



CITY OF LONG BEACH R-11

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802

February 11, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Fiscal Year 2013 Year-End Budget Performance Report. (Citywide)

DISCUSSION

This report reflects the City's Fiscal Year 2013 (FY 13) budget performance. The information provided is subject to change, as the books for FY 13 are not fully closed. However, it is anticipated that these numbers are close to final. While the financial report primarily discusses the General Fund, significant information for other funds is highlighted where applicable.

Summary

The City's total FY 13 Adjusted Budget of \$3.8 billion supports 21 departments, including the separately managed Water and Harbor Departments. The City has seven fund types divided into 41 funds that comprise the \$3.8 billion Adjusted Budget. Most of these funds are restricted funds, such as the Harbor Fund, Gas Fund and Tidelands Funds, that are designated for specific and limited activities. The majority of core community services provided in the City, such as police and fire services, libraries and parks, are largely supported by the General Fund, which comprises only 11 percent of the Adjusted City budget.

The City ended FY 13 generally consistent with program and budget expectations. Citywide, year-end spending for each fund came in under budgeted appropriation. The largest deviation in the General Fund was an unexpected one-time revenue primarily due to the dissolution of the redevelopment agency. Adding to the one-time revenue was oil revenue over the \$70/bbl budgeted levels. This contributed to an increase in funds available, much of which the City Council appropriated for one-time spending in the FY 14 Adopted Budget.

Please see Attachment A for a breakdown of citywide expenditures by fund. The balance of the report summarizes the General Fund and notable performance for selected other funds.

General Fund and Uplands Oil Fund Overview

The General Fund and Uplands Oil Fund ended the fiscal year with an ending funds available of approximately \$3.3 million and \$4.5 million, respectively. The FY 13 sources and uses are summarized in the table below:

Table 1: General and Uplands Oil Funds FY 13 Performance		
	(\$ in millions)	
	General	Uplands
Beginning Funds Available (10/1)	0.4	4.4
Sources		
Revenue	458.5	39.9
Other Sources (i.e. release of funds)	3.0	-
Total Sources	461.5	39.9
Uses		
Expenditures	(410.9)	(37.4)
Other Uses (i.e. carry-over, encumbrances, reservations)	(47.6)	(2.4)
Total Uses	(458.6)	(39.8)
Ending Funds Available (9/30)	\$ 3.3	\$ 4.5

FY 13 General Fund sources totaled \$461.5 million, comprised of \$458.5 million in revenue and \$3.0 million in "other sources" largely made up of the release to funds available of previously assigned reserves that were authorized (budgeted) for expenditure in FY 13. FY 13 uses totaled \$458.6 million, comprised of \$410.9 million in expenditures and \$47.6 million in other uses. The "other uses" are assignments to reservations for future uses, with the funding primarily generated from the unexpected one-time revenue received in FY 13 from the dissolution of the redevelopment agency, higher than expected oil revenue and savings from the PERS pick-up approved by International Association of Machinists and Aerospace Workers (IAM) members. City Council budgeted these funds for one-time projects in the FY 14 budget and, thus, these funds have been assigned (in FY 13) for expenditure in FY 14.

In general, revenues for the year were better than expected and expenditures were lower than expected. Variances from budgeted revenues and expenditures will be further analyzed to determine the degree to which variances are one-time or on-going. On-going variances will be taken into account in the FY 15 proposed budget projections.

Additional information on the General Fund and Uplands Oil Fund sources and uses are described in the sections below.

Recommendations for the Use of Funds Available in the General and Uplands Oil Funds

The FY 13 ending funds available is projected to be \$3.3 million for the General Fund and \$4.5 million for the Uplands Oil Fund. The proposed uses for the funds available are shown in the chart below. An explanation for each of those uses follows the chart.

Table 2: Proposed Uses of the General and Uplands Oil Funds Available		
(\$ in millions)		
	General Fund	Uplands
Ending Funds Available (9/30)	\$ 3.3	\$ 4.5
Recommendations for Uses of Fund Available		
Council Policy 5% to unfunded liability	(0.15)	(0.22)
City Prosecutor Request for Carry-over	(0.14)	
Council Districts Request for Office Budget Carry-over	(0.11)	
Police Dept FY 14 Police Officers re: Low Attrition	(1.68)	
Police Department Overtime - Police Chief Priorities	(0.65)	
North Library (2010 RDA bond) & Any Remainder for Atlantic Median & Oregon Park		(4.26)
Remaining Ending Funds Available (9/30)	\$ 0.6	\$ -

The 5 percent for unfunded liabilities is set aside to comply with City Council's recently adopted policy. The City Prosecutor Department surplus carry-over for the Gang Injunction Program is listed at the request of the City Prosecutor. The carry-over for the Legislative Department is for the annual process that uses Council District surpluses to provide one-time support for existing City programs in the next fiscal year. There is also a carry-over into FY 14 from the Police Department FY 13 General Fund surplus to help fund the additional police officers on the street in FY 14 that are a result of lower than anticipated attrition. The last recommendation is to use the remainder of the Police Department FY 13 General Fund surplus to support overtime in FY 14 for priorities set by the Police Chief. This could include sex crimes enforcement, gang enforcement or other priorities.

