



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, 2025



LONG BEACH
Utilities
Water · Gas · Sewer

LONG BEACH UTILITIES DEPARTMENT

1800 East Wardlow Road
Long Beach, CA 90807
www.LButilities.org

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

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025

Prepared by the Finance Bureau

B. Anatole Falagan
General Manager

Stefanie Clavery
Senior Director of Finance

Daniel Gutierrez
Manager of Budget & Rates

Matthew Perea
Accounting Manager

Dan Nguyen
Senior Accountant

Front cover design created by:
Michaela Grant
Community Information Specialist

Intentionally Left Blank

INTRODUCTORY SECTION

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, 2025

Table of Contents

Introductory Section	Page
Table of Contents	i
Letter of Transmittal	v
Organizational Chart	xv
Board of Utilities Commissioners and Staff	xvii
 Financial Section	
Independent Auditors' Report	1
Management Discussion and Analysis	4
Financial Statements:	
Statements of Net Position	28
Statements of Revenues, Expenses, and Changes in Fund Net Position ...	30
Statements of Cash Flows	31
Notes to Financial Statements	33
 Required Supplementary Information Section (Unaudited)	
Schedule of the Department Proportionate Share of Net Pension Liability...	68
Schedule of Contributions Miscellaneous Plan.....	70
OPEB Liability and Related Ratios.....	71

Table of Contents

Page

(continued)

Statistical Section *(Unaudited)*

Financial Trends

72-89

Exhibit

1	Changes in Net Position – Gas Fund - Last Ten Fiscal Years	72
2	Changes in Net Position – Water Fund - Last Ten Fiscal Years	73
3	Changes in Net Position – Sewer Fund - Last Ten Fiscal Years	74
4	Net Position by Component – Gas Fund - Last Ten Fiscal Years	75
5	Net Position by Component – Water Fund - Last Ten Fiscal Years	76
6	Net Position by Component – Sewer Fund - Last Ten Fiscal Years	77
7	Gas Fund Revenue by Type - Last Ten Fiscal Years	78
8	Gas Fund Revenue by Type - Last Ten Fiscal Years	79
9	Water Fund Revenue by Type - Last Ten Fiscal Years	80
10	Water Fund Revenue by Type - Last Ten Fiscal Years	81
11	Sewer Fund Revenue by Type - Last Ten Fiscal Years	82
12	Sewer Fund Revenue by Type - Last Ten Fiscal Years	83
13	Gas Fund Expenses by Type - Last Ten Fiscal Years	84
14	Gas Fund Expenses by Type - Last Ten Fiscal Years	85
15	Water Fund Expenses by Type - Last Ten Fiscal Years	86
16	Water Fund Expenses by Type - Last Ten Fiscal Years	87
17	Sewer Fund Expenses by Type - Last Ten Fiscal Years	88
18	Sewer Fund Expenses by Type - Last Ten Fiscal Years	89

Revenue Capacity 90-98

Exhibit

19	Gas Purchased & Consumption - Last Ten Fiscal Years	90
20	Source of Water (Pumped, Purchased, and Reclaimed) and Consumption - Last Ten Fiscal Years	91
21	Gas Rates: Volumetric Rate Charges - Last Ten Fiscal Years	92
22	Gas Rates: Daily Service Charges - Last Ten Fiscal Years	92
23	Water Rates: Volumetric Rate Charges - Last Ten Fiscal Years	93
24	Water Rates: Daily Service Charges - Last Ten Fiscal Years	94
25	Water Rates: Daily Fireline Service Charges by Size	94
26	Sewer Rates: Volumetric Rate Charges & Capacity Charges - Last Ten Fiscal Years	95
27	Sewer Rates: Daily Service Charges - Last Ten Fiscal Years	96
28	Ten Largest Gas Users in the City of Long Beach Current Year and Nine Years Ago	96
29	Ten Largest Potable Water Users in the City of Long Beach Current Year and Nine Years Ago	97
30	Ten Largest Reclaimed Water Users in the City of Long Beach Current Year and Nine Years Ago	97
31	Ten Largest Sewer Users in the City of Long Beach Current Year and Nine Years Ago	98

Debt Capacity Information 99-103

Exhibit

32	Gas Fund Debt Service Coverage - Last Ten Fiscal Years	99
33	Water Fund Debt Service Coverage - Last Ten Fiscal Years	100
34	Sewer Fund Debt Service Coverage - Last Ten Fiscal Years	101
35	Gas Fund Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	102
36	Water Fund Ratios of Outstanding Debt by Type - Last Ten Fiscal Years ...	102
37	Sewer Fund Ratios of Outstanding Debt by Type - Last Ten Fiscal Years ...	103

Table of Contents

Page

(continued)

Demographic and Economic Information 104-105

Exhibit

38	Demographic Statistics - Last Ten Fiscal Years	104
39	Major Employers - Current Year and Nine Years Ago	105
40	Number of Employees by Fund	105

Operating Information 106-109

Exhibit

41	Water Demand - Last Ten Fiscal Years	106
42	Metropolitan Water District's Rate Changes - Last Ten Fiscal Years	107
43	Water Replenishment District Assessment (Pump Tax) – Last Ten Fiscal Years	107
44	Operating and Capital Assets Statistics - Gas Fund – Last Ten Fiscal Years	108
45	Operating and Capital Assets Statistics - Water Fund – Last Ten Fiscal Years	108
46	Operating and Capital Assets Statistics - Sewer Fund – Last Ten Fiscal Years	109
47	Infrastructure Maintenance and Improvements - Last Ten Fiscal Years	109



DATE March 9, 2026

TO Board of Utilities Commissioners and Residents of the City of Long Beach

FROM Stefanie Clavery, Senior Director of Finance

SUBJECT Approval of Annual Comprehensive Financial Report for the fiscal year ended September 30, 2025

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, 2025. 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, 2025. 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 most populous city in the state of California, with an area of approximately 50 square miles and with a population of 462,561 as of September 30, 2025, 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 with 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 2.2 billion gallons of reclaimed water to various users in the City in fiscal year 2025 (FY2025).

The Department also services the City's sewer system that consists of 714 miles of sewer mains, 15,137 manholes, and 28 sewage pumping stations. This system is capable of transporting approximately 40 to 60 million gallons of raw sewage for treatment daily.

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 for 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 water demands within the service area through local groundwater, imported supplies, water recycling and water conservation.

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. The state adopted the "Making Conservation a California Way of Life" regulatory framework in July 2024 to establish long-term, sustainable water use efficiency, which requires water demands to continue to decrease into the future.

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 purchases of imported water.

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. 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 imported water purchased from the Metropolitan Water District of Southern California. This water originates from two sources: the Colorado River Aqueduct and the State Water Project.

Through its 242-mile-long system, the Colorado River Aqueduct provides water to residents and businesses in Southern California. Water is taken in at Lake Havasu and carried to the reservoir facilities at Lake Mathews. The State Water Project 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 originating from the Oroville Dam and Reservoir and the Sacramento River Delta to several Southern California.

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 FY2025, the Department served approximately 2.2 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 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.

The 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 11,942 samples and performed 63,498 tests while maintaining the TNI-2 certification with the California State Water Resources Control Board's Environmental Laboratory Accreditation Program (ELAP).

During FY2025, our Groundwater Treatment Plant processed approximately 10.3

billion gallons of drinking water. Overall, 14.6 billion gallons of high-quality water were delivered to the Long Beach community.

MAJOR INITIATIVES

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. In fiscal year 2025 the Conjunctive Use Program with MWD was terminated.

Distribution Systems

The City has an aging infrastructure, which needs to be maintained, and in certain parts, replaced. On September 30, 2025, the water distribution system totaled 915 miles of water mains with approximately 97,000 service connections. The gas distribution system totaled 1,900 miles of pipeline with approximately 150,000 meters delivering approximately 9.5 million dekatherms annually to customers.

During fiscal year 2025, 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 10,000 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 23,000 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 24 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, 2025, 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 finalized the Sewer Master Plan Update in FY2025.

RELEVANT FINANCIAL POLICIES

The Department's financial statements are presented on the accrual basis of accounting. As enterprise fund operations, 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 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, 2024. 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 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 Utilities Commissioners receive and file the Annual Comprehensive Financial Report for the fiscal year ended September 30, 2025.

Prepared by:

Matthew Perea,
Accounting Manager

Dan Nguyen,
Senior Accountant

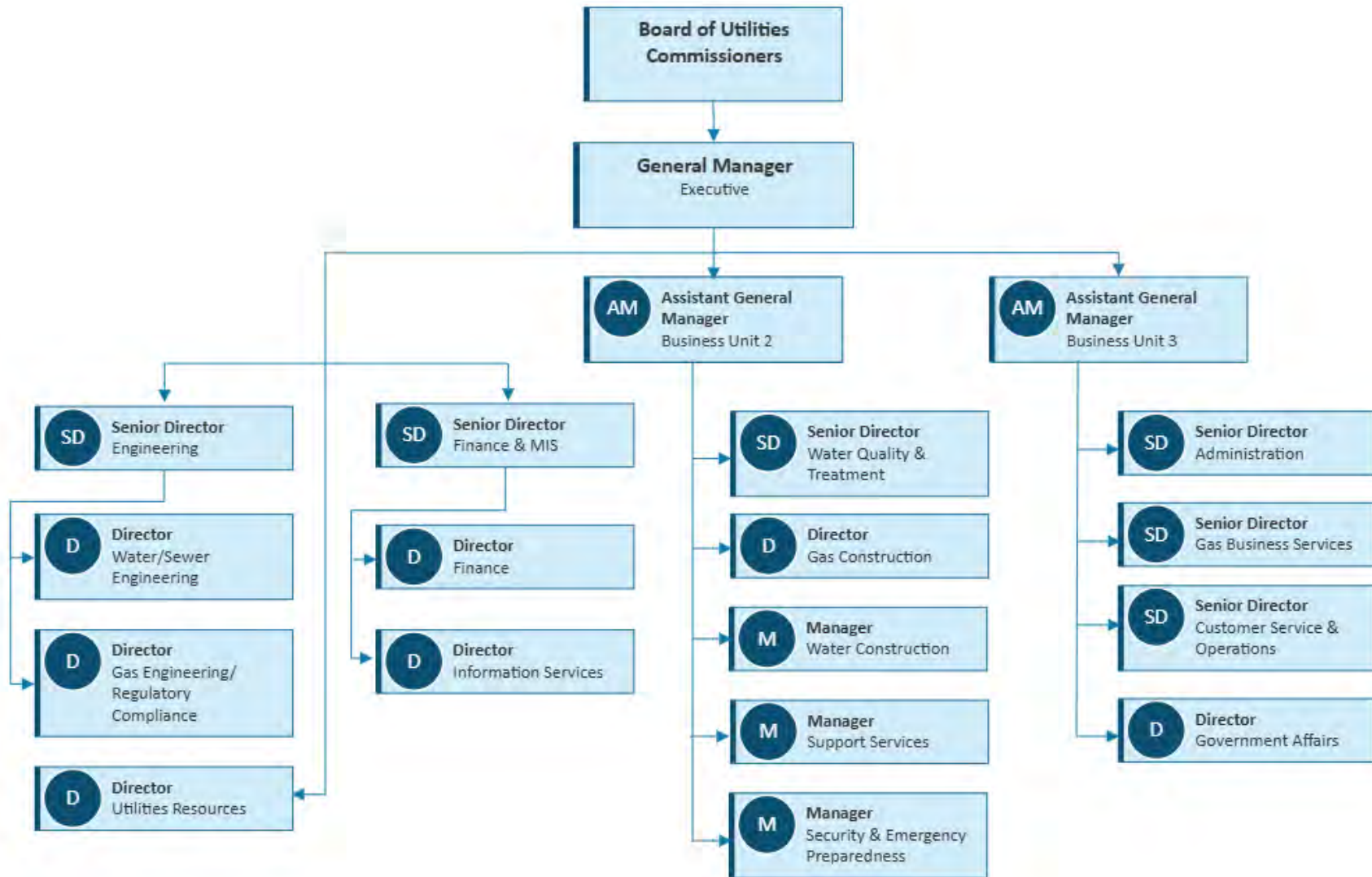
Submitted and
Recommended
by:

Stefanie Clavery, Senior Director of Finance

Approved by:

B. Anatole Falagan, General Manager

Long Beach Utilities Department Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Long Beach Utilities Department
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

LONG BEACH UTILITIES DEPARTMENT

BOARD OF UTILITIES COMMISSIONERS

KEVIN SCOTT	PRESIDENT
GLORIA CORDERO	VICE PRESIDENT
CHARLIE PARKIN	SECRETARY
GINA RUSHING MAGUIRE	COMMISSIONER
AL AUSTIN II	COMMISSIONER

STAFF

B. ANATOLE FALAGAN
General Manager

TAI TSENG
Assistant General Manager

DIANA TANG
Assistant General Manager

STEFANIE CLAVERY
Senior Director of Finance & Information Services

THOMAS BEKELE
Senior Director of Engineering

DEAN WANG
Senior Director of Utilities Resources

FINANCIAL SECTION

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, 2025, 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, 2025, 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 of the City 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, 2025, 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 4-27 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 24, 2026, 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.



Crowe LLP

Costa Mesa, California
March 24, 2026

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

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, 2025. 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 2025 (FY2025) by \$472,260 (net position). The Department's net position is further broken between the Gas Fund, Water Fund and Sewer Fund below.

Gas Fund. Assets and deferred outflows exceeded liabilities and deferred inflows at the close of FY2025 by \$1,586. This amount includes a total of net investment in capital assets of \$203,794 and \$31,072 in resources that are subject to restrictions on how they may be used. The Gas Fund reported a deficit in unrestricted net position of \$233,280 in FY2025. Total Gas Fund net position increased by \$1,982 (500.4%) from the prior fiscal year. The increase is mostly due to net increase of \$2,640 in restricted fund for AB32 programs during the year.

Water Fund. Assets and deferred outflows exceeded liabilities and deferred inflows at the close of FY2025 by \$374,987. This amount includes a total net investment in capital assets of \$376,678. The Water Fund reported a deficit in unrestricted net position of \$1,691 in FY2025. Total Water Fund net position increased by \$25,993 (7.45%) 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 \$95,687 as of September 30, 2025, an increase of \$3,941 (4.3%) from the prior fiscal year. The increase reflects income in excess of expenses during the year. In FY2025, the net investment in capital assets and the unrestricted portion of net position totaled \$92,508 and \$3,179, respectively.

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.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

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 non-operating revenues and expenses. In FY2025, 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 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, 2025.

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.

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 has 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.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

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 33-67 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, 2025, Gas Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$1,586, representing a 500.51% increase in net position compared to FY2024. In addition, Water Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$374,987, and Sewer Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$95,687 representing a 7.45% increase in net position over the prior fiscal year for the Water Fund and a 4.30% 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, 2025, 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 \$203,794 of Gas Fund, \$376,678 of Water Fund and \$92,508 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.

In FY2025, the restricted portion for the Gas Fund's net position amounted to \$31,072 for Gas Fund. No restricted portion of Water Fund and Sewer Fund's net position were recorded in FY2025. 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 \$233,280 and \$1,691 as of September 30, 2025, representing 5.87% decrease and 91.66% increase, respectively, compared to FY2024. The Sewer Fund's unrestricted portion amounted to \$3,179, representing a 57.07% increase over FY2024. 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, 2025, and 2024 are as follows:

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

LONG BEACH UTILITIES DEPARTMENT Condensed Schedules of Net Position September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance 2025/2024	
			Amount	%
Assets:				
Current and Other assets	\$ 773,974	\$ 802,579	\$ (28,605)	-3.56%
Capital assets	786,927	749,719	37,208	4.96%
Total assets	<u>1,560,901</u>	<u>1,552,298</u>	<u>8,603</u>	<u>0.55%</u>
Deferred outflows of resources	<u>17,853</u>	<u>23,453</u>	<u>(5,601)</u>	<u>-23.88%</u>
Liabilities:				
Current liabilities	90,798	88,772	2,026	2.28%
Noncurrent liabilities	662,360	700,737	(38,377)	-5.48%
Total liabilities	<u>753,158</u>	<u>789,509</u>	<u>(36,351)</u>	<u>-4.60%</u>
Deferred inflows of resources	<u>353,336</u>	<u>345,898</u>	<u>7,438</u>	<u>2.15%</u>
Net position:				
Net investment in capital assets	672,980	650,522	22,458	3.45%
Restricted	31,072	28,432	2,640	9.29%
Unrestricted	(231,792)	(238,610)	6,818	2.86%
Total net position	<u>\$ 472,260</u>	<u>\$ 440,344</u>	<u>\$ 31,916</u>	<u>7.25%</u>

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

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, 2025, and 2024:

Gas Fund				
LONG BEACH UTILITIES DEPARTMENT				
Condensed Schedules of Net Position				
September 30, 2025 and 2024				
(in thousands)				
	2025	2024	Variance	
			2025/2024	
			Amount	%
Assets:				
Current and Other assets	\$ 670,266	\$ 703,336	\$ (33,070)	-4.70%
Capital assets	214,804	203,701	11,103	5.45%
Total assets	885,070	907,037	(21,967)	-2.42%
Deferred outflows of resources	9,401	12,911	(3,510)	-27.19%
Liabilities:				
Current liabilities	47,928	52,292	(4,364)	-8.35%
Noncurrent liabilities	500,751	527,674	(26,923)	-5.10%
Total liabilities	548,679	579,966	(31,287)	-5.39%
Deferred inflows of resources	344,206	340,378	3,828	1.12%
Net position:				
Net investment in capital assets	203,794	191,524	12,270	6.41%
Restricted	31,072	28,432	2,640	9.29%
Unrestricted	(233,280)	(220,352)	(12,928)	-5.87%
Total net position	\$ 1,586	\$ (396)	\$ 1,982	500.51%

Water Fund				
LONG BEACH UTILITIES DEPARTMENT				
Condensed Schedules of Net Position				
September 30, 2025 and 2024				
(in thousands)				
	2025	2024	Variance	
			2025/2024	
			Amount	%
Assets:				
Current and Other assets	\$ 91,471	\$ 87,801	\$ 3,670	4.18%
Capital assets	470,202	448,274	21,928	4.89%
Total assets	561,673	536,075	25,598	4.78%
Deferred outflows of resources	6,945	8,662	(1,717)	-19.82%
Liabilities:				
Current liabilities	38,725	33,996	4,729	13.91%
Noncurrent liabilities	146,870	156,743	(9,873)	-6.30%
Total liabilities	185,595	190,739	(5,144)	-2.70%
Deferred inflows of resources	8,036	5,004	3,032	60.59%
Net position:				
Net investment in capital assets	376,678	369,276	7,402	2.00%
Restricted	-	-	-	-
Unrestricted	(1,691)	(20,282)	18,591	91.66%
Total net position	\$ 374,987	\$ 348,994	\$ 25,993	7.45%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

Sewer Fund
LONG BEACH UTILITIES DEPARTMENT
Condensed Schedules of Net Position
September 30, 2025 and 2024
(in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Assets:				
Current and Other assets	\$ 12,237	\$ 11,442	\$ 795	6.95%
Capital assets	101,921	97,744	4,177	4.27%
Total assets	<u>114,158</u>	<u>109,186</u>	<u>4,972</u>	<u>4.55%</u>
Deferred outflows of resources	<u>1,507</u>	<u>1,880</u>	<u>(373)</u>	<u>-19.84%</u>
Liabilities:				
Current liabilities	4,145	2,484	1,661	66.87%
Noncurrent liabilities	14,739	16,320	(1,581)	-9.69%
Total liabilities	<u>18,884</u>	<u>18,804</u>	<u>80</u>	<u>0.43%</u>
Deferred inflows of resources	<u>1,094</u>	<u>516</u>	<u>578</u>	<u>112.02%</u>
Net position:				
Net investment in capital assets	92,508	89,722	2,786	3.11%
Restricted	-	-	-	-
Unrestricted	3,179	2,024	1,155	57.07%
Total net position	<u>\$ 95,687</u>	<u>\$ 91,746</u>	<u>\$ 3,941</u>	<u>4.30%</u>

Fiscal Year Ended September 30, 2025 Compared to 2024

Gas Fund. Net position increased by \$1,982 (500.5%) over FY2024. This net increase is mostly attributable to income from operations and noncapital subsidies of \$23,717 in FY2025. This was offset by the net amount of other nonoperating expenses for the year of \$21,735.

Current and other assets decreased by \$33,070 (4.7%) from FY2024, which is mainly attributable to pooled cash decrease of \$6,757, decrease in gas prepay restricted non-pooled investment of \$6,341 and decrease of \$21,327 in gas prepaid noncurrent assets. The decrease in pooled cash is mainly due to the increase of \$4.6 in cost of gas and \$1.9 in personal services compared to FY2024.

Capital assets increased by \$11,103 (5.5%) over FY2024, mainly due to completion of capital projects, contributing \$15,877 to gas distributing systems and \$79 to machinery and equipment. Accumulated depreciation decreased by \$7,525 (4.7%) compared to FY2024.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

Deferred outflows of resources decreased by \$3,510 (27.2%) over FY2024. The majority of the net decrease is a result of the change in fair market value of commodity swap derivative instruments of \$788 and difference between actual and expected investment returns related to pension of \$2,279.

Current liabilities decreased by \$4,364 (8.4%) compared to FY2024, mainly due to decrease in gas prepay bond current liabilities of \$19,195 compared to \$25,280 in FY2024.

Noncurrent liabilities decreased by \$26,923 (5.1%) from FY2024, primarily due to decrease in long term debt obligation of gas prepay bond series B of \$19,195 and decrease in net pension liability of \$4,441. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements on page 47.

Deferred inflows of resources increased by \$3,828 (1.1%) over FY2024. This increase is mainly due to pension different expect returns of \$3,416 in FY2025.

Water Fund. Net position increased by \$25,993 (7.5%) over FY2024. This net increase is mostly attributable to operations and noncapital subsidies income of \$23,373 in FY2025.

Current and Other assets increased by \$3,670 (4.0%) in FY2025, primarily due to the addition of new accounts receivables and inventory totaling \$4,065.

Capital assets increased by \$21,928 (4.9%) over the prior year, mainly due to the completion and capitalization of capital improvement projects to the distribution systems, structures and facilities, and the purchase of fleet vehicles.

Deferred outflows of resources decreased by \$1,717 (19.8%) over FY2024. Majority of the net decrease in FY2025 is a result of decreases in the difference between actual and expected investment returns, changes in actuarial assumptions on Pension costs and actuarial assumptions and proportions, changes in actuarial assumptions on Other Postemployment Benefits (OPEB) costs in the amount of \$2,702. However, this decrease was offset by increases on pension and OPEB contributions after the measurement date in the amount of \$865 compared to FY2024. Additional information on deferred outflows related to pensions is provided on Note 6 - Retirement Program of the Notes to Financial Statements on page 60.

Current liabilities increased by \$4,729 (13.9%) compared to FY2024, mainly due to increases in accounts payable by \$3,387 (15.3%), customer deposits by \$579 (67.7%) and advances from developers by \$422 (38.8%).

Noncurrent liabilities decreased by \$9,873 (6.3%) from FY2024, primarily due to decreases in the long-term obligations on the equipment financing agreement executed by the Department to finance the AMI project decreased by \$1,874 (13.0%) and on the Series 2024

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

Bonds by \$1,850 (1.9%), net pension liability of \$5,343 (13.1%) and total OPEB liability by \$981 (67.2%) in FY2025. Additional information is provided on Note 4 – Long-term Liabilities of the Notes to Financial Statements on page 47.

Deferred inflows of resources increased by \$3,032 (60.6%) over FY2024. This net increase mainly reflects a total of \$4,056 increases on pension investment returns and OPEB change in experience in FY2025. However, these increases were offset by a total of \$1,024 decreases in deferred amounts for leases and changes on actuarial assumptions and proportions. Additional information on deferred lease receivable is found on Note 1 – Description of the Department and Summary of Significant Accounting Policies on page 33 and on deferred outflows related to pensions is provided on Note 6 - Retirement Program of the Notes to Financial Statements on page 60.

Sewer Fund. Net position increased \$3,941 (4.3%) over FY2024. This increase is primarily due to revenues in excess of expenses.

Current and Other assets increased by \$ 795 (7.0%) over FY2024, mainly due to an increase in receivables from other funds in the amount of \$1,398 (104.5%). In addition, pooled cash and cash equivalents and customer accounts receivable decreased by \$776 (7.7%), which reflects increases on sales revenues in FY2025.

Capital assets increased by \$4,177 (4.3%) over FY2024, mainly due to the completion and capitalization of capital improvement projects pertaining to the distribution system and the purchase of two Case Loader Backhoes tractors.

