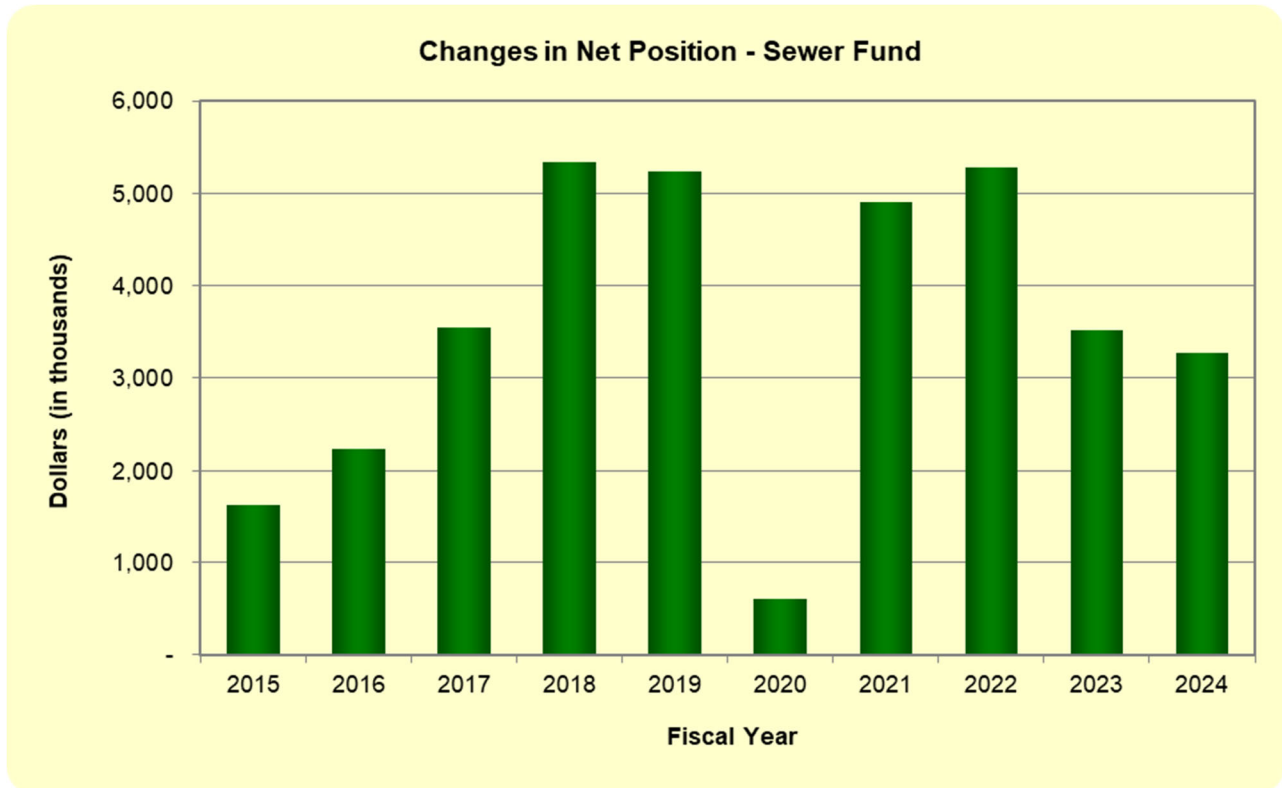
(4) Amounts reflects changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103.

(5) Noncapital subsidies category shows revenue and expense components in compliance with GASB Statement No. 103.

(6) Amount included capital contribution in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
NET POSITION BY COMPONENT - GAS FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

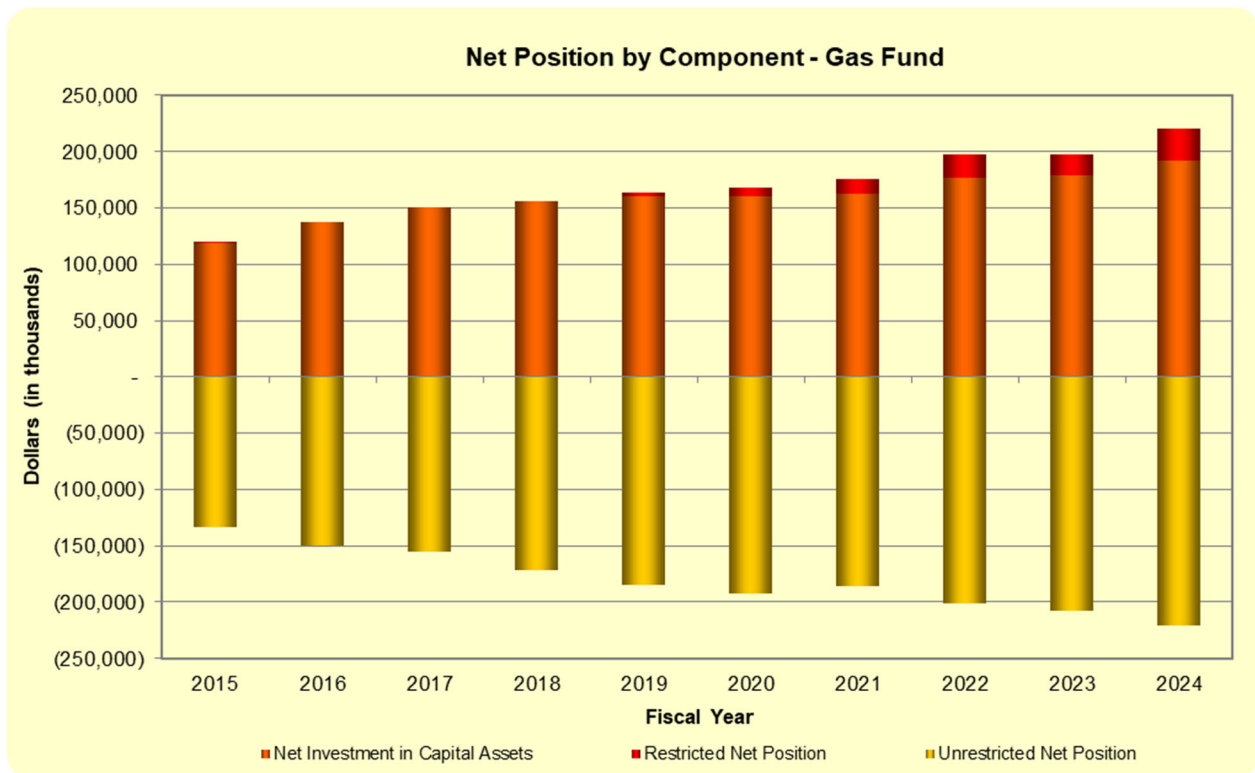
<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position (deficit)</u>	<u>Total Net Position</u>
9/30/2015 ⁽¹⁾	119,255	873	(133,648)	(13,520)
9/30/2016 ⁽¹⁾	137,107	-	(150,254)	(13,147)
9/30/2017 ⁽¹⁾	150,371	-	(155,811)	(5,440)
9/30/2018 ⁽¹⁾	155,831	-	(171,656)	(15,825)
9/30/2019 ⁽¹⁾	159,765	3,433	(184,653)	(21,455)
9/30/2020 ⁽¹⁾	160,323	7,812	(192,898)	(24,763)
9/30/2021 ⁽¹⁾	162,671	13,249	(185,430)	(9,510)
9/30/2022 ⁽²⁾	176,157	21,004	(201,683)	(4,522)
9/30/2023	179,298	17,921	(208,236)	(11,017)
9/30/2024	191,524	28,432	(220,352)	(396)

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).

(2) Amounts were restated.

Source: Department's annual reports

See accompanying independent auditors' report



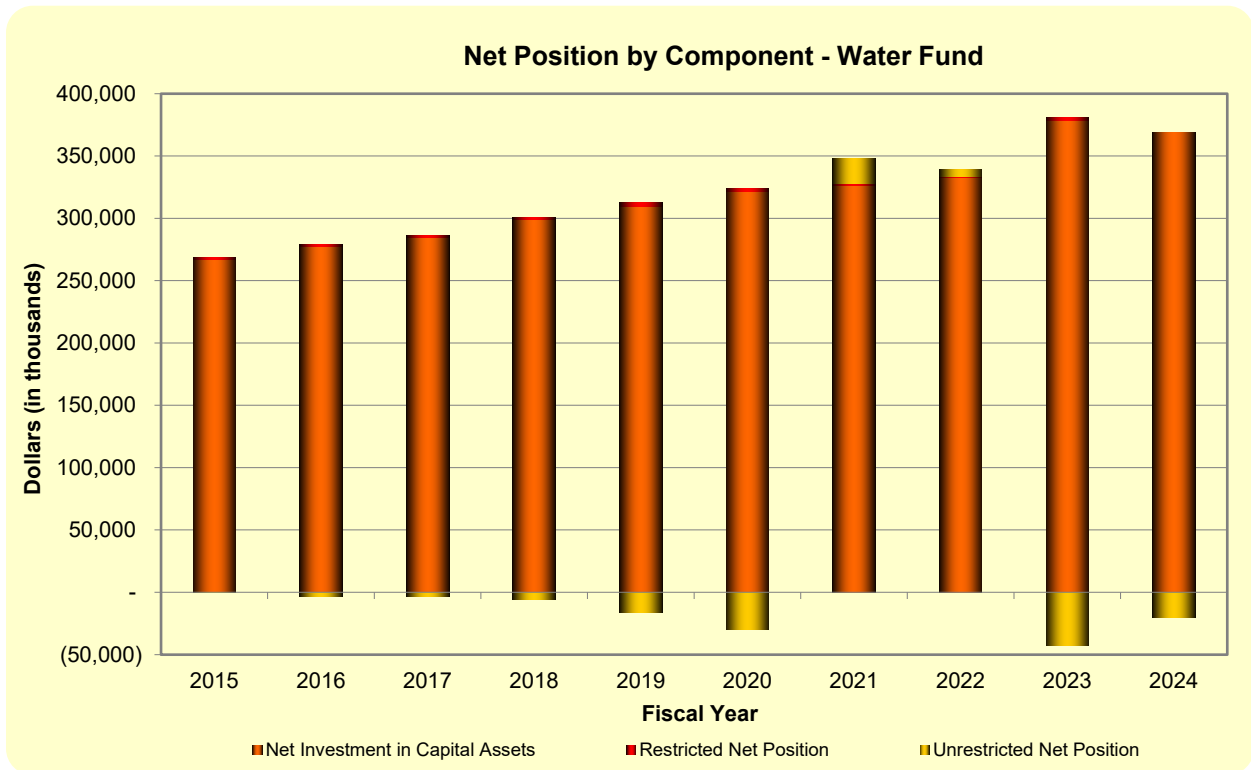
LONG BEACH UTILITIES DEPARTMENT
NET POSITION BY COMPONENT - WATER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position (deficit)</u>	<u>Total Net Position</u>
9/30/2015 ⁽³⁾ ⁽¹⁾	267,041	1,697	(143)	268,595
9/30/2016 ⁽¹⁾	277,394	1,716	(3,080)	276,030
9/30/2017 ⁽¹⁾	284,413	1,700	(3,349)	282,764
9/30/2018 ⁽¹⁾	299,325	1,706	(5,871)	295,160
9/30/2019 ⁽¹⁾	309,416	3,277	(16,603)	296,090
9/30/2020 ⁽¹⁾	321,467	2,377	(30,103)	293,741
9/30/2021 ⁽¹⁾	326,635	1,441	20,061	348,137
9/30/2022 ⁽¹⁾	332,612	1,027	5,935	339,574
9/30/2023	378,510	2,409	(42,835)	338,084
9/30/2024	369,276	-	(20,282)	348,994

Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
(2) Total Net Position amount includes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.
(3) Amounts adjusted due to implementation of GASB Statement No. 75.

Source: Department's annual reports

See accompanying independent auditors' report



**LONG BEACH UTILITIES DEPARTMENT
NET POSITION BY COMPONENT - SEWER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)**

<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
9/30/2015 ⁽³⁾ ⁽¹⁾	53,604	-	4,195	57,799 ⁽²⁾
9/30/2016 ⁽¹⁾	56,462	84	3,493	60,039
9/30/2017 ⁽¹⁾	58,927	302	4,360	63,589
9/30/2018 ⁽¹⁾	61,593	303	7,031	68,927
9/30/2019 ⁽¹⁾	67,357	294	6,508	74,159
9/30/2020 ⁽¹⁾	71,906	304	2,551	74,761
9/30/2021 ⁽¹⁾	74,875	304	4,490	79,669
9/30/2022 ⁽¹⁾	79,066	304	5,578	84,948
9/30/2023	83,290	302	4,882	88,474
9/30/2024	89,722	-	2,024	91,746

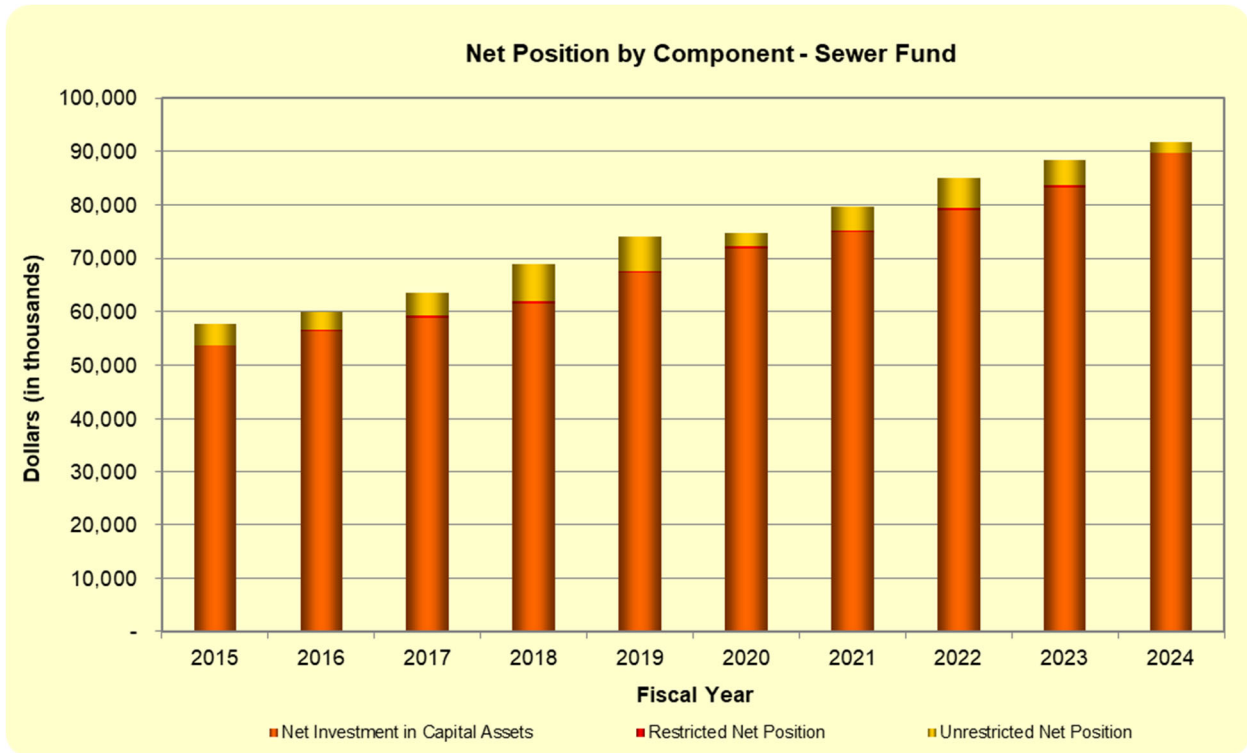
Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Total Net Position amount includes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.

(3) Amounts adjusted due to implementation of GASB Statement No. 75.