The recommended use of the Uplands Oil surplus is to provide a partial resolution of a shortfall in funding of Redevelopment Agency (RDA) projects due to the dissolution of the RDA. The RDA project shortfall is associated with 2010 RDA bond projects where the balance of the project funding was intended to come from the project area tax increment revenues. Unfortunately, the tax increment portion of the RDA funding is not available due to the State's termination of the RDA. The \$4.26 million would first be used to help complete the funding of the North Library, with any remaining balance used to help fund the remaining 2010 bond projects, including the Atlantic medians and Oregon Park.

The appropriation for these proposed uses of the surplus is included in FY 14 budget adjustment requests.

General Fund - Sources of Funds

Revenues

As of fiscal year-end, \$458.5 million of General Fund revenue was received, including \$65.5 million in one-time revenue. One-time revenues were comprised of \$33.1 million in post-RDA dissolution funds, \$13.3 million predominantly from FY 12 oil over \$70/bbl which was included in the FY 13 Adopted Budget; \$17.2 million budgeted mid-year by the City Council to reflect the \$10.8 million of Prop1A repayment from the State, \$6.4 million in litigation proceeds related to County property tax administrative fees and the sale of City Hall East, and a \$1.8 million tip fee differential from SERRF.

Aside from the large influx of one-time funds in FY 13, the General Fund experienced growth in several revenues, including property tax, transient occupancy tax, and pipeline franchise revenue. These revenues had declined during the economic downturn and are now experiencing some rebound. Payments of property taxes have been made more timely and with fewer delinquencies than in the recent past. Transient Occupancy Tax (TOT) has also experienced growth. Hotel revenue per available room in Long Beach was up by 5.4 percent during the January - September 2013 period compared to the same period in 2012. The General Fund experienced a 2 percent increase in TOT revenue between FY 12 and FY 13. Throughout FY 13, gas pipeline franchise revenue, which is based on both the commodity price and volume sold, experienced a significant rebound from record lows in 2012 as prices increased.

While these revenue sources are experiencing growth, others have not experienced such a turnaround. Neither Telephone Utility Users Tax (UUT) nor Sales and Use Tax achieved projected levels. A 5.3 percent decline in the Telephone UUT revenue from FY 12 levels reflects the impact of constant price declines in the mobile phone industry, as well as the growing trend of prepaid cellular phones by customers which are currently exempt from UUT. Ongoing Sales and Use Tax revenue based on FY 13 activity was flat from FY 12 actuals. FY 13 sales tax revenue reflects a \$2.9 million one-time correction of use tax, which offset declines in sales tax revenue.

Attachment C provides a breakdown of the Top 40 General Fund revenue performance by source. Variances are identified in the footnotes to this attachment.

Other Sources

Other Sources of funds totaled \$3.0 million in FY 13. These other sources are comprised of the release of reservations established in prior fiscal years. During the course of FY 13, via Council action, \$2.4 million was released to repay the Successor Agency for debt service payments which were later determined to be disallowed costs. Additionally, approximately \$700,000 of FY 12 one-times and FY 12 Council Office unspent funds that had been reserved at year-end in FY 12 were released for use in FY 13. These funds were designated for various purposes, including Council directed neighborhood services projects, library services technology and books, and technology in police vehicles and police overtime.

General Fund - Uses of Funds

Expenditures by Department

Actual General Fund spending for FY 13 at the department level totaled \$410.9 million, or 97 percent of the adjusted budget. Factors contributing to the budget variance included the Police Department ending the year \$2.3 million under budget. Other factors impacting the budget variance included declines in expenditures associated with the payment of sales tax rebates, and FY 13 budgeted one-times, which were unspent at year-end. Previously approved unspent FY 12 and FY 13 one-time funds have been reserved in FY 13 and will be presented to the City Council for reappropriation in FY 14.

Additionally, savings were achieved from the agreement with the International Association of Machinists and Aerospace Workers (IAM) to have employees pay their total employee contribution rate to CalPERS. Department budgets were adjusted during FY 13 to reflect these savings. The estimated savings to the City's General Fund of approximately \$2.5 million (\$6.3 million in All Funds) in FY 13 was reserved as part of the available one-time funds to be used for the purposes approved in the FY 14 Adopted Budget.

All departments ended the fiscal year within their General Fund adjusted budget limits with the exception of the Civil Service and Fire Departments. The Civil Service Department will be submitting a request to the City Council for a FY 13 year-end appropriation adjustment of \$122,000 to bring them under budget in the General Fund. As part of the appropriation adjustment request, \$80,000 will be requested to be transferred from the Citywide Activities Department to offset the overage. This amount was set aside as part of the FY 13 Adopted Budget to be used for Civil Service-related Police Academy recruitment activities, if needed. The Fire Department also came in over budget in the General Fund due to unbudgeted replacement paramedic equipment costs and a correction to billing and collections charges. The Fire Department is not requesting an appropriation increase, as year-end actuals for All Funds in the Fire Department are under appropriation.

Attachment B provides a breakdown of General Fund expenditure performance by department and includes the adjustment which will be requested by the Civil Service Department. Notable departmental variances are identified in the footnotes to this attachment.