Deferred outflows of resources decreased by \$373 (19.8%) over FY2025. This net decrease reflects decreases in the difference between actual and expected investment returns in FY2025 in the amount of \$456. 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 \$859 over FY2024. Additional information on deferred outflows related to pensions is provided on Note 6 - Retirement Program of the Notes to Financial Statements on page 60.

Current liabilities increased by \$1,661 (66.9%) over FY2024, which is mainly due to a increase in accounts payable outstanding at the end of the fiscal year.

Noncurrent liabilities decreased by \$1,581 (9.7%) from FY2024, primarily due to a decrease in the net pension and OPEB liabilities of \$866 (10.7%) and \$196 (66.7%), respectively. And additional decrease in long-term bonds payable by \$564 (8.0%) 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 on page 47 and on Note 6 - Retirement Program on page 60.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

Deferred Inflows of resources increased by \$578 (112.0%) over FY2024. This net increase reflects a total of \$686 (100.0%) increase in proportionate share of deferred pension and a decrease in changes in actuarial assumptions for pension costs by \$226 (73.4%) in FY2025. Additional information on deferred outflows related to pensions is provided on the Note 6 - Retirement Program of the Notes to Financial Statements on page 60.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

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, 2025 and 2024:

LONG BEACH UTILITIES DEPARTMENT Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance 2025/2024	
			Amount	%
Operating Revenue:				
Metered sales	\$ 193,749	\$ 178,323	\$ 15,426	8.65%
Reclaimed water sales	4,729	4,301	428	9.95%
Service charges	68,412	63,123	5,289	8.38%
Other services	37,903	40,619	(2,716)	-6.69%
Total operating revenues	304,793	286,366	18,427	6.43%
Operating Expenses:				
Cost of gas	33,652	29,024	4,628	15.95%
Cost of water	25,691	27,186	(1,495)	-5.50%
Personal services	64,813	65,864	(1,051)	-1.60%
Commercial services	5,683	5,061	622	12.29%
Maintenance and other	72,576	63,661	8,915	14.00%
Street impact charges	4,740	4,020	720	17.91%
Depreciation and amortization	28,074	25,512	2,562	10.04%
Total operating expenses	235,229	220,328	14,901	6.76%
Operating income	69,564	66,038	3,526	5.34%
Noncapital subsidies:				
Operating grants	-	1,397	(1,397)	-100.00%
Credit to customers	-	(3,649)	3,649	100.00%
Transfers in	-	6	(6)	-100.00%
Transfers out	(18,933)	(16,728)	(2,205)	-13.18%
Total noncapital subsidies	(18,933)	(18,974)	41	0.22%
Operating income (loss) and noncapital subsidies	50,631	47,064	3,567	7.58%
Other nonoperating revenue (expense):				
Interest income	5,741	5,557	184	3.31%
Investment income	325	2,407	(2,082)	-86.50%
Interest expense	(28,419)	(28,783)	364	1.26%
Capital contributions	4,452	218	4,234	1942.20%
Other	(814)	(1,660)	846	50.96%
Total other nonoperating revenue (expense)	(18,715)	(22,261)	3,546	15.93%
Income (loss before capital grants and contributions)	-	-	-	-
Capital grant and contributions	-	-	-	-
Change in net position	31,916	24,803	7,113	28.68%
Net position - October 1	440,344	415,541	24,803	5.97%
Net position - September 30	472,260	440,344	31,916	7.25%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

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, 2025 and 2024:

Gas Fund				
LONG BEACH UTILITIES DEPARTMENT				
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position				
September 30, 2025 and 2024				
(in thousands)				
	2025	2024	Variance	
			2025/2024	
			Amount	%
Operating Revenue:				
Metered sales	\$ 105,856	\$ 100,458	\$ 5,398	5.37%
Service charges	10,137	10,423	(286)	-2.74%
Other services	23,673	26,480	(2,807)	-10.60%
Total operating revenues	139,666	137,361	2,305	1.68%
Operating Expenses:				
Cost of gas	33,652	29,024	4,628	15.95%
Personal services	31,912	30,049	1,863	6.20%
Commercial services	1,359	1,244	115	9.24%
Maintenance and other	21,445	21,461	(16)	-0.07%
Depreciation and amortization	8,741	8,080	661	8.18%
Total operating expenses	97,109	89,858	7,251	8.07%
Operating income	42,557	47,503	(4,946)	-10.41%
Noncapital subsidies:				
Transfers in	-	6	(6)	-100.00%
Transfers out	(18,840)	(16,728)	(2,112)	-12.63%
Total noncapital subsidies	(18,840)	(16,722)	(2,118)	-12.67%
Operating income (loss) and noncapital subsidies	23,717	30,781	(7,064)	-22.95%
Other nonoperating revenue (expense):				
Interest income	2,581	3,380	(799)	-23.64%
Investment income	121	1,952	(1,831)	-93.80%
Interest expense	(23,986)	(25,319)	1,333	5.26%
Other	(451)	(173)	(278)	-160.69%
Total other nonoperating revenue (expense)	(21,735)	(20,160)	(1,575)	-7.81%
Income (loss before capital grants and contributions)	-	-	-	-
Capital grant and contributions	-	-	-	-
Change in net position	1,982	10,621	(8,639)	-81.34%
Net position - October 1	(396)	(11,017)	10,621	96.41%
Net position - September 30	1,586	(396)	1,982	500.51%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

Water Fund
LONG BEACH UTILITIES DEPARTMENT
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position
September 30, 2025 and 2024
(in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Operating Revenue:				
Metered sales	\$ 81,730	\$ 72,240	\$ 9,490	13.14%
Reclaimed water sales	4,729	4,301	428	9.95%
Service charges	44,965	40,377	4,588	11.36%
Other services	10,221	10,677	(456)	-4.27%
Total operating revenues	141,645	127,595	14,050	11.01%
Operating Expenses:				
Cost of water	25,691	27,186	(1,495)	-5.50%
Personal services	27,198	29,736	(2,538)	-8.54%
Commercial services	2,216	2,211	5	0.23%
Maintenance and other	44,829	37,462	7,367	19.67%
Street impact charges	2,031	1,722	309	17.94%
Depreciation and amortization	16,307	14,499	1,808	12.47%
Total operating expenses	118,272	112,816	5,456	4.84%
Operating income	23,373	14,779	8,594	58.15%
Noncapital subsidies:				
Operating grants	-	1,183	(1,183)	-100.00%
Credit to customers	-	(3,435)	3,435	100.00%
Transfers out	(93)	-	(93)	-100.00%
Total noncapital subsidies	(93)	(2,252)	2,159	-95.87%
Operating income (loss) and noncapital subsidies	23,280	12,527	10,753	85.84%
Other nonoperating revenue (expense):				
Interest income	2,714	1,722	992	57.61%
Investment income	169	65	104	160.00%
Interest expense	(4,259)	(3,277)	(982)	-29.97%
Capital contributions	4,452	218	4,234	1942.20%
Other	(363)	(345)	(18)	-5.22%
Total other nonoperating revenue (expense)	2,713	(1,617)	4,330	267.78%
Income (loss before capital grants and contributions)	-	-	-	-
Capital grants and contributions	-	-	-	-
Change in net position	25,993	10,910	15,083	138.25%
Net position - October 1	348,994	338,084	10,910	3.23%
Net position - September 30	374,987	348,994	25,993	7.45%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

Sewer Fund
LONG BEACH UTILITIES DEPARTMENT
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position
September 30, 2025 and 2024
(in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Operating Revenue:				
Metered sales	\$ 6,163	\$ 5,625	\$ 538	9.56%
Service charges	13,310	12,323	987	8.01%
Other services	4,009	3,462	547	15.80%
Total operating revenues	23,482	21,410	2,072	9.68%
Operating Expenses:				
Personal services	5,703	6,079	(376)	-6.19%
Commercial services	2,108	1,606	502	31.26%
Maintenance and other	6,302	4,738	1,564	33.01%
Street impact charges	2,709	2,298	411	17.89%
Depreciation and amortization	3,026	2,933	93	3.17%
Total operating expenses	19,848	17,654	2,194	12.43%
Operating income	3,634	3,756	(122)	-3.25%
Noncapital subsidies:				
Operating grants	-	214	(214)	-100.00%
Credit to customers	-	(214)	214	100.00%
Total noncapital subsidies	-	-	-	-
Operating income (loss) and noncapital subsidies	3,634	3,756	(122)	-3.25%
Other nonoperating revenue (expense):				
Interest income	446	455	(9)	-1.98%
Investment income	35	390	(355)	-91.03%
Interest expense	(174)	(187)	13	-6.95%
Other	-	(1,142)	1,142	100.00%
Total other nonoperating revenue (expense)	307	(484)	791	163.43%
Income (loss before capital grants and contributions)	-	-	-	-
Capital grant and contributions	-	-	-	-
Change in net position	3,941	3,272	669	20.45%
Net position - October 1	91,746	88,474	3,272	3.70%
Net position - September 30	\$ 95,687	\$ 91,746	\$ 3,941	4.30%

LONG BEACH UTILITIES DEPARTMENT

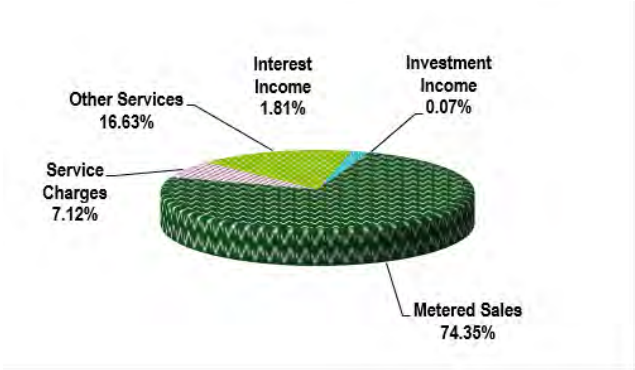
Management’s Discussion and Analysis
September 30, 2025

Sources of Revenues

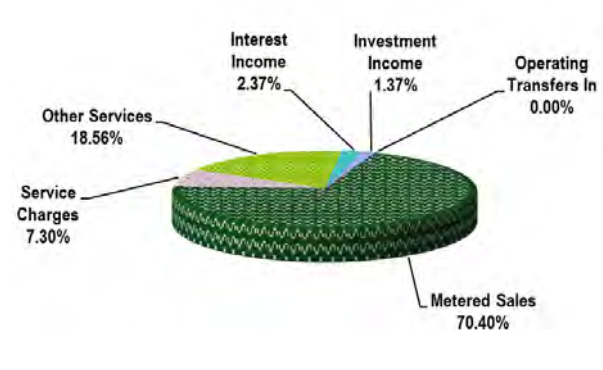
Sources of revenue for fiscal years 2025 and 2024 are shown on the following charts.

Gas Fund

2025

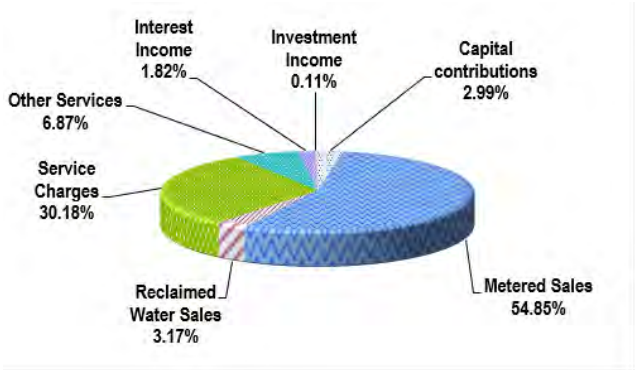


2024

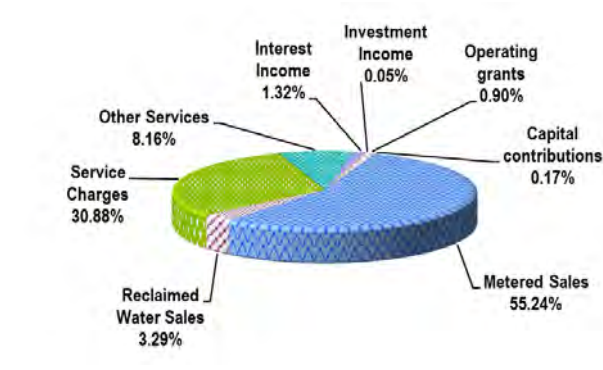


Water Fund

2025



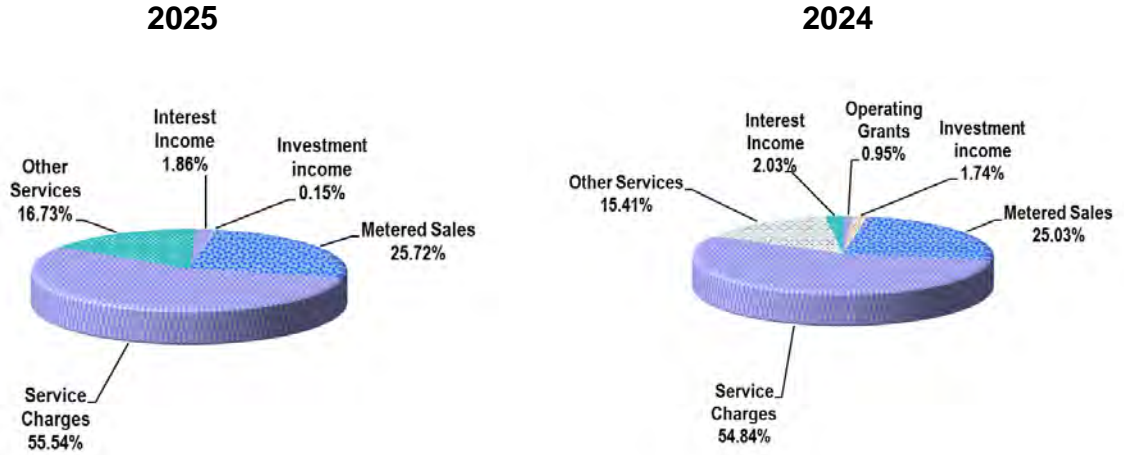
2024



LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

Sewer Fund



Management Review of the Department's Revenues

Gas Fund

Fiscal Year Ended September 30, 2025 Compared to 2024

Total operating revenues were \$139,666, a net increase of \$2,305 (1.7%) over FY2024. The major elements of this net increase are as follows:

- Metered sales revenue increased by \$5,398 (5.4%), primarily due to higher gas prices in FY2025 compared to FY2024. The average rate for FY2025 is \$12.11 per one thousand cubic feet (MCF) and for FY2024 is \$9.81/MCF.
- Service charges decreased by \$286 (2.7%) over FY2024 which is mainly due to the reduction in gas sales to the top ten gas customers. In FY2025 the ten largest customers represent 6.9% of the annual gas sale and/or transmission charge, compared to 8.7% in FY2024.
- Revenue from other services totaled \$23,673, a net decrease of \$2,807 (10.6%) from the prior year mainly due to Assembly Bill 32 (AB32) Consignment revenue decreased to \$7,048 in FY2025 compared to \$9,853 in FY2024.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

Water Fund

Fiscal Year Ended September 30, 2025 Compared to 2024

Total operating revenues were \$141,645, an increase of \$14,050 (11.0%) over FY2024. The major elements of this increase are as follows:

- Metered sales and service charges revenue increased by \$9,490 (13.1%) and \$4,588 (11.3%) respectively, in FY2025. This is primarily due to 11% water rates increase and a 657 Acre Feet (AF) (1.5%) increase in consumption over FY2024.
- Reclaimed water sales revenue increased by \$428 (9.9%) mainly due to an increase in reclaimed water rates of 11% in FY2025. In addition, there was a decrease in consumption by 2,132 AF (32.2%) compared to FY2024.
- Revenue from other services totaled \$10,221, a net decrease of \$456 (4.3%) from the prior year. The primary factor of this net decrease derives from the decrease in conservation credits received from Metropolitan Water District in the amount of \$380 (70.6%) compared to FY2024.

Sewer Fund

Fiscal Year Ended September 30, 2025 Compared to 2024

Total operating revenues increased \$2,072 (9.7%) over FY2024. The key elements of this net increase are as follows:

- Volumetric charges increased by \$538 (9.6%) due to an 829 AF (3.0%) increase in demand.
- Service charges revenue increased \$987 (8.0%) resulting from the rate increases for FY2025.
- Other services revenue increased by \$547 (15.8%) over FY2024, 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.

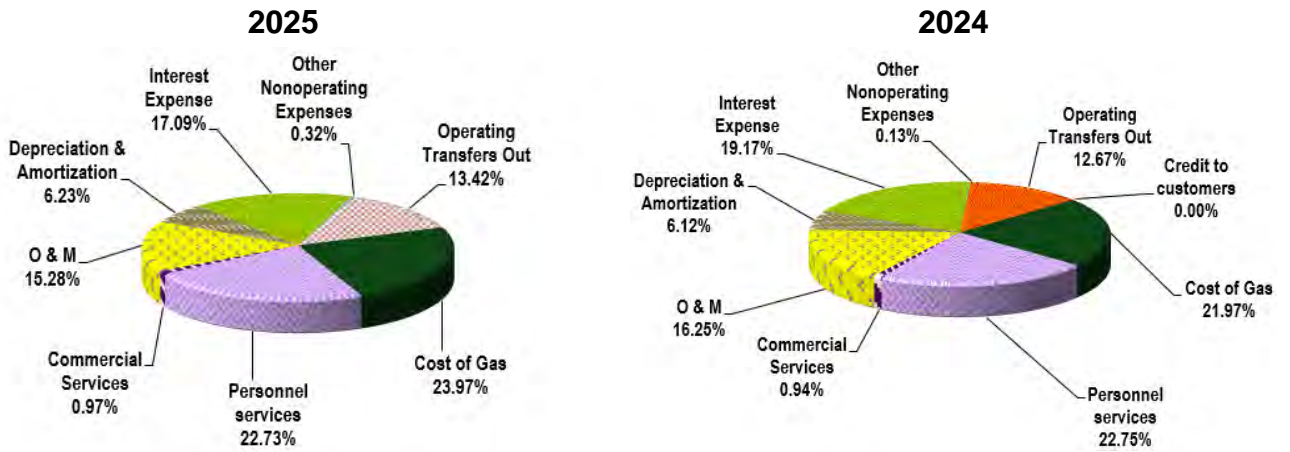
LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

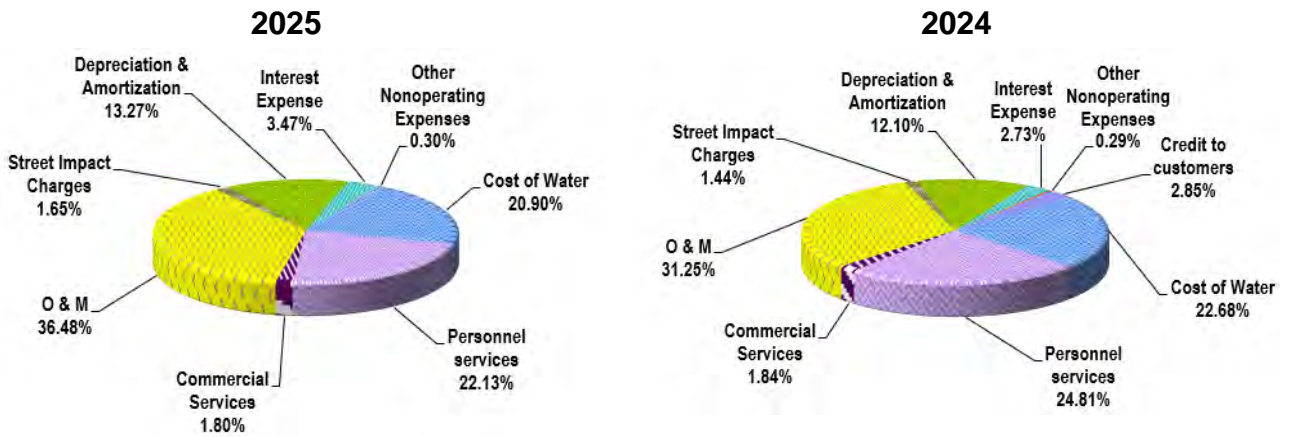
Functional Expenses

Functional expenses for the 2025 and 2024 fiscal years are shown on the following charts.

Gas Fund



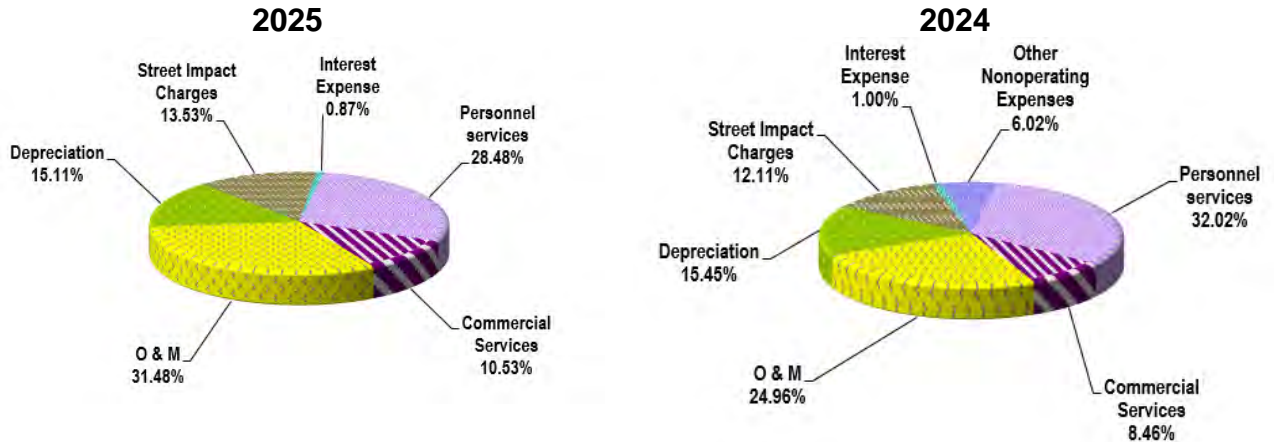
Water Fund



LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

Sewer Fund



Management Review of the Department's Expenses

Gas Fund

Fiscal Year Ended September 30, 2025 Compared to 2024

Operating expenses totaled \$97,109, an increase of \$7,251 (8.1%) over FY2024. The major elements attributable to the net increase are as follows:

- The cost of gas increased by \$4,628 (16.0%) due to higher gas prices in FY2025. This increase is due to increase in average gas rate to \$12.11/Mcf in FY2025 compared to \$9.81/Mcf in FY2024, an increase of 23.45%.
- Personal services costs increased by \$1,863 (6.2%) in FY2025, primarily due to increases in salaries, overtime pay, and Cost of Living Allowance (COLA).

In FY2025, net nonoperating expense totaled \$21,735, a net decrease of \$1,575 (7.8%) over FY2024. The net decrease is primarily due to the following factors:

- Interest income decreased by \$799 (23.6%) compared to FY2024, due to pool cash decreased by \$6,636 (16.3%).
- Investment income decreased by \$1,831 (93.8%), due to lower mark to market valuation in FY2025 than prior fiscal year.

Water Fund

Fiscal Year Ended September 30, 2025 Compared to 2024

Operating expenses totaled \$118,272, an increase of \$5,456 (4.8%) over FY2024. The major elements attributable to the net increase are as follows:

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

- Maintenance and other costs had a net increase of \$7,367 (19.6%) in FY2025, primarily due to increases in construction management services and contractual services pertaining to capital improvement projects increase in the amounts of \$652 (81.9%) and \$3,343 (717.3%), respectively. In addition, program management services increased by \$1,316 (886.4%) and street paving costs increased by \$1,125 (124.5%), compared to FY2024.
- Personnel services costs decreased by \$2,538 (8.5%) in FY2025, primarily due to decreases in salaries and overtime costs, pension costs and fringe benefits as a result of retirements and vacancies.

FY2025 net other nonoperating revenue totaled \$2,713, a net increase of \$4,330 (267.8%) over FY2024. The net increase is primarily due to the increase in capital contributions of \$4,234 (1,942.2%), mainly due to reimbursable project costs pertaining to the Haynes Generating Station Recycled Water Pipeline. This was offset by the increase in interest expense of \$982 (30.0%).