Source: Department's annual reports

See accompanying independent auditors' report



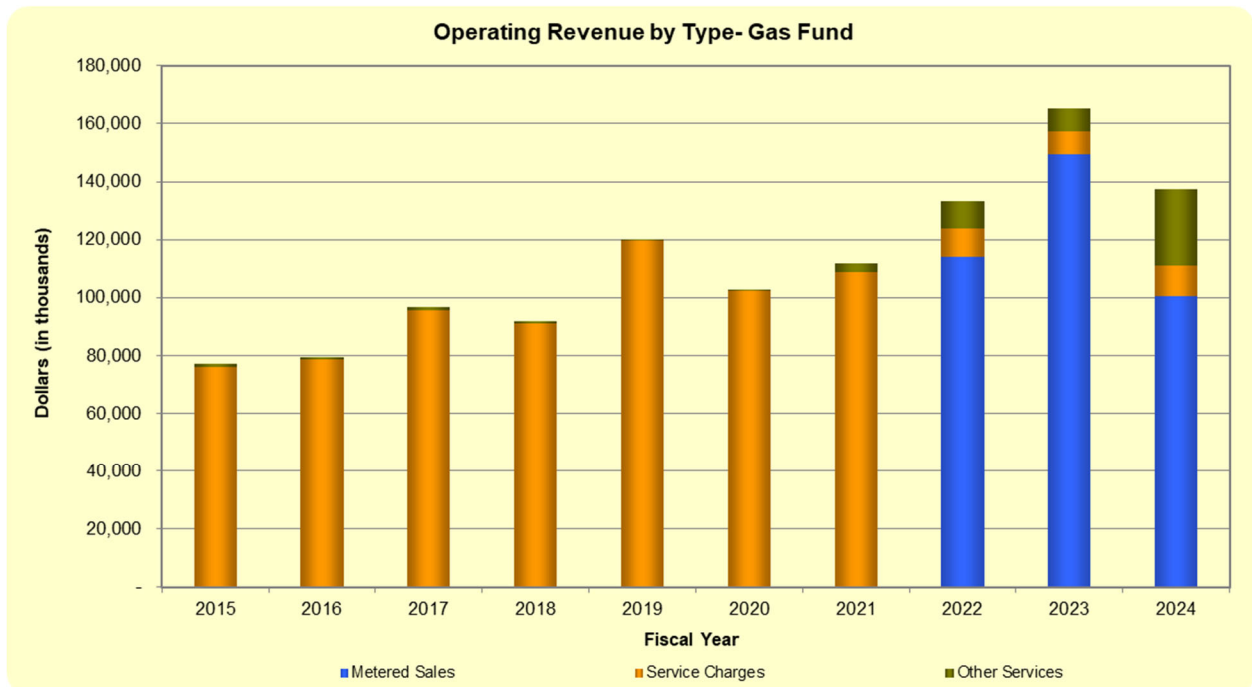
LONG BEACH UTILITIES DEPARTMENT
GAS FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING REVENUE			Total Operating Revenue
	Metered Sales	Service Charges	Other Services	
9/30/2015 ⁽¹⁾	-	76,133	965	77,098
9/30/2016 ⁽¹⁾	-	78,512	1,014	79,526
9/30/2017 ⁽¹⁾	-	95,456	1,267	96,723
9/30/2018 ⁽¹⁾	-	90,897	889	91,786
9/30/2019 ⁽¹⁾	-	119,555	673	120,228
9/30/2020 ⁽¹⁾	-	102,370	116	102,486
9/30/2021 ⁽¹⁾	-	108,871	3,059	111,930
9/30/2022 ⁽²⁾	113,986 ⁽³⁾	9,827	9,462	133,275
9/30/2023	149,317 ⁽³⁾	7,894	8,122	165,333
9/30/2024	100,458	10,423	26,480 ⁽⁴⁾	137,361

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
(2) Amounts were restated.
(3) Total Operating Revenue is net of Provision for doubtful accounts expense.
(4) Amounts reflects changes on operating revenue components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



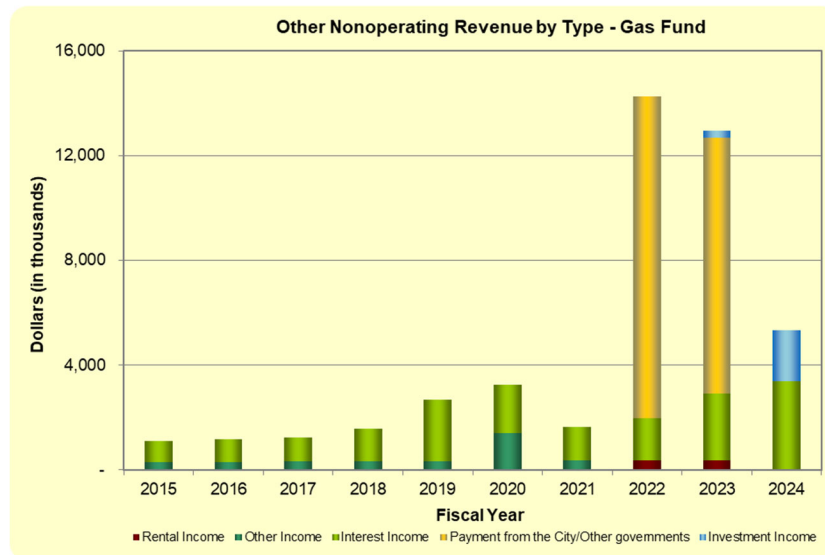
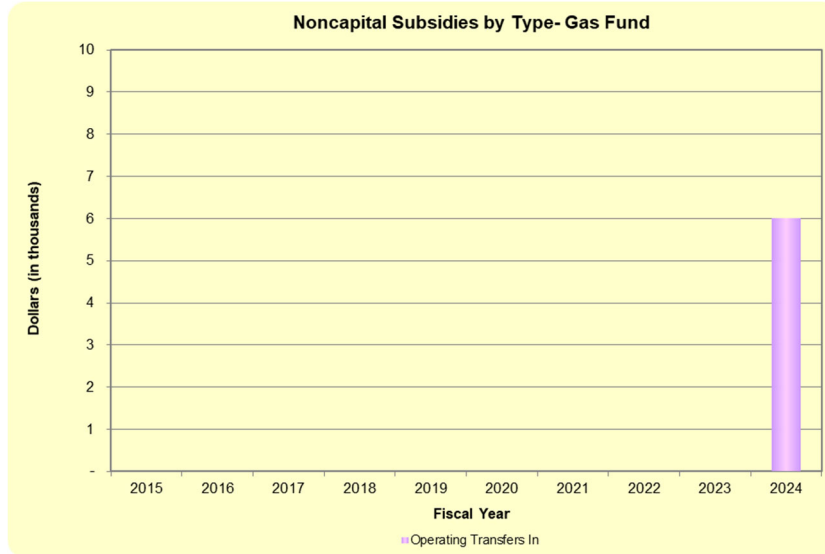
**LONG BEACH UTILITIES DEPARTMENT
GAS FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS**
(in thousands of dollars)

Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾			OTHER NONOPERATING REVENUE				
	Operating Transfers In	Total Noncapital Subsidies	Interest Income	Investment Income	Rental Income	Other Income	Payments from the city/ other governments	Total Nonoperating Revenue
9/30/2015 ⁽¹⁾	-	-	785	-	-	300	-	1,085
9/30/2016 ⁽¹⁾	-	-	865	-	-	300	-	1,165
9/30/2017 ⁽¹⁾	-	-	938	-	-	310	-	1,248
9/30/2018 ⁽¹⁾	-	-	1,230	-	-	323	-	1,553
9/30/2019 ⁽¹⁾	-	-	2,342	-	-	334	-	2,676
9/30/2020 ⁽¹⁾	-	-	1,869	-	-	1,383	-	3,252
9/30/2021 ⁽¹⁾	-	-	1,276	-	-	347	-	1,623
9/30/2022 ⁽²⁾	-	-	1,622	-	360	-	12,263	14,245
9/30/2023	-	-	2,549	250	360	-	9,777	12,936
9/30/2024 ⁽³⁾	6	6	3,380	1,952	-	-	-	5,332

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
 (2) Amounts were restated.
 (3) Amounts reflects changes on noncapital subsidies and other nonoperating revenue components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
WATER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

OPERATING REVENUE

<u>Fiscal Year Ended</u>	<u>Metered Sales ⁽²⁾</u>	<u>Service Charges</u>	<u>Other Services</u>	<u>Total Operating Revenue</u>
9/30/2015 ⁽¹⁾	61,995	22,061	15,419	99,475
9/30/2016 ⁽¹⁾	63,658	23,121	10,871	97,650
9/30/2017 ⁽¹⁾	64,721	24,599	8,063	97,383
9/30/2018 ⁽¹⁾	64,490	27,325	7,358	99,173
9/30/2019 ⁽¹⁾	62,943	29,121	7,225	99,289
9/30/2020 ⁽¹⁾	71,141	32,807	9,143	113,091
9/30/2021 ⁽¹⁾	78,764	34,900	5,304	118,968
9/30/2022 ⁽¹⁾	78,788	37,526	6,281	122,595
9/30/2023	68,632	36,951	4,558	110,141
9/30/2024	76,541	40,377	10,677 ⁽³⁾	127,595

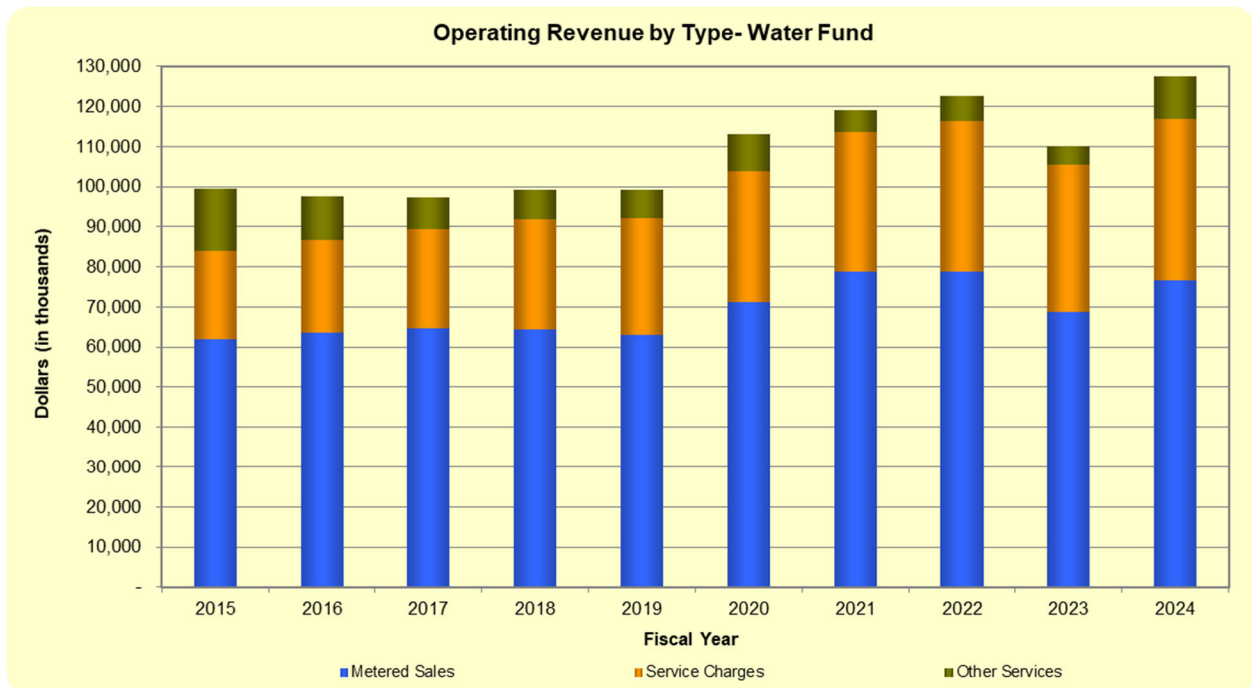
Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Metered Sales is net of Provision for doubtful accounts expense.

(3) Amounts reflects changes on operating revenue components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report

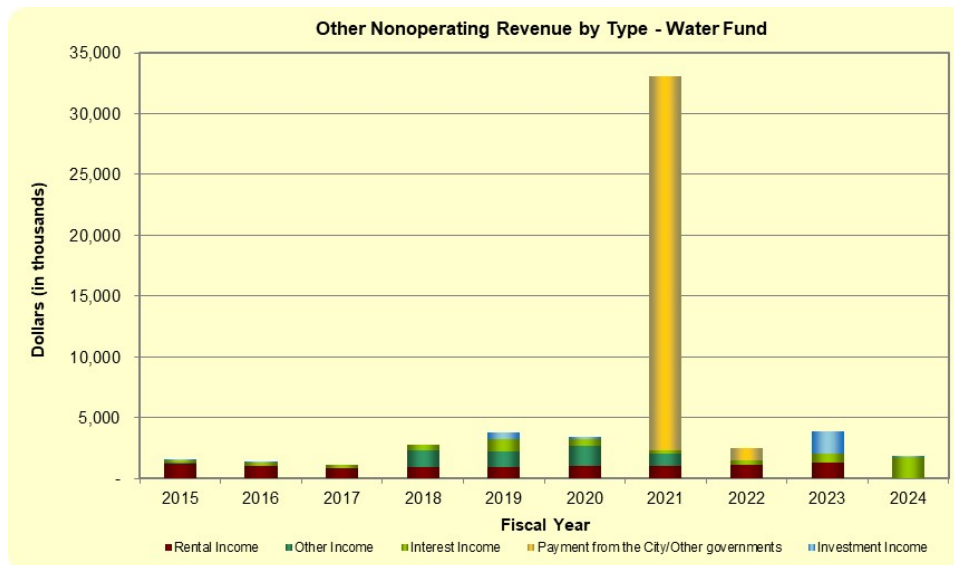


LONG BEACH UTILITIES DEPARTMENT
WATER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
 (in thousands of dollars)

Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾		OTHER NONOPERATING REVENUE						Total Non-Operating Revenue
	Operating Grants	Total Noncapital Subsidies	Interest Income	Investment Income	Rental Income	Other Income	Payments from the city/ other governments	Capital Contributions	
9/30/2015 ⁽¹⁾	-	-	140	83	1,256	62	-	-	1,541
9/30/2016 ⁽¹⁾	-	-	248	51	1,027	-	-	-	1,326
9/30/2017 ⁽¹⁾	-	-	301	-	811	-	-	-	1,112
9/30/2018 ⁽¹⁾	-	-	461	-	905	1,429	-	-	2,795
9/30/2019 ⁽¹⁾	-	-	1,022	496	942	1,283	-	-	3,743
9/30/2020 ⁽¹⁾	-	-	526	171	1,043	1,636	-	-	3,376
9/30/2021 ⁽¹⁾	-	-	271	-	1,036	968	30,832	-	33,107
9/30/2022 ⁽¹⁾	-	-	337	-	1,148	-	1,061	-	2,546
9/30/2023 ⁽¹⁾	-	-	708	1,816	1,311	-	-	-	3,835
9/30/2024 ⁽²⁾	1,183	1,183	1,722	65	-	-	-	218	2,005

Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
 (2) Amounts reflects changes on noncapital subsidies and other nonoperating revenue components in compliance with GASB Statement No. 103.