Other Uses

Other Uses of funds totaled \$47.6 million in FY 13, and are largely assignments of fund balance of the the significant unexpected one-time revenues received in FY 13 from the dissolution of the Redevelopment Agency and from higher than expected oil revenue. In the FY 14 Adopted Budget, City Council budgeted these one-time funds for various projects and, as such, these funds have been reserved in FY 13 to be released for expenditures in FY 14. Also included in other uses are the assignments to reservations for the unspent FY 12 and FY 13 one-time funds that will be presented to City Council for reappropriation in FY 14.

Additionally, on September 3, 2013, the City Council approved the FY 14 Budget that included \$6,227,500 in one-time funds as partial funding for the estimated \$10 million General Fund portion to replace the Financial/Human Resource management systems. The City Council also approved the remaining \$3,772,500 General Fund portion as an automatic appropriation provided FY 13 closed with available surplus. In accordance with that City Council direction, the \$10 million General Fund portion is now funded and appropriated in FY 14 for this critical project.

Other Funds

Gas Fund

The Gas Fund provides full natural gas utility services to residential and business customers in Long Beach and Signal Hill. The vast majority of the Gas Fund's revenues come directly from gas ratepayers through metered sales. These sales are primarily affected by national gas commodity market prices and winter weather conditions. Improved extraction technologies have resulted in increased gas production supply nationwide, resulting in continuing low natural gas commodity prices. These price benefits are passed directly through to the Gas Fund's customers. The Gas Fund began FY 13 with funds available of \$7.8 million and ended the year with funds available of approximately \$5 million. The sources of funds were approximately \$94.9 million and uses of funds were \$97.7 million. In FY 13, the Gas Fund made an \$11.2 million budgeted transfer to the General Fund and spent \$7.9 million on capital improvement to the City's gas pipeline infrastructure.

Police & Fire Public Safety Oil Production Act (Proposition H)

On May 1, 2007, the voters approved the Police and Fire Public Safety Oil Production Tax (Proposition H), a special tax of 25 cents, with an annual CPI increase on every barrel of oil produced, and restricted to fund police and fire services. The tax assessed in FY 13 was \$0.28/barrel of oil produced. The fund began FY 13 with funds available of \$0.9 million and ended the year with funds available of \$0.6 million. Sources of funds were \$3.6 million and uses of funds were \$4.0 million, which included the appropriation authority for both the Police and Fire Departments to spend a combined \$800,000 of higher than normal FY 12 ending funds available.

Tidelands

The primary funding sources to support operations along the beaches and waterways are the annual transfer from the Harbor Revenue Fund and net revenue from oil operations in the Tidelands areas. The FY 13 Harbor transfer increased by 4 percent to \$17.3 million, resulting in the largest transfer on record. Oil revenue declined by \$3.8 million in FY 13, which reflects a 14 percent drop from FY 12, and illustrates the variable nature of this funding stream. Expenditures closed the fiscal year within budget limits.

Towing

The Towing Fund supports towing operations to clear vehicles involved in accidents, impound vehicles and facilitate the sale of unclaimed vehicles. The Towing Fund began FY 13 with funds available of \$1.3 million and ended the year with funds available of \$0.9 million. Sources of funds were \$6.4 million and uses of funds were \$6.8 million. In FY 13, the Towing Fund fulfilled its \$1.7 million budgeted transfer to the General Fund. In addition, as anticipated and planned, the Fund made a one-time transfer of \$1.0 million to the Capital Projects Fund as determined by City Council. This one-time amount utilized the portion of the FY 11 transfer that was deferred due to improved revenue performance in the General Fund.

Excluding the one-time transfer to the Capital Projects Fund, the FY 13 Towing Fund expenditures decreased by \$902,915 from \$6.7 million in FY 12 to \$5.8 million in FY 13. The primary factor in this decline was the refinancing of the Temple Willow Facility bond, which temporarily lowered the annual payments made by the Towing Fund.

Refuse

The primary source of revenue for the Refuse Fund is from refuse and recycling charges, which account for approximately 90 percent of total revenues. This fund is also supported by grant money from the State for various public outreach efforts (recycling, litter reduction, used motor oil collection, etc), revenues from the sale of recyclables collected through the City's residential recycling program, fees paid by the City's licensed private refuse haulers for AB939 compliance, and interest income. The Refuse Fund began FY 13 with funds available of \$19.3 million and ended the year with funds available of \$16.3 million. Sources of funds were \$40.5 million and uses of funds were \$43.5 million, which included \$400,000 to the Capital Projects Fund for street repair and approximately \$6 million for City programs which offset refuse related impacts on street and alley maintenance, tree trimming, storm water environmental compliance and litter abatement during Municipal Band concerts. Staff will be evaluating strategies to address the deficit in this fund.

Successor Agency

The Successor Agency fund began FY 13 with funds available of \$32.3 million and ended the year with funds available fund of \$17.3 million. Sources of funds were \$82.8 million and uses of funds were \$97.9 million. Sources of funds are primarily comprised of bi-annual distribution from the Redevelopment Property Tax Trust Fund (RPTTF), which are used to make payments against the Successor Agency's Recognized Obligation Payment Schedules (ROPS), which are approved by the State Department of Finance (DOF). As previously approved in FY 13, the General Fund covered costs of \$4.7 million disallowed by the DOF. The declining funds available is a product of the dissolution of the Redevelopment Agency and is an expected outcome.