Sewer Fund

Fiscal Year Ended September 30, 2025 Compared to 2024

Total operating expenses amounted to \$19,848, an increase of \$2,194 (12.4%) over FY2024. This net increase is mostly attributable to the following elements:

- Personnel services costs decreased by \$376 (6.2%) in FY2025, primarily due to decreases in salaries and overtime costs, pension costs and fringe benefits as a result of retirements and vacancies.
- Commercial services increased by \$502 (31.3%) in FY2025, primarily due to the increase in sewer connections.
- Street impact charges increased by \$411 (17.9%) compared to FY2024, 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 \$1,564 (33.0%) in FY2025, primarily due to an increase in City MOU related expenditures pertaining to call center services and public works street impact charges in the amount of \$437 (48.7%) and \$411 (17.9%), respectively. In addition, there was a purchase of two Case Loader Backhoes tractors \$308.

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

FY2025 net nonoperating revenue totaled \$307, a net increase of \$791 (163.4%) compared to FY2024. The net increase is primarily due to elimination of other expenses in FY2025, a net decrease of 1,142 (100.0%). This was offset by decreases in interest and investment income by \$9 (1.9%) and \$355 (91.0%), respectively. This is mainly due to a decrease 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, 2025 amounted to \$786,927. 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 FY2025, the Utilities Department net capital assets increased \$37,208 (5.0%) primarily due 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 ending September 30, 2025 and 2024 (in thousands):

LONG BEACH UTILITIES DEPARTMENT
Condensed schedules of Capital Assets
September 30, 2025 and 2024
(in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Capital assets:				
Land	\$ 11,417	\$ 11,417	\$ -	0.00%
Water rights	40	40	-	0.00%
Patent	815	815	-	0.00%
Buildings, structures, and facilities	192,118	188,882	3,236	1.71%
Distribution/collection systems	1,043,484	1,004,873	38,611	3.84%
Machinery and equipment	40,353	37,792	2,561	6.78%
Construction in progress	155,376	136,269	19,107	14.02%
Total capital assets	1,443,603	1,380,088	63,515	4.60%
Less accumulated depreciation and amortization	(656,676)	(630,369)	(26,307)	-4.17%
Total capital assets, net	\$ 786,927	\$ 749,719	\$ 37,208	4.96%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

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, 2025 and 2024:

Gas Fund Capital Assets September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Capital assets:				
Land	\$ 203	\$ 203	\$ -	0.00%
Buildings, structures, and facilities	15,836	16,159	(323)	-2.00%
Distribution/collection systems	330,641	315,911	14,730	4.66%
Machinery and equipment	6,136	6,251	(115)	-1.84%
Construction in progress	28,488	24,152	4,336	17.95%
Total capital assets	381,304	362,676	18,628	5.14%
Less accumulated depreciation and amortization	(166,500)	(158,975)	(7,525)	-4.73%
Total capital assets, net	\$ 214,804	\$ 203,701	\$ 11,103	5.45%

Water Fund Capital Assets September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Capital assets:				
Land	\$ 11,214	\$ 11,214	\$ -	0.00%
Water rights	40	40	-	0.00%
Patent	815	815	-	0.00%
Buildings, structures, and facilities	160,575	157,016	3,559	2.27%
Distribution/collection systems	476,679	457,336	19,343	4.23%
Machinery and equipment	27,036	24,716	2,320	9.39%
Construction in progress	112,196	99,730	12,466	12.50%
Total capital assets	788,555	750,867	37,688	5.02%
Less accumulated depreciation and amortization	(318,353)	(302,593)	(15,760)	-5.21%
Total capital assets, net	\$ 470,202	\$ 448,274	\$ 21,928	4.89%

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

Sewer Fund Capital Assets September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance 2025/2024	
			Amount	%
Capital assets:				
Buildings, structures, and facilities	\$ 15,707	\$ 15,707	\$ -	0.00%
Distribution/collection systems	236,164	231,626	4,538	1.96%
Machinery and equipment	7,181	6,825	356	5.22%
Construction in progress	14,692	12,387	2,305	18.61%
Total capital assets	<u>273,744</u>	<u>266,545</u>	<u>7,199</u>	<u>2.70%</u>
Less accumulated depreciation and amortization	(171,823)	(168,801)	(3,022)	-1.79%
Total capital assets, net	<u>\$ 101,921</u>	<u>\$ 97,744</u>	<u>\$ 4,177</u>	<u>4.27%</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, 2025, the Department had total long-term obligations in the amount of \$479,613 for the Gas Fund, \$109,848 for Water Fund, and \$6,924 for the Sewer Fund. All debt is supported by the Department's Fund revenues. Total Department outstanding debt as of September 30, 2025 and 2024 is summarized as follows:

Gas Fund Long-Term Obligations September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance 2025/2024	
			Amount	%
Equipment financing obligation				
Equipment financing obligation - AMI	\$ 6,687	\$ 7,932	\$ (1,244)	-15.69%
Total equipment financing obligation outstanding	<u>6,687</u>	<u>7,932</u>	<u>(1,244)</u>	<u>-15.69%</u>
Equipment financing obligation				
Gas Prepay bonds	464,935	490,215	(25,280)	-5.16%
Gas Prepay fair value - interest rate swap	842	1,630	(789)	-48.38%
Long-term debt outstanding, net	<u>465,777</u>	<u>491,845</u>	<u>(26,069)</u>	<u>-5.30%</u>
Add: Unamortized bond premium	7,149	7,800	(651)	-8.35%
Total Long-term debt outstanding	<u>472,925</u>	<u>499,645</u>	<u>(26,720)</u>	<u>-5.35%</u>
Total long-term obligations	<u>\$ 479,613</u>	<u>\$ 507,577</u>	<u>\$ (27,965)</u>	<u>-5.51%</u>

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis September 30, 2025

Water Fund Long-Term Obligations September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Equipment financing obligation				
Equipment financing obligation - AMI	\$ 14,325	\$ 16,137	\$ (1,812)	-11.24%
Total equipment financing obligation outstanding	<u>14,325</u>	<u>16,137</u>	<u>(1,812)</u>	<u>-11.23%</u>
Equipment financing obligation				
Revenue refunding bonds	<u>90,240</u>	<u>91,630</u>	<u>(1,390)</u>	<u>-1.52%</u>
Long-term debt outstanding, net	<u>90,240</u>	<u>91,630</u>	<u>(1,390)</u>	<u>-1.52%</u>
Unamortized bond discount	-	-	-	-
Add: Unamortized bond premium	<u>5,283</u>	<u>5,648</u>	<u>(365)</u>	<u>-6.46%</u>
Total Long-term debt outstanding	<u>95,523</u>	<u>97,278</u>	<u>(1,755)</u>	<u>-1.80%</u>
Total long-term obligations	<u>\$ 109,848</u>	<u>\$ 113,415</u>	<u>\$ (3,567)</u>	<u>-3.15%</u>

Sewer Fund Long-Term Obligations September 30, 2025 and 2024 (in thousands)

	2025	2024	Variance	
			2025/2024	
			Amount	%
Long-term debt:				
Revenue refunding bonds	<u>\$ 6,310</u>	<u>\$ 6,745</u>	<u>\$ (435)</u>	<u>-6.45%</u>
Long-term debt outstanding, net	<u>6,310</u>	<u>6,745</u>	<u>(435)</u>	<u>-6.45%</u>
Add: Unamortized bond premium	<u>614</u>	<u>723</u>	<u>(109)</u>	<u>-15.08%</u>
Total long-term obligations	<u>\$ 6,924</u>	<u>\$ 7,468</u>	<u>\$ (544)</u>	<u>-7.28%</u>

The Department maintains credit ratings of AA- for the Gas Fund from Fitch Rating 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 47.

Economic Factors and Next Year's Budget and Rates

The Board of Utilities Commissioners (Board) approved the budget and rates for the fiscal year-end September 30, 2026, with budgeted expenditures totaling approximately \$397,367, an increase of \$20,286 (5.4%) compared to FY2025. Total Department budgeted expenditures for FY2026 and FY2025 are summarized as follows:

LONG BEACH UTILITIES DEPARTMENT

Management's Discussion and Analysis
September 30, 2025

LONG BEACH UTILITIES DEPARTMENT Statements of Net Position Annual Budgeted Expenditures (in thousands)

	2026	2025	Variance	
			2026/2025	
	Amount	%	Amount	%
Gas Fund	\$ 173,150	\$ 164,746	\$ 8,404	5.10%
Water Fund	187,502	179,776	7,726	4.30%
Sewer Fund	36,715	32,559	4,156	12.76%
Total budgeted Expenditures	\$ 397,367	\$ 377,081	\$ 20,286	5.38%

In FY2026, there are 12% rate increases for water and sewer rate starting October 1st, 2025. The rate increases for gas services were 15% starting on August 1st in FY2025 follow by an additional increase of 12% starting on April 1st, 2026.

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, 2025
(in thousands)

	Gas Fund	Water Fund	Sewer Fund	Total
ASSETS				
Current Assets:				
Pooled cash and cash equivalents	\$ 34,050	\$ 35,092	\$ 9,259	\$ 78,401
Non-pooled cash equivalents	31	24,714	-	24,745
Interest receivable	-	-	-	-
Due from other funds	6,864	1,059	26	7,949
Due from other government	9	783	-	792
Due from the City	-	-	-	-
Customer accounts receivable	18,591	13,661	2,736	34,988
Allowance for doubtful accounts	(6,539)	(880)	(127)	(7,546)
Material and supplies inventory	7,499	6,747	257	14,503
Prepaid expense:				
Prepaid gas expense	21,327	-	-	21,327
Other prepaid expense	318	8,996	86	9,400
Lease receivable-current	-	388	-	388
Total current assets	82,150	90,560	12,237	184,947
Noncurrent Assets:				
Capital assets:				
Land	203	11,214	-	11,417
Water rights	-	40	-	40
Patent	-	815	-	815
Buildings, structures and facilities	15,836	160,575	15,707	192,118
Distribution/collection systems	330,562	476,679	236,164	1,043,405
Machinery and equipment	6,215	27,036	7,181	40,432
Construction in progress	28,488	112,196	14,692	155,376
Total capital assets	381,304	788,555	273,744	1,443,603
Less: Accumulated depreciation and amortization	(166,500)	(318,353)	(171,823)	(656,676)
Total capital assets, net	214,804	470,202	101,921	786,927
Restricted Noncurrent Assets:				
Non-pooled investments	28,038	-	-	28,038
Total restricted noncurrent assets	28,038	-	-	28,038
Other noncurrent assets:				
Fair Value - Commodity Swap	338,653	-	-	338,653
Prepaid gas expense	221,425	-	-	221,425
Lease receivable-noncurrent	-	911	-	911
Total other noncurrent assets	560,078	911	-	560,989
Total noncurrent assets	802,920	471,113	101,921	1,375,954
Total assets	885,070	561,673	114,158	1,560,901

(Continued)

LONG BEACH UTILITIES DEPARTMENT

Statements of Net Position Business Type Activity - Enterprise September 30, 2025 (in thousands)

	Gas Fund	Water Fund	Sewer Fund	Total
DEFERRED OUTFLOWS OF RESOURCES				
Fair value derivative - interest rate swap	842	-	-	842
Pension contributions after measurement date	1,516	1,486	304	3,306
Pension changes in proportions	1,314	-	69	1,383
Pension changes in experience	4,280	4,195	859	9,334
OPEB contributions after measurement date	151	140	29	320
OPEB liability change in proportions	231	136	45	412
OPEB change in assumptions	1,050	972	198	2,220
OPEB change in experience	17	16	3	36
Total deferred outflows of resources	9,401	6,945	1,507	17,853
LIABILITIES				
Current Liabilities:				
Accounts payable	7,552	25,477	2,516	35,545
Accrued wages payable	588	594	132	1,314
Unearned revenue	1,130	1,119	-	2,249
Accrued compensated absences	2,597	2,564	531	5,692
Due to other funds	3,899	974	123	4,996
Advances from developers	877	1,510	274	2,661
Accrued interest payable	8,322	1,693	114	10,129
Equipment financing obligation due within one year	1,274	1,875	-	3,149
Long-term debt due within one year	19,195	1,485	455	21,135
Customer deposits	2,494	1,434	-	3,928
Total current liabilities	47,928	38,725	4,145	90,798
Noncurrent Liabilities:				
Equipment financing obligation, net of current portion	5,413	12,450	-	17,863
Long-term debt, net of current portion	452,889	94,037	6,469	553,395
Compensated absences	5,072	4,601	940	10,613
Total OPEB liability	517	479	98	1,094
Net pension liability	36,018	35,303	7,232	78,553
Fair value - interest rate swap	842	-	-	842
Total noncurrent liabilities	500,751	146,870	14,739	662,360
Total Liabilities	548,679	185,595	18,884	753,158
DEFERRED INFLOWS OF RESOURCES				
Difference between actual and expected				
CalPERS investment returns	3,416	3,348	686	7,450
CalPERS change in proportion	491	1,895	82	2,468
OPEB change in assumptions	490	453	92	1,035
OPEB change in proportion	288	352	71	711
OPEB change in experience	868	803	163	1,834
Gain on debt refunding	-	118	-	118
Fair value derivative - commodity swap	338,653	-	-	338,653
Deferred amount for leases	-	1,067	-	1,067
Total deferred inflows of resources	344,206	8,036	1,094	353,336
NET POSITION				
Net investment in capital assets	203,794	376,678	92,508	672,980
Restricted for:				
Gas allowances	2,640	-	-	2,640
Capital Projects	28,432	-	-	28,432
Unrestricted	(233,280)	(1,691)	3,179	(231,792)
Total Net Position	\$ 1,586	\$ 374,987	\$ 95,687	\$ 472,260

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, 2025
(in thousands)**

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues:				
Metered sales	\$ 105,856	81,730	6,163	193,749
Reclaimed water sales	-	4,729	-	4,729
Service charges	10,137	44,965	13,310	68,412
Other services	23,673	10,221	4,009	37,903
Total operating revenues	<u>139,666</u>	<u>141,645</u>	<u>23,482</u>	<u>304,793</u>
Operating Expenses:				
Cost of gas	33,652	-	-	33,652
Cost of water	-	25,691	-	25,691
Personal services	31,912	27,198	5,703	64,813
Commercial services	1,359	2,216	2,108	5,683
Maintenance and other	21,445	44,829	6,302	72,576
Street Impact charges	-	2,031	2,709	4,740
Depreciation and amortization	8,741	16,307	3,026	28,074
Total operating expenses	<u>97,109</u>	<u>118,272</u>	<u>19,848</u>	<u>235,229</u>
Operating income	<u>42,557</u>	<u>23,373</u>	<u>3,634</u>	<u>69,564</u>
Noncapital subsidies:				
Transfer out to City of Long Beach	(18,840)	(93)	-	(18,933)
Total noncapital subsidies	<u>(18,840)</u>	<u>(93)</u>	<u>-</u>	<u>(18,933)</u>
Operating income and noncapital subsidies	<u>23,717</u>	<u>23,280</u>	<u>3,634</u>	<u>50,631</u>
Other nonoperating revenue (expense):				
Interest income	2,581	2,714	446	5,741
Investment income	121	169	35	325
Interest expense	(23,986)	(4,259)	(174)	(28,419)
Capital contributions	-	4,452	-	4,452
Other	(451)	(363)	-	(814)
Total other nonoperating revenue (expense)	<u>(21,735)</u>	<u>2,713</u>	<u>307</u>	<u>(18,715)</u>
Changes in net position	1,982	25,993	3,941	31,916
Net position - October 1	<u>(396)</u>	<u>348,994</u>	<u>91,746</u>	<u>440,344</u>
Net Position - September 30	<u>\$ 1,586</u>	<u>374,987</u>	<u>95,687</u>	<u>472,260</u>

See accompanying notes to financial statements

LONG BEACH UTILITIES DEPARTMENT

Statements of Cash Flows
Business Type Activity - Enterprise
Year ended September 30, 2025
(in thousands)

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 141,191	\$ 139,035	\$ 22,070	\$ 302,296
Cash paid to employees	(29,603)	(28,084)	(5,729)	(63,416)
Cash paid for gas	(13,906)	-	-	(13,906)
Cash paid for water	-	(25,691)	-	(25,691)
Cash paid for goods and services	(23,057)	(48,342)	(9,753)	(81,152)
Cash paid to other funds	471	-	-	471
Other cash payments	(9)	-	-	(9)
Other cash receipts	-	-	-	-
Net cash provided by operating activities	<u>75,087</u>	<u>36,918</u>	<u>6,588</u>	<u>118,593</u>
Cash flows from non-capital financing activities:				
Cash received from other funds	-	-	-	-
Payments to other funds	(18,840)	(93)	-	(18,933)
Payments to customers - Measure M refund	-	(363)	-	(363)
Operating grants	-	-	-	-
Payment of interest	(25,124)	-	-	(25,124)
Payment of principal on bonds payable	(25,280)	-	-	(25,280)
Credit to customers	-	-	-	-
Other expense	-	-	-	-
Net cash used for non-capital financing activities	<u>(69,244)</u>	<u>(456)</u>	<u>-</u>	<u>(69,700)</u>
Cash flows from capital and related financing activities:				
Proceeds from capital lease	-	-	-	-
Collections of lease receivables (from lessor activities)	-	349	-	349
Proceeds from line of credit	-	-	-	-
Payments made to line of credit	-	-	-	-
Proceeds from sale of revenue bonds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Capital contributions	-	4,088	-	4,088
Payments for capital acquisitions	(20,294)	(37,813)	(7,120)	(65,227)
Principal repayments-bonds	-	(1,755)	(544)	(2,299)
Principal repayments-equipment financing obligation	(1,244)	(2,167)	-	(3,411)
Interest payments	-	(4,211)	(181)	(4,392)
Net cash used for capital and related financing activities	<u>(21,538)</u>	<u>(41,509)</u>	<u>(7,845)</u>	<u>(70,892)</u>
Cash flows from investing activities:				
Redemption of Investments	6,341	-	-	6,341
Changes on investments	121	169	35	325
Receipt of Interest	2,581	2,714	446	5,741
Net cash provided by investing activities	<u>9,043</u>	<u>2,883</u>	<u>481</u>	<u>12,407</u>
Net decrease in cash and cash equivalents	(6,652)	(2,164)	(776)	(9,592)
Cash and cash equivalents, October 1	<u>40,733</u>	<u>61,970</u>	<u>10,035</u>	<u>112,738</u>
Cash and cash equivalents, September 30	<u>34,081</u>	<u>59,806</u>	<u>9,259</u>	<u>103,146</u>

(Continued)

LONG BEACH UTILITIES DEPARTMENT

Statements of Cash Flows Business Type Activity - Enterprise Year ended September 30, 2025 (in thousands)

Reconciliation of operating income to net cash provided by operating activities:

Operating income	42,557	23,373	3,634	69,564
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense and amortization	8,741	16,307	3,026	28,074
Increase (decrease) in compensated absences	-	232	(196)	36
Increase (decrease) in OPEB liability	(986)	(981)	71	(1,896)
Decrease in D/O of resources related to OPEB	263	306	62	631
Increase in D/I of resources related to OPEB	609	560	124	1,293
Decrease in Pension liability	(4,441)	(5,343)	(866)	(10,650)
Decrease in D/O of resources related to Pension	2,457	1,411	311	4,179
Increase in D/I of resources related to Pension	3,856	2,831	454	7,141
Decrease (Increase) in prepaid expense	19,747	(1,163)	(86)	18,498
Increase in customer accounts receivable	(168)	(2,594)	(1,395)	(4,157)
Decrease (increase) in due from City of Long Beach	1,041	(591)	(17)	433
Increase in material and supplies inventory	(1,180)	(1,471)	(73)	(2,724)
Increase accounts and retainage payable	927	3,387	1,574	5,888
Increase in accrued wages payable	551	98	14	663
Increase (decrease) in unearned revenue	282	(4)	-	278
Increase (decrease) in due to other funds	471	(19)	(49)	403
Increase in customer deposits	360	579	-	939
Total adjustments	<u>32,530</u>	<u>13,545</u>	<u>2,954</u>	<u>49,029</u>
Net cash provided by operating activities	<u>\$ 75,087</u>	<u>\$ 36,918</u>	<u>\$ 6,588</u>	<u>\$ 118,593</u>

Supplemental schedule of noncash transactions:

Amortization of Bond premium, net	\$ 651	\$ 365	\$ 109	\$ 1,125
Accrued capital related liabilities	\$ 4,322	\$ 8,370	\$ 2,156	\$ 14,848
Net book value of retired assets	\$ (451)	\$ (500)	\$ -	\$ (951)
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, 2025
(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 462,561 as of September 30, 2025, 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 with the much-needed commodity in their homes and businesses. In FY2025, we serve approximately 500,000 customers (about 150,000 accounts) in the city of Long Beach, Signal Hill and portions of Los Alamitos, Bellflower, Compton and Los Angeles County.

The Long Beach Utilities Department drinking (potable) water system consists of over 910 miles of transmission and distribution pipeline, and 96,535 service connections. The Department obtains potable water for distribution from two sources, groundwater and imported water. About 60% of the Long Beach water supply is from 24 local groundwater wells. The other 40% of the potable water comes from two imported water sources: the Colorado River, via the 242-mile Colorado River Aqueduct and the Northern California's Bay-Delta region, via the 441-mile California Aqueduct. The Metropolitan Water District of Southern California, our water wholesaler, is responsible for bringing these imported water sources to Southern California. Potable water is stored in 31 steel water storage tanks (with capacity of 3.3 million gallons of water each tank) at two reservoirs: 19 tanks at Alamitos Reservoir and 12 tanks at J. Will Johnson Reservoir. The combined capacity at the two reservoirs is 108.9 million gallons. Additionally, the Department maintains over 35 miles of recycled water pipeline, delivering over 2.2 billion gallons of reclaimed water to various users in the City in FY2025. The recycled water is stored in 5 steel tanks at Alamitos Reservoir.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

The Department also services the City's sewer system that consists of 714 miles of sewer mains, 15,137 manholes, and 28 sewage pumping stations. This system can transport approximately 40 to 60 million gallons of raw sewage for treatment daily.

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, 2025, 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.

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Implementation of New Accounting Pronouncements

Application of the following Statements was effective for the Department's fiscal year ended September 30, 2025.

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, 2025.

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, 2025.

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. Application of this Statement did not have a material impact to the city's financial statements for the fiscal year ended September 30, 2025.

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 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.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

On September 30, 2025, the Gas Fund, Water Fund, and Sewer Fund had equity in the Pool of \$34,050, \$35,092, and \$9,259, respectively, which represents approximately 1.44%, 1.49%, and 0.39%, respectively, for a total departmental equity of \$78,401 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

Material and Supplies Inventory

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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.
- Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

- 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 \$9,621. As of September 30, 2025, the Department recorded a total rental income of \$1,410.

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.

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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, 2025, the Department recorded compensated absences of \$16,305 (\$7,070 for Gas, \$7,165 for Water, and \$1,471 for Sewer) of which short-term amounts totaled to \$5,692 (\$2,597 for Gas, \$2,564 for Water, and \$531 for Sewer) and long-term balances of \$10,613 (\$5,072 for Gas, \$4,601 for Water, and \$940 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

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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, represents 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, represents 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 percentage 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.

Estimates

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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 is 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, AB32 gas allowances and capital projects programs.

Unrestricted - All other categories of net position.

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.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

As of September 30, 2025, 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, 2025, Measure M still applies to the Gas Fund.

Note 2 - Cash Equivalents and Investments

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

	<u>Gas Fund</u>		<u>Total Investments & Cash Equivalent</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Equity in the City of Long Beach's investment pool	\$ 34,050	-	34,050
Non-pooled cash equivalents	31	-	31
Guaranteed Investment Contract (GIC)	-	28,038	28,038
Total cash and investments	<u>\$ 34,081</u>	<u>28,038</u>	<u>62,119</u>

	<u>Water Fund</u>		<u>Total Investments & Cash Equivalent</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Equity in the City of Long Beach's investment pool	\$ 35,092	-	35,092
Non-pooled cash equivalents	24,714	-	24,714
Total cash and investments	<u>\$ 59,806</u>	<u>-</u>	<u>59,806</u>

	<u>Sewer Fund</u>		<u>Total Investments & Cash Equivalent</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Equity in the City of Long Beach's investment pool	\$ 9,259	-	9,259
Total cash and investments	<u>\$ 9,259</u>	<u>-</u>	<u>9,259</u>

The Department's 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.