Source: Department's annual reports
 See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
SEWER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS

(in thousands of dollars)

OPERATING REVENUE

Fiscal Year Ended	Metered Sales ⁽²⁾	Service Charges	Other Services	Total Operating Revenue
9/30/2015 ⁽¹⁾	6,241	10,916	746	17,903
9/30/2016 ⁽¹⁾	6,282	11,428	645	18,355
9/30/2017 ⁽¹⁾	6,233	11,870	1,846	19,949
9/30/2018 ⁽¹⁾	6,005	11,372	1,495	18,872
9/30/2019 ⁽¹⁾	5,748	11,082	2,300	19,130
9/30/2020 ⁽¹⁾	5,524	11,147	1,254	17,925
9/30/2021 ⁽¹⁾	5,715	11,162	1,443	18,320
9/30/2022 ⁽¹⁾	6,250	12,257	2,940	21,447
9/30/2023	5,716	12,294	2,285	20,295
9/30/2024 ⁽³⁾	5,625	12,323	3,462	21,410

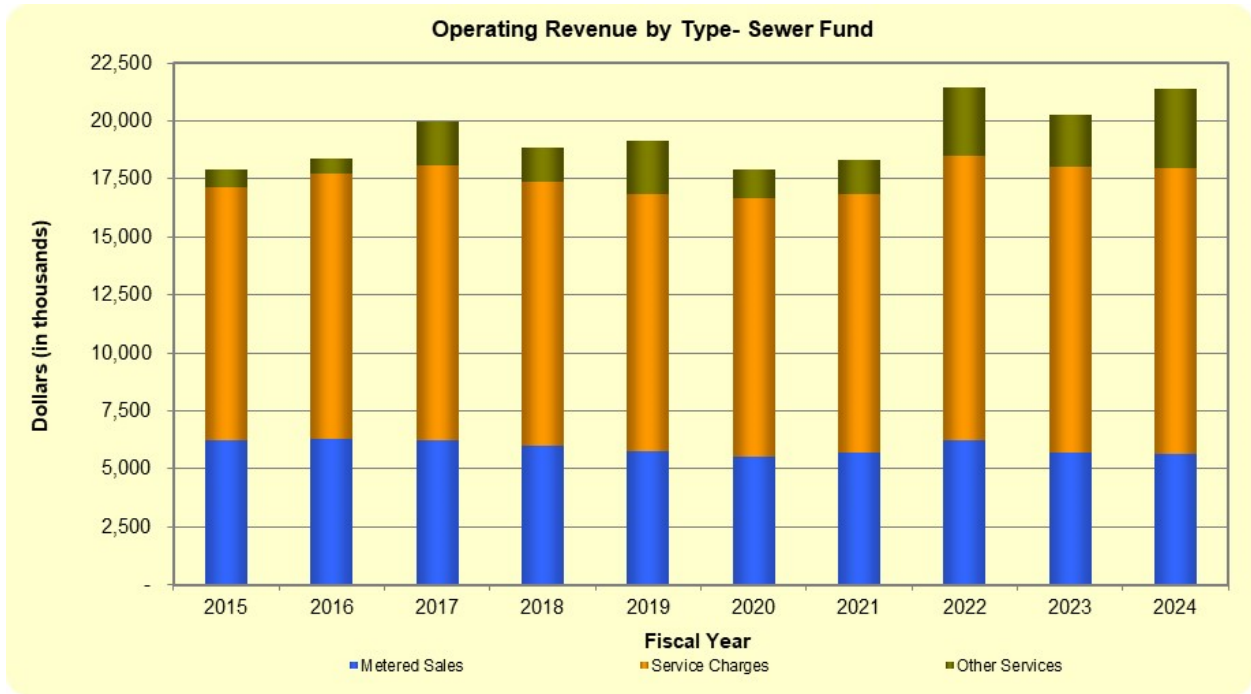
Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Metered Sales is net of Provision for doubtful accounts expense.

(3) Amounts reflects changes on operating revenue components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report

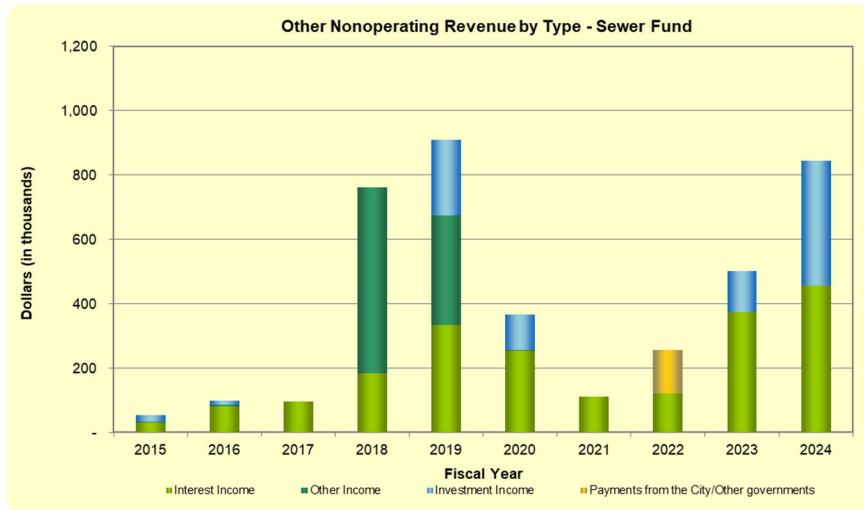
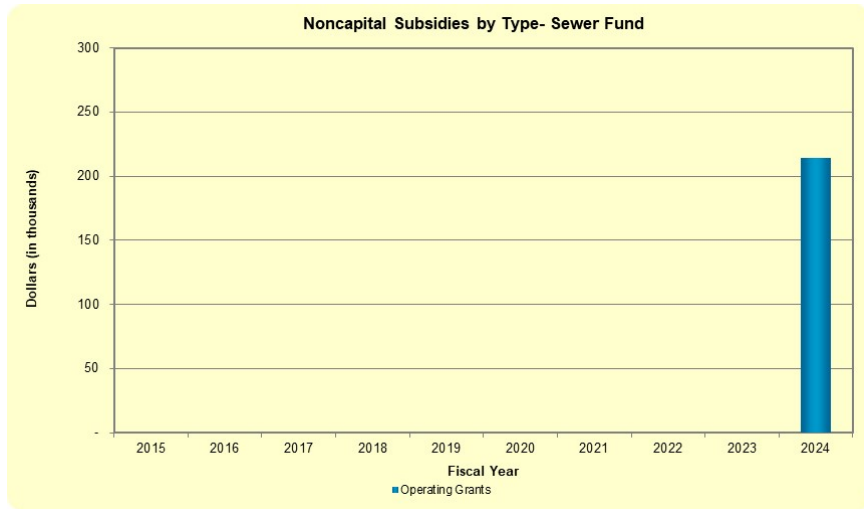


LONG BEACH UTILITIES DEPARTMENT
SEWER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
 (in thousands of dollars)

Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾		OTHER NONOPERATING REVENUE				Total Non-Operating Revenue
	Operating Grants	Total Noncapital Subsidies	Interest Income	Investment Income	Payments from the city/ other governments	Other Income	
9/30/2015 ⁽¹⁾	-	-	32	20	-	2	54
9/30/2016 ⁽¹⁾	-	-	80	14	-	5	99
9/30/2017 ⁽¹⁾	-	-	95	-	-	-	95
9/30/2018 ⁽¹⁾	-	-	184	-	-	577	761
9/30/2019 ⁽¹⁾	-	-	334	234	-	341	909
9/30/2020 ⁽¹⁾	-	-	254	109	-	2	365
9/30/2021 ⁽¹⁾	-	-	111	-	-	-	111
9/30/2022 ⁽¹⁾	-	-	121	-	134	-	255
9/30/2023	-	-	373	128	-	-	501
9/30/2024 ⁽²⁾	214	214	455	390	-	-	845

Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
 (2) Amounts reflects changes on noncapital subsidies and other nonoperating revenue components in compliance with GASB Statement No. 103.

Source: Department's annual reports
 See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
GAS FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

OPERATING EXPENSES

Fiscal Year Ended	Cost of Gas	Personal Services	Maintenance and Other Operating Expenses	Depreciation & Amortization Expense	Total Operating Expenses
9/30/2015 ⁽¹⁾	2,255	15,684	12,906	5,651	36,496
9/30/2016 ⁽¹⁾	(314)	16,324	12,125	6,302	34,437
9/30/2017 ⁽¹⁾	5,152	19,465	15,842	7,200	47,659
9/30/2018 ⁽¹⁾	10,840	19,046	14,393	7,497	51,776
9/30/2019 ⁽¹⁾	29,831	18,668	22,724	7,915	79,138
9/30/2020 ⁽¹⁾	10,858	25,414	20,166	7,596	64,034
9/30/2021 ⁽¹⁾	14,693	12,924	18,726	7,724	54,067
9/30/2022 ⁽²⁾	49,514	19,003	17,773	7,695	93,985
9/30/2023	83,823	27,860	18,842	7,848	138,373
9/30/2024 ⁽³⁾	29,024	30,049	22,705	8,080	89,858

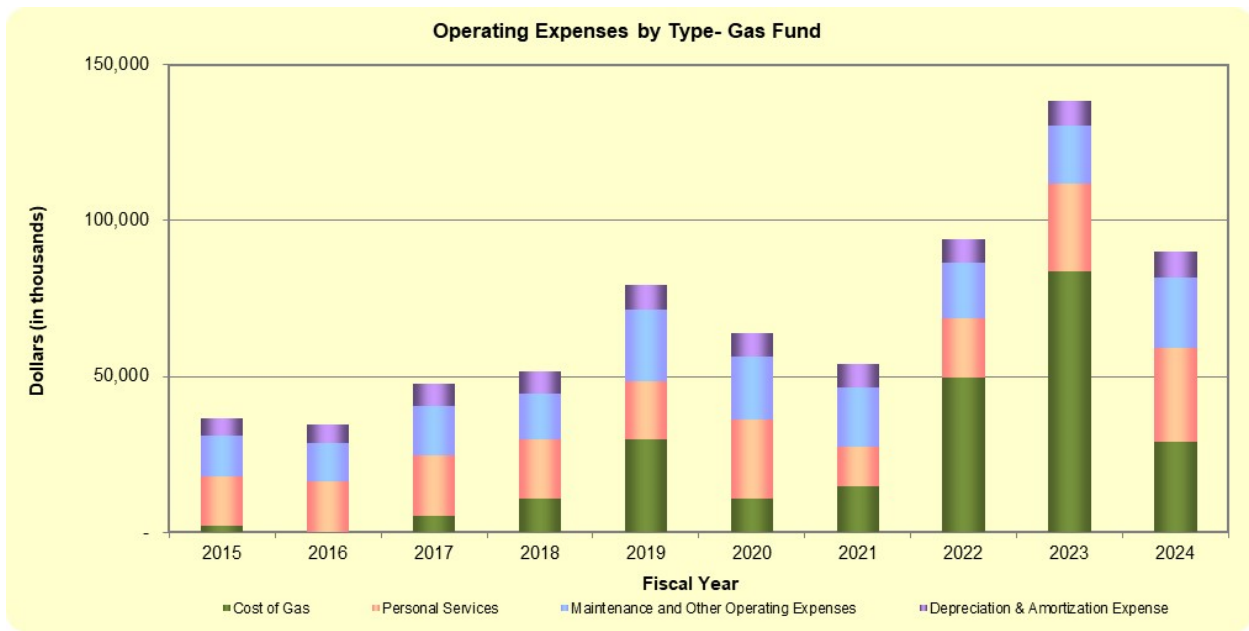
Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).

(2) Amounts were restated.

(3) Amounts reflects changes on operating expenses components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report

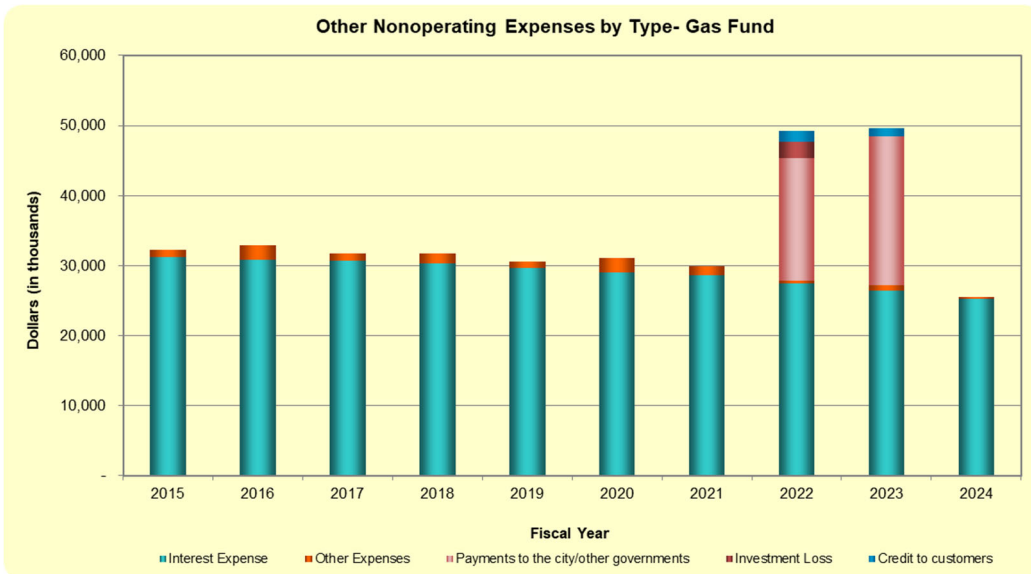
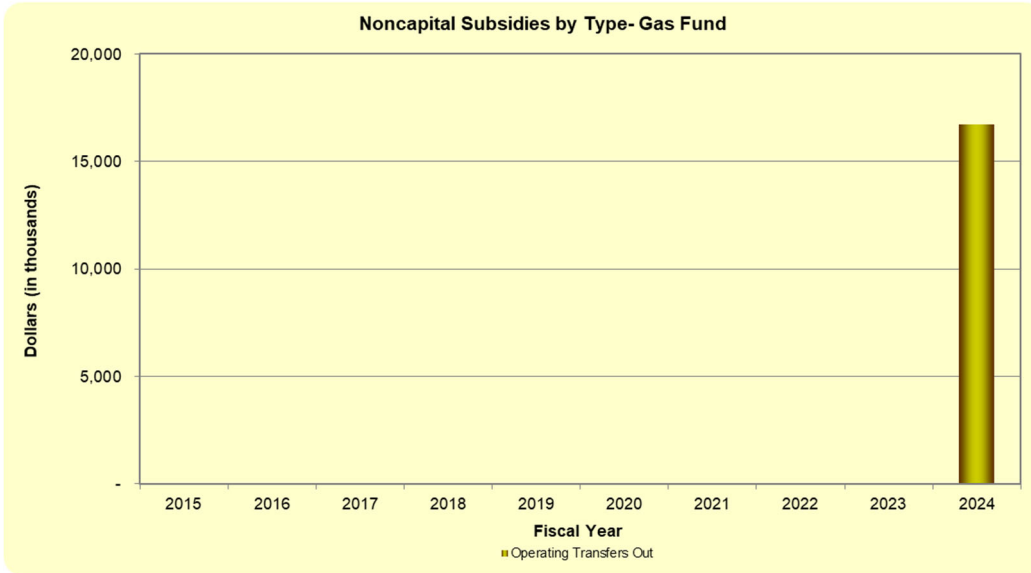


**LONG BEACH UTILITIES DEPARTMENT
GAS FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS**
(in thousands of dollars)

Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽³⁾			OTHER NONOPERATING EXPENSES					Total Nonoperating Expenses
	Operating Transfers Out	Total Noncapital Subsidies	Interest Expense	Investment Loss	Other Expenses	Credit to Customers	Payments to the city/ other governments		
9/30/2015 ⁽¹⁾	-	-	31,201	-	1,002	-	-	32,203	
9/30/2016 ⁽¹⁾	-	-	30,839	-	2,114	-	-	32,953	
9/30/2017 ⁽¹⁾	-	-	30,689	-	1,056	-	-	31,745	
9/30/2018 ⁽¹⁾	-	-	30,277	-	1,494	-	-	31,771	
9/30/2019 ⁽¹⁾	-	-	29,683	-	937	-	-	30,620	
9/30/2020 ⁽¹⁾	-	-	29,033	-	2,114	-	-	31,147	
9/30/2021 ⁽¹⁾	-	-	28,689	-	1,201	-	-	29,890	
9/30/2022 ⁽²⁾	-	-	27,420	2,335	435	1,574	17,441	49,205	
9/30/2023	-	-	26,432	-	831	1,191	21,168	49,622	
9/30/2024 ⁽³⁾	16,728	16,728	25,319	-	173	-	-	25,492	

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
 (2) Amounts were restated.
 (3) Amounts reflect changes on noncapital subsidies and other nonoperating expenses components in compliance with GASB Statement No. 103.