Uplands Oil

The Uplands Oil Fund supports the oil operations outside the Tidelands area and accounts for all costs and revenues for the City's proprietary oil interests. Oil production costs and transfers to the General Fund make up the majority of expenditures. The Uplands Oil Fund began FY 13 with

funds available of \$4.4 million and ended the year with funds available of \$4.5 million. Sources of funds were \$39.9 million and uses of funds of were \$39.8 million. The fund had a net increase in funds available of approximately \$60,000.

The total transferred in FY 13 was \$32.7 million, and was comprised of \$10.9 million in one-time oil revenue from FY 12 revenue over \$70/bbl, \$17.4 million of "reliable" base oil revenue budgeted at \$70/ bbl for ongoing operations and \$4.4 million in funds available transferred to the Capital Projects Fund. As part of the FY 14 Adopted Budget, \$13.0 million in projected FY 13 ending funds available was budgeted for one-time expenditures. This \$13.0 million has been reserved for the purposes approved in the FY 14 Adopted Budget.

Water

The Long Beach Water Department (LBWD) entered into an in-lieu replenishment agreement with the Water Replenishment District of Southern California (WRD) to purchase additional imported water instead of pumping and treating our full groundwater allocation. The benefit of the agreement is that the groundwater basin is replenished by reduced pumping. As imported water is more expensive than groundwater, WRD agreed to reimburse the additional cost incurred by LBWD (Water Fund) and, therefore, these unbudgeted additional costs are 100 percent revenue offset. The Water Department will be separately requesting an appropriation increase of \$250,000, bringing their FY 13 spending under budget. The adjustment which will be requested is included in the financial data provided in Attachment A.

TIMING CONSIDERATIONS

City Council action on this matter is required prior to the closing of the City's books for FY 13 shortly after the completion of the annual audit.

FISCAL IMPACT

There is no fiscal impact or local job impact associated with this recommendation.

SUGGESTED ACTION:

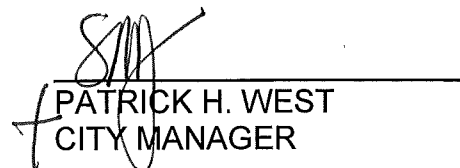
Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

Year-End 2013
Expenditure Analysis by Fund
Fiscal Year 2013

Fund	FY 13 New Allocation	Estimated All-Years Carryover ¹	FY 13 Adopted Appropriation	Amendments ²	Year-End Adjustments ³	FY 13 Adjusted Budget	Year-to-Date Actuals
Funds with All Years Carryover							
Airport	\$ 41,525,641	\$ 46,244,717	\$ 87,770,358	\$ 2,526,211		\$ 90,296,569	\$ 57,202,819
Business Assistance	653,313	1,274,382	1,927,695	-		1,927,695	13,923
Capital Projects	15,244,166	61,107,593	76,351,759	21,157,037		97,508,796	27,219,483
Civic Center	10,745,535	1,103,629	11,759,164	(28,005)		11,731,159	10,285,600
Community Development Grants	21,847,759	25,902,111	47,749,870	1,236,020		48,985,890	25,354,907
Fleet Services	31,889,605	1,149,572	33,039,177	28,567,639		61,606,816	52,093,199
Gas	146,163,008	10,695,714	156,858,722	2,160,417		159,019,139	115,879,812
Gas Tax Street Improvement	14,449,979	28,410,487	42,860,466	6,253,000		49,113,466	11,482,200
General Grants	6,479,428	22,059,111	28,538,539	13,849,318		42,387,857	20,785,219
General Services	38,171,162	8,983,873	47,155,035	4,185,461		51,340,496	43,307,227
Harbor	942,830,909		942,830,909	18,310,227		961,141,136	959,361,447
Health	37,926,224	26,028,416	63,954,640	839,176		64,793,816	34,318,705
Housing Authority	80,142,687	(235,037)	79,907,650	(162,661)		79,744,989	77,681,061
Housing Development	9,752,418	66,616,859	76,369,277	(18,852)		76,350,424	15,878,159
Insurance	39,782,161	139,683	39,921,844	(57,289)		39,864,555	38,645,081
Refuse/Recycling	44,849,020	468,120	45,317,140	252,650		45,569,791	43,534,656
Successor Agency	44,487,890	201,506,061	245,993,951	6,435,124		252,429,075	96,456,707
Tidelands	134,512,572	79,559,842	214,072,414	29,556,702		243,629,116	125,485,906
Transportation	18,118,136	17,738,097	35,856,233	96,844		35,953,077	25,136,971
SUBTOTAL	\$1,679,571,614	\$598,663,228	\$2,278,234,842	\$ 135,159,018	-	\$2,413,393,860	\$1,780,123,084
Funds without All Years Carryover							
General Fund	\$ 396,831,241		\$ 396,831,241	\$ 26,790,227	42,000	\$ 423,663,469	\$ 410,946,152
Belmont Shore Pkg Meter	458,589		458,589	254,623		713,212	586,807
CUPA	1,538,941		1,538,941	73,000		1,611,942	1,584,365
Debt Service Fund	10,465,959		10,465,959	58,759,758		69,225,717	68,315,002
Development Services	15,607,353		15,607,353	367,175		15,974,529	14,653,397
Employee Benefits	224,113,699		224,113,699	7,806		224,121,505	195,825,029
Parking And Business Area Improvement	6,725,021		6,725,021	15,170		6,740,191	6,710,787
Police & Fire Public Safety Oil Prod Act	3,989,819		3,989,819	-		3,989,819	3,961,731
SERRF	46,564,632		46,564,632	5,954,206		52,518,838	49,054,764
SERRF - JPA	11,369,810		11,369,810	-		11,369,810	11,149,172
Sewer	21,565,132		21,565,132	-		21,565,132	18,890,917
Special Advertising & Promotion	5,399,163		5,399,163	(12,377)		5,386,786	5,056,181
Tideland Oil Revenue	423,109,162		423,109,162	(43,499)		423,065,663	394,961,698
Towing	7,007,184		7,007,184	941,332		7,948,515	6,788,084
Upland Oil	33,721,740		33,721,740	5,850,656		39,572,396	37,392,551
Water	100,150,158		100,150,158	1,408,289	250,000	101,808,447	101,594,548
SUBTOTAL	\$1,308,617,604	-	\$1,308,617,604	\$ 100,366,366	292,000	\$1,409,275,970	\$1,327,471,186
TOTAL - All Funds	\$2,988,189,218	\$598,663,228	\$3,586,852,446	\$ 235,525,384	292,000	\$3,822,669,830	\$3,107,594,270