As of September 30, 2025, the City's Investment Pool has weighted average maturity of 2.5 years and is not rated. The Department's investment in the Pool is not categorized nor leveled in the fair value hierarchy.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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 other than quoted market prices 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, 2025 were as follows:

Gas Fund	Balance October 1, 2024	Additions	Deletions, Retirements and Transfers	Balance September 30, 2025
Capital assets, not being depreciated:				
Land	\$ 203	\$ -	\$ -	\$ 203
Construction in progress	24,152	20,306	(15,970)	28,488
Water Rights	-	-	-	-
Total capital assets, not being depreciated	<u>24,355</u>	<u>20,306</u>	<u>(15,970)</u>	<u>28,691</u>
Capital assets, being depreciated:				
Buildings, structures and facilities	16,159	-	(323)	15,836
Distribution/collection systems	315,911	15,877	(1,226)	330,562
Machinery and equipment	6,251	79	(115)	6,215
Total capital assets, being depreciated	<u>338,321</u>	<u>15,956</u>	<u>(1,664)</u>	<u>352,613</u>
Less accumulated depreciation for:				
Buildings, structures and facilities	(10,957)	(501)	324	(11,134)
Distribution/collection systems	(142,631)	(8,092)	776	(149,947)
Machinery and equipment	(5,387)	(148)	116	(5,419)
Total accumulated depreciation	<u>(158,975)</u>	<u>(8,741)</u>	<u>1,216</u>	<u>(166,500)</u>
Total capital assets, being depreciated, net	<u>179,346</u>	<u>7,215</u>	<u>(448)</u>	<u>186,113</u>
Total Gas Fund capital assets, net	<u>\$ 203,701</u>	<u>\$ 27,521</u>	<u>\$ (16,418)</u>	<u>\$ 214,804</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2025 (in thousands of dollars)

Water Fund	Balance September 30, 2024	Additions	Deletions, Retirements and Transfers	Balance September 30, 2025
Capital assets, not being depreciated:				
Land	\$ 11,214	\$ -	\$ -	\$ 11,214
Construction in progress	99,730	36,168	(23,702)	112,196
Water Rights	40	-	-	40
Total capital assets, not being depreciated	110,984	36,168	(23,702)	123,450
Capital assets, being depreciated:				
Buildings, structures and facilities	157,016	3,659	(99)	160,575
Patents	815	-	-	815
Distribution/collection systems	457,336	19,342	-	476,679
Machinery and equipment	24,716	2,769	(449)	27,036
Total capital assets, being depreciated	639,883	25,770	(548)	665,105
Less accumulated depreciation for:				
Buildings, structures and facilities	(85,752)	(4,621)	99	(90,274)
Patents	(736)	(41)	-	(777)
Distribution/collection systems	(195,030)	(10,066)	-	(205,096)
Machinery and equipment	(21,075)	(1,580)	449	(22,206)
Total accumulated depreciation	(302,593)	(16,308)	548	(318,353)
Total capital assets, being depreciated, net	337,290	9,462	-	346,752
Total Water Fund capital assets, net	\$ 448,274	\$ 45,630	\$ (23,702)	\$ 470,202

Sewer Fund	Balance September 30, 2024	Additions	Deletions, Retirements and Transfers	Balance September 30, 2025
Capital assets, not being depreciated:				
Construction in progress	\$ 12,387	\$ 6,882	\$ (4,576)	\$ 14,692
Total capital assets, not being depreciated	12,387	6,882	(4,576)	14,692
Capital assets, being depreciated:				
Buildings, structures and facilities	15,707	-	-	15,707
Distribution/collection systems	231,626	4,538	-	236,164
Machinery and equipment	6,825	356	-	7,181
Total capital assets, being depreciated	254,158	4,894	-	259,052
Less accumulated depreciation for:				
Buildings, structures and facilities	(3,993)	(343)	-	(4,336)
Distribution/collection systems	(159,458)	(2,274)	-	(161,732)
Machinery and equipment	(5,350)	(405)	-	(5,755)
Total accumulated depreciation	(168,801)	(3,022)	-	(171,823)
Total capital assets, being depreciated, net	85,357	1,872	-	87,229
Total Sewer Fund capital assets, net	\$ 97,744	\$ 8,754	\$ (4,576)	\$ 101,921

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2025 (in thousands of dollars)

Combined Total	Balance September 30, 2024	Additions	Deletions, Retirements and Transfers	Balance September 30, 2025
Capital assets, not being depreciated:				
Land	11,417	-	-	11,417
Construction in progress	136,269	63,355	(44,248)	155,376
Water Rights	40	-	-	40
Total capital assets, not being depreciated	147,726	63,355	(44,248)	166,833
Capital assets, being depreciated:				
Buildings, structures and facilities	188,882	3,658	(422)	192,118
Patents	815	-	-	815
Distribution/collection systems	1,004,873	39,758	(1,226)	1,043,405
Machinery and equipment	37,792	3,204	(564)	40,432
Total capital assets, being depreciated	1,232,362	46,620	(2,212)	1,276,770
Less accumulated depreciation for:				
Buildings, structures and facilities	(100,702)	(5,465)	423	(105,744)
Patents	(736)	(41)	-	(777)
Distribution/collection systems	(497,119)	(20,432)	776	(516,775)
Machinery and equipment	(31,812)	(2,133)	565	(33,380)
Total accumulated depreciation	(630,369)	(28,071)	1,764	(656,676)
Total capital assets, being depreciated, net	601,993	18,549	(448)	620,094
Total Water Fund capital assets, net	749,719	81,904	(44,696)	786,927

In FY2025, the Department capitalized enhancements to treatment plant booster pump facilities, which amounted to \$3,659 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 \$15,877 for the Gas Fund, \$19,342 for the Water Fund and \$4,538 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 \$79 for the Gas Fund, \$2,769 for the Water Fund and \$356 for the Sewer Fund. These machinery and equipment purchases included utility vehicles, gas operation equipment, water distribution and sewer collection pump, laboratory equipment.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Construction in Progress

Construction in progress at September 30, 2025 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	\$ 27,296	\$ -	\$ -	\$ 27,296
Gas Services Development and Replacement Program	85	-	-	85
Gas Regulator/Base Station	1,107	-	-	1,107
Water Main Replacement Program	-	26,692	-	26,692
Water Reservoir Improvements	-	5,411	-	5,411
Water Well Development and Rehabilitation	-	40,325	-	40,325
Water System Facility Improvements	-	4,194	-	4,194
Reclaimed Water System	-	1,914	-	1,914
Sewer Main Replacement Program	-	-	4,679	4,679
Sewer Lift Stations Rehabilitation	-	-	8,408	8,408
Other Projects	-	33,660	1,605	35,265
Total Combined Construction in Progress	<u>\$ 28,488</u>	<u>\$ 112,196</u>	<u>\$ 14,692</u>	<u>\$ 155,376</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, 2025, 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	\$ 15,956	\$ 23,511	\$ 4,538
Transfers to Expense	14	191	38
Total	<u>\$ 15,970</u>	<u>23,702</u>	<u>4,576</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2025 (in thousands of dollars)

Note 4 – Long-term Liabilities

Gas Fund					
<u>September 30, 2025</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of year</u>	<u>Due within one year</u>
2007 Gas Prepay Bond - Series A	\$ 421,210	-	(25,280)	395,930	
2007 Gas Prepay Bond - Series B	69,005	19,195	(19,195)	69,005	19,195
Gas Prepay Fair Value - Interest Rate Swap	1,630	842	(1,630)	842	-
	<u>491,845</u>	<u>20,037</u>	<u>(46,105)</u>	<u>465,777</u>	<u>19,195</u>
Add 2007 PP Bond A unamortized bond premium	7,800	-	(651)	7,149	-
Total long-term debt	<u>499,645</u>	<u>20,037</u>	<u>(46,756)</u>	<u>472,926</u>	<u>19,195</u>
Compensated Absences	7,173	8,572	(8,076)	7,670	2,597
Net Pension Liability	40,459	-	(4,441)	36,018	-
Total OPEB Liability	1,503	-	(986)	517	-
Equipment financing obligation	7,932	1,274	(2,519)	6,687	1,274
Total	<u>\$ 556,712</u>	<u>29,883</u>	<u>(62,778)</u>	<u>523,818</u>	<u>23,066</u>

Water Fund					
<u>September 30, 2025</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of year</u>	<u>Due within one year</u>
2024 Water Revenue Bonds	\$ 91,630	\$ -	\$ (1,391)	\$ 90,239	\$ 1,485
	91,630	-	(1,391)	90,239	1,485
Add 2024 unamortized bond premium	5,648	-	(365)	5,283	-
Total long-term debt	<u>97,278</u>	<u>-</u>	<u>(1,756)</u>	<u>95,522</u>	<u>1,485</u>
Compensated Absences	6,933	8,213	(7,981)	7,165	2,564
Net Pension Liability	40,646	-	(5,343)	35,303	-
Total OPEB Liability	1,460	-	(981)	479	-
Equipment financing obligation	16,137	-	(1,812)	14,325	1,875
Total	<u>\$ 162,454</u>	<u>\$ 8,213</u>	<u>\$ (17,873)</u>	<u>\$ 152,794</u>	<u>\$ 5,924</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements September 30, 2025 (in thousands of dollars)

Sewer Fund					
September 30, 2025	Beginning of year	Additions	Reductions	End of year	Due within one year
2016 Sewer Revenue Refunding Bonds	\$ 6,745	\$ -	\$ (435)	\$ 6,310	\$ 455
	6,745	-	(435)	6,310	455
Add 2016 unamortized bond premium	723	-	(109)	614	-
Total long-term debt	7,468	-	(544)	6,924	455
Compensated Absences	1,400	1,680	(1,609)	1,471	531
Net Pension Liability	8,098	-	(866)	7,232	-
Total OPEB Liability	294	-	(196)	98	-
Total	\$ 17,260	\$ 1,680	\$ (3,215)	\$ 15,725	\$ 986

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. In 2009 an interest rate swap was executed for the Series 2007B bonds, reducing the outstanding amount to \$69 million. In FY2023 the effective date on the Series 2007B bonds were amended to update the index rate from London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR). 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 a \$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 generates 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 remaining savings are approximately \$5 million per year.

The gas prepay contract provides 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
September 30, 2025
(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.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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 about 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.

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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 accrue interest at a variable rate per annum equal to a percentage of 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 FY2025, the Department paid a total of \$2,326 (\$1,813 principal and \$513 interest) in rental payments.

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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 A		Total		Total Debt Service
	Principle	Interest	Principle	Interest	Principle	Interest	
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
2029-2034	107,485	100,522	5	1	107,490	100,523	208,013
2035-2038	283,475	31,480	-	-	283,475	31,480	314,955
Total	<u>395,930</u>	<u>194,507</u>	<u>69,005</u>	<u>4,534</u>	<u>464,935</u>	<u>199,042</u>	<u>663,977</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Gas Fund - Equipment financing obligation

Fiscal Year Ending Sept 30	Principle	Interest	Total Debt Service
2026	1,274	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>6,687</u>	<u>382</u>	<u>7,070</u>

Water Fund

Fiscal Year Ending Sept 30	Series 2024 Bond		Total Debt Service
	Principle	Interest	
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
2034-2039	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>90,240</u>	<u>68,861</u>	<u>159,101</u>

Water Fund - Equipment Financing Obligation

Fiscal Year Ending Sept 30	Principle	Interest	Total Debt Service
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>14,324</u>	<u>1,741</u>	<u>16,065</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Sewer Fund

Fiscal Year Ending Sept 30	Series 2016A Bond		Total Debt Service
	Principle	Interest	
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	<u>6,310</u>	<u>1,697</u>	<u>8,007</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Note 5 – Derivative Instruments

At September 30, 2025, the city had the following hedging derivative instruments outstanding:

Type	Objective	Notional Amount	Effective Date	Various Maturity Dates to:	Terms
Pay-Fixed Interest Rate Swap	To reduce the risks associated with the change in interest rates related to the 2007 Series B Variable-rate Bonds.	\$69.0 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. In July 2009, a tender offer was submitted to bondholders reducing the Prepay Bonds' outstanding notional amounts to \$69.0 million as follows:

Maturity Date	Notional Amounts (In Thousands)	Synthetic Fixed Rate	Variable Rate	Spread
11/15/2026	\$ 25,175	4.965%	4.269%	1.605%
11/15/2027	24,630	4.992%	4.289%	1.625%
11/15/2033	5	5.088%	4.389%	1.725%
	\$ 49,810	5.015% ²	4.316% ³	1.652% 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, 2025, 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 from London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR).

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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 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 \$1.6 million on October 1, 2024. During the fiscal year ending September 30, 2025, the negative fair value decreased by \$785 thousand to a negative fair value of \$843 thousand. The fair value for the interest rate swap is described as the exit price, which is based on the SOFR swap rate.

The commodity swap, with the market price quoted by RBC, had a fair value of \$339.3 million on October 1, 2024. During the fiscal year, fair value decreased \$637 thousand to a fair value of \$338.7 million as of September 30, 2025. 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 (in thousands):

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

<u>Maturity Date Ending Sept 30</u>	<u>Fair Value, October 1</u>	<u>Change in Fair Value</u>	<u>Fair Value, September</u>
Interest Rate Swap			
11/15/2026	\$ (573)	\$ 305	\$ (268)
11/15/2027	(866)	306	(560)
	<u>(1,439)</u>	<u>611</u>	<u>(828)</u>
Commodity Swap			
9/30/2037	339,290	(637)	338,653
Total	<u>\$ 337,851</u>	<u>\$ (26)</u>	<u>\$ 337,825</u>

Information on the effects of these transactions on the financial statement presentation can be found in Note 22 to the City's basic financial statements.

Credit Risks: As of September 30, 2025, 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 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.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2025, 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 (in thousands):

Fiscal Year Ending September 30	Variable-Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2026	\$ 25,175	\$ 1,531	\$ 176	\$ 1,707
2027	24,630	305	99	404
2028	-	-	18	18
2029	-	-	-	-
2030 - 2034	5	1	-	-
Total	<u>\$ 49,810</u>	<u>\$ 1,837</u>	<u>\$ 293</u>	<u>\$ 2,129</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.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Note 6 - Retirement Program

Plan Description – Public Employees’ Retirement System (CalPERS)

The Department contributes to the California Public Employees’ Retirement System (CalPERS) agent multiple-employer defined benefit pension plan. The City is considered the employer and the Department is a department of the City. 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 nonvested 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.

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 Plan is 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 amounts during the year were \$55.1 million for the Plan.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

The Plans' provisions and benefits in effect on September 30, 2025, 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%

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 percentages for the Plan was 11.9 percent (5.4 percent for Gas, 5.4 percent for Water, and 1.1 percent for Sewer) at the beginning of the period and 11.5 percent (5.3 percent for Gas, 5.2 percent for Water, and 1.0 percent for Sewer) at June 30, 2025.

Net Pension Liability

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, 2025 (measurement date), using the actuarial valuation report as of June 30, 2024. At September 30, 2025, the City reported net pension liability of \$685.9 million for the Miscellaneous Plan. The Department's share of net pension liability for the Miscellaneous Plan was \$78.5 million (\$36.0 million for Gas, \$35.3 million for Water, and \$7.2 million for Sewer) as of September 30, 2025.

For the year ending June 30, 2025 (the measurement date), the Department reported pension expense of \$14.0 million (\$6.4 million for Gas, \$6.3 million for Water, and \$1.3 million for Sewer).

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

As of September 30, 2025, the Department had deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Gas	Water	Sewer	Total
Deferred outflows of resources:				
Pension contributions after measurement date	\$ 1,517	\$ 1,486	\$ 304	\$ 3,307
Pension changes in proportions	1,314	-	69	1,383
Pension changes in experience	4,280	4,195	859	9,334
Total deferred outflows of resources	<u>\$ 7,111</u>	<u>\$ 5,681</u>	<u>\$ 1,232</u>	<u>\$ 14,024</u>
Deferred inflows of resources:				
Net difference between actual and expected investment returns	\$ 3,416	\$ 3,348	\$ 686	\$ 7,450
Change in proportion	491	1,895	82	2,468
Total deferred inflows of resources	<u>\$ 3,907</u>	<u>\$ 5,243</u>	<u>\$ 768</u>	<u>\$ 9,918</u>

Exclusive of deferred outflows of resources related to contributions after measurement date of \$3.3 million (\$1.5 million for Gas, \$1.5 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 pension expense during the next five years and thereafter is as follows:

Measurement Period Ending	Water	Sewer	Gas	Total
June 30				
2026	\$ 3,232	\$ 941	\$ 5,535	\$ 9,708
2027	(1,029)	(128)	(585)	(1,742)
2028	(1,869)	(371)	(1,853)	(4,092)
2029	(1,382)	(283)	(1,410)	(3,075)
	<u>\$ (1,048)</u>	<u>\$ 160</u>	<u>\$ 1,687</u>	<u>\$ 799</u>

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Actuarial Assumptions

The total pension liabilities were determined using the following actuarial assumptions:

	<i>Miscellaneous</i>
Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2025
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS' membership data for all funds

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 full generational mortality improvement using 80% of Scale MP-200 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.

The discount rate used to measure the total pension liability as of June 30, 2025 was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term. The expected real rates of return by asset class are as follows:

<i>Asset Class</i>	<i>Assumed Asset Allocation¹</i>	<i>Long-Term Expected Real Rate of Return^{1,2}</i>
Public Equity	37.00 %	4.56 %
Private Equity	17.00	5.56
Fixed Income	28.00	2.53
Real Assets	15.00	3.03
Private Debt	8.00	4.93
Strategic Leverage	(5.00)	1.40

¹ Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

² An expected annual rate of price inflation of 2.30% was used for this period.

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

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.

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 percent, compared to a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%). Amounts shown below are in thousands:

<u>Net Pension Liability/(Asset)</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
1% Decrease (5.90%)	\$ 58,615	12,007	59,803	130,425
Current Discount Rate (6.90%)	35,303	7,232	36,018	78,553
1% Increase (7.90%)	16,056	3,289	16,382	35,727

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. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75.

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, 2025, the Department's total OPEB liability of \$1,094 (\$517 for Gas, \$479 for Water, and \$98 for Sewer) for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of September 30, 2024 and the total OPEB liability used to calculate

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

the total OPEB liability was determined by an actuarial valuation as of September 30, 2024. The Department's proportion of the total OPEB liability was based on the Department's share of sick leave balances. At September 30, 2025, the Department's proportion was 6.2% (3.0% for Gas, 2.9% for Water, and 0.6% for Sewer). For the year ended September 30, 2025, the Department recognized OPEB expense of \$369 (\$224 for Gas, \$126 for Water, and \$19 for Sewer).

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2025, 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	\$ 151	\$ -	\$ 140	\$ -	\$ 29	\$ -
Difference between expected and actual experience	17	868	16	803	3	163
Change in assumptions	1,050	490	972	453	198	92
	\$ 1,218	\$ 1,358	\$ 1,128	\$ 1,256	\$ 230	\$ 255

At September 30, 2025, the Department reported \$320 (\$151 for Gas, \$140 for Water, and \$29 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, 2026. 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	Year Ending September 30	Year Ending September 30
	<i>Amount to be Recognized</i>	<i>Amount to be Recognized</i>	<i>Amount to be Recognized</i>
2026	\$ (101)	\$ (94)	\$ (19)
2027	(99)	(91)	(19)
2028	(50)	(46)	(9)
2029	20	19	4
2030	41	38	8
2031-2035	(102)	(94)	(19)
Total	\$ (290)	\$ (268)	\$ (56)

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

Actuarial Assumptions

The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the following assumptions:

Valuation Date	September 30, 2024	
Measurement Date	September 30, 2024	
Actuarial Cost Method	Entry Age	
Actuarial Assumptions:		
Inflation	2.50%	
Discount Rate	3.81%	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	7.90% 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

	<i>1% Decrease</i> <i>(2.81%)</i>	<i>Discount</i> <i>Rate</i> <i>(3.81%)</i>	<i>1% Increase</i> <i>(4.81%)</i>
Total OPEB Liability - Gas	\$ (147)	\$ 517	\$ 963
Total OPEB Liability - Water	\$ (136)	\$ 478	\$ 890
Total OPEB Liability - Sewer	\$ (28)	\$ 98	\$ 183

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

LONG BEACH UTILITIES DEPARTMENT

Notes to Financial Statements
September 30, 2025
(in thousands of dollars)

	<i>1 Percent Decrease</i>	<i>Healthcare Cost Trend Rate</i>	<i>1 Percent Increase</i>
Total OPEB Liability - Gas	\$ 916	\$ 517	\$ (113)
Total OPEB Liability - Water	\$ 846	\$ 478	\$ (105)
Total OPEB Liability - Sewer	\$ 174	\$ 98	\$ (22)

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, 2025, amounting to \$1,436, \$15,254, and \$5,781 for the Gas Fund, Water Fund, and Sewer Fund, respectively.

Note 9 – Subsequent Events

In preparing these financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through March 12, 2026, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH UTILITIES DEPARTMENT

Required Supplementary Information

(Unaudited)

Schedule of the Department Proportionate Share of the Net Pension Liability and Contributions
September 30 (in thousands of dollars) Last 10 years¹

Schedule of the Department's share of the net pension liability	2025	2024	2023⁵	2022	2021	2020	2019	2018	2017	2016
Department's proportion of the collective net pension liability	11.9%	11.5%	11.5%	7.4%	7.7%	7.9%	7.3%	7.0%	6.9%	6.9%
Department's proportionate share of the collective net pension liability ²	\$ 78,553	\$ 89,203	\$ 86,554	\$ 52,029	\$ 24,102	\$ 51,846	\$ 45,960	\$ 41,860	\$ 46,689	\$ 43,284
Department's covered payroll	\$ 48,043	\$ 42,754	\$ 38,983	\$ 21,841	\$ 21,507	\$ 22,593	\$ 19,727	\$ 18,895	\$ 17,819	\$ 17,008
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	89.1%	89.1%	89.1%	89.1%	76.5%	77.2%	77.4%	74.1%	74.2%
Schedule of the Water Fund's share of the net pension liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water's proportion of the collective net pension liability	5.40%	5.80%	5.80%	6.20%	6.40%	6.50%	6.1%	5.9%	5.8%	5.7%
Water's proportionate share of the collective net pension liability ²	\$ 35,303	\$ 40,646	\$ 43,276	\$ 43,559	\$ 20,005	\$ 42,899	\$ 38,216	\$ 35,183	\$ 39,341	\$ 36,007
Water's covered payroll	\$ 21,801	\$ 21,563	\$ 19,661	\$ 18,299	\$ 17,876	\$ 18,589	\$ 16,484	\$ 15,926	\$ 14,978	\$ 14,050
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	89.1%	89.1%	89.1%	89.1%	76.5%	77.2%	77.4%	74.1%	74.2%
Schedule of the Sewer Fund's share of the net pension liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Sewer's proportion of the collective net pension liability	1.10%	1.00%	1.00%	1.20%	1.30%	1.40%	1.2%	1.1%	1.1%	1.2%
Sewer's proportionate share of the collective net pension liability ²	\$ 7,232	\$ 8,098	\$ 7,790	\$ 8,470	\$ 4,097	\$ 8,947	\$ 7,744	\$ 6,677	\$ 7,348	\$ 7,277
Sewer's covered payroll	\$ 4,441	\$ 3,718	\$ 3,390	\$ 3,542	\$ 3,631	\$ 4,004	\$ 3,243	\$ 2,969	\$ 2,841	\$ 2,958
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	89.1%	89.1%	89.1%	89.1%	76.5%	77.2%	77.4%	74.1%	74.2%
Schedule of the Gas Fund's share of the net pension liability	2025	2024	2023⁵							
Gas proportion of the collective net pension liability	5.40%	4.70%	4.70%							
Gas proportionate share of the collective net pension liability ²	\$ 36,018	\$ 40,459	\$ 35,488							
Gas covered payroll	\$ 21,801	\$ 17,473	\$ 15,932							
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	89.1%	89.1%							

LONG BEACH UTILITIES DEPARTMENT

Required Supplementary Information

(Unaudited)

Schedule of the Department Proportionate Share of the Net Pension Liability and Contributions
September 30 (in thousands of dollars) Last 10 years¹

Schedule of the Department's Contributions

	2025	2024	2023 ⁵	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution ³	\$ 9,955	\$ 8,927	\$ 8,456	\$ 8,594	\$ 8,633	\$ 8,656	\$ 7,055	\$ 6,112	\$ 5,501	\$ 5,231
Contributions in relation to the contractually required contributions ⁴	\$ 9,955	\$ 8,927	\$ 8,456	\$ 8,594	\$ 8,633	\$ 8,656	\$ 7,055	\$ 6,112	\$ 5,501	\$ 5,231
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
Department's covered payroll	\$ 48,043	\$ 42,754	\$ 38,983	\$ 21,841	\$ 21,507	\$ 22,593	\$ 19,727	\$ 18,895	\$ 17,819	\$ 17,008
Department's contributions as a percentage of covered payroll	20.7%	20.9%	21.7%	39.3%	40.1%	38.3%	35.8%	32.3%	30.9%	30.8%

Schedule of the Water Fund's Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution ³	\$ 5,514	\$ 5,209	\$ 5,066	\$ 5,052	\$ 5,002	\$ 4,652	\$ 3,812	\$ 3,143	\$ 2,660	\$ 2,273
Contributions in relation to the contractually required contributions ⁴	\$ 5,514	\$ 5,209	\$ 5,066	\$ 5,052	\$ 5,002	\$ 4,652	\$ 3,812	\$ 3,143	\$ 2,660	\$ 2,273
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
Water's covered payroll	\$ 21,801	\$ 21,563	\$ 19,661	\$ 18,299	\$ 17,876	\$ 18,589	\$ 16,484	\$ 15,926	\$ 14,978	\$ 14,050
Water's contributions as a percentage of covered payroll	25.3%	24.2%	25.8%	27.6%	28.0%	25.0%	23.1%	19.7%	17.8%	16.2%

Schedule of the Sewer Fund's Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution ³	\$ 4,441	\$ 3,718	\$ 3,390	\$ 3,542	\$ 3,631	\$ 4,004	\$ 3,243	\$ 2,969	\$ 2,841	\$ 2,958
Contributions in relation to the contractually required contributions ⁴	\$ 4,441	\$ 3,718	\$ 3,390	\$ 3,542	\$ 3,631	\$ 4,004	\$ 3,243	\$ 2,969	\$ 2,841	\$ 2,958
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
Sewer's covered payroll	\$ 4,441	\$ 3,718	\$ 3,390	\$ 3,542	\$ 3,631	\$ 4,004	\$ 3,243	\$ 2,969	\$ 2,841	\$ 2,958
Sewer's contributions as a percentage of covered payroll	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Schedule of the Gas Fund's Contributions

	2025	2024	2023 ⁵
Contractually required contribution ³	21,801.00	17,473.00	15,932.00
Contributions in relation to the contractually required contributions ⁴	21,801.00	17,473.00	15,932.00
Contribution deficiency (excess)	—	—	—
Gas covered payroll	\$ 21,801	\$ 17,473	\$ 15,932
Gas contributions as a percentage of covered payroll	100.0%	100.0%	100.0%

Notes to Required Supplementary Information

1 The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

2 The net pension liability includes the impact of changes in assumptions. Amounts reported in 2017 and later reflect a discount rate reduction from 7.65% to 7.15%. For amounts reported from 2015 to 2017, reflect a discount rate increase on 7.5% to 7.65%.