Source: Department's annual reports
 See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
WATER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

OPERATING EXPENSES

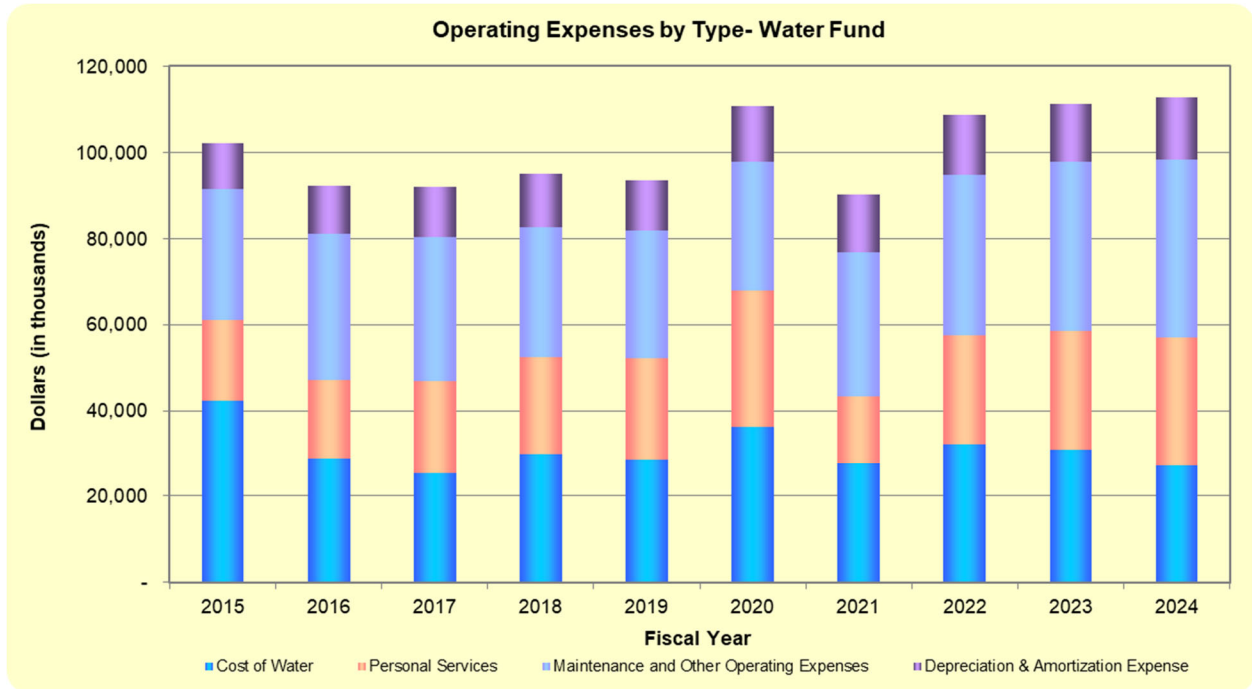
<u>Fiscal Year Ended</u>	<u>Cost of Water</u>	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Depreciation & Amortization Expense</u>	<u>Total Operating Expenses</u>
9/30/2015 ⁽¹⁾	42,178	18,923	30,294	10,739	102,134
9/30/2016 ⁽¹⁾	28,743	18,405	33,936	11,169	92,253
9/30/2017 ⁽¹⁾	25,374	21,389	33,436	11,694	91,893
9/30/2018 ⁽¹⁾	29,927	22,500	30,086	12,553	95,066
9/30/2019 ⁽¹⁾	28,659	23,532	29,569	11,720	93,480
9/30/2020 ⁽¹⁾	36,163	31,617	29,932	13,025	110,737
9/30/2021 ⁽¹⁾	27,672	15,555	33,496	13,429	90,152
9/30/2022 ⁽¹⁾	32,211	25,350	37,303	13,785	108,649
9/30/2023	30,987	27,501	39,185	13,607	111,280
9/30/2024 ⁽²⁾	27,186	29,736	41,395	14,499	112,816

Note: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Amounts reflects changes on operating expenses components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
WATER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

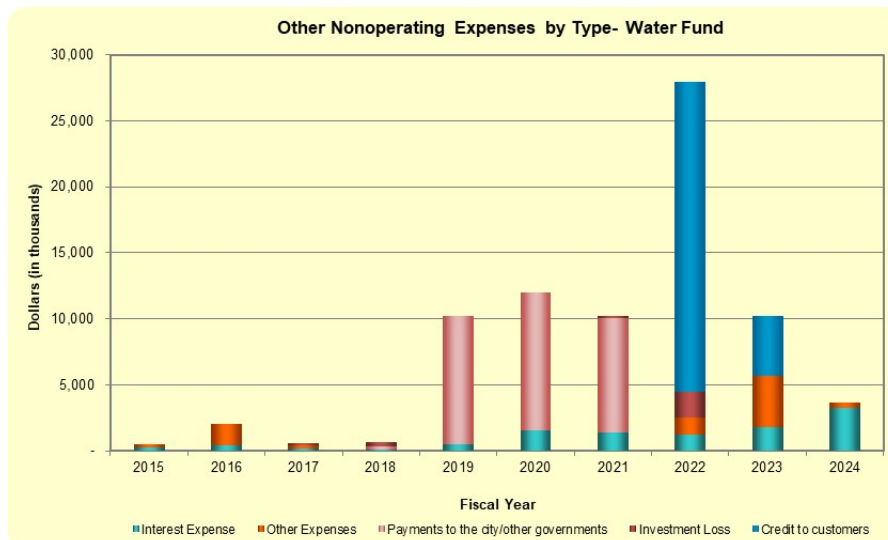
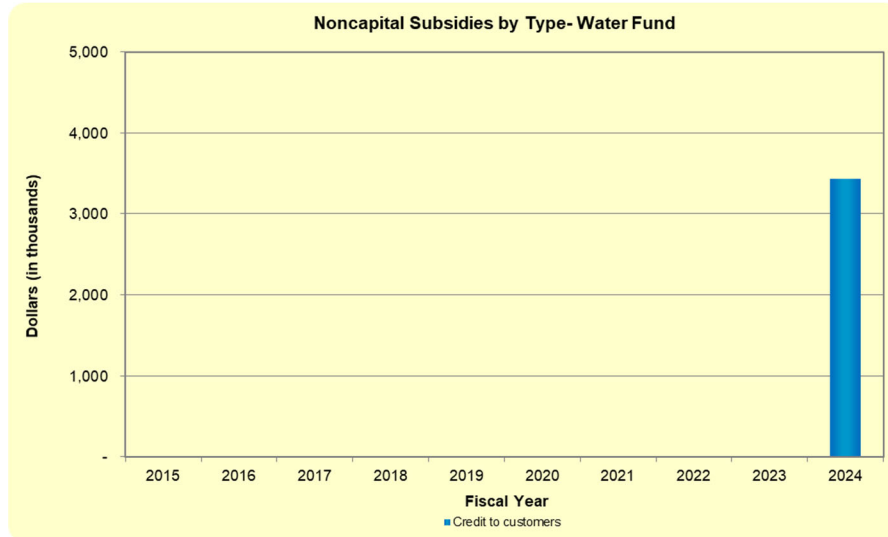
Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾			OTHER NONOPERATING EXPENSES ⁽²⁾				
	Credit to Customers	Total Noncapital Subsidies	Interest Expense	Investment Loss	Other Expenses	Credit to Customers	Payments to the city/ other governments	Total Nonoperating Expenses
9/30/2015 ⁽¹⁾	-	-	292	-	198	-	-	490
9/30/2016 ⁽¹⁾	-	-	433	-	1,565	-	-	1,998
9/30/2017 ⁽¹⁾	-	-	161	214	227	-	-	602
9/30/2018 ⁽¹⁾	-	-	123	251	-	-	254	628
9/30/2019 ⁽¹⁾	-	-	527	-	-	-	9,722	10,249
9/30/2020 ⁽¹⁾	-	-	1,538	-	-	-	10,450	11,988
9/30/2021 ⁽¹⁾	-	-	1,394	170	-	-	8,628	10,192
9/30/2022 ⁽¹⁾	-	-	1,266	1,964	1,227	23,518	-	27,975
9/30/2023	-	-	1,794	-	3,908	4,552	-	10,254
9/30/2024 ⁽²⁾	3,435	3,435	3,277	-	345	-	-	3,622

Note: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Amounts reflects changes on nocapital subsidies and other nonoperating expenses components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
SEWER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

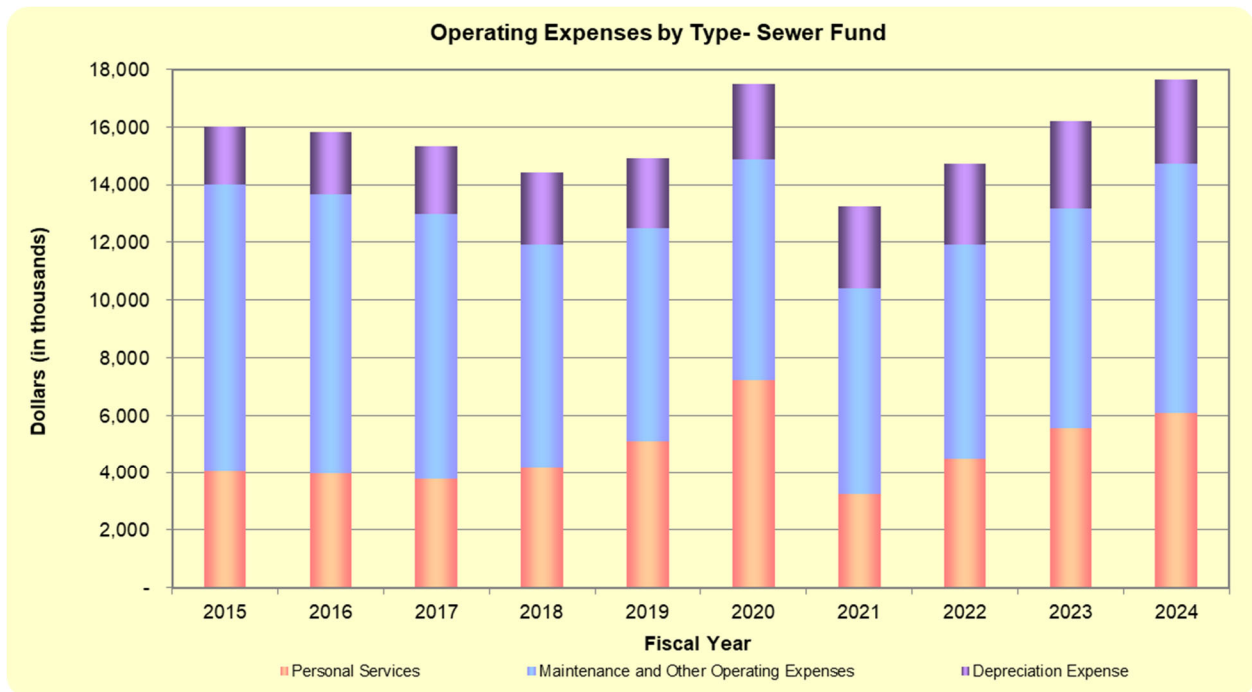
OPERATING EXPENSES				
Fiscal Year Ended	Personal Services	Maintenance and Other Operating Expenses	Depreciation Expense	Total Operating Expenses
9/30/2015 ⁽¹⁾	4,021	9,993	2,010	16,024
9/30/2016 ⁽¹⁾	3,968	9,680	2,187	15,835
9/30/2017 ⁽¹⁾	3,764	9,225	2,323	15,312
9/30/2018 ⁽¹⁾	4,206	7,732	2,490	14,428
9/30/2019 ⁽¹⁾	5,106	7,372	2,425	14,903
9/30/2020 ⁽¹⁾	7,240	7,639	2,611	17,490
9/30/2021 ⁽¹⁾	3,255	7,146	2,843	13,244
9/30/2022 ⁽¹⁾	4,506	7,433	2,787	14,726
9/30/2023	5,554	7,620	3,021	16,195
9/30/2024 ⁽²⁾	6,079	8,642	2,933	17,654

Note: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) Amounts reflects changes on operating expenses components in compliance with GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report

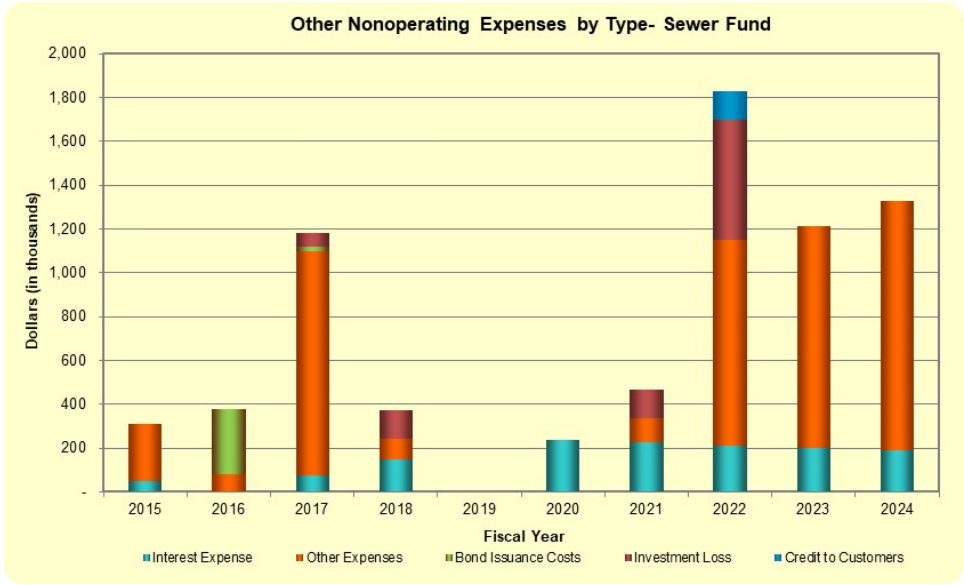
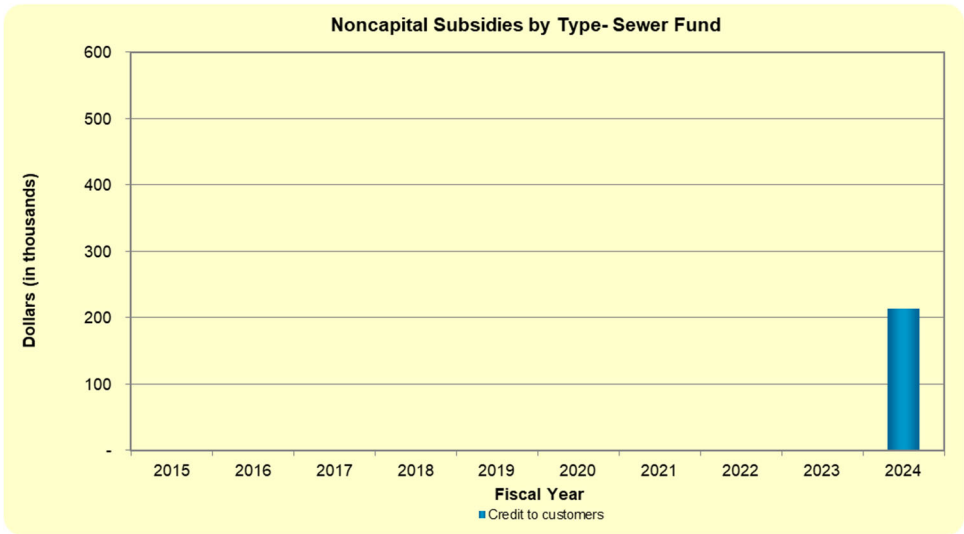


LONG BEACH UTILITIES DEPARTMENT
SEWER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
 (in thousands of dollars)

Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾				OTHER NONOPERATING EXPENSES ⁽²⁾			
	Credit to Customers	Total Noncapital Subsidies	Interest Expense	Investment Loss	Credit to Customers	Other Expenses	Bond Issuance Costs	Total Non-Operating Expenses
9/30/2015 ⁽¹⁾	-	-	51	-	-	260	-	311
9/30/2016 ⁽¹⁾	-	-	-	-	-	81	298	379
9/30/2017 ⁽¹⁾	-	-	77	63	-	1,021	21	1,182
9/30/2018 ⁽¹⁾	-	-	146	126	-	98	-	370
9/30/2019 ⁽¹⁾	-	-	-	-	-	-	-	-
9/30/2020 ⁽¹⁾	-	-	236	-	-	-	-	236
9/30/2021 ⁽¹⁾	-	-	224	130	-	114	-	468
9/30/2022 ⁽¹⁾	-	-	212	549	134	935	-	1,830
9/30/2023	-	-	199	-	-	1,014	-	1,213
9/30/2024 ⁽²⁾	214	214	187	-	-	1,142	-	1,329

Note: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
 (2) Amounts reflects changes on nocalpital subsidies and other nonoperating expenses components in compliance with GASB Statement No. 103.

