

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-21

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

February 19, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and File the Fiscal Year 2008 First Quarter Budget Performance Report.
(Citywide)

DISCUSSION

This report provides an update on the City's Fiscal Year 2008 (FY 08) budget and operational performance through December 31, 2007. The report covers a broad spectrum of financial information for all funds and departments with multi-year comparisons, charts and graphs to provide a clear picture of the City's financial situation. While the focus of the financial report is the General Fund, exceptional performance (both positive and negative) in other funds is highlighted where applicable.

Summary

The total Adjusted City Budget for all funds as of December 31, 2007 was \$2.74 billion. With 25 percent of the year complete, expenditure performance in all funds is at approximately 18.8 percent year-to-date. The total adjusted General Fund expenditure budget was \$393.2 million, with budgeted revenue of \$392.6 million. The difference between budgeted revenue and expense reflects carry over appropriations. After the first three months of the fiscal year, based on current appropriation authority, overall expenditures and revenues are on target, however, some departmental performance warrants closer review and possible corrective action. With 25 percent of the fiscal year complete, approximately 22.3 percent of anticipated General Fund revenue has been collected.

FY 08 General Fund Revenue

Current and projected revenue performance is based upon a variety of factors, and includes both structural and one-time revenues. It's important to note the risks inherent in projecting revenue, as the City has limited, if any, authority to affect certain revenue streams. Overall, year-to-date General Fund revenue is \$87.5 million, or approximately 22.3 percent of total projected revenue, and is close to the expected performance after the first quarter of the year. Performance to date numbers for revenue are above FY 07 primarily due to the posting of transfers from other funds to the General Fund earlier in the fiscal year. The table below highlights year-to-date performance for selected General Fund revenues. It is important to note that certain revenue streams are performing under budget; however, it is anticipated that

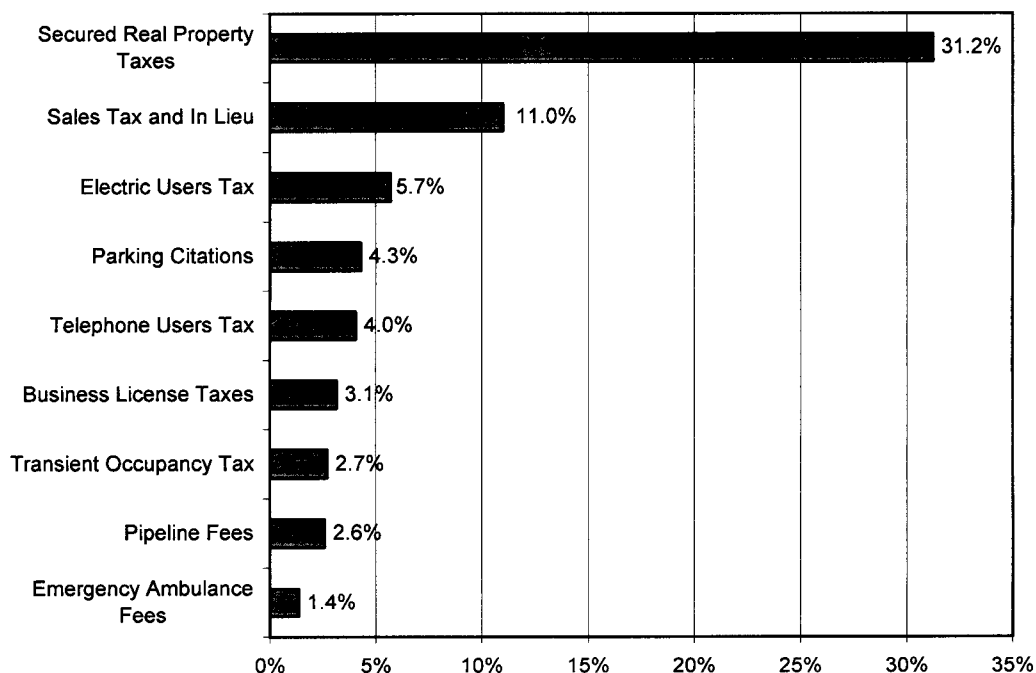
increases in other key General Fund sources, including Upland Oil revenues, may be able to offset these reductions.