3 Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan.

4 Amount represents actual contributions recorded by CalPERS.

5 Measure BB passed in November 2022 merging the Water and Gas Departments to form one single Utilities Department.

LONG BEACH UTILITIES DEPARTMENT

Required Supplementary Information

(Unaudited)

Schedule of Contributions

Miscellaneous Plan

As of and for the year ended September 30

Last 10 Years

(In Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution ¹	\$ 39,877	\$ 45,864	\$ 53,278	\$ 62,484	\$ 71,565	\$ 78,158	\$ 81,488	\$ 87,338	\$ 89,811	\$ 102,113
Contributions in relation to the actuarially determined	(39,877)	(45,864)	(53,278)	(62,484)	(71,565)	(78,158)	(81,488)	(87,338)	(89,811)	(102,113)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$ 246,490	\$ 258,248	\$ 269,936	\$ 270,237	\$ 285,980	\$ 279,318	\$ 295,145	\$ 338,983	\$ 371,774	\$ 403,726
Contributions as a percentage of covered payroll	16.18%	17.76%	19.74%	23.12%	25.02%	27.98%	27.61%	25.76%	24.16%	25.29%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were from the June 30, 2021 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	For details, see June 30, 2022 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30,
Inflation	2.30%
Salary Increases	Varies by entry age and service
Payroll Growth	2.80%
Investment Rate of Return	6.80%, net of pension plan investment and
Retirement Age	The probabilities of retirement are based on the 2021 CalPERS Experience
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience

Notes

¹Actuarially Determined Calculation is based on a CalPERS projection of the Miscellaneous payroll.

²Amount represents actual contributions as recorded by CalPERS.

³Amount represents actual contributions based on City's fiscal year.

LONG BEACH UTILITIES DEPARTMENT
OPEB Liability and Related Ratios¹
(As of September 30, dollars in thousands)

Last 10 Years ^{1, 2}
(unaudited)

	2025	2024	2023
Gas's percentage of total City OPEB liability	47%	46%	56%
Department's Total OPEB liability - ending	\$ 517	\$ 1,503	\$ 1,712
Department covered-employee payroll	\$20,459	\$17,943	\$20,316
Total department OPEB liability as a percentage of covered payroll	2.5%	8.4%	8.4%

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water's percentage of total City OPEB liability	44%	45%	38%	84.2%	82.9%	82.6%	3.6%	3.6%	3.4%	3.4%
Department's Total OPEB liability - ending	\$ 478	\$ 1,460	\$ 1,148	\$ 129	\$ 283	\$ 326	\$ 839	\$ 1,855	\$ 1,703	\$ 1,549
Department covered-employee payroll	\$18,909	\$17,425	\$13,626	\$17,591	\$16,993	\$16,328	\$16,724	\$15,172	\$15,182	\$14,507
Total department OPEB liability as a percentage of covered payroll	2.5%	8.4%	8.4%	0.7%	1.7%	2.0%	5.0%	12.2%	11.2%	10.7%

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Sewers's percentage of total City OPEB liability	9%	9%	7%	15.8%	17.1%	17.4%	0.8%	0.7%	0.7%	0.7%
Department's Total OPEB liability - ending	\$ 98	\$ 295	\$ 200	\$ 24	\$ 58	\$ 69	\$ 180	\$ 363	\$ 332	\$ 309
Department covered-employee payroll	\$ 3,888	\$ 3,520	\$ 2,379	\$ 3,298	\$ 3,503	\$ 3,447	\$ 3,588	\$ 2,970	\$ 2,960	\$ 2,891
Total department OPEB liability as a percentage of covered payroll	2.5%	8.4%	8.4%	0.7%	1.7%	2.0%	5.0%	12.2%	11.2%	10.7%

Notes to Schedule:

¹ No assets are accumulated in a trust to pay related benefits

² Fiscal year 2016 was the first year of implementation.

³ Discount rate was updated based on municipal bond rate as of the measurement date. Discount rate was 4.63% at September 30, 2023 and 4.40% at September 30, 2022.

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.

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>
9/30/2016 ⁽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
9/30/2025	139,666	97,109	(18,840)	23,717	(21,735)	-	1,982

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.

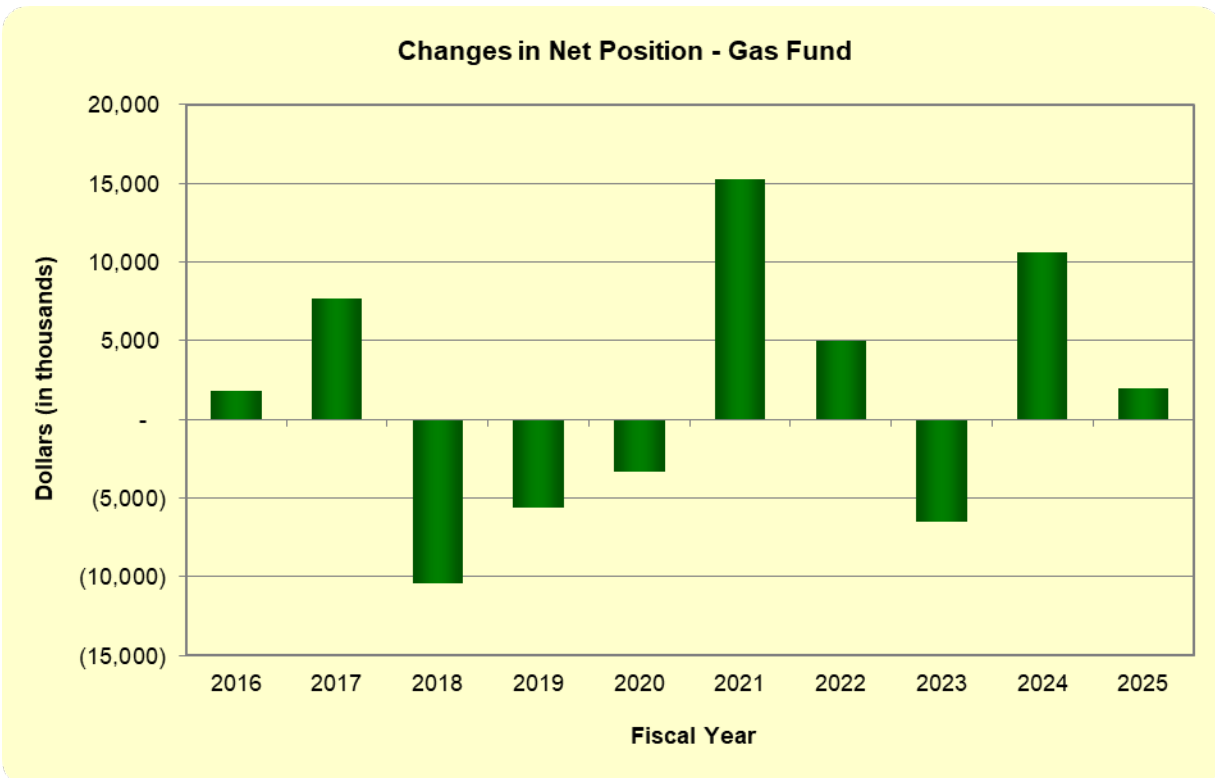
(4) Amounts reflects changes on operating revenue, operating expense, and nonoperating revenue(expense) components in compliance with GASB Statement No. 103.

(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



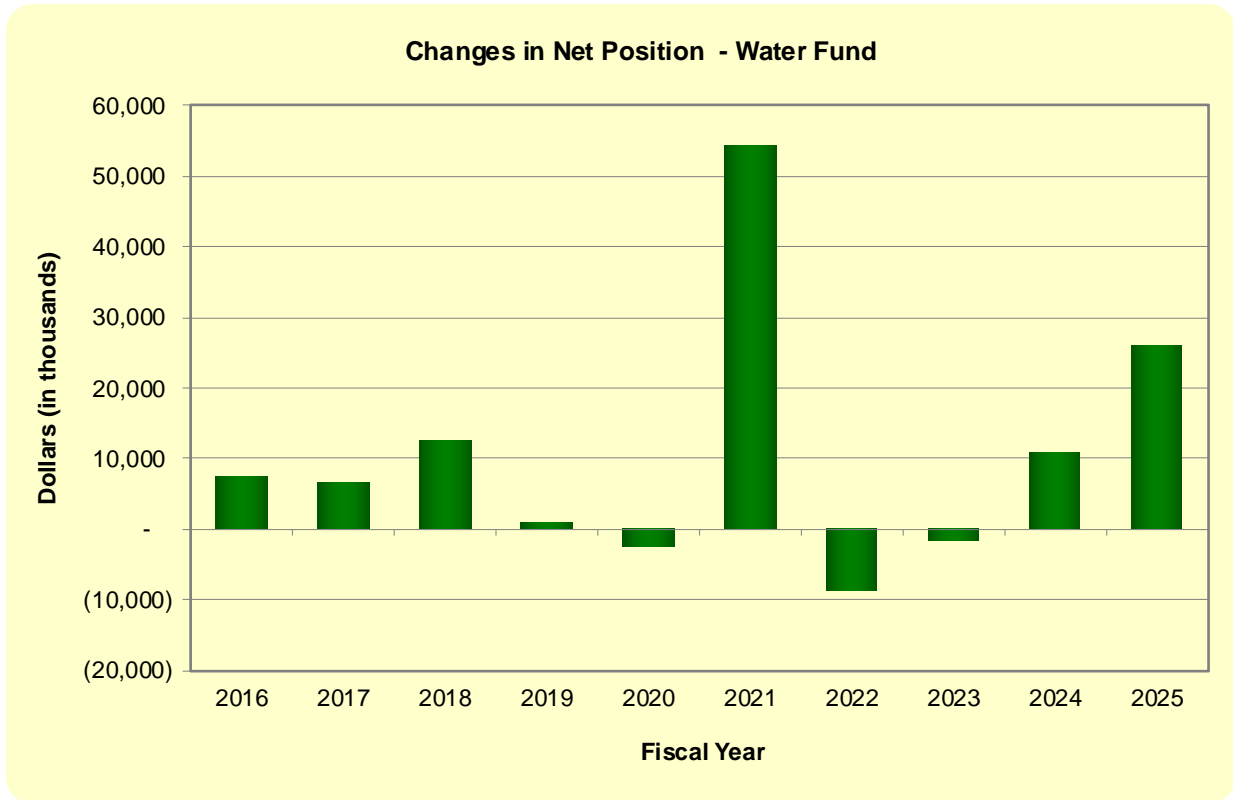
LONG BEACH UTILITIES DEPARTMENT
CHANGES IN NET POSITION - WATER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<u>Fiscal Year Ended</u>	<u>Total Operating Revenue</u>	<u>Total Operating Expense</u>	<u>Total Noncapital Subsidies</u> ⁽⁴⁾	<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>
9/30/2016 ⁽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 ⁽³⁾	127,595	112,816	(2,252)	12,527	(1,617) ⁽⁴⁾	-	10,910
9/30/2025	141,645	118,272	(93)	23,280	2,713 ⁽⁴⁾	-	25,993

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

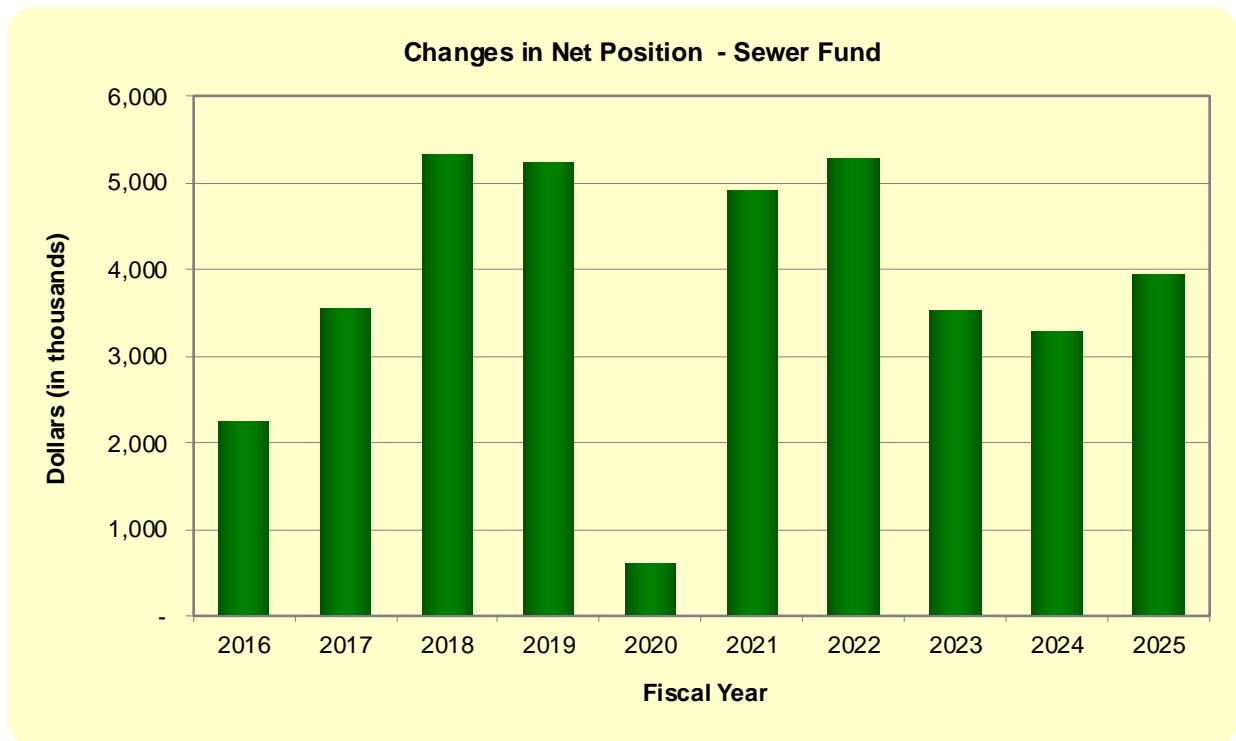
<u>Fiscal Year Ended</u>	<u>Total Operating Revenue</u>	<u>Total Operating Expense</u>	<u>Total Noncapital Subsidies</u> ⁽⁴⁾	<u>Operating Income (Loss) and Noncapital Subsidies</u>	<u>Total Other nonoperating Revenue (Expense)</u>	<u>Capital grants and contributions Transfers In(Out)</u>	<u>Changes in Net Position</u>
9/30/2016 ⁽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) (2)}	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 ⁽³⁾	21,410	17,654	-	3,756	(484)	-	3,272
9/30/2025 ⁽³⁾	23,482	19,848	-	3,634	307	-	3,941

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

(2) 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.

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

See accompanying independent auditors' report



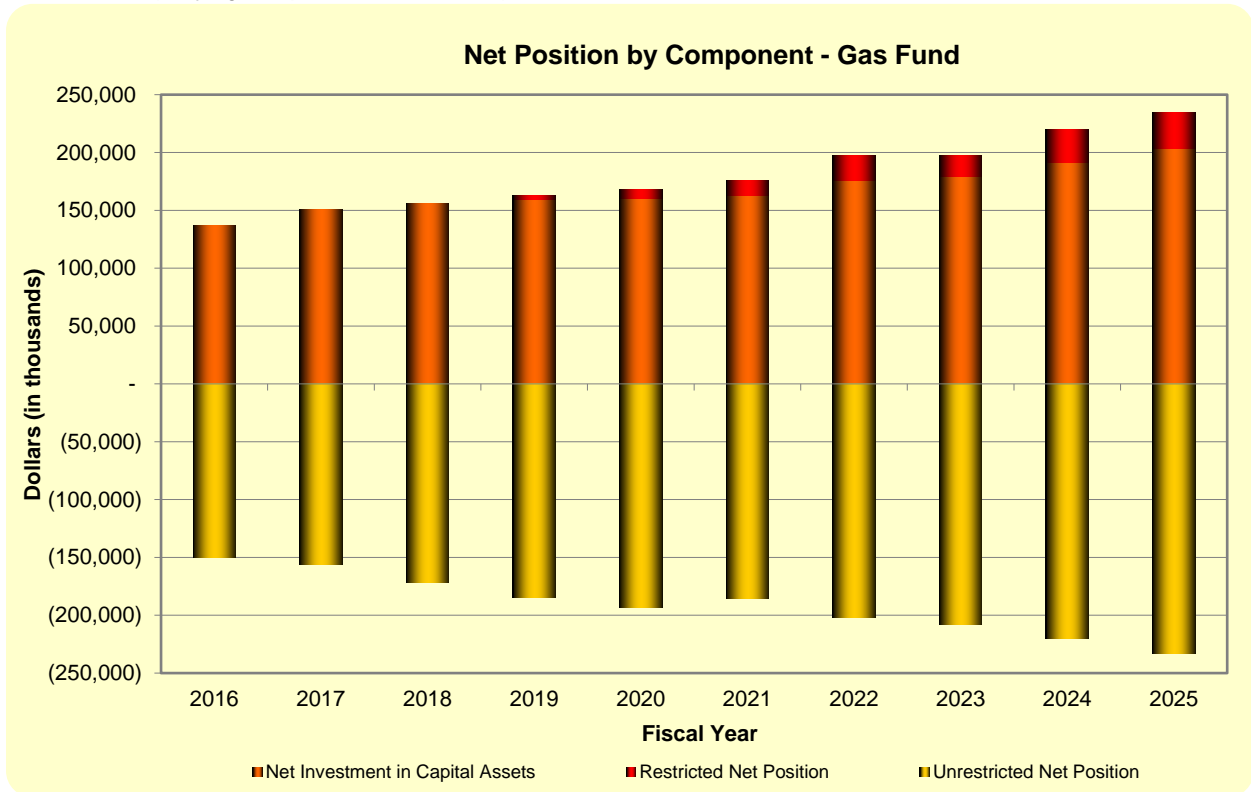
LONG BEACH UTILITIES DEPARTMENT
NET POSITION BY COMPONENT - GAS FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<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>
9/30/2016 ⁽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)
9/30/2025	203,794	31,072	(233,280)	1,586

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



(Unaudited)

Exhibit 5

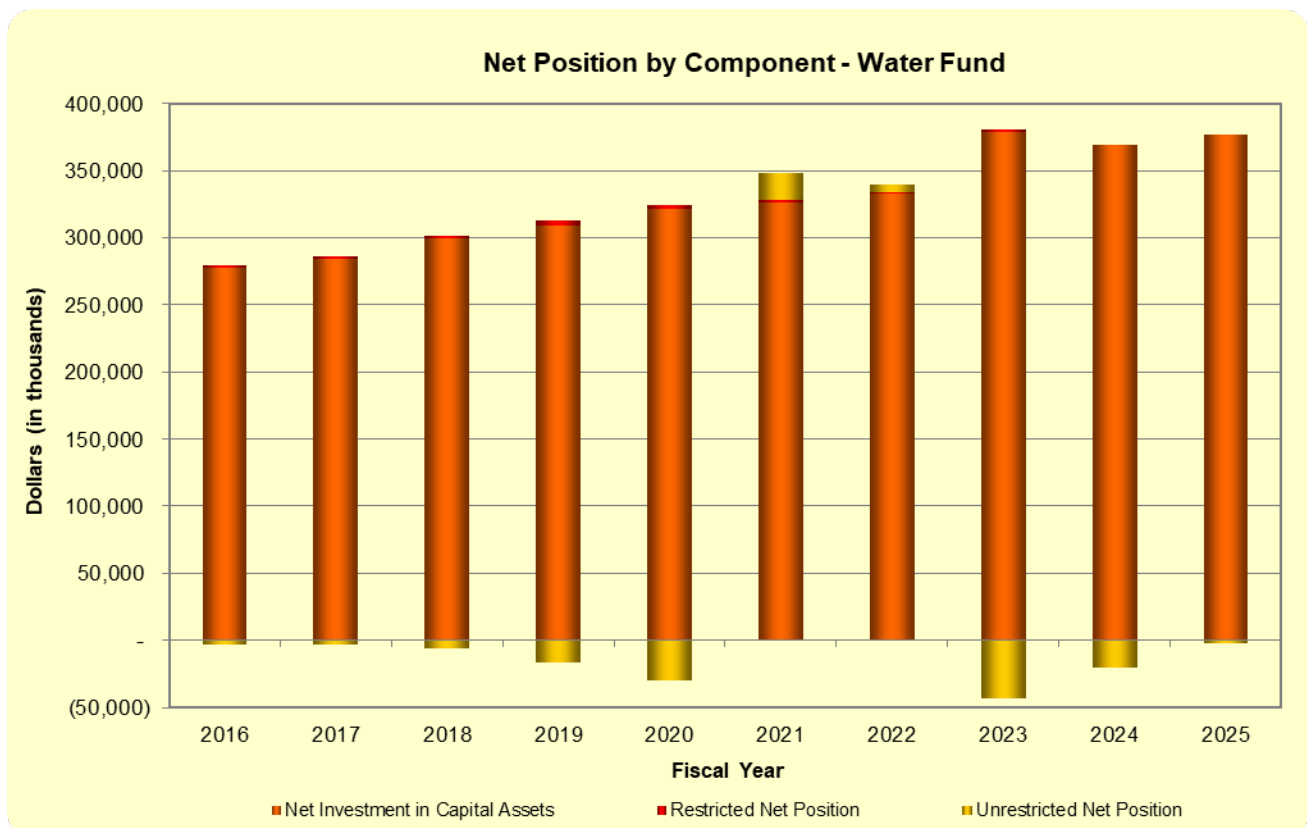
LONG BEACH UTILITIES DEPARTMENT
NET POSITION BY COMPONENT - WATER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<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>
9/30/2016 ⁽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
9/30/2025	376,678	-	(1,691)	374,987