Source: Department's annual reports
 See accompanying independent auditors' report



Revenue Capacity

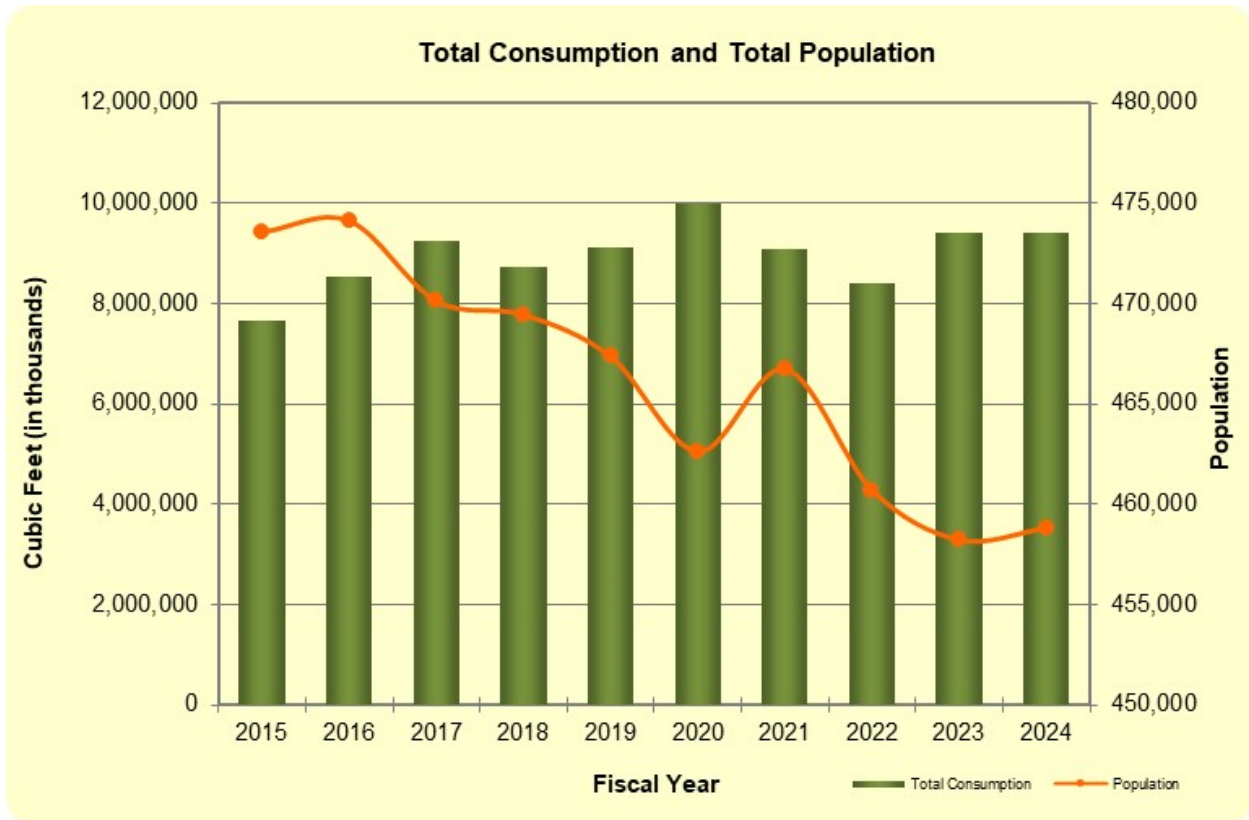
These schedules contain information to help the reader assess the Department's significant revenue sources.

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LONG BEACH UTILITIES DEPARTMENT
GAS PURCHASED & CONSUMPTION - LAST TEN FISCAL YEARS
 (in thousands of cubic feet, except population)

Fiscal Year Ended	PURCHASED	CONSUMPTION				Average Daily Demand	Average Daily Sales Per Capita	Population
		Residential	Commercial Industrial	Other	Total			
9/30/2015	8,009,262	4,102,449	3,184,284	362,388	7,649,121	20,956	44	473,577
9/30/2016	8,935,070	4,468,449	3,435,511	623,728	8,527,688	23,364	49	474,140
9/30/2017	9,265,182	4,531,653	3,901,771	805,437	9,238,861	25,312	54	470,130
9/30/2018	9,380,720	4,250,355	3,750,092	723,059	8,723,506	23,900	51	469,450
9/30/2019	9,794,031	4,640,815	3,866,093	609,328	9,116,236	24,976	53	467,354
9/30/2020	9,694,155	4,717,311	4,413,564	872,513	10,003,388	27,407	59	462,628
9/30/2021	9,649,032	4,582,773	3,427,522	1,061,995	9,072,290	24,856	53	466,742
9/30/2022	8,940,467	4,332,081	3,500,220	553,799	8,386,100	22,976	50	460,682
9/30/2023	9,705,952	4,691,629	3,944,168	766,253	9,402,050	25,759	56	458,222
9/30/2024	9,522,531	4,177,053	3,704,078	1,508,261	9,389,392	25,724	56	458,813

Source: Department's annual reports
 See accompanying independent auditors' report



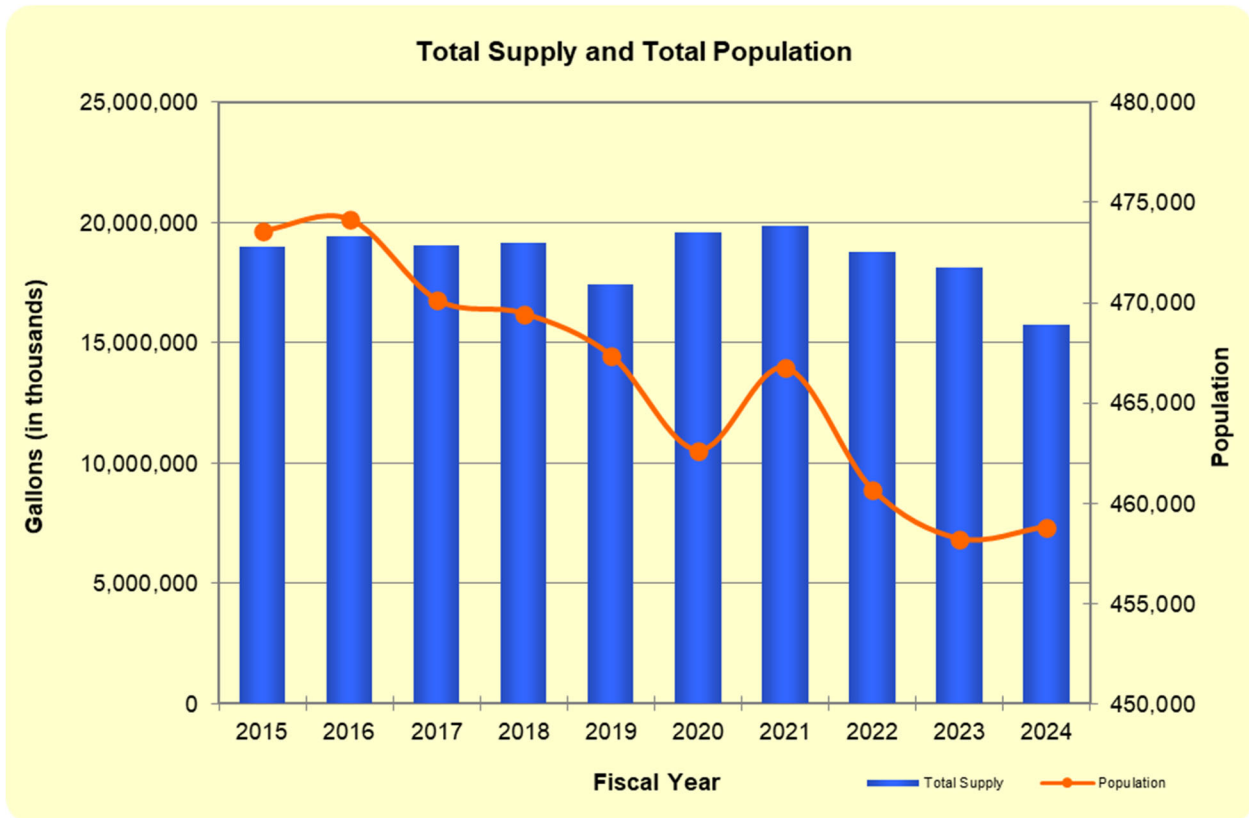
LONG BEACH UTILITIES DEPARTMENT
SOURCE OF WATER (PUMPED, PURCHASED, AND RECLAIMED) AND CONSUMPTION - LAST TEN FISCAL YEARS
 (in thousands of gallons, except population)

Fiscal Year Ended	SOURCE OF SUPPLY				CONSUMPTION			
	Potable Water		Reclaimed Water	Total Supply	Average Daily Demand Potable Water ⁽¹⁾	Peak Day Distribution	Average Daily Sales Per Capita	Population
	Pumped	Purchased						
9/30/2015	7,169,276	10,146,544	1,684,650	19,000,470	47,441	68,600	110	473,577
9/30/2016	10,455,223	6,487,074	2,470,635	19,412,932	46,417	63,300	112	474,140
9/30/2017	10,283,141	6,459,051	2,303,734	19,045,926	45,869	60,300	111	470,130
9/30/2018	9,479,592	7,901,528	1,790,910	19,172,030	47,620	64,200	112	469,450
9/30/2019	9,105,157	7,129,392	1,204,117	17,438,666	44,478	63,900	102	467,354
9/30/2020	7,424,678	10,339,252	1,805,475	19,569,405	48,668	58,900	116	462,628
9/30/2021	9,667,706	6,986,636	3,176,852	19,831,194	45,628	64,500	116	466,742
9/30/2022	7,511,582	8,097,006	3,173,886	18,782,474	42,763	55,900	112	460,682
9/30/2023	7,798,494	7,539,149	2,773,155	18,110,798	42,021	55,200	108	458,222
9/30/2024	7,446,640	5,474,036	2,848,883	15,769,558	35,399	53,300	94	458,813

Note: (1) Does not include reclaimed water which is used for irrigation only.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
GAS RATES: VOLUMETRIC RATE CHARGES
LAST TEN FISCAL YEARS

Effective Date	Residential				Small non-residential			Large non-residential			
	Summer (0-15)	Summer (Over 15)	Winter (0-15)	Winter (Over 15)	TIER I ⁽¹⁾	TIER II ⁽²⁾	TIER III ⁽³⁾	TIER I ⁽⁴⁾	TIER II ⁽⁵⁾	TIER III ⁽⁶⁾	TIER IV ⁽⁷⁾
10/1/2014	0.462	0.722	0.462	0.722	0.517	0.268	0.102	0.202	0.143	0.105	0.078
10/1/2015	0.537	0.797	0.537	0.797	0.583	0.334	0.167	0.199	0.142	0.105	0.079
10/1/2016	0.598	0.858	0.598	0.858	0.640	0.380	0.205	0.205	0.145	0.107	0.079
10/1/2017	0.598	0.858	0.598	0.858	0.640	0.380	0.205	0.205	0.145	0.107	0.079
10/1/2018	0.598	0.858	0.598	0.858	0.640	0.380	0.205	0.205	0.145	0.107	0.079
10/1/2019	0.598	0.858	0.598	0.858	0.640	0.380	0.205	0.205	0.145	0.107	0.079
10/1/2020	0.747	1.072	0.747	1.072	0.783	0.427	0.188	0.256	0.181	0.133	0.099
10/1/2021	0.747	1.072	0.747	1.072	0.783	0.427	0.188	0.256	0.181	0.133	0.099
10/1/2022	0.747	1.072	0.747	1.072	0.783	0.427	0.188	0.256	0.181	0.133	0.099
10/1/2023	0.747	1.072	0.747	1.072	0.783	0.427	0.188	0.256	0.181	0.133	0.099

Note: (1) All usage not to exceed 100 therms per summer month or 250 therms per winter month (prorated on a daily basis).

(2) All usage exceeding Tier I volumes, but not exceeding 4,167 therms monthly (prorated on a daily basis).

(3) All usage exceeding 4,167 therms monthly (on a daily basis)

(4) Zero - 20,833 therms

(5) 20,834 - 83,333 therms

(6) 83,334 - 166,667 therms

(7) Over 166,667 therms

Source: Department's records

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
GAS RATES: DAILY SERVICE CHARGE BY CUSTOMER TYPE
LAST TEN FISCAL YEARS

Effective Date	Residential	Commercial	Industrial	Compressed Natural Gas	Electric Generation	Transportation and Exchange ⁽¹⁾
10/1/2014	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2015	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2016	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2017	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2018	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2019	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2020	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2021	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2022	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2023	0.164	0.493	11.507	0.427	1.644	11.507

Note: (1) Large Industrial Transport

Source: Department's records

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
WATER RATES: VOLUMETRIC RATE CHARGES
LAST TEN FISCAL YEARS

Effective Date	Potable Water ⁽¹⁾			Reclaimed Water		
	TIER I ⁽²⁾	TIER II ⁽³⁾	TIER III ⁽⁴⁾	Peaking Rate Per Cubic Foot ⁽⁵⁾	Non-Peaking Rate Per Cubic Foot ⁽⁶⁾	Interruptible Rate Per Cubic Foot ⁽⁷⁾
10/1/2014	2.374	2.638	3.957	1.847	1.319	1.319
10/1/2015	2.470	2.744	4.116	1.921	1.372	1.372
10/1/2016	2.569	2.854	4.281	1.998	1.427	1.427
7/1/2017 ⁽⁸⁾	1.921	3.678	5.366	1.859	1.578	1.578
10/1/2017	1.998	3.825	5.581	1.933	1.641	1.641
1/1/2018	1.914	3.664	5.347	1.852	1.572	1.572
10/1/2018	2.052	3.928	5.732	1.985	1.685	1.685
10/1/2019	2.298	4.399	6.420	2.223	1.887	1.887
10/1/2020	2.436	4.663	6.805	2.356	2.000	2.000
10/1/2021	2.631	5.036	7.349	2.544	2.160	2.160
6/1/2022	2.564	4.908	7.162	2.479	2.105	2.105
10/1/2022	2.564	4.908	7.162	2.479	2.105	2.105
10/1/2023	2.795	5.350	7.807	2.702	2.294	2.294

Note: (1) Volumetric rate charges for Single family residence, not granted an exemption (one billing unit equals 100 cubic feet).

(2) From 10/1/2007 to 10/1/2016, Tier I is billed for first five (5) billing units. Starting 7/1/2017, Tier I is billed for first six (6) billing units.

(3) All non-residential customers are charged at the Tier II rate. From 10/1/2007 to 10/1/2016, Tier II is billed for next ten (10) billing units. Starting 7/1/2017, Tier II is billed for first seven (7) billing units.

(4) From 10/1/2007 to 10/1/2016, Tier III is billed for over fifteen (15) billing units. Starting 7/1/2017, Tier III is billed for over thirteen (13) billing units.

(5) Rate for total average daily demand occurring between the hours of 9:00pm and 6:00am.

(6) Rate for total average daily demand occurring at a continuous, constant level over a 24 hour period.

(7) Rate for reclaimed water service that can be suspended at anytime at the Board of Water Commissioner's discretion, without liability and dependent upon the Department's reclaimed water system needs for such service.

(8) Restructured water rates effective July 1, 2017.

Source: Department's records

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
WATER RATES: DAILY SERVICE CHARGE BY SIZE
LAST TEN FISCAL YEARS

Effective Date	3/4"	1" ⁽¹⁾	1-1/2"	2"	3"	4"	6"	8"	10"	12"	16"
10/1/2014	0.452	0.681	1.271	1.884	3.902	6.173	11.378	17.858	29.248	35.745	59.159
10/1/2015	0.470	0.708	1.322	1.959	4.058	6.420	11.833	18.572	30.418	37.175	59.159
10/1/2016	0.489	0.736	1.375	2.037	4.220	6.677	12.306	19.315	31.635	38.662	63.986
7/1/2017 ⁽²⁾	0.550	0.815	1.478	2.273	4.790	8.102	18.039	37.251	55.800	70.374	103.497
10/1/2017	0.572	0.848	1.537	2.364	4.982	8.426	18.761	38.741	58.032	73.189	107.637
1/1/2018	0.548	0.812	1.472	2.265	4.773	8.072	17.973	37.114	55.595	70.115	103.116
10/1/2018	0.587	0.870	1.578	2.428	5.117	8.653	19.267	39.786	59.598	75.163	110.540
10/1/2019	0.657	0.974	1.767	2.719	5.731	9.691	21.579	44.560	66.750	84.183	123.805
10/1/2020	0.696	1.032	1.873	2.882	6.075	10.272	22.874	47.234	70.755	89.234	131.233
10/1/2021	0.752	1.115	2.023	3.113	6.561	11.094	24.704	51.013	76.415	96.373	141.732
6/1/2022	0.733	1.087	1.972	3.034	6.394	10.812	24.077	49.717	74.474	93.926	138.133
10/1/2022	0.733	1.087	1.972	3.034	6.394	10.812	24.077	49.717	74.474	93.926	138.133
10/1/2023	0.799	1.185	2.149	3.307	6.969	11.785	26.244	54.192	81.177	102.379	150.565

Note: (1) Normal residential size.