Notes:

¹ Estimated All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future years. Carryover appropriations and revenues are currently under review to analyze the appropriate funds available.

² Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments. It also includes any adjustments done by the separately managed Water Department Council letter, and the Water Fund year-end adjustment will be in a separate Water Department Council letter.

³ These year-end adjustments will correct any appropriation issues that occurred after the 3rd Quarter Budget Adjustment letter. Request for the General Fund year-end adjustment will be in a separate Civil Service Department Council letter, and the Water Fund year-end adjustment will be in a separate Water Department Council letter.

CITY OF LONG BEACH GENERAL FUND EXPENDITURE SUMMARY

Year-End 2013

Department	FY 13 Adopted Budget	Amendments ¹	Year-End Adjustments	FY 13 Adjusted Budget	FY 13 Year-End	Percentage of Adjusted FY 13 Budget Expended
² City Auditor	\$ 2,221,695	2,034		\$ 2,223,729	\$ 1,956,402	88.0%
City Attorney	1,809,962	(19,294)		1,790,668	1,656,497	92.5%
City Clerk	3,117,351	(32,991)		3,084,360	2,765,530	89.7%
City Manager	2,558,811	3,860		2,562,671	2,478,222	96.7%
City Prosecutor	4,695,508	(53,252)		4,642,257	4,504,115	97.0%
³ Citywide Activities	32,143,667	24,131,739	(80,000)	56,195,406	48,395,175	86.1%
⁴ Civil Service	1,983,252	(10,775)	122,000	2,094,477	2,093,767	100.0%
Development Services	4,330,995	792,553		5,123,548	4,758,357	92.9%
⁵ Fire Department	70,336,452	444,667		70,781,119	71,093,510	100.4%
Financial Management	11,404,906	(169,715)		11,235,191	10,676,059	95.0%
Health and Human Services	902,387	22,812		925,199	925,199	100.0%
Human Resources	445,013	205,989		651,002	651,002	100.0%
Legislative	4,649,853	(73,649)		4,576,204	4,462,275	97.5%
Library Services	12,436,537	(118,247)		12,318,290	12,261,675	99.5%
Police Department	184,640,036	1,193,030		185,833,066	183,533,465	98.8%
Parks, Recreation, and Marine	29,703,745	127,182		29,830,926	29,693,092	99.5%
Public Works	29,451,071	344,284		29,795,355	29,041,811	97.5%
TOTAL EXPENDITURES	\$ 396,831,241	\$ 26,790,227	\$ 42,000	\$ 423,663,469	\$ 410,946,152	97.0%

¹ Amendments reflect budget adjustments approved by the City Council during the fiscal year. They include an adjustment to capture savings from the agreement with the International Association of Machinists and Aerospace Workers (IAM) where IAM members pay their full employee contribution rate to CalPERS.

² The City Auditor came in under budget due to staffing vacancies and contract services that were encumbered in FY 13 but were not performed until FY 14. These contract costs will be reflected in FY 14.

³ The Department of Citywide Activities ended FY 13 underbudget as a result of several factors 1. Decrease in the amount needed to rebate sales and use tax revenue; 2. Unused one-time funds, including funds for the Police Academy, which will be reappropriated or transferred for their intended use; and 3. Delay of a repayment of funds to the Successor Agency until a later date.

⁴ Civil Service came in over budget due to higher costs for Police Academy recruitment and testing, but will be going to Council to request a FY 13 year-end appropriation increase of \$122,000 that will bring the department under budget. This year-end adjustment is reflected in the table above.

⁵ Overage attributable to unbudgeted replacement paramedic equipment costs and a correction to billing and collections charges. The Fire Department does not need to request an appropriation increase as year-to-date actuals for all funds is under appropriation.