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

Source: Department's annual reports

See accompanying independent auditors' report



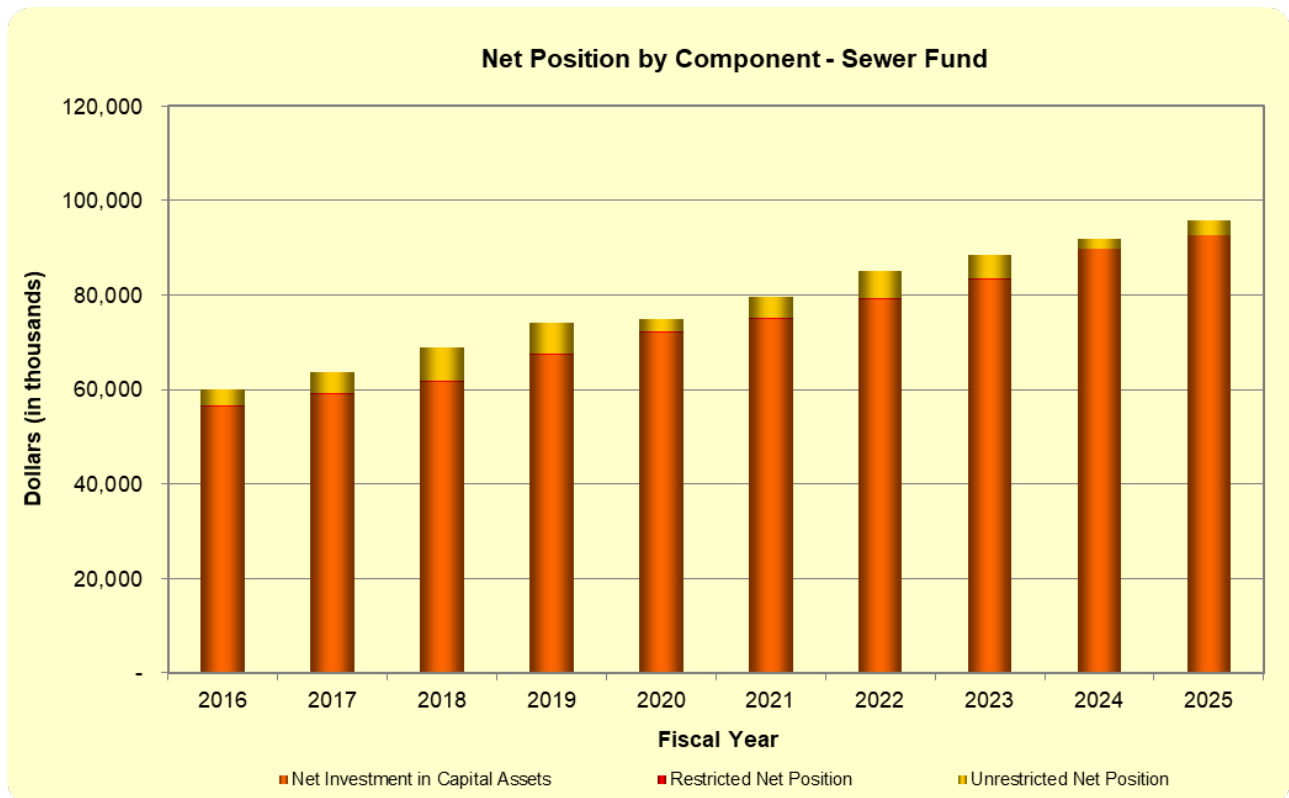
LONG BEACH UTILITIES DEPARTMENT
NET POSITION BY COMPONENT - SEWER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

<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>
9/30/2016 ⁽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
9/30/2025	92,508	-	3,179	95,687

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

Source: Department's annual reports

See accompanying independent auditors' report



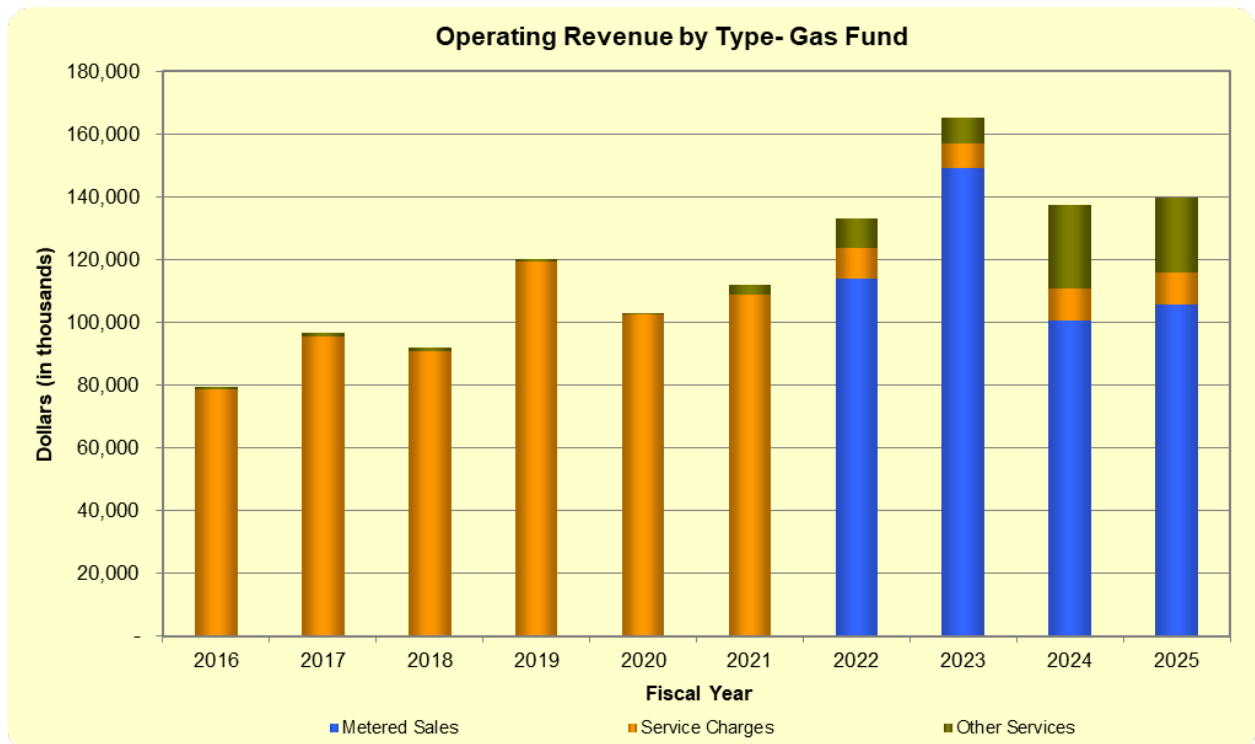
LONG BEACH UTILITIES DEPARTMENT
GAS FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING REVENUE			Total Operating Revenue
	Metered Sales	Service Charges	Other Services	
9/30/2016 ⁽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
9/30/2025	105,856	10,137	23,673	139,666

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 ⁽³⁾		OTHER NONOPERATING REVENUE					Total Nonoperating Revenue
	Operating Transfers In	Total Noncapital Subsidies	Interest Income	Investment Income	Rental Income	Other Income	Payments from the city/ other governments	
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
9/30/2025	-	-	2,581	121	-	-	-	2,702

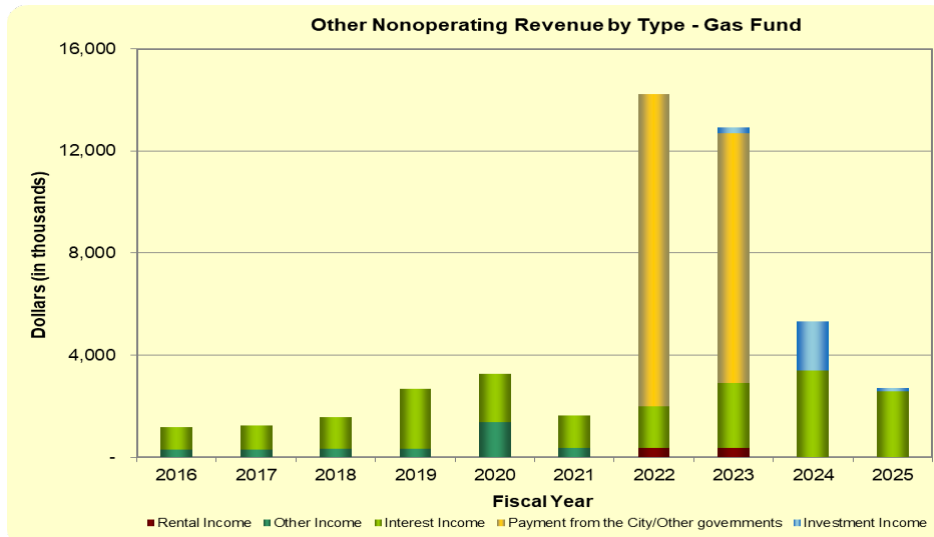
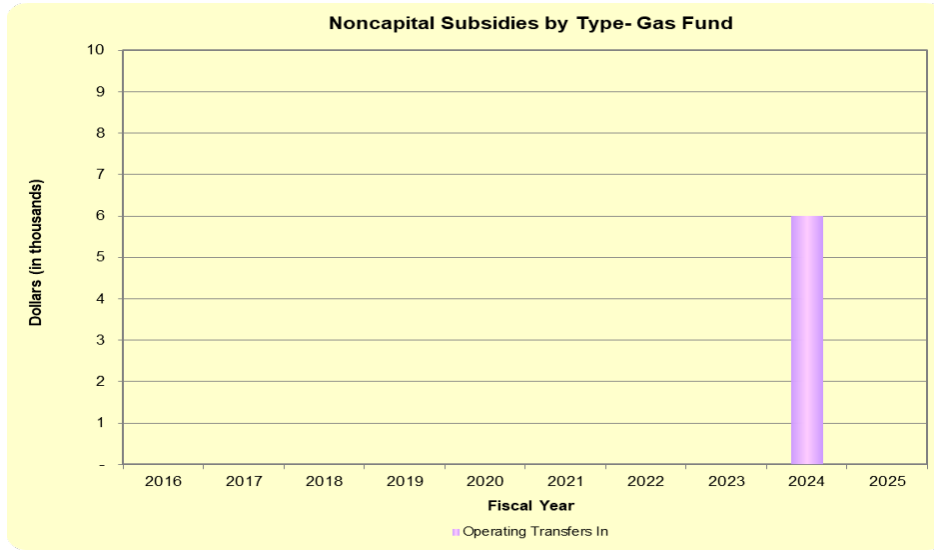
Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).

(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)

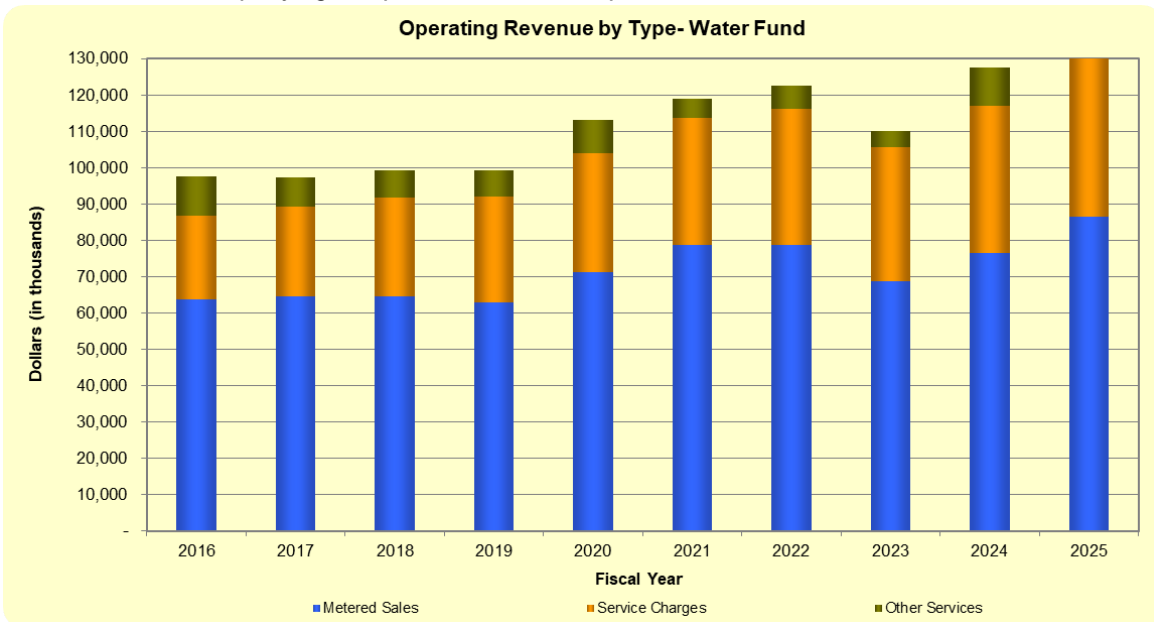
OPERATING REVENUE				
Fiscal Year Ended	Metered Sales ⁽²⁾	Service Charges	Other Services	Operating Revenue
9/30/2016 ⁽¹⁾	63,658	23,121	10,871	97,650
9/30/2017 ⁽¹⁾	64,721	24,599	8,063	97,383
9/30/2018 ⁽¹⁾	64,490	27,325	7,358	99,173
9/30/2019 ⁽¹⁾	62,943	29,121	7,225	99,289
9/30/2020 ⁽¹⁾	71,141	32,807	9,143	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 ⁽²⁾	127,595
9/30/2025	86,459	44,965	10,221	141,645

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

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

Source: Department's annual reports

See accompanying independent auditors' report

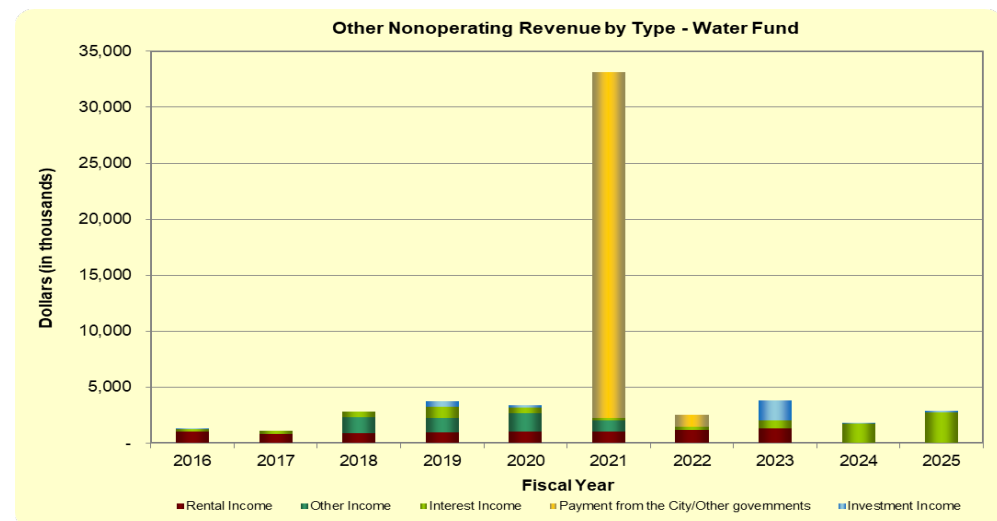
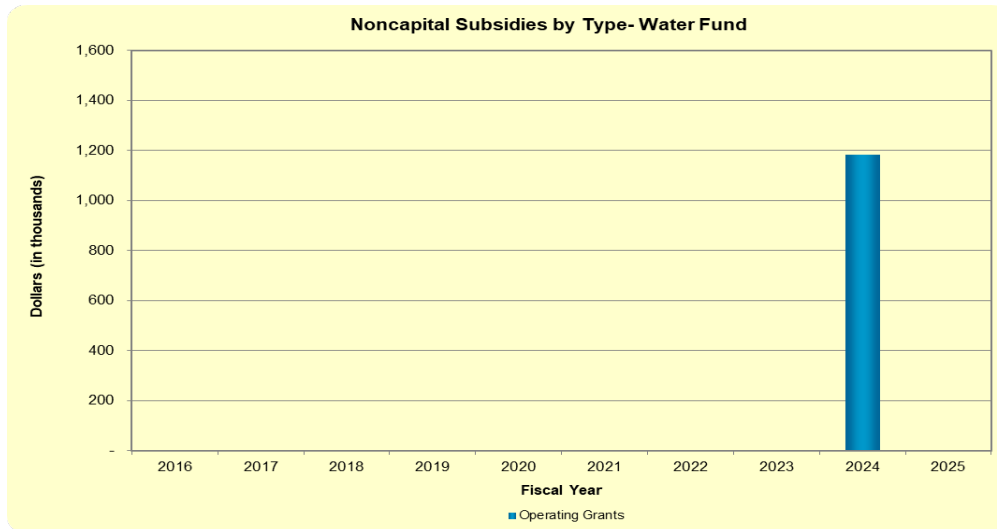


LONG BEACH UTILITIES DEPARTMENT
WATER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
 (in thousands of dollars)

Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾			OTHER NONOPERATING REVENUE					
	Operating Grants	Total Noncapital Subsidies	Interest Income	Investment Income	Rental Income	Other Income	Payments from the city/ other governments	Capital Contributions	Total Non-Operating Revenue
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
9/30/2025	-	-	2,714	169	-	-	-	4,452	7,335

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)

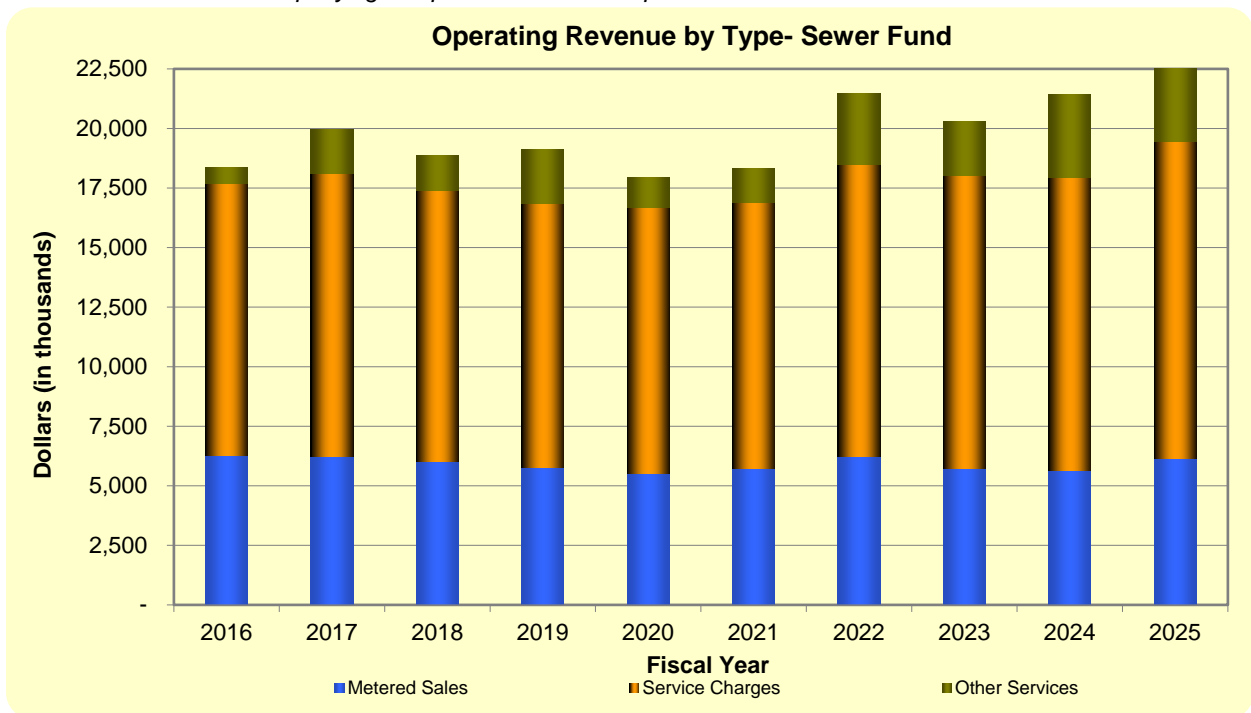
OPERATING REVENUE				
Fiscal Year Ended	Metered Sales ⁽²⁾	Service Charges	Other Services	Operating Revenue
9/30/2016 ⁽¹⁾	6,282	11,428	645	18,355
9/30/2017 ⁽¹⁾	6,233	11,870	1,846	19,949
9/30/2018 ⁽¹⁾	6,005	11,372	1,495	18,872
9/30/2019 ⁽¹⁾	5,748	11,082	2,300	19,130
9/30/2020 ⁽¹⁾	5,524	11,147	1,254	17,925
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 ⁽²⁾	5,625	12,323	3,462	21,410
9/30/2025	6,163	13,310	4,009	23,482

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

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

Source: Department's annual reports

See accompanying independent auditors' report



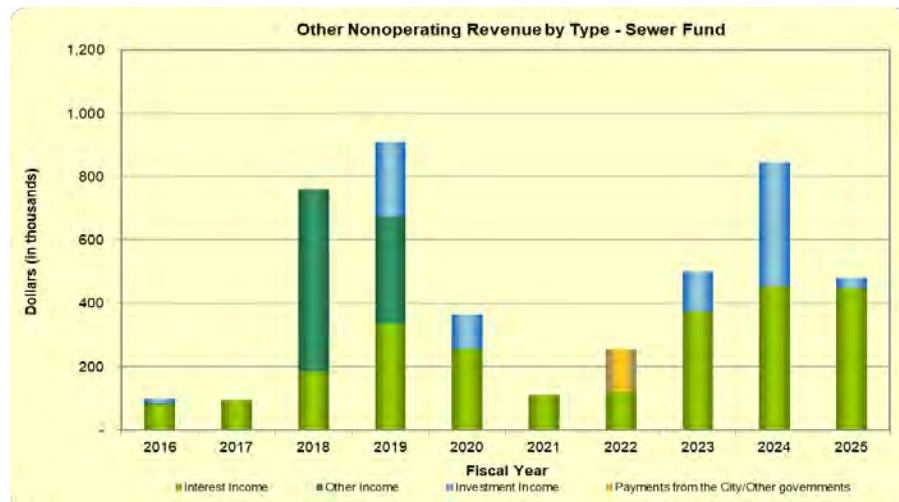
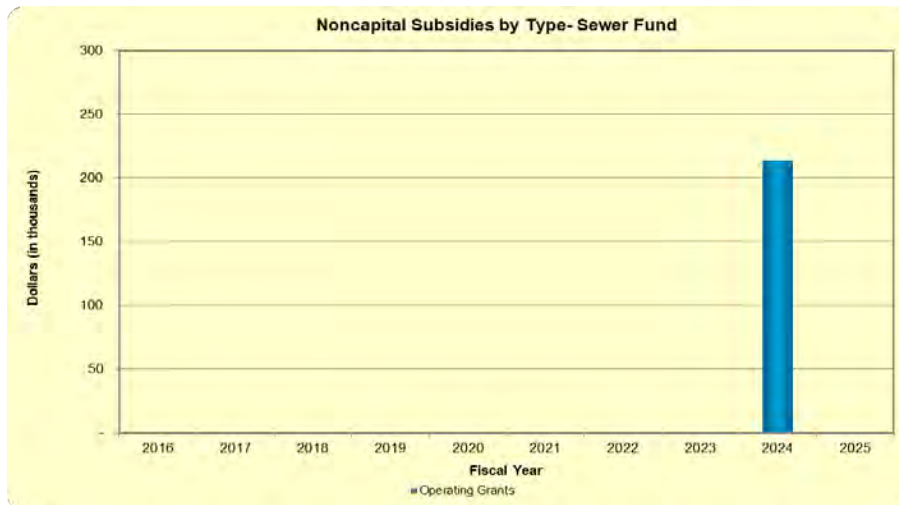
LONG BEACH UTILITIES DEPARTMENT
SEWER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

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	
9/30/2016 ⁽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
9/30/2025	-	-	446	35	-	-	481