(2) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 25

LONG BEACH UTILITIES DEPARTMENT
WATER RATES: DAILY FIRELINE SERVICE CHARGE BY SIZE
LAST TEN FISCAL YEARS

Effective Date	2"	3"	4"	6"	8"	10"	12"	16"
10/1/2014	0.943	1.613	2.383	4.060	5.952	8.052	10.148	14.880
10/1/2015	0.981	1.678	2.478	4.222	6.190	8.374	10.554	15.475
10/1/2016	1.020	1.745	2.577	4.391	6.438	8.709	10.976	16.094
7/1/2017 ⁽¹⁾	0.325	0.654	1.221	3.256	6.767	12.047	19.365	41.095
10/1/2017	0.338	0.680	1.270	3.386	7.038	12.529	20.140	42.739
1/1/2018	0.324	0.651	1.217	3.244	6.742	12.003	19.294	40.944
10/1/2018	0.347	0.698	1.305	3.478	7.227	12.867	20.683	43.892
10/1/2019	0.389	0.782	1.462	3.895	8.094	14.411	23.165	49.159
10/1/2020	0.412	0.829	1.550	4.129	8.580	15.276	24.555	52.109
10/1/2021	0.445	0.895	1.674	4.459	9.266	16.498	26.519	56.278
6/1/2022	0.434	0.872	1.631	4.346	9.031	16.079	25.846	54.849
10/1/2022	0.434	0.872	1.631	4.346	9.031	16.079	25.846	54.849
10/1/2023	0.473	0.950	1.778	4.737	9.844	17.526	28.172	59.785

Note: (1) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 26

LONG BEACH UTILITIES DEPARTMENT
SEWER RATES: VOLUMETRIC RATE CHARGES & CAPACITY CHARGES
LAST TEN FISCAL YEARS

Effective Date	Volumetric Rate Charges ⁽¹⁾	Capacity Charges ⁽²⁾
10/1/2014	0.361	97.310
10/1/2015	0.375	99.520
10/1/2016	0.390	101.110
7/1/2017 ⁽³⁾	0.390	101.110
10/1/2017	0.398	108.390
1/1/2018	0.357	108.390
10/1/2018	0.357	108.720
10/1/2019	0.357	109.050
10/1/2020	0.357	109.160
10/1/2021	0.393	121.390
6/1/2022	0.393	121.390
10/1/2022	0.393	121.390
10/1/2023	0.393	137.530

Note: (1) Volumetric rate charges one (1) billing unit equals 100 cubic feet.

(2) A one-time capacity charge per equivalent fixture unit is applied to all new developments in the City.

(3) Restructured sewer rates effective July 1, 2017

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 27

**LONG BEACH UTILITIES DEPARTMENT
SEWER RATES: DAILY SERVICE CHARGE BY SIZE
LAST TEN FISCAL YEARS**

Effective Date	3/4"⁽¹⁾	1"	1-1/2"	2"	3"	4"	6"	8"	10"	12"	16"
10/1/2014	0.260	0.412	0.750	1.088	2.251	3.565	6.568	10.317	16.878	20.632	33.760
10/1/2015	0.270	0.428	0.780	1.132	2.341	3.708	6.831	10.731	17.553	21.457	35.110
10/1/2016	0.281	0.445	0.811	1.177	2.435	3.856	7.104	11.159	18.255	22.315	36.514
7/1/2017 ⁽²⁾	0.246	0.365	0.957	1.649	3.842	5.558	15.482	16.412	25.405	32.042	47.125
10/1/2017	0.251	0.372	0.976	1.682	3.919	5.669	15.792	16.740	25.913	32.683	48.068
1/1/2018	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069
10/1/2018	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069
10/1/2019	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069
10/1/2020	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069
10/1/2021	0.248	0.366	0.961	1.658	3.862	5.587	15.565	16.499	25.540	32.212	47.376
6/1/2022	0.248	0.366	0.961	1.658	3.862	5.587	15.565	16.499	25.540	32.212	47.376
10/1/2022	0.248	0.366	0.961	1.658	3.862	5.587	15.565	16.499	25.540	32.212	47.376
10/1/2023	0.248	0.366	0.961	1.658	3.862	5.587	15.565	16.499	25.540	32.212	47.376

Note: (1) Normal residential size
(2) Restructured sewer rates effective July 1, 2017

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 28

**LONG BEACH UTILITIES DEPARTMENT
TEN LARGEST GAS USERS IN CITY OF LONG BEACH
CURRENT YEAR AND NINE YEARS AGO**

Fiscal Year 2024					Fiscal Year 2015				
Industry	Ranking	Sales in thousands	in thousands CF	CF Percent of Total	Industry	Ranking	Sales in thousands	in thousands CF	CF Percent of Total
Manufacturing	1	\$ 646	1,207,531	12.86 %	Utilities	1	\$ 930	176,706	2.31 %
Oil Production	2	407	713,452	7.60	Health Care	2	761	134,471	1.76
Utilities	3	1,350	179,425	1.91	Transportation Service	3	459	98,946	1.29
Transportation Service	4	1,034	148,106	1.58	Oil Refinery	4	344	61,747	0.81
Health Care	5	264	145,160	1.55	Manufacturing	5	333	70,767	0.93
Health Care	6	193	133,689	1.42	Manufacturing	6	278	369,851	4.84
Education	7	915	118,553	1.26	Waste Service	7	214	45,298	0.59
Oil Refinery	8	172	103,116	1.10	Recreation	8	187	29,972	0.39
Recreation	9	657	96,256	1.03	Recreation	9	183	29,365	0.38
Manufacturing	10	599	84,533	0.90	Education	10	151	101,522	1.33
Total Ten Largest Users		6,237	2,929,821	31.17	Total Ten Largest Users		3,840	1,118,645	14.63
Total All Other Users		85,862	6,459,571	68.83	Total All Other Users		58,413	6,530,475	85.37
Total City		\$ 92,099	9,389,392	100.00	Total City		\$ 62,253	7,649,120	100.00

Source: Department's utility billing records

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
TEN LARGEST POTABLE WATER USERS IN CITY OF LONG BEACH
 CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2024					Fiscal Year 2015				
Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total
Government	1	\$ 6,012	2,275	5.24 %	Government	1	\$ 2,319	3,588	5.77 %
Education	2	1,314	395	0.91	Education	2	641	655	1.05
Education	3	873	411	0.95	Utility	3	440	593	0.95
Healthcare	4	587	265	0.61	Utility	4	390	523	0.84
Healthcare	5	583	301	0.69	Education	5	346	438	0.70
Government	6	529	260	0.60	Government	6	318	415	0.67
Utility	7	496	259	0.60	Utility	7	271	273	0.44
Education	8	340	86	0.20	Healthcare	8	236	312	0.50
Manufacturing	9	280	144	0.33	Healthcare	9	222	286	0.46
Oil Production	10	280	147	0.34	Government	10	202	237	0.38
Total Ten Largest Users		11,294	4,543	10.47	Total Ten Largest Users		5,385	7,320	11.76
Total All Other Users		101,323	38,884	89.53	Total All Other Users		54,219	54,911	88.24
Total City		\$ 112,617	43,427	100.00	Total City		\$ 59,604	62,231	100.00

Source: Department's utility billing records

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
TEN LARGEST RECLAIMED WATER USERS IN CITY OF LONG BEACH
 CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2024				Fiscal Year 2015			
Industry	Ranking	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Acre Feet (AF)	AF Percent of Total
Water Resource Management	1	4,474	51.17 %	Government	1	1,363	22.80 %
Oil Production	2	1,222	13.98	Oil Production	2	1,291	21.60
Government	3	1,152	13.18	Water Resource Management	3	1,170	19.57
Golf Course	4	1,151	13.16	Golf Course	4	1,109	18.55
Education	5	159	1.82	Golf Course	5	333	5.57
Memorial Park	6	129	1.48	Education	6	140	2.34
Education	7	122	1.40	Memorial Park	7	113	1.89
Education	8	92	1.05	Memorial Park	8	103	1.72
Memorial Park	9	80	0.92	Education	9	83	1.39
Property Management	10	19	0.22	Plant Nursery	10	75	1.26
Total Ten Largest Users		8,600	98.38	Total Ten Largest Users		5,780	96.69
Total All Other Users		143	1.62	Total All Other Users		198	3.31
Total City		8,743	100.00	Total City		5,978	100.00

Source: Department's records

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
TEN LARGEST SEWER USERS IN CITY OF LONG BEACH
 CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2024					Fiscal Year 2015				
Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total
Government	1	\$ 368	527	1.61 %	Government	1	\$ 155	1,507	3.30 %
Education	2	258	276	0.84	Education	2	76	376	0.82
Education	3	106	380	1.17	Education	3	39	426	0.93
Healthcare	4	86	264	0.81	Manufacturing	4	28	268	0.59
Education	5	66	82	0.25	Healthcare	5	24	282	0.62
Hotel	6	36	64	0.20	Government	6	23	201	0.44
Healthcare	7	36	110	0.34	Government	7	13	122	0.27
Manufacturing	8	31	144	0.44	Manufacturing	8	12	155	0.34
Manufacturing	9	30	61	0.19	Manufacturing	9	11	162	0.36
Government	10	25	23	0.07	Hotel	10	10	145	0.32
Total Ten Largest Users		1,042	1,931	5.92	Total Ten Largest Users		391	3,644	7.99
Total All Other Users		16,906	30,727	94.08	Total All Other Users		7,253	41,964	92.01
Total City		<u>\$ 17,948</u>	<u>32,658</u>	<u>100.00</u>	Total City		<u>\$ 7,644</u>	<u>45,608</u>	<u>100.00</u>

Source: Department's utility billing records

See accompanying independent auditors' report

Debt Capacity Information

These schedules contain information to help the reader assess the affordability of the Department's current levels of outstanding debt and ability to issue additional debt in the future.

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LONG BEACH UTILITIES DEPARTMENT
GAS FUND DEBT SERVICE COVERAGE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	Total Operating Revenue	Total Operating Expenses	Net Operating Income	Net Other nonoperating Revenue/ (Expense) ⁽⁴⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁵⁾	Times Coverage
9/30/2015 ⁽¹⁾	77,098	30,845	46,253	83	46,336	6,840	31,725	38,565	1.20
9/30/2016 ⁽¹⁾	79,526	28,135	51,391	(949)	50,442	7,150	31,375	38,525	1.31
9/30/2017 ⁽¹⁾	96,723	40,459	56,264	192	56,456	8,120	31,024	39,144	1.44
9/30/2018 ⁽¹⁾	91,786	44,279	47,507	59	47,566	8,925	30,628	39,553	1.20
9/30/2019 ⁽¹⁾	120,228	71,223	49,005	1,739	50,744	10,290	30,135	40,425	1.26
9/30/2020 ⁽¹⁾	102,486	56,438	46,048	1,138	47,186	11,905	29,552	41,457	1.14
9/30/2021 ⁽¹⁾	111,930	46,343	65,587	422	66,009	13,990	28,873	42,863	1.54
9/30/2022 ⁽²⁾	133,275 ⁽³⁾	86,290	46,985	(788)	46,197	16,040	28,084	44,124	1.05
9/30/2023	165,333 ⁽³⁾	97,673	67,660	2,328	69,988	18,645	27,174	45,819	1.53
9/30/2024 ⁽⁶⁾	137,361	89,858	47,503 ⁽⁷⁾	5,332 ⁽⁸⁾	52,835	21,655	26,116	47,771	1.11

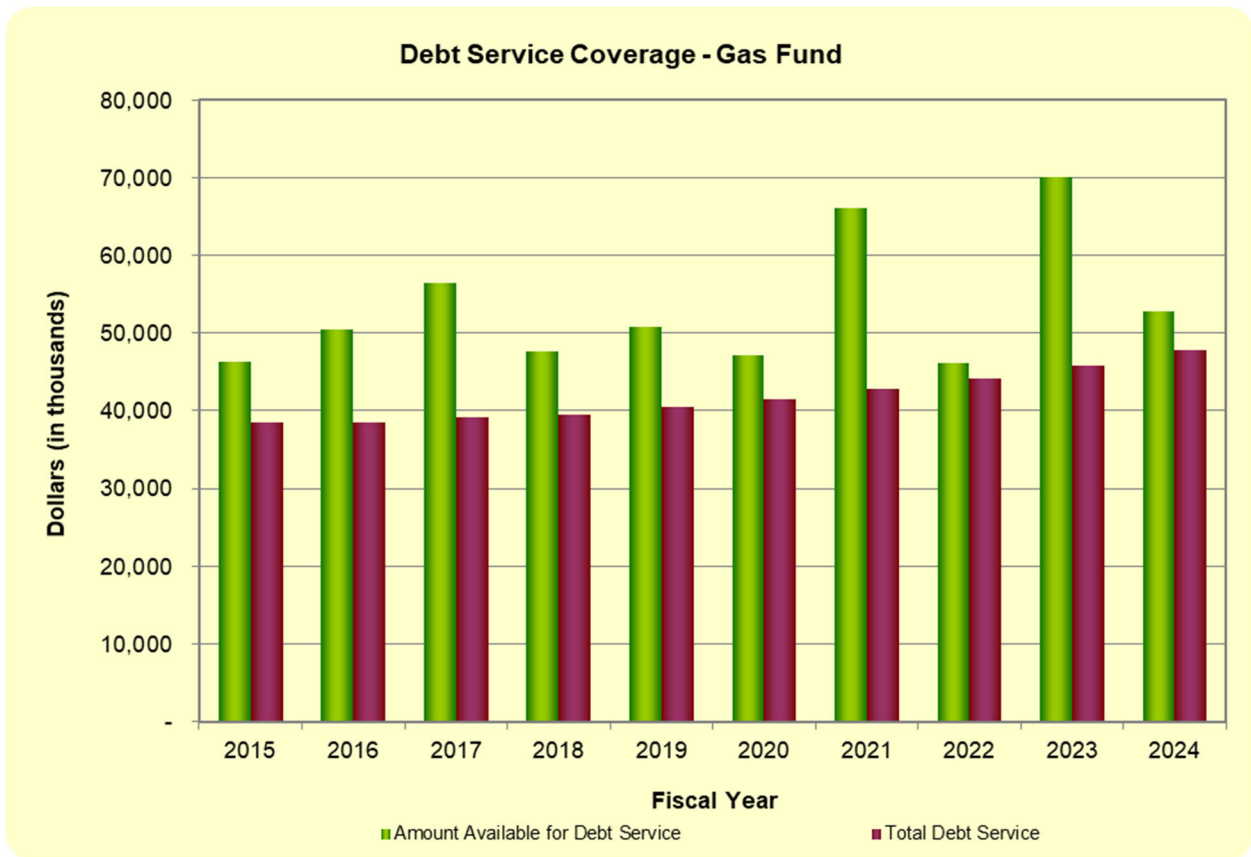
Bond Issues: 2007 Gas Prepay Bond-Series A