**Fiscal Year 2013 Year-End
General Fund Revenue (Top 40)**

Attachment C

Notes	TOP 40 GENERAL FUND REVENUES	FY12 Year End Actuals	FY 13 Adjusted Budget	FY 13 ETC	FY 13 Year End Actuals	Percent FY 13 Actuals Over/(Under) ETC
1	SECURED REAL PROPERTY TAXES	\$ 69,699,903	\$ 80,699,559	\$ 88,099,954	\$ 88,086,333	0%
2	SALES AND USE TAX & IN-LIEU	\$ 58,329,082	60,871,556	59,915,225	\$ 61,473,818	3%
3	PROPERTY TAX IN-LIEU OF VLF	\$ 38,307,933	39,319,000	39,294,860	\$ 39,294,860	0%
4	PROPERTY TAX RESIDUAL ABX1 26	\$ 593,680	-	30,955,682	\$ 30,950,628	0%
5	TRSFRR FR UPLAND OIL (SR134)	\$ 12,900,000	17,371,294	17,385,215	\$ 17,371,294	0%
6	ELECTRIC USERS TAX & PENALTIES	\$ 16,433,452	16,600,000	17,800,165	\$ 18,134,068	2%
7	EMERGENCY AMBULANCE FEES	\$ 9,589,023	14,450,000	9,737,920	\$ 9,795,425	1%
8	TELEPHONE USERS TAX & PENALTIES	\$ 13,335,726	13,530,500	12,900,000	\$ 12,625,414	-2%
9	TRANSIENT OCCUPANCY TAX	\$ 11,593,241	13,015,403	14,250,000	\$ 13,284,681	-7%
10	PARKING CITATIONS	\$ 14,786,393	12,418,043	13,072,828	\$ 13,770,829	5%
11	BUSINESS LICENSE TAXES	\$ 11,249,777	11,561,000	11,920,966	\$ 11,709,602	-2%
12	GAS-IN-LIEU	\$ 11,923,176	11,173,175	11,173,175	\$ 11,173,175	0%
13	ELECTRIC COMPANY FRANCHISES	\$ 5,929,878	6,210,679	6,112,000	\$ 6,392,300	5%
14	PIPELINE FEE-WATER	\$ 5,548,886	5,562,464	5,566,593	\$ 5,566,593	0%
15	OTHER DEPT SVCS TO PROPRIETARY FUNDS	\$ 5,639,408	5,057,433	5,108,507	\$ 5,537,099	8%
16	CHARGES FOR SPECIAL SERVICES	\$ 5,548,772	5,039,157	4,835,632	\$ 5,290,883	9%
17	AMERICAN GOLF LEASE	\$ 4,152,389	4,537,240	4,537,240	\$ 4,529,485	0%
18	PIPELINE FEE-SEWER	\$ 4,273,047	4,283,494	4,283,808	\$ 4,283,808	0%
19	WATER USERS TAX & PENALTIES	\$ 3,709,959	3,600,000	3,870,000	\$ 3,804,516	-2%
20	LAND,BLDG,R/W,EASEMENT,APT RENTALS	\$ 3,772,406	3,405,000	3,826,833	\$ 3,835,318	0%
21	GAS USERS TAX & PENALTIES	\$ 3,709,337	3,200,000	3,500,000	\$ 3,549,522	1%
22	MISC REFUNDS & REIMB	\$ 4,457,802	3,184,986	3,250,529	\$ 3,394,218	4%
23	PIPELINE FRANCHISES	\$ 3,109,206	3,000,000	4,400,000	\$ 4,931,796	12%
24	VEHICLE CODE FINES	\$ 2,483,987	2,900,000	2,248,987	\$ 2,174,699	-3%
25	PROPERTY TAX STATUTORY PASS THROUGH	\$ 2,465,923	2,814,750	4,942,058	\$ 4,942,058	0%
26	PIPELINE SAFETY FEES	\$ 2,441,818	2,450,000	2,458,202	\$ 2,458,211	0%
27	HARBOR-POLICE	\$ 1,338,112	2,164,604	2,164,604	\$ 2,147,912	-1%
28	OIL PRODUCTION TAX	\$ 1,863,960	1,845,000	1,970,000	\$ 1,905,563	-3%
29	POLICE CHARGES FOR SPECIAL EVENTS	\$ 1,343,378	1,550,000	1,184,798	\$ 1,422,101	20%
30	HAULER FEES	\$ 1,840,380	1,414,000	1,775,316	\$ 1,610,514	-9%
31	UNSECURED PERSONAL PROPERTY TAXES	\$ 1,664,109	1,400,000	615,000	\$ 1,054,353	71%
32	DOG LICENSES & PENALTIES	\$ 992,616	1,381,634	1,259,729	\$ 981,861	-22%
33	ASSET MANAGEMENT CHARGES	\$ 1,361,171	1,353,696	1,354,032	\$ 1,357,380	0%
34	CIP-ENGINEERING CHARGES	\$ 3,360,294	1,279,957	1,050,000	\$ 1,295,275	23%
35	FIRE INSPECTION FEES	\$ 1,108,335	1,144,000	1,062,100	\$ 1,027,055	-3%
36	PRIOR YEAR SECURED REAL PROPERTY	\$ 2,539,014	1,100,000	2,080,000	\$ 2,370,501	14%
37	OTHER DEPT CHGS TO GOVTL FUNDS	\$ 1,059,883	1,083,744	1,102,241	\$ 1,175,227	7%
38	METERED/OTHER PARKING	\$ 1,024,303	1,000,000	1,002,000	\$ 1,025,626	2%
39	REAL PROPERTY TRANSFER TAX	\$ 1,018,355	990,000	1,775,000	\$ 1,737,331	-2%
40	TRNSFRS FRM OTHER FUNDS	\$ 24,551,632	\$ 24,286,769	\$ 25,266,603	\$ 25,695,575	2%
	SUBTOTAL TOP 40 GENERAL FUND	\$ 371,049,743	\$ 388,248,137	\$ 429,107,802	\$ 433,166,905	1%
41	SUBTOTAL OTHER REVENUES	\$ 26,361,102	\$ 21,697,721	\$ 22,805,793	\$ 25,323,675	11%
	TOTAL ALL REVENUE	\$ 397,410,845	\$ 409,945,858	\$ 451,913,596	\$ 458,490,580	1%