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



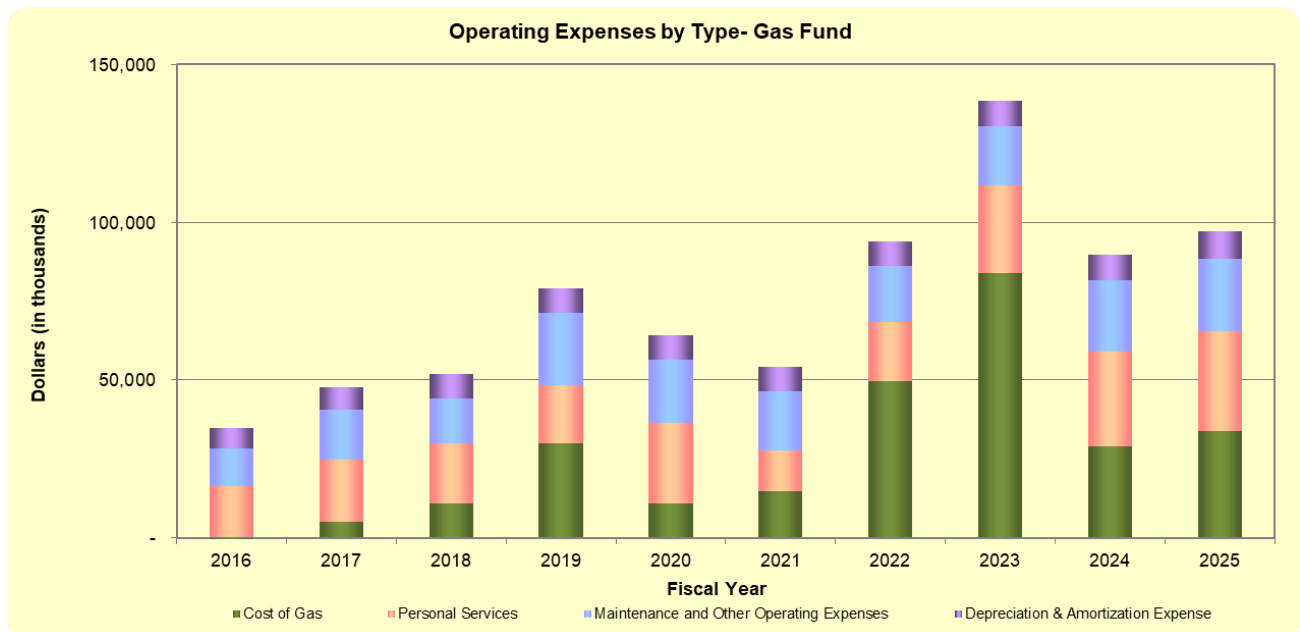
LONG BEACH UTILITIES DEPARTMENT
GAS FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
 (in thousands of dollars)

OPERATING EXPENSES					
Fiscal Year Ended	Cost of Gas	Personal Services	Maintenance and Other Operating Expenses	Depreciation & Amortization Expense	Total Operating Expenses
9/30/2016 ⁽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
9/30/2025	33,652	31,912	22,804	8,741	97,109

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



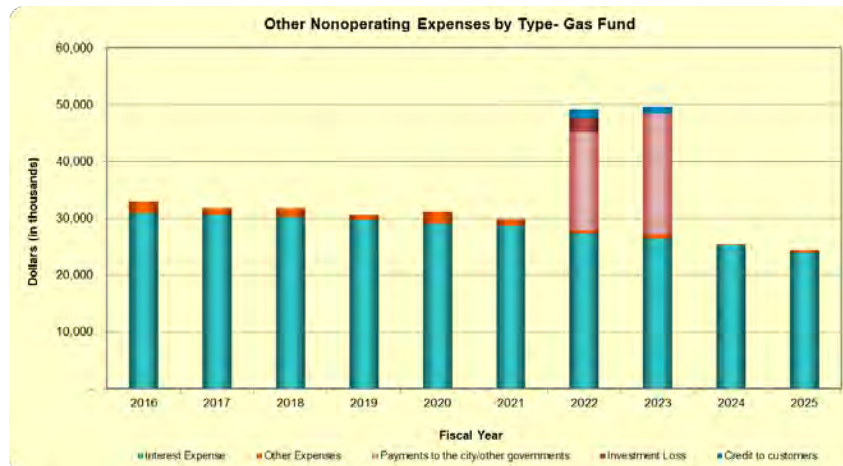
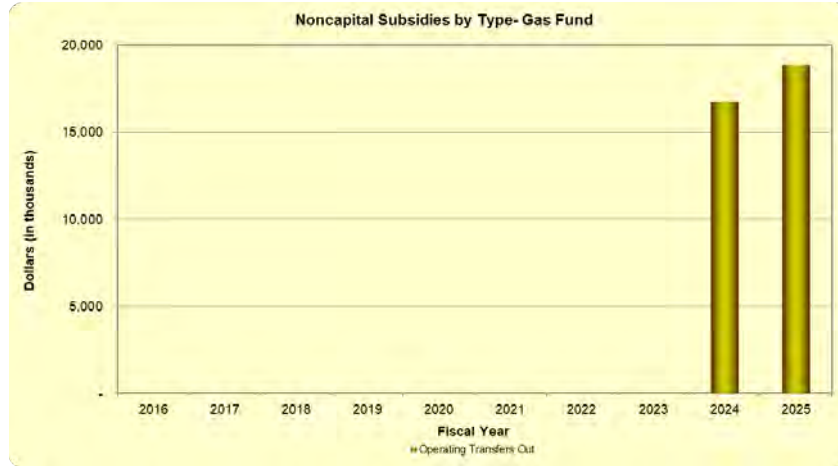
LONG BEACH UTILITIES DEPARTMENT
GAS FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
 (in thousands of dollars)

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		
9/30/2016 ⁽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	
9/30/2025	18,840	18,840	23,986	-	451	-	-	24,437	

Notes: (1) Amounts presented in the City of Long Beach Annual Comprehensive Financial Reports (ACFR).
 (2) Amounts were restated.
 (3) 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
WATER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

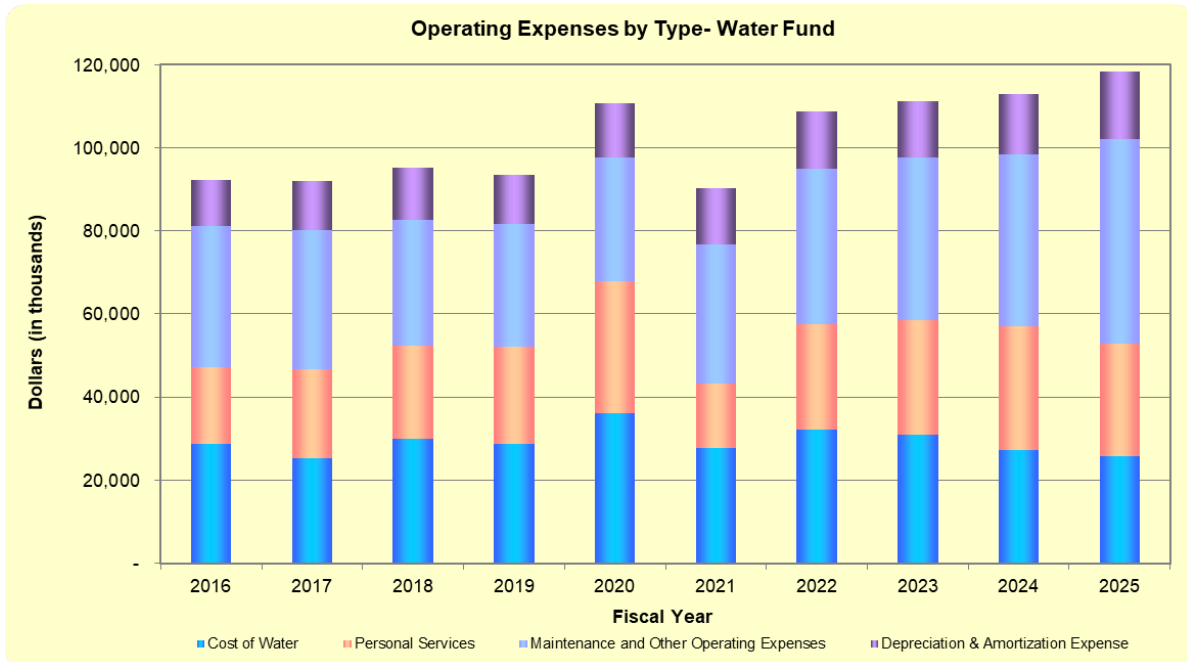
OPERATING EXPENSES						
Fiscal Year Ended	Cost of Water	Personal Services	Maintenance and Other Operating Expenses	Depreciation & Amortization Expense	Total Operating Expenses	
9/30/2016 ⁽¹⁾	28,743	18,405	33,936	11,169	92,253	
9/30/2017 ⁽¹⁾	25,374	21,389	33,436	11,694	91,893	
9/30/2018 ⁽¹⁾	29,927	22,500	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	
9/30/2025	25,691	27,198	49,076	16,307	118,272	

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)

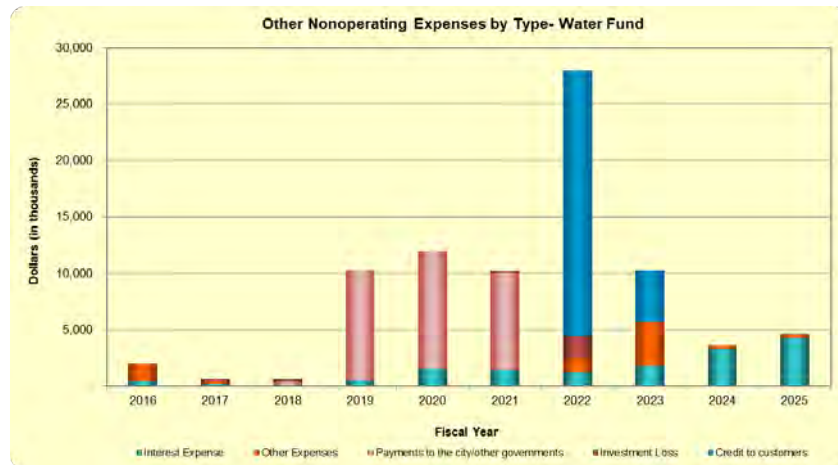
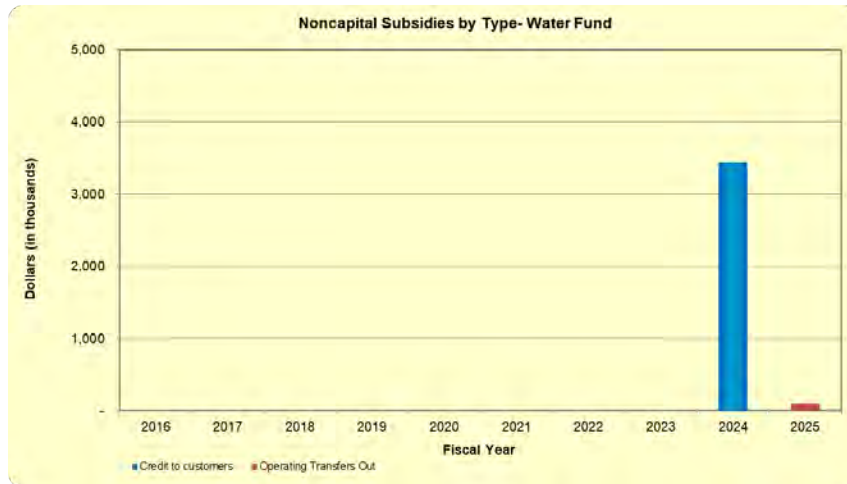
Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾			OTHER NONOPERATING EXPENSES ⁽²⁾					Total Nonoperating Expenses
	Credit to Customers	Operating Transfers Out	Total Noncapital Subsidies	Interest Expense	Investment Loss	Other Expenses	Credit to Customers	Payments to the city/ other governments	
9/30/2016 ⁽¹⁾	-	-	-	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
9/30/2025	-	93	93	4,259	-	363	-	-	4,622

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



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

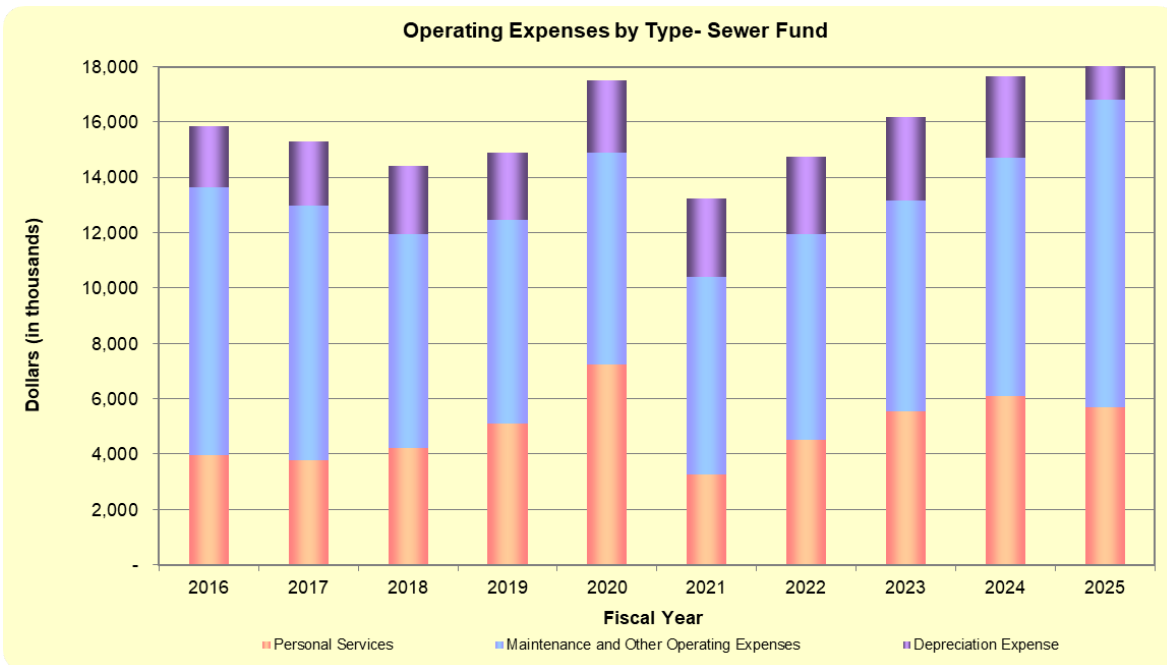
OPERATING EXPENSES					
Fiscal Year Ended		Personal Services	Maintenance and Other Operating Expenses	Depreciation Expense	Total Operating Expenses
9/30/2016	(1)	3,968	9,680	2,187	15,835
9/30/2017	(1)	3,764	9,225	2,323	15,312
9/30/2018	(1)	4,206	7,732	2,490	14,428
9/30/2019	(1)	5,106	7,372	2,425	14,903
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
9/30/2025		5,703	11,119	3,026	19,848

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)

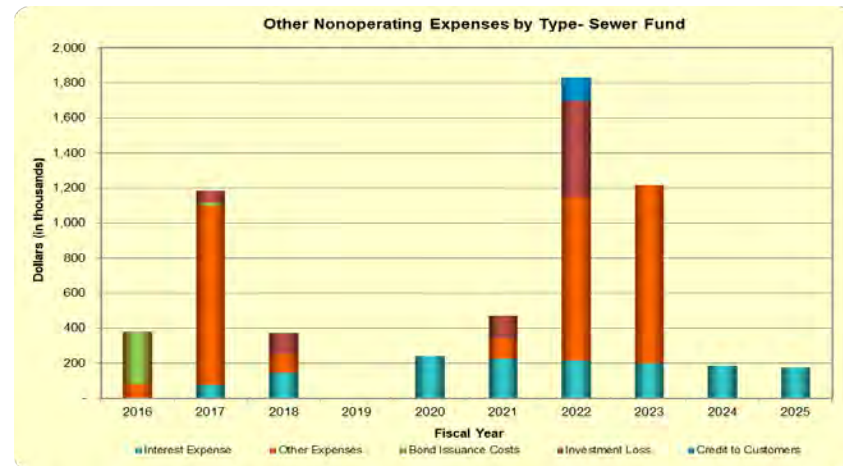
Fiscal Year Ended	NONCAPITAL SUBSIDIES ⁽²⁾				OTHER NONOPERATING EXPENSES ⁽²⁾			
	Credit to Customers	Total Noncapital Subsidies	Interest Expense	Investment Loss	Credit to Customers	Other Expenses	Bond Issuance Costs	Total Non-Operating Expenses
9/30/2016 ⁽¹⁾	-	-	-	-	-	81	298	379
9/30/2017 ⁽¹⁾	-	-	77	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
9/30/2025	-	-	174	-	-	-	-	174

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.

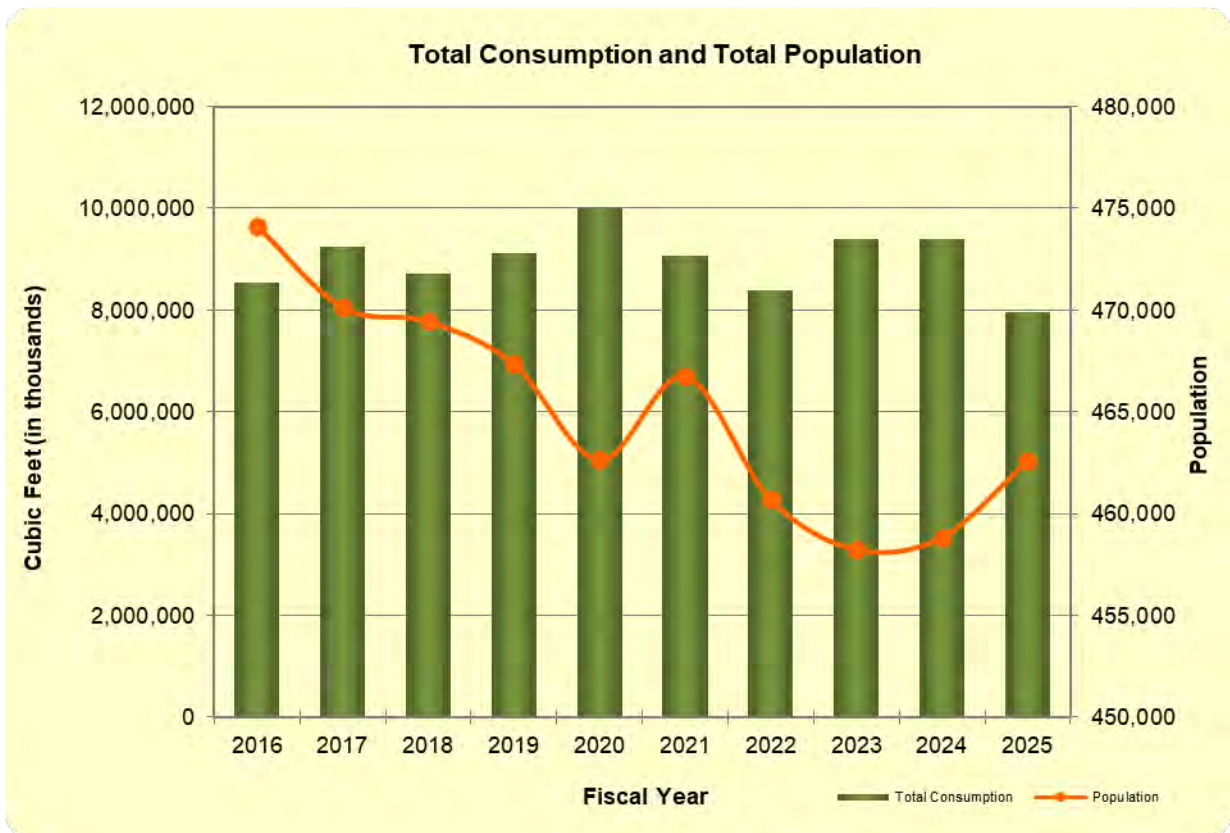
(Unaudited)

Exhibit 19

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			
9/30/2016	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
9/30/2025	8,229,184	4,228,466	2,983,151	755,525	7,967,142	21,828	47	462,561

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



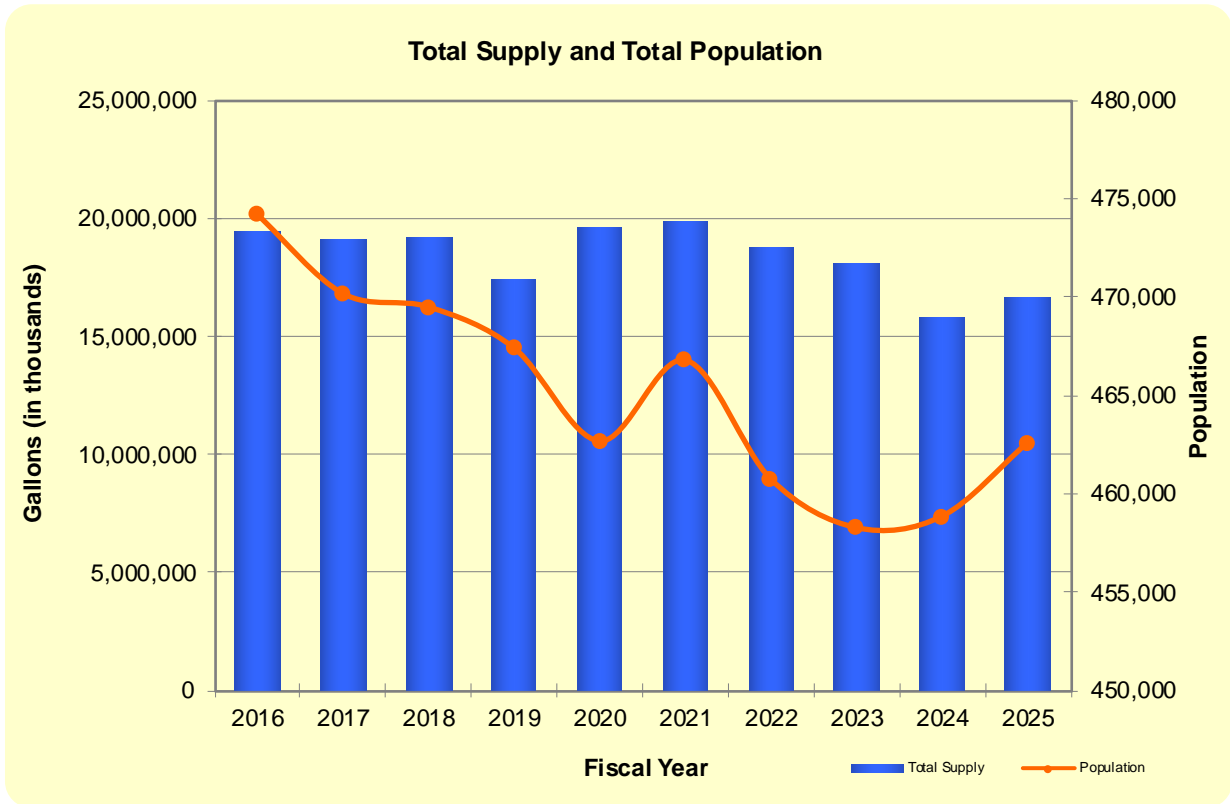
LONG BEACH UTILITIES DEPARTMENT
SOURCE OF WATER (PUMPED, PURCHASED, AND RECLAIMED) AND CONSUMPTION - LAST TEN FISCAL YEARS
 (in thousands of gallons, except population)

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						
9/30/2016	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
9/30/2025	9,842,509	4,634,826	2,154,038	16,631,373	39,664	58,600	99	462,561

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

Source: Department's annual reports

See accompanying independent auditors' report



(Unaudited)

Exhibit 21

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⁾
10/1/2016	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
10/1/2024	0.747	1.072	0.747	1.072	0.783	0.427	0.188	0.256	0.181	0.133	0.099
10/1/2025	0.865	1.355	0.865	1.355	1.093	0.558	0.199	0.401	0.287	0.215	0.163

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

(Unaudited)

Exhibit 22

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

Effective Date	Residential	Commercial	Industrial	Compressed	Electric	Transportation and
				Natural Gas	Generation	Exchange ⁽¹⁾
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
10/1/2024	0.164	0.493	11.507	0.427	1.644	11.507
10/1/2025	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⁾
10/1/2016	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
10/1/2024	3.102	5.939	8.666	2.999	2.546	2.546
10/1/2025	3.474	6.652	9.706	3.359	2.852	2.852

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

(Unaudited)

Exhibit 24

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
10/1/2024	0.887	1.315	2.385	3.671	7.736	13.081	29.131	60.153	90.106	113.641	167.127
10/1/2025	0.993	1.473	2.671	4.112	8.664	14.651	32.627	67.371	100.919	127.278	187.182

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"
10/1/2016	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
10/1/2024	0.525	1.055	1.974	5.258	10.927	19.454	31.271	66.361
10/1/2025	0.588	1.182	2.211	5.889	12.238	21.788	35.024	74.324

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

<u>Effective Date</u>	<u>Volumetric Rate Charges ⁽¹⁾</u>	<u>Capacity Charges ⁽²⁾</u>
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
10/1/2024	0.424	139.320
10/1/2025	0.475	144.340

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
10/1/2024	0.268	0.395	1.038	1.791	4.171	6.034	16.810	17.819	27.583	34.789	51.166
10/1/2025	0.300	0.442	1.163	2.006	4.672	6.758	18.827	19.957	30.893	38.964	57.306