Average Coverage, ten years	1.28
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- Notes:(1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
(2) Amounts were restated.
(3) Total Operating Revenue is net of Provision for doubtful accounts expense.
(4) Net Non-Operating Income (Expense) is exclusive of bond interest, amortization of bond issue costs, payments from(to) the city/other governments, credit to customers, capital grants and contributions and loss on disposition of property.
(5) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.
(6) Amounts reflect changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103.
(7) Amount is exclusive of operating grants, credit to customers, and operating transfers in/out in compliance to the GASB Statement No. 103.
(8) Amount is exclusive of bond interest, amortization of bond issue costs, capital contributions and loss on disposition of property in compliance to the GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
WATER FUND DEBT SERVICE COVERAGE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	Total Operating Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Operating Income	Net Nonoperating Revenue/ (Expense) ⁽³⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁴⁾	Times Coverage
9/30/2015 ⁽⁶⁾	99,475	91,395	8,080	1,541	9,621	2,510	1,390	3,900	2.47
9/30/2016 ⁽⁶⁾	97,650	81,084	16,566	44	16,610	2,630	1,264	3,894	4.27
9/30/2017 ⁽⁶⁾	97,383	80,199	17,184	765 ⁽⁵⁾	17,949 ⁽⁵⁾	2,730	1,165	3,895	4.61
9/30/2018 ⁽⁶⁾	99,173	82,767	16,406	2,406	18,812	2,815	1,077	3,892	4.83
9/30/2019 ⁽⁶⁾	99,289	81,760	17,529	3,637 ⁽⁵⁾	21,166 ⁽⁵⁾	2,930	965	3,895	5.43 ⁽⁵⁾
9/30/2020 ⁽⁶⁾	113,091	97,712	15,379	3,394 ⁽⁵⁾	18,773 ⁽⁵⁾	3,050	848	3,898	4.82 ⁽⁵⁾
9/30/2021 ⁽⁶⁾	118,968	76,723	42,245	2,105 ⁽⁵⁾	44,350 ⁽⁵⁾	3,170	725	3,895	11.39 ⁽⁵⁾
9/30/2022 ⁽⁶⁾	122,595	94,864	27,731	(1,703)	26,028	3,300	592	3,892	6.69
9/30/2023	110,141	97,673	12,468	(22)	12,446	3,450	444	3,894	3.20
9/30/2024 ⁽⁷⁾	127,595	98,317	29,278 ⁽⁸⁾	1,621 ⁽⁹⁾	30,899	3,720	1,867	5,587	5.53

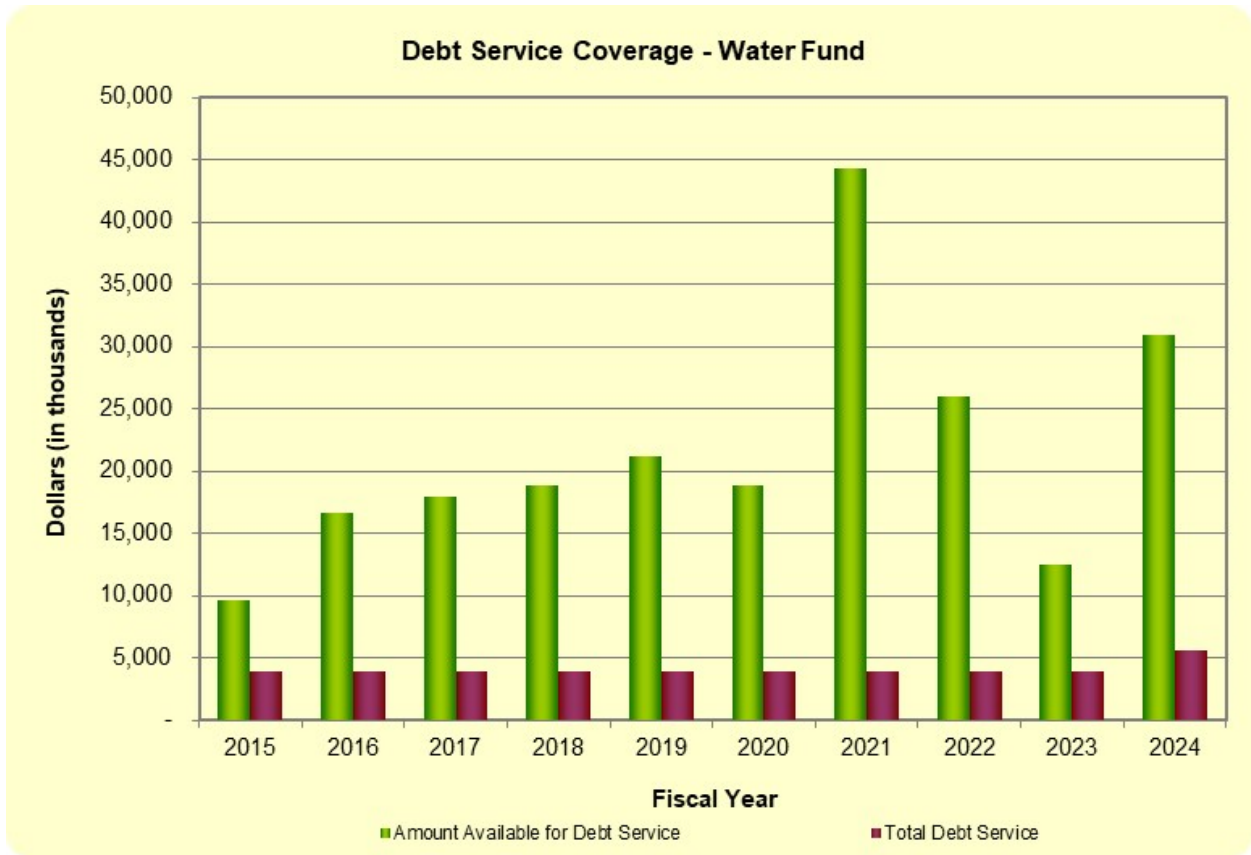
Bond Issues: Water Revenue Refunding Bonds - 1997 Series A, 2010 Series A, 2012 Series A & 2024

Average Coverage, ten years	5.32
Rate Covenant (Series: 1997A, 2010A, & 2012A)	1.10
Rate Covenant (Series: 2024)	1.25

- Notes:(1) Total Operating Revenue is net of Provision for doubtful accounts expense.
(2) Operating Expenses are exclusive of depreciation expense.
(3) Net Non-Operating Revenue (Expense) is exclusive of bond interest, amortization of bond issue costs, payments from(to) the city/other governments, credit to customers, capital grants and contributions and loss on disposition of property.
(4) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.
(5) Net Non-operating Income (Expense), Amount Available for Debt Service & Times coverage data updated.
(6) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
(7) Amounts reflects changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103.
(8) Amount is exclusive of operating grants, credit to customers, and operating transfers in/out in compliance to the GASB Statement No. 103.
(9) Amount is exclusive of bond interest, amortization of bond issue costs, capital contributions and loss on disposition of property in compliance to the GASB Statement No. 103.

Source: Department's annual reports

See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
SEWER FUND DEBT SERVICE COVERAGE - LAST TEN FISCAL YEARS
(in thousands of dollars)

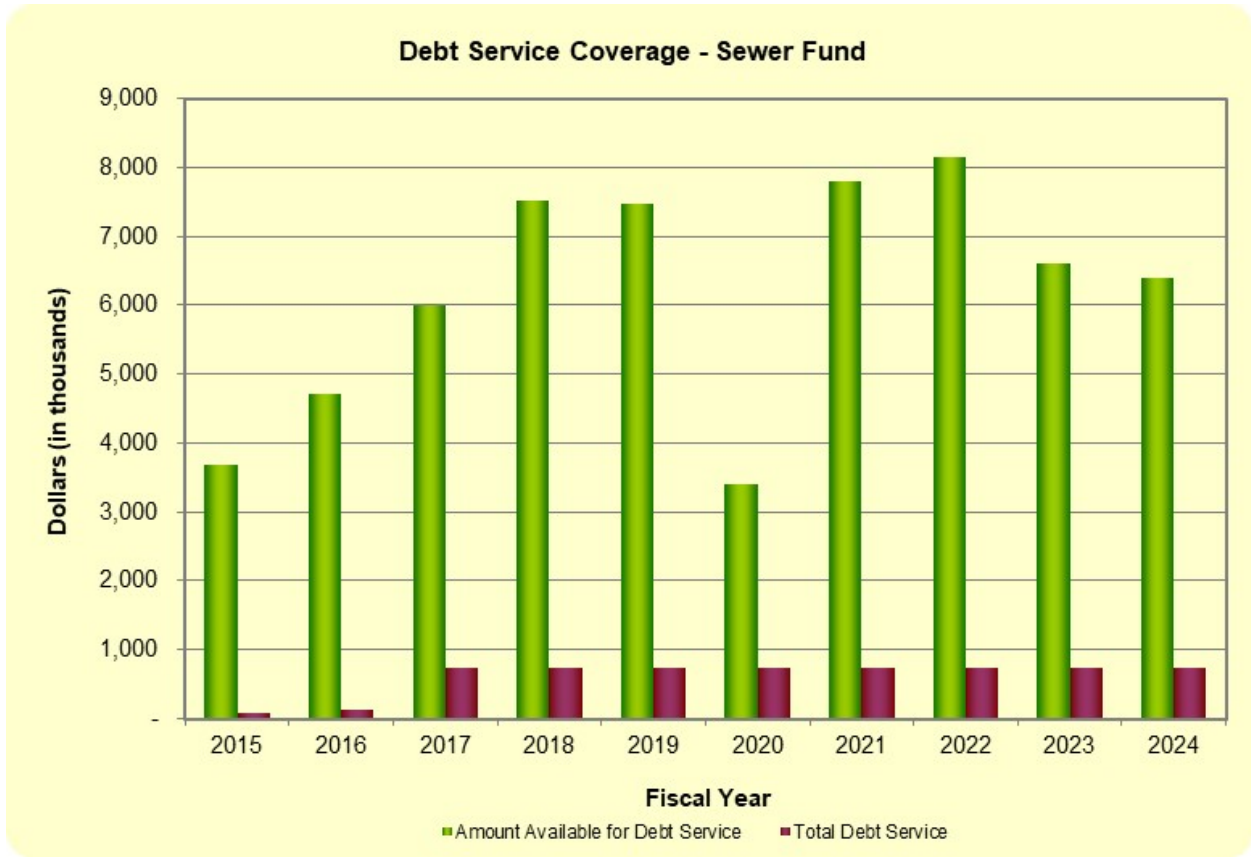
Fiscal Year Ended	Total Operating Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Operating Income	Net Nonoperating Revenue (Expense) ⁽³⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁴⁾	Times Coverage
9/30/2015 ⁽⁶⁾	17,903	14,014	3,889	(208)	3,681	-	79	79	46.59
9/30/2016 ⁽⁶⁾	18,355	13,648	4,707	13	4,720	-	125	125	37.76
9/30/2017 ⁽⁶⁾	19,949	12,989	6,960	(969)	5,991	460	269	729	8.22
9/30/2018 ⁽⁶⁾	18,872	11,984	6,888	635	7,523	330	395	725	10.38
9/30/2019 ⁽⁶⁾	19,130	12,478	6,652	812	7,464	345	382	727	10.27
9/30/2020 ⁽⁶⁾	17,925	14,879	3,046	356	3,402	360	368	728	4.67
9/30/2021 ⁽⁶⁾	18,320	10,401	7,919	(133) ⁽⁵⁾	7,786 ⁽⁵⁾	375	354	729	10.68
9/30/2022 ⁽⁶⁾	21,447	11,939	9,508	(1,363)	8,145	390	339	729	11.17
9/30/2023	20,295	13,174	7,121	(513)	6,608	405	323	728	9.08
9/30/2024 ⁽⁷⁾	21,410	14,721	6,689 ⁽⁸⁾	(304) ⁽⁹⁾	6,385	420	307	727	8.78

Average Coverage, ten years	15.76
Rate Covenant	1.25

Bond Issues: None

- Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.
(2) Operating Expenses are exclusive of depreciation expense.
(3) Net Non-Operating Revenue (Expense) is exclusive of bond interest, amortization of bond issue costs, payments from/to the city/other governments, credit to customers, capital grants and contributions and loss on disposition of property.
(4) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.
(5) Net Nonoperating Revenue (Expense), Amount Available for Debt Service & Times coverage data updated.
(6) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).
(7) Amounts reflects changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103.
(8) Amount is exclusive of operating grants, credit to customers, and operating transfers in/out in compliance to the GASB Statement No. 103.
(9) Amount is exclusive of bond interest, amortization of bond issue costs, capital contributions and loss on disposition of property in compliance to the GASB Statement No. 103.

Source: Department's annual reports
See accompanying independent auditors' report



LONG BEACH UTILITIES DEPARTMENT
GAS FUND RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	Gas Prepay Bond			Equipment Financing Obligation	Discounts, premiums, & adjustments	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
	Series A	Series B	Gas Prepay Fair Value - Interest Rate Swap					
9/30/2015 ⁽¹⁾	537,930	69,005	-	18,000	12,918	637,853	3.93%	1.347
9/30/2016 ⁽¹⁾	530,780	69,005	(16,919)	16,887	12,492	612,245	3.61%	1.291
9/30/2017 ⁽¹⁾	522,660	69,005	(11,881)	15,859	11,967	607,610	3.47%	1.292
9/30/2018 ⁽¹⁾	513,735	69,005	(7,473)	14,806	11,394	601,467	3.30%	1.281
9/30/2019 ⁽¹⁾	503,445	69,005	(11,923)	13,727	10,806	585,060	3.10%	1.252
9/30/2020 ⁽¹⁾	491,540	69,005	(13,862)	12,623	10,209	569,515	2.93%	1.231
9/30/2021 ⁽¹⁾	477,550	69,005	(10,079)	11,492	9,606	557,573	2.73%	1.195
9/30/2022 ⁽¹⁾	461,510	69,005	(2,037)	10,333	9,000	547,812	2.60%	1.189
9/30/2023	442,865	69,005	(646)	9,147	8,396	528,766	2.43%	1.154
9/30/2024	421,210	69,005	(1,630)	7,932	7,800	504,317	2.22%	1.099

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).

(2) See Exhibit 38-Demographic Statistics for Personal Income and Population Data.

Source: Department's annual reports

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
WATER FUND RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	Revenue Refunding Bonds			Water Revenue Revolving Line of Credit	Equipment Financing Obligation	Discounts, premiums, & adjustments	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
	Series 2010	Series 2012	Series 2024						
9/30/2015 ⁽¹⁾	21,860	8,410	-	-	-	2,703	32,973	0.20%	0.070
9/30/2016 ⁽¹⁾	19,795	7,845	-	-	-	2,303	29,943	0.18%	0.063
9/30/2017 ⁽¹⁾	17,645	7,265	-	-	-	1,914	26,824	0.15%	0.057
9/30/2018 ⁽¹⁾	15,435	6,660	-	-	-	1,537	23,632	0.13%	0.050
9/30/2019 ⁽¹⁾	13,135	6,030	-	-	26,326	1,190	46,681	0.25%	0.100
9/30/2020 ⁽¹⁾	10,740	5,375	-	-	24,860	873	41,848	0.21%	0.090
9/30/2021 ⁽¹⁾	8,250	4,695	-	-	21,226	594	34,765	0.17%	0.074
9/30/2022 ⁽¹⁾	5,660	3,985	-	14,000	19,587	363	43,595	0.21%	0.095
9/30/2023	2,945	3,250	-	14,000	17,890	196	38,281	0.18%	0.084
9/30/2024	-	-	91,630	-	16,137	5,648	113,415	0.50%	0.247

Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) See Exhibit 38-Demographic Statistics for Personal Income and Population Data.

Source: Department's annual reports

See accompanying independent auditors' report

LONG BEACH UTILITIES DEPARTMENT
SEWER FUND RATIOS OF OUTSTANDING DEBT - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	Revenue Refunding Bonds Series 2016A	Sewer Revolving Line of Credit	Premium	Total	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
9/30/2015 ⁽¹⁾	-	11,250	-	11,250	0.07%	0.024
9/30/2016 ⁽¹⁾	9,830	-	1,719	11,549	0.07%	0.024
9/30/2017 ⁽¹⁾	9,370	-	1,584	10,954	0.06%	0.023
9/30/2018 ⁽¹⁾	9,040	-	1,453	10,493	0.06%	0.022
9/30/2019 ⁽¹⁾	8,695	-	1,323	10,018	0.05%	0.021
9/30/2020 ⁽¹⁾	8,335	-	1,197	9,532	0.05%	0.021
9/30/2021 ⁽¹⁾	7,960	-	1,074	9,034	0.04%	0.019
9/30/2022 ⁽¹⁾	7,570	-	953	8,523	0.04%	0.019
9/30/2023	7,165	-	836	8,001	0.04%	0.017
9/30/2024	6,745	-	723	7,468	0.03%	0.016

Notes: (1) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

(2) See Exhibit 38-Demographic Statistics for Personal Income and Population Data.