**Fiscal Year 2013 Year-End
General Fund Revenue (Top 40)**

Attachment C

General Fund Revenue Notes:

- ¹ FY 13 Secured Property Tax revenue includes a one-time payment of \$4.4M in settlement for a lawsuit concerning excessive administrative fees by the County and an increase of \$1 million due to a reduction in these administrative fees. Long Beach also received 7.9 percent more in secured property tax revenue than in FY 12, much of which has been offset by lower unsecured property tax revenue in FY 13. Additionally, \$10.8 million was received from the State and immediately repaid to the Subsidence Fund for its 2010 loan to the General Fund.
- ² The City received \$2.9 million in one-time use tax revenue in September. This one-time payment was the result of a correction in the allocation of revenue by the State.
- ³ Property Tax in Lieu of VLF is adjusted annually based on the city's annual change in Assessed Valuation. This amount is known early in the year and projections are close to actuals.
- ⁴ Due to the dissolution of the Redevelopment Agency, the City's General Fund received substantial one-time distributions from the City's residual share of property tax and the State sweep of the Housing and Successor Agency Funds. These additional one-time revenues were reserved for Council directed use in FY 14 as part of the Adopted Budget.
- ⁵ The full \$17.4 M in structural Uplands Oil revenue based on \$70/bbl was realized and transferred to the General Fund in FY 13.
- ⁶ Electric Users Tax and Penalties (EUUT) experienced a 10 percent growth over FY 12. This growth reflects increase usage and a short-term rate increase for the recapture of capital expenditure approved by the Public Utilities Commission.
- ⁷ Federal and State approval of the GEMT reimbursement program took longer than expected and revenues associated with the program were not realized in FY 13.
- ⁸ A 5 percent decline in the Telephone UUT revenue reflects the impact of price competition in the mobile phone industry, as well as the trend towards prepaid cellular phones, which are not currently subject to utility users tax.
- ⁹ Revenue per available room in Long Beach was up by 5.4 percent during the January- September 2013 period compared to the same time in 2012. Additionally, revenue from hotels in the former RDA areas were recognized in the General Fund in FY 13. This revenue was received as a transfer from RDA in previous years. Year-end actuals are below previously projected levels because of a one-time reduction in an accounting accrual.
- ¹⁰ The \$1 million reduction in parking citations revenue in FY 13 compared to FY 12 is largely attributed to the impact of an accounting change. Because of the timing of this change, FY 12 accrued one extra month of revenue compared to FY 13. Excluding this one-time adjustment, payments collected in FY 13 were actually higher than those collected in FY 12. This additional revenue is associated with increased collection activities, including a shortened citation life cycle, additional noticing, outbound calling, franchise tax board intercept program, and credit bureau reporting.
- ¹¹ Business license tax revenues grew by 4% in FY 13 compared to prior year actuals. This growth is due in part to the 2% CPI adjustment made to business license rates in FY 13 and to process improvements that better identify commercial and residential rental properties and bills for licenses accordingly.
- ¹² The \$11.2 million transfer from the Gas Fund was received as budgeted.
- ¹³ Electric Franchise revenue is received quarterly and reflects both volume and price of the commodity. Increased revenue reflects a short-term rate increase for the recapture of capital expenditure approved by the Public Utilities Commission.
- ¹⁴ Pipeline Fee - Water is charged to operators for the rent or utilization of pipelines located under City-owned property. Total revenues are based on a calculation using the length and diameter of the pipeline, and therefore actual year-end revenues match ETC's.
- ¹⁵ In order to meet operational needs LB Airport and the Civic Center requested additional security. Increased service levels provided by the Police Department produced revenue in excess of the FY 13 budgeted amount.
- ¹⁶ The Police Department provides contracted police services in various locations in the City including the Long Beach Towne Center, Long Beach City College, and transit security. In FY 13, additional police services were provided in excess of initial forecasts.
- ¹⁷ In FY 12, there was a change in the methodology for billing and collections for the American Golf lease which resulted in one-time one month less lease revenue being recognized. The full 12 months of lease payments were collected in FY 13.
- ¹⁸ Pipeline Fees - Sewer are charged to operators for the rent or utilization of pipelines located under City-owned property. Total revenues are based on a calculation using the length and diameter of the pipeline, and therefore actual year-end revenues match ETC's.
- ¹⁹ The Water Users Tax is charged as a 5% rate on every customer consuming water in the City with the exception of Local, State, and Federal governmental agencies. Annual revenues fluctuate due to total water consumption and rates set by the Water Department. The FY 13 revenue increase is attributed to growth in consumption since there was no rate change in FY 13.
- ²⁰ Revenues from the lease agreement with the Long Beach Towne Center reflect of modestly higher revenue performance.
- ²¹ Gas Utility Users Tax (GUUT) is charged as a 5% rate on every customer consuming gas in the City. GUUT revenue has remained relatively stable during the recent swings in the natural gas market. Long Beach Gas and Oil customers are protected from extreme fluctuations in gas commodity prices through the use of price hedging contracts which help provide the City and residents with relatively stable gas prices.
- ²² Miscellaneous Funds and Reimbursements are composed primarily of utility payment processing charges, which remained flat in FY 13 compared to the prior year. FY 13 revenues reflects an overall reduction from FY 12 actuals due to one-time revenues realized in FY 12 for LBUSD and LBCC election reimbursements and Lehman bankruptcy settlement payments.
- ²³ Pipeline Franchise fees from Southern California Edison are based on a percentage of gross receipts and a small surcharge. During the course of FY 13 the price of natural gas significantly higher than in the previous year, at times as much as double the price per MMBtu experienced in FY 12. As a result of this rebound an increase in the franchise revenue was realized.
- ²⁴ Staffing reductions caused by natural attrition among the Police Department patrol officers and motorcycle units during FY 13 resulted in a decrease in the collection of vehicle code fines.
- ²⁵ Tax increment property tax revenue from former RDA project areas was \$2 million higher than in previous years due to increases in supplemental payments and increasing valuations. The additional one-time revenue was reserved for Council directed use in FY 14.
- ²⁶ A Pipeline Safety Fee is charged to pipeline operators for the rental or utilization of pipelines located under City-owned property that are in the Public's Right of Way. Fees to private companies based on length and diameter of the pipeline are charged annually and reflect a CPI adjustment factor.