Revenue Source	FY 08 Adopted Budget	FY 08 YTD Revenue	YTD Rev as % of Adjusted Budget	Notes
Secured Property Tax	\$67,500,000	\$27,330,299	40.5%	The first of seven secured property tax payments from the County was received in December 2007. The payment comprised 40 percent of the County's estimate of the City's annual payment, net of administrative costs charged to the City. The County misallocated its administrative cost charge, which will result in a \$500,000 reduction in total property tax receipts. It is expected that the current slowdown in the housing market will have a negative impact on collections, though the full extent of that impact is currently unknown.
Real Property Transfer Tax	\$2,000,000	\$193,296	9.7%	As sales activity continues to decline, receipts are demonstrating a decline below budgeted projections.
Sales and Use Tax, (includes the Triple Flip)	\$52,411,000	\$9,624,595	18.4%	The Sales and Use Tax payments were reduced by 25 percent for the State Triple Flip and are offset by the bi-annual Property Tax In-Lieu of Sales Tax payment from the State. The receipts received in the first quarter of this fiscal year, representing summer sales tax activity, are flat over the previous year. With a continuation of the current economic slowdown, sales tax receipts are expected to come in below budget. The first half of the budgeted \$13.0 million triple flip backfill payment will post in January, with the second to post in May.
Uplands Oil Transfer	\$12,290,173	\$3,072,543	25.0%	Budgeted FY 08 revenue is based on an oil price of \$45.00/bbl. December year-to-date revenue for Wilmington Crude averaged at \$85.10/barrel. The first quarter transfer was made based on budget. Transfers to the General Fund will take place on a quarterly basis and will reflect higher than budgeted performance to offset the negative impact of reductions in other General Fund revenue sources.
Motor Vehicle In-Lieu Tax (VLF), combined with Property Tax in Lieu of VLF	\$40,800,000	\$425,444	1.0%	Payments for VLF are received monthly, while the Property Tax In-Lieu of VLF is received in January and May. Monthly VLF payments are trending lower than budget due to a decline in auto sales. In-Lieu VLF payments are trending at budget.
Utility Users Tax	\$43,985,757	\$10,432,820	23.7%	Electric UUT collections are trending below budget. Though it is expected that Southern California Edison will increase rates for some customer classes in the second quarter of this fiscal year, those increases will be offset by decreases in other customer groups for a neutral fiscal impact. Natural gas UUT collections are less than anticipated due to lower gas commodity prices than in the prior year. Telephone UUT collections are expected to come in below budget due to a continuing trend of price competition in the industry and a reduction in landlines. Water UUT collections are trending at budget.
Parking Citations	\$16,350,250	\$3,751,012	22.9%	As the Police Department enhances its parking citation recovery resources, it is expected that parking citation revenue will increase and meet budgeted expectations.
Business License Tax	\$11,272,752	\$2,746,934	24.4%	Business recovery efforts and the annual CPI adjustment should lead to year-end collections approaching budget.
Emergency Ambulance Fees	\$8,944,000	\$1,196,561	13.4%	Prior year-end receivables were reversed at the beginning of the fiscal year. It is anticipated that factors such as reductions in Medicare/MediCal payments and the changing payor mix will negatively impact collections beyond initial budgeted expectations.

Revenue Source	FY 08 Adopted Budget	FY 08 YTD Revenue	YTD Rev as % of Adjusted Budget	Notes
Transient Occupancy Tax	\$9,500,000	\$2,370,963	25.0%	Transient Occupancy Tax receipts are expected to perform above budgeted levels. Room rates are demonstrating growth over the same period in the previous year.
Pipeline Franchises	\$7,000,000	\$3,216,888	46.0%	Southern California Gas Pipeline Franchise fee revenue is trending at budget. The most recent payment demonstrated an increase in the volume of gas transferred to electric plants over the same period last year.

A summary of the top 40 General Fund revenues is included in **Attachment A**, and a year-to-year (FY 07 to FY 08) comparison of the top 15 General Fund revenues is included in **Attachment B**. Please also see **Attachment C** for a breakdown of General Fund revenue by department, which notes any exceptional department performance. Exhibit 1 below shows the City's top 10 General Fund revenue sources in FY 08 as a percentage of total year-to-date General Fund revenue.

Exhibit 1 – Top 10 FY 08 General Fund Revenue Sources as a Percentage of the \$87.5 million Total Year-to-Date



FY 08 General Fund Expenditures

The Adopted General Fund budget for FY 08 was \$391.9 million. As of December 31, 2007, the total adjusted General Fund budget was \$393.2 million, due to carry-over for prior year encumbrances. The overall year-to-date General Fund spending is \$93.9 million, or 23.9 percent of budget, with 25 percent of the Fiscal Year complete. This trend is the result of several cost savings measures implemented by the City Manager early in the fiscal year, including department-specific vacancy savings targets, a management hiring freeze, limits on