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 2025					Fiscal Year 2016				
Industry	Ranking	Sales in thousands	in thousands CF	CF Percent of Total	Industry	Ranking	Sales in thousands	in thousands CF	CF Percent of Total
Oil Production	1	\$ 825	503,548	6.32 %	Oil Production	1	\$ 274	588,139	6.90 %
Transportation	2	1,202	158,900	1.99	Manufacturing	2	242	472,240	5.54
Health Care	3	1,173	150,322	1.89	Utility	3	729	161,018	1.89
Health Care	4	372	139,497	1.75	Health Care	4	645	140,781	1.65
Transportation	5	343	133,303	1.67	Transportation	5	584	128,344	1.51
Education	6	336	118,162	1.48	Health Care	6	169	119,312	1.40
Manufacturing	7	164	99,880	1.25	Education	7	144	110,061	1.29
Recreation	8	743	99,325	1.25	Transportation	8	414	89,403	1.05
Transportation	9	727	96,248	1.21	Laundry Services	9	155	80,098	0.94
Oil Refinery	10	739	85,496	1.07	Health Care	10	84	61,210	0.72
Total Ten Largest Users		6,624	1,584,681	19.88	Total Ten Largest Users		3,440	1,950,606	22.89
Total All Other Users		89,871	6,382,460	80.12	Total All Other Users		61,743	6,577,082	77.11
Total City		\$ 96,495	7,967,141	100.00	Total City		\$ 65,183	8,527,688	100.00

Source: Department's utility billing records

See accompanying independent auditors' report

(Unaudited)

Exhibit 29

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

Fiscal Year 2025					Fiscal Year 2016				
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	\$ 5,848	1,852	5.24 %	Government	1	\$ 4,447	2,956	5.92 %
Education	2	1,615	455	0.91	Education	2	1,032	572	1.15
Education	3	934	393	0.95	Utility	3	843	697	1.40
Healthcare	4	664	309	0.61	Education	4	589	454	0.91
Healthcare	5	649	266	0.69	Utility	5	443	356	0.71
Government	6	464	198	0.60	Cruise Line	6	435	351	0.70
Utility	7	452	209	0.60	Healthcare	7	356	287	0.57
Education	8	385	92	0.20	Utility	8	354	278	0.56
Government	9	379	136	0.33	Healthcare	9	281	192	0.38
Healthcare	10	310	131	0.34	Oil Production	10	203	164	0.33
Total Ten Largest Users		11,700	4,041	10.47	Total Ten Largest Users		8,984	6,307	12.63
Total All Other Users		114,995	40,043	89.53	Total All Other Users		73,777	43,643	87.37
Total City		\$ 126,695	44,084	100.00	Total City		\$ 82,761	49,950	100.00

Source: Department's utility billing records

See accompanying independent auditors' report

(Unaudited)

Exhibit 30

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

Fiscal Year 2025				Fiscal Year 2016			
Industry	Ranking	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Acre Feet (AF)	AF Percent of Total
Water Resource Management	1	2,076	31.41 %	Oil Production	1	2,174	28.67 %
Government	2	1,399	21.16	Water Resource Management	2	1,583	20.88
Golf Course	3	1,250	18.90	Golf Course	3	1,478	19.49
Oil Production	4	1,014	15.34	Government	4	1,355	17.87
Education	5	173	2.62	Education	5	181	2.39
Education	6	144	2.18	Memorial Park	6	145	1.91
Memorial Park	7	155	2.34	Education	7	142	1.87
Education	8	113	1.71	Golf Course	8	118	1.56
Memorial Park	9	87	1.31	Education	9	106	1.40
Property Management	10	20	0.31	Memorial Park	10	103	1.36
Total Ten Largest Users		6,431	97.28	Total Ten Largest Users		7,385	97.40
Total All Other Users		180	2.72	Total All Other Users		197	2.60
Total City		6,611	100.00	Total City		7,582	100.00

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 31

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

Fiscal Year 2025					Fiscal Year 2016				
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	\$ 399	510	1.52 %	Government	1	\$ 380	1,274	3.30 %
Education	2	296	284	0.85	Education	2	188	317	0.82
Education	3	111	367	1.11	Education	3	107	474	1.23
Healthcare	4	92	264	0.79	Healthcare	4	55	218	0.56
Education	5	72	91	0.27	Education	5	46	74	0.19
Healthcare	6	41	126	0.38	Healthcare	6	32	139	0.36
Hotel	7	39	63	0.19	Manufacturing	7	29	62	0.16
Manufacturing	8	35	74	0.22	Manufacturing	8	21	110	0.28
Government	9	26	23	0.07	Manufacturing	9	20	42	0.11
Manufacturing	10	21	80	0.24	Government	10	19	25	0.06
Total Ten Largest Users		1,132	1,882	5.64	Total Ten Largest Users		897	2,735	7.07
Total All Other Users		18,341	31,605	94.36	Total All Other Users		16,813	35,868	92.92
Total City		\$ 19,473	33,487	100.00	Total City		\$ 17,710	38,603	100.00

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.

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

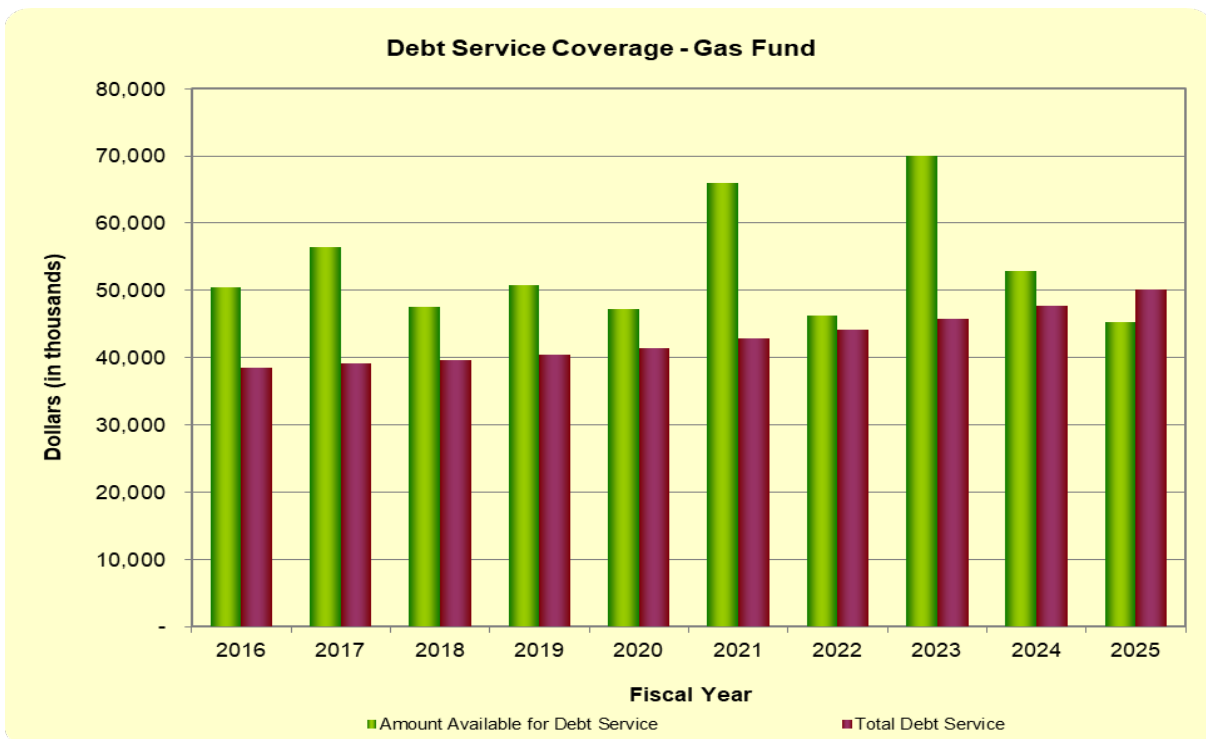
Fiscal Year Ended	Total Operating Revenue	Total Operating Expenses	Net Operating Income	Net Other nonoperating Revenue/(Expense) ⁽⁴⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁵⁾	Times Coverage
9/30/2016 ⁽¹⁾	79,526	28,135	51,391	(949)	50,442	7,150	31,375	38,525	1.31
9/30/2017 ⁽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
9/30/2025 ⁽⁶⁾	139,666	97,109	42,557 ⁽⁷⁾	21,735 ⁽⁸⁾	64,292	25,280	24,915	50,195	1.28

Bond Issues: 2007 Gas Prepay Bond-Series A

Average Coverage, ten years	1.25
-----------------------------	------

- 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 reflects 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 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)

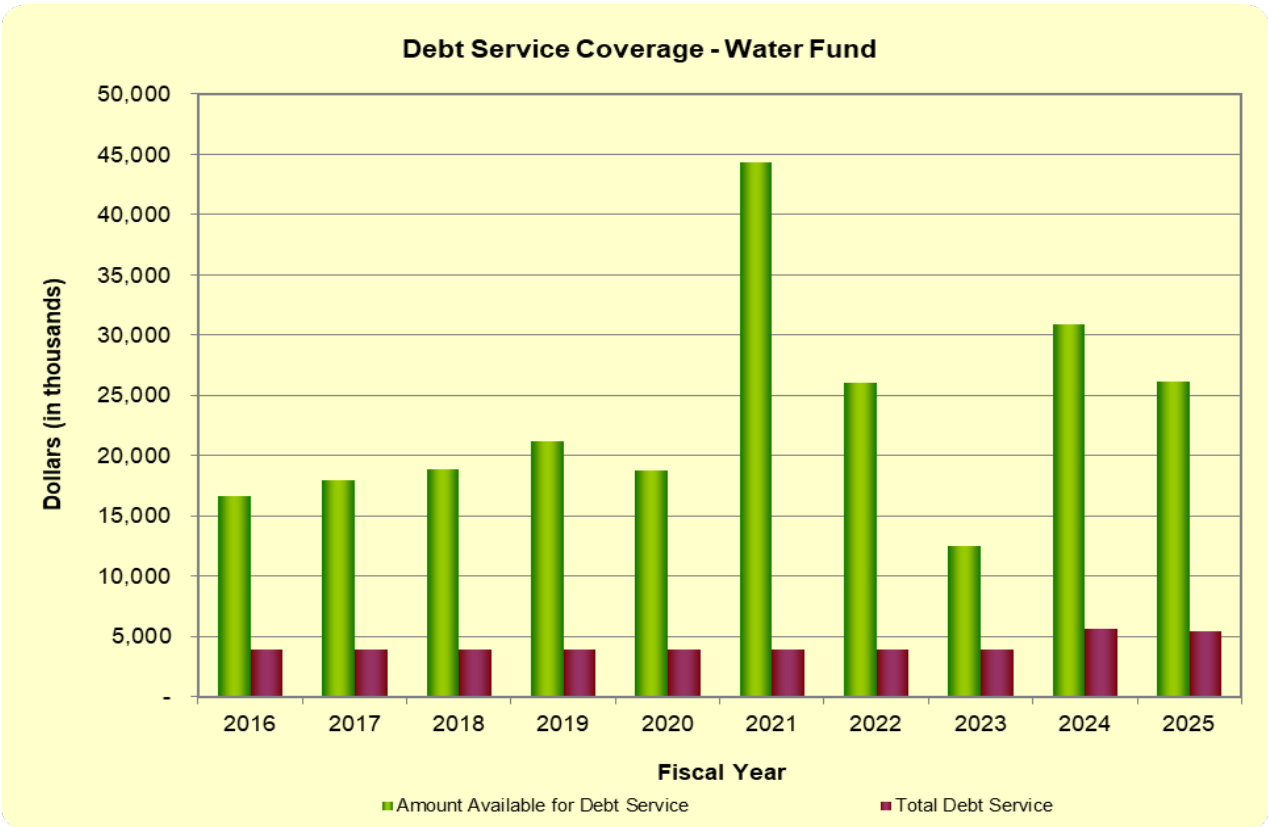
Fiscal Year Ended	Total Operating Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Operating Income	Net Nonoperating Revenue/ (Expense) ⁽³⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁴⁾	Times Coverage
9/30/2016 ⁽⁶⁾	97,650	81,084	16,566	44	16,610	2,630	1,264	3,894	4.27
9/30/2017 ⁽⁶⁾	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
9/30/2025 ⁽⁷⁾	141,645	118,272	23,373 ⁽⁸⁾	2,713 ⁽⁹⁾	26,086	1,390	4,062	5,452	4.78

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

Average Coverage, ten years	5.56
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 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
9/30/2016 ⁽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
9/30/2025 ⁽⁷⁾	23,482	19,848	3,634 ⁽⁸⁾	307 ⁽⁹⁾	3,941	435	290	725	5.44

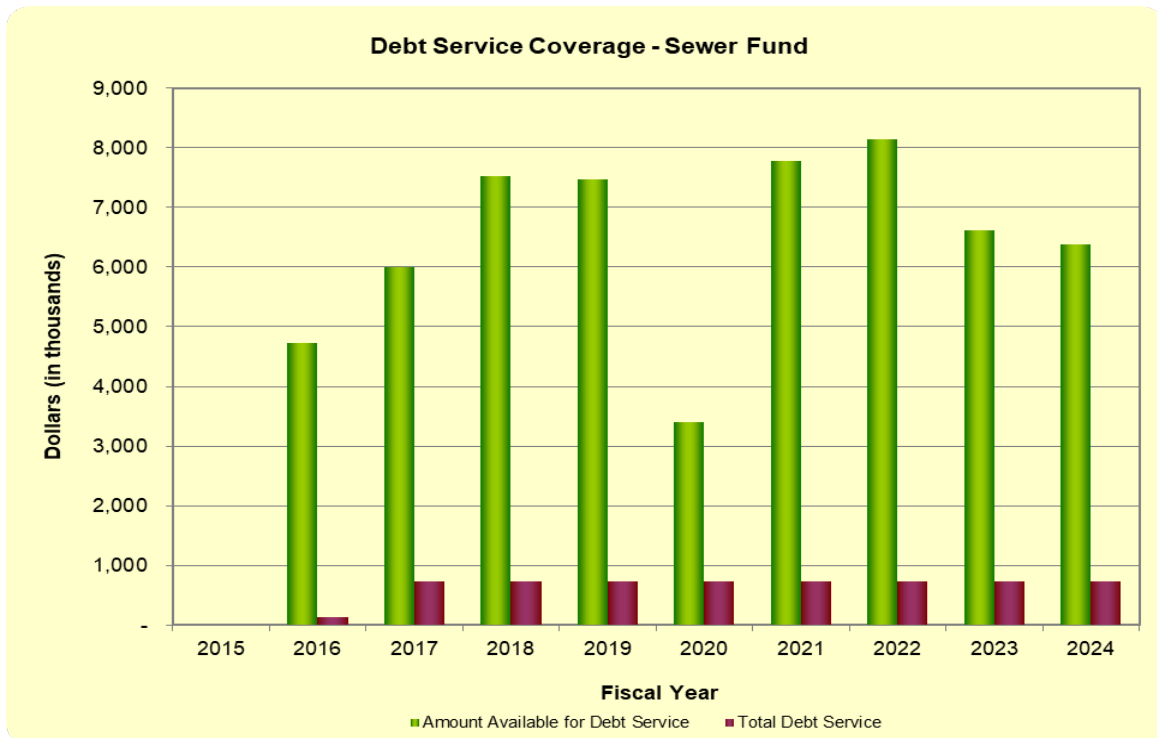
Bond Issues: None

Average Coverage, ten years	11.64
Rate Covenant	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 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 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



(Unaudited)

Exhibit 35

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					
9/30/2016 ⁽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
9/30/2025	395,930	69,005	(842)	6,687	7,149	477,929	2.00%	1.033

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

(Unaudited)

Exhibit 36

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						
9/30/2016 ⁽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
9/30/2025	-	-	90,239	-	143,234	5,282	238,755	1.00%	0.516

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)

<u>Fiscal Year Ended</u>	<u>Revenue Refunding Bonds Series 2016A</u>	<u>Sewer Revolving Line of Credit</u>	<u>Premium</u>	<u>Total</u>	<u>Percentage of Personal Income ⁽²⁾</u>	<u>Per Capita ⁽²⁾</u>
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

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.

**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>
9/30/2016	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%
9/30/2025	462,561 ⁽⁴⁾	23,879	51,623	6.3%

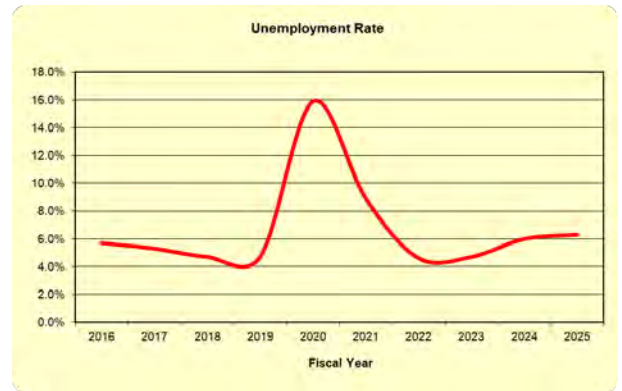
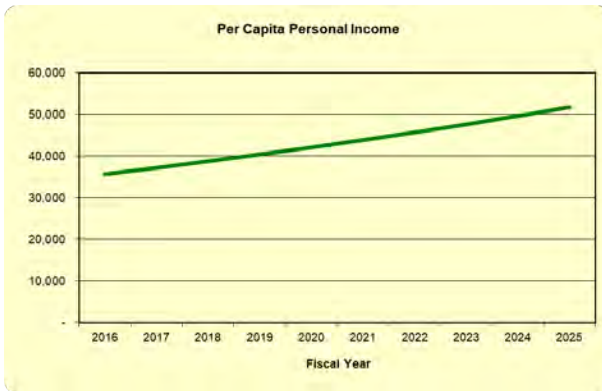
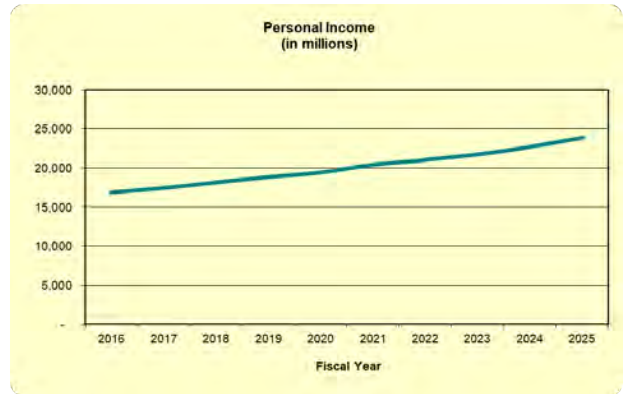
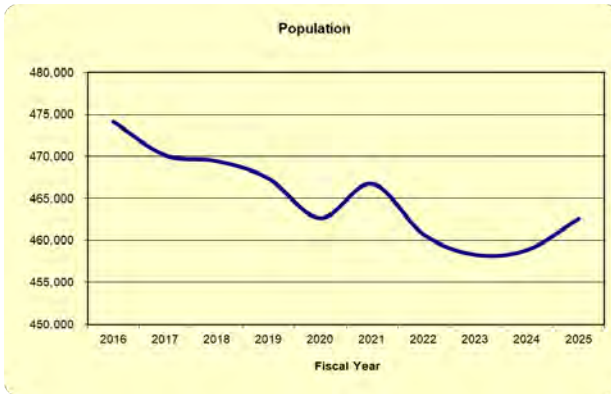
Source: (1) United States Census Bureau

(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



(Unaudited)

Exhibit 39

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

<u>Employer</u>	<u>Fiscal Year 2025</u>			<u>Fiscal Year 2016</u>		
	<u>Ranking</u>	<u>Number of Employees⁽¹⁾</u>	<u>Percentage of Total City Employment⁽²⁾</u>	<u>Ranking</u>	<u>Number of Employees⁽¹⁾</u>	<u>Percentage of Total City Employment⁽²⁾</u>
Long Beach Unified School District	1	12,217	5.17%	1	12,213	5.24%
City of Long Beach	2	6,010	2.54%	2	5,122	2.21%
Long Beach Memorial Medical Center	3	4,664	1.97%	3	5,138	2.18%
Veteran Affairs Medical Center	4	3,851	1.63%	6	2,950	1.12%
California State University Long Beach	5	3,534	1.50%	5	3,057	1.24%
Long Beach City College	6	2,385	1.01%	7	2,695	1.10%
St. Mary Medical Center	7	1,755	0.74%	10	1,480	0.61%
California State Univ Long Beach Research Foundation	8	1,609	0.68%	8	1,677	0.68%
The Boeing Company	9	1,595	0.67%	4	2,039	1.55%
Molina Healthcare Inc	10	474	0.20%	9	1,488	0.62%

(Unaudited)

Exhibit 40

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

<u>Fiscal Year Ended</u>	<u>Gas Fund</u>		<u>Water Fund</u>		<u>Sewer Fund</u>		<u>Total</u>
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
9/30/2025	198		226		24		448

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.

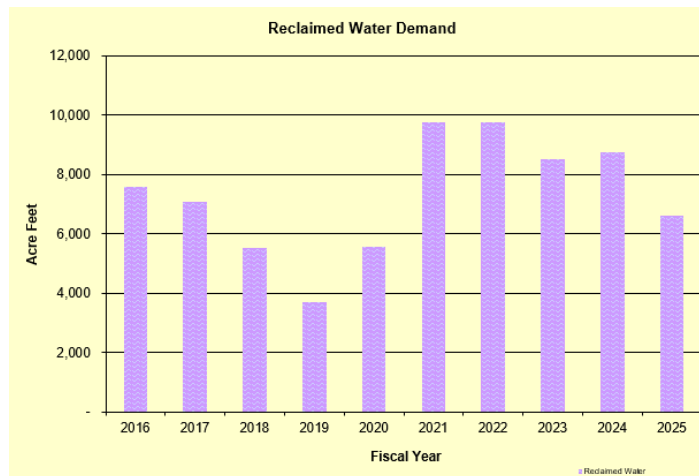
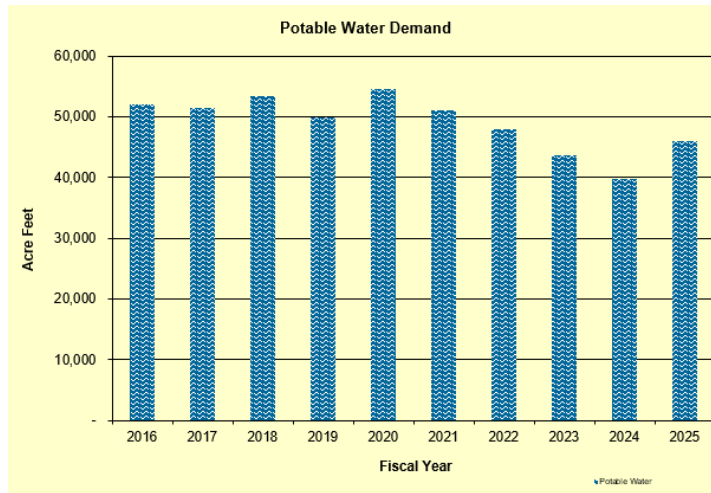
LONG BEACH UTILITIES DEPARTMENT
WATER DEMAND - LAST TEN FISCAL YEARS
(in acre feet)

Fiscal Year Ended	Potable Water				
	Pumped	Purchased	Total Potable Demand	Reclaimed Water	Total Demand
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
9/30/2025	31,763	14,206	45,970	6,611	52,581

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>
1/1/2016	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
1/1/2025	1,395	11

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>
7/1/2016	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
7/1/2025	454.00	3.9

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
9/30/2016	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
9/30/2025	917

Source: Department's records - Annual Report for Gas Distribution System.
Update annual at the end of March.

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
9/30/2016	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
9/30/2025	24	915	96,535	7,108	12,596	63,918	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

<u>Fiscal Year Ended</u>	<u>Number of sewer pump stations</u>	<u>Miles of sewer pipelines</u>	<u>Number of sewer manholes</u>
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
9/30/2025	28	714	15,137

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 47

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

<u>Fiscal Year Ended</u>	<u>Gas Mains Installed/ Replaced (in feet)</u>	<u>Gas Meters Installed/ Removed/ Replaced</u>	<u>Cast Iron Water Mains Replaced (in feet)</u>	<u>Fire Hydrants Repaired</u>	<u>Water Meters Repaired ⁽²⁾</u>	<u>Sewer Mains & Laterals Repaired⁽¹⁾</u>	<u>Sewer Mains Cleaned (in miles)</u>	<u>Sewer Manholes Chemically Treated</u>
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
9/30/2025	10,000	5,273	9,863	262	322	162	331	5,413

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