Source: Department's annual reports

See accompanying independent auditors' report

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.

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**LONG BEACH UTILITIES DEPARTMENT
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended</u>	<u>Estimated Population ⁽¹⁾</u>	<u>Personal Income (in millions) ⁽²⁾</u>	<u>Per Capita Personal Income ⁽²⁾</u>	<u>Unemployment Rate ⁽³⁾</u>
9/30/2015	473,577	16,242	34,296	6.8%
9/30/2016	474,140	16,939	35,725	5.7%
9/30/2017	470,130	17,490	37,203	5.3%
9/30/2018	469,450	18,209	38,789	4.7%
9/30/2019	467,354	18,892	40,423	4.7%
9/30/2020	462,628	19,467	42,079	15.9%
9/30/2021	466,742	20,460	43,836	8.9%
9/30/2022	460,682 ⁽⁴⁾	21,038	45,667	4.6%
9/30/2023	458,222 ⁽⁴⁾	21,801	47,578	4.7%
9/30/2024	458,813 ⁽⁴⁾	22,739	49,561	6.0%

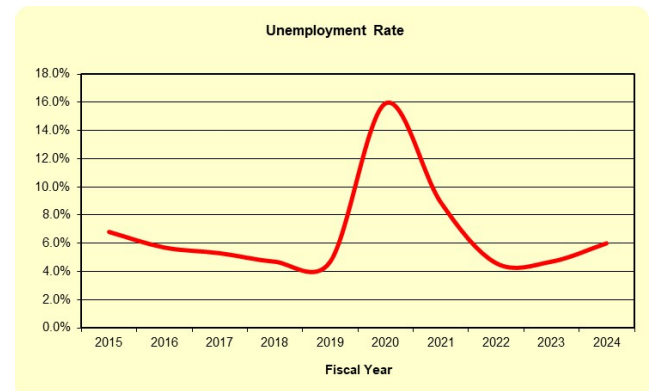
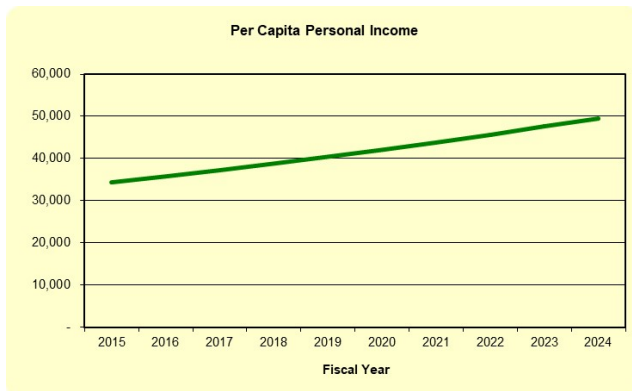
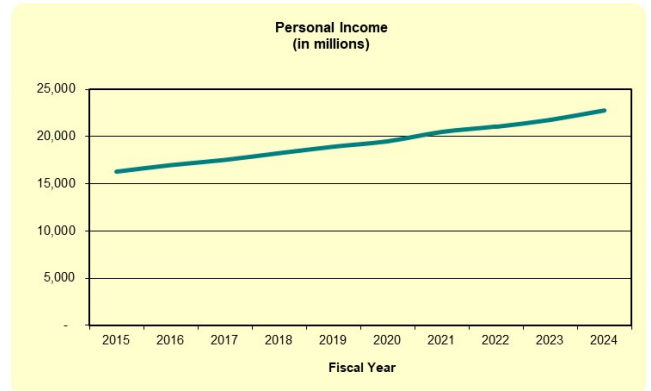
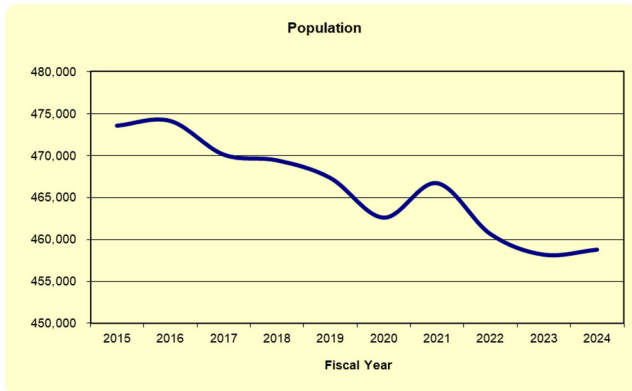
Source: (1) United States Census Bureau

(2) U.S. Department of Commerce, Bureau of Economic Analysis: Personal Income and per capita personal income are based on percent change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area). The BEA's Report does not have personal income and per capita personal income available for 2024, so an average of the last five years was used.

(3) Average annual rate reported by California Employment Development Department (EDD) for Long Beach city.

(4) Data is estimated value from previous year.

See accompanying independent auditors' report



**LONG BEACH UTILITIES DEPARTMENT
MAJOR EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2024			Fiscal Year 2015		
	Ranking	Number of Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾	Ranking	Number of Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾
Long Beach Unified School District	1	12,587	5.33%	1	12,508	5.24%
City of Long Beach	2	5,847	2.47%	2	5,286	2.21%
Long Beach Memorial Medical Center	3	5,352	2.26%	3	5,212	2.18%
Veteran Affairs Medical Center	4	3,954	1.67%	6	2,665	1.12%
California State University Long Beach	5	3,597	1.52%	5	2,961	1.24%
Long Beach City College	6	2,179	0.92%	7	2,637	1.10%
St. Mary Medical Center	7	1,560	0.66%	10	1,458	0.61%
California State Univ Long Beach Research Foundation	8	1,740	0.74%	8	1,523	0.64%
The Boeing Company	9	1,641	0.69%	4	3,707	1.55%
Molina Healthcare Inc	10	594	0.25%	9	1,488	0.62%

Sources: (1) Department of Financial Management Accounting and Business License
(2) State of California Employment Development Department Labor Market Info for 2014 and 2023.

This data was compiled from various sources by the City of Long Beach Departments of Development Services and Financial Management. Employment data is intended for use as a general guide only. The City of Long Beach does not warrant the accuracy of this data. Inquiries should be directed to the respective employer.

See accompanying independent auditors' report

**LONG BEACH UTILITIES DEPARTMENT
NUMBER OF EMPLOYEES BY FUND
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Gas Fund	Water Fund	Sewer Fund	Total
9/30/2015	198 ⁽¹⁾	172 ⁽²⁾	47 ⁽²⁾	417
9/30/2016	201 ⁽¹⁾	180 ⁽²⁾	44 ⁽²⁾	425
9/30/2017	209 ⁽¹⁾	183 ⁽²⁾	47 ⁽²⁾	439
9/30/2018	199 ⁽¹⁾	207 ⁽²⁾	47 ⁽²⁾	453
9/30/2019	183 ⁽¹⁾	214 ⁽²⁾	56 ⁽²⁾	453
9/30/2020	183 ⁽¹⁾	212 ⁽²⁾	49 ⁽²⁾	444
9/30/2021	191 ⁽¹⁾	220 ⁽²⁾	44 ⁽²⁾	455
9/30/2022	189 ⁽¹⁾	220 ⁽²⁾	44 ⁽²⁾	453
9/30/2023	194	222	44	460
9/30/2024	214	223	32	469

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
(2) Amounts presented in the Long Beach Water Department Annual Comprehensive Financial Reports (ACFR).

Sources: Department's Personnel records

See accompanying independent auditors' report

Operating Information

These schedules contain information about operations and resources to help the reader understand how the Department's financial information relates to the services the Department provides and the activities it performs.

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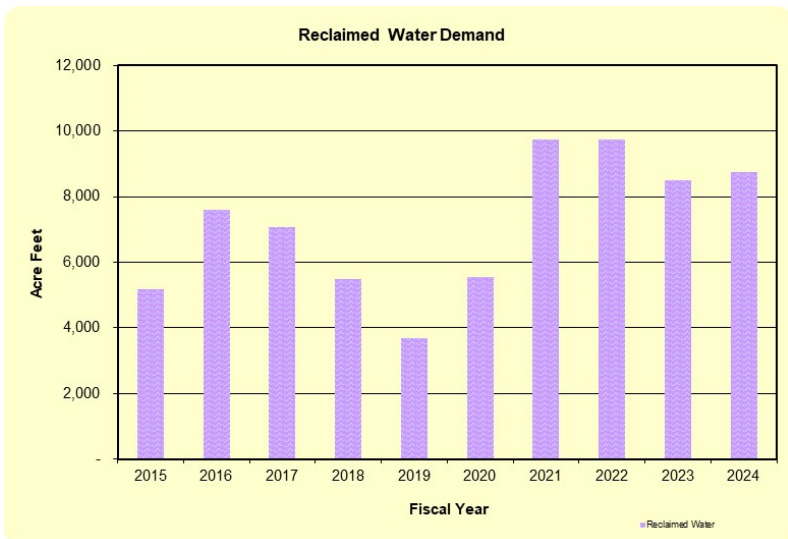
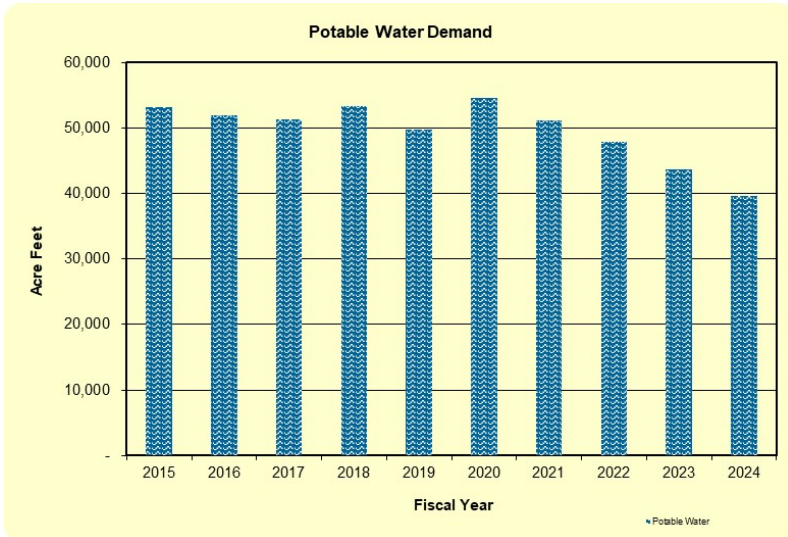
LONG BEACH UTILITIES DEPARTMENT
WATER DEMAND - LAST TEN FISCAL YEARS
(in acre feet)

Fiscal Year Ended	Potable Water		Total Potable Demand	Reclaimed Water	Total Demand
	Pumped	Purchased			
9/30/2015	22,002	31,139	53,141	5,170	58,311
9/30/2016	32,086	19,908	51,994	7,582	59,576
9/30/2017	31,558	19,822	51,380	7,070	58,450
9/30/2018	29,092	24,249	53,341	5,496	58,837
9/30/2019	27,943	21,879	49,822	3,695	53,517
9/30/2020	22,785	31,730	54,515	5,541	60,056
9/30/2021	29,669	21,441	51,110	9,749	60,859
9/30/2022	23,052	24,849	47,901	9,740	57,641
9/30/2023	23,933	19,709	43,642	8,510	52,152
9/30/2024	22,853	16,799	39,652	8,743	48,395

Note: One acre foot equals 43,560 cubic feet or 325,851 gallons.

Source: Department's annual reports

See accompanying independent auditors' report



(Unaudited)

Exhibit 42

LONG BEACH UTILITIES DEPARTMENT
METROPOLITAN WATER DISTRICT'S RATE CHANGES
LAST TEN FISCAL YEARS
(in dollars per acre foot)

<u>Effective Date</u>	<u>Non-Interruptible Treated Water</u>	<u>Percent Change Non-Interruptible Treated Water</u>
1/1/2015	923	3.7
1/1/2016	942	2.1
1/1/2017	979	3.9
1/1/2018	1,015	3.7
1/1/2019	1,050	3.4
1/1/2020	1,078	2.7
1/1/2021	1,104	2.4
1/1/2022	1,143	3.5
1/1/2023	1,209	5.8
1/1/2024	1,256	3.9

Source: Metropolitan Water District of Southern California

See accompanying independent auditors' report

(Unaudited)

Exhibit 43

LONG BEACH UTILITIES DEPARTMENT
WATER REPLENISHMENT DISTRICT ASSESSMENT (PUMP TAX)
LAST TEN FISCAL YEARS

<u>Effective Date</u>	<u>Rate per Acre-Foot</u>	<u>Percent Change</u>
7/1/2015	283.00	5.6
7/1/2016	297.00	4.9
7/1/2017	318.00	7.1
7/1/2018	339.00	6.6
7/1/2019	365.00	7.7
7/1/2020	382.00	4.7
7/1/2021	394.00	3.1
7/1/2022	411.00	4.3
7/1/2023	423.00	2.9
7/1/2024	437.00	3.3

Source: Water Replenishment District of Southern California (WRD)

See accompanying independent auditors' report

(Unaudited)

Exhibit 44

**LONG BEACH UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSETS STATISTICS - GAS FUND
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Miles of gas mains
9/30/2015	929
9/30/2016	929
9/30/2017	931
9/30/2018	916
9/30/2019	917
9/30/2020	917
9/30/2021	917
9/30/2022	917
9/30/2023	917
9/30/2024	917

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 45

**LONG BEACH UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSETS STATISTICS - WATER FUND
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Water System			Water Quality		Reclaimed System	
	Number of Active Groundwater wells	Miles of water mains	Number of active water service	Number of fire hydrants	Number of water samples collected	Number of tests performed	Miles of Pipeline
9/30/2015	31	912	89,897	6,631	13,050	57,070	34
9/30/2016	31	912	90,955	6,894	14,635	72,587	34
9/30/2017	31	912	89,147	6,910	15,370	79,442	34
9/30/2018	30	912	89,354	6,953	16,421	82,033	34
9/30/2019	27	916	89,805	7,036	16,316	75,459	34
9/30/2020	24	917	90,192	7,049	13,273	65,771	35
9/30/2021	24	917	90,126	7,054	11,709	63,758	35
9/30/2022	21	917	89,705	7,070	11,818	62,090	35
9/30/2023	24	916	89,487	7,080	11,666	61,394	35
9/30/2024	23	916	87,027	7,089	12,081	62,292	35

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 46

**LONG BEACH UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSETS STATISTICS - SEWER FUND
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Number of sewer pump stations	Miles of sewer pipelines	Number of sewer manholes
9/30/2015	28	714	15,129
9/30/2016	28	714	15,127
9/30/2017	28	714	15,112
9/30/2018	28	714	15,122
9/30/2019	28	714	15,125
9/30/2020	28	715	15,126
9/30/2021	28	715	15,132
9/30/2022	26	714	15,143
9/30/2023	28	714	15,142
9/30/2024	29	714	15,141

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 47

**LONG BEACH UTILITIES DEPARTMENT
INFRASTRUCTURE MAINTENANCE AND IMPROVEMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Gas Mains Installed/ Replaced (in feet)	Gas Meters Installed/ Removed/ Replaced	Cast Iron Water Mains Replaced (in feet)	Fire Hydrants Repaired	Water Meters Repaired ⁽²⁾	Sewer Mains & Laterals Repaired ⁽¹⁾	Sewer Mains Cleaned (in miles)	Sewer Manholes Chemically Treated
9/30/2015	40,589	4,440	16,366	544	760	224	492	5,000
9/30/2016	22,556	29,873	20,427	259	2,037	215	405	7,719
9/30/2017	40,737	34,465	20,360	156	2,939	169	446	7,734
9/30/2018	17,327	2,944	22,198	492	2,196	157	439	8,100
9/30/2019	32,032	1,279	9,216	161	3,096	164	477	8,100
9/30/2020	22,279	1,983	5,802	182	4,181	237	360	8,100
9/30/2021	24,500	1,459	5,340	95	3,919	270	294	4,358
9/30/2022	30,100	2,698	11,392	76	3,478	191	343	7,630
9/30/2023	22,000	4,394	6,273	307	398	141	295	5,364
9/30/2024	27,280	4,797	9,863	194	402	157	342	7,442

Note: (1) Repairs are tracked according to the number of jobs.

(2) Data from 2018 to 2020 updated.

Source: Department's records

See accompanying independent auditors' report