**Fiscal Year 2013 Year-End
General Fund Revenue (Top 40)**

Attachment C

General Fund Revenue Notes cont'd:

- ²⁷ Harbor- Police MOU revenue reflects Police Department services to the Harbor Department. Revenue is based on actual services and amounts invoiced to the Port of Long Beach.
- ²⁸ The 15 cents per barrel tax collected on oil reflects 2.2 percent higher production than in FY 12.
- ²⁹ In response to the Boston Marathon bombings, police staffing and presence was increased above historical levels for the Long Beach Grand Prix and Long Beach Marathon. Additional police staffing at these events resulted in an increase in revenue.
- ³⁰ Private haulers fee is charged for the ability to operate as a refuse hauler in the City. The fee is set at 10% of the haulers gross receipts. FY 13 revenues reflect a decrease in reported tonnage from FY 12.
- ³¹ Property taxes are remitted by the County based on an apportionment factor, not on revenue received from a particular city, as such it is difficult to budget the split between secured and unsecured property tax. In FY 13, Long Beach received less unsecured property tax and more secured property tax revenue.
- ³² FY 13 dog licenses and penalties revenue is slightly below FY 12 actuals due to turnover and Animal License Inspector vacancies, which limited the ability to canvass neighborhoods and bring delinquent accounts into compliance. The positions were filled during the later part of the year and revenue from licensing increased.
- ³³ Asset management charges represent the fees collected on citywide investment and interest earnings to offset the costs incurred by the Treasury Bureau in managing those assets. Fees are set so that actual revenues match the FY 13 budgeted amount.
- ³⁴ Decreased actuals in CIP Engineering revenue are due to the decreased overhead rate between FY 12 and FY 13, fewer RDA projects due to dissolution and an increase in projects that are exempt from the CIP overhead (e.g., Measure D and grant funded).
- ³⁵ Fire Inspection fees are assessed on new businesses which could produce conditions hazardous to life or property. Total inspection revenues vary based on the number of new businesses applications and permit renewals.
- ³⁶ Delinquent property tax payments are collected and apportioned countywide. Declines in revenue are tied to reductions in countywide prior year payments and are not solely tied to supplemental payments by Long Beach property owners. Mid-year estimates reflected lower revenue projections due to an anticipated change in how the revenue is recognized. The Accounting methodology change did not result in a significant reduction in the revenue realized in FY 13.
- ³⁷ Other Departmental Charges to Governmental Funds grew in FY 13 due to a change in accounting methodology. Because of the timing of this change, FY 13 realized one extra month of revenues.
- ³⁸ Revenue received primarily from Downtown parking meters did not experience any significant change from the previous year.
- ³⁹ Real Property Transfer Tax is directly tied to the value of properties sold in Long Beach. This revenue increase is reflective of increases in sale prices and/ or increases in properties sold. Although the number of sales declined by 23 percent, between January 2012 and September 30, 2013 the median sale price for a single family residential home in Long Beach increased by 22 percent.
- ⁴⁰ An unbudgeted one-time of SERRF Tip Fee Differential was received in FY 13. This revenue resulted from savings derived because the Puente Hills landfill continued to take SERRF's ash for longer than anticipated.
- ⁴¹ All Other Revenue includes \$2.1 million in one-times from the sale of City Hall East. Additionally, higher than projected revenue was realized in several areas including State reimbursements, Parks, Recreation and Marine and Airport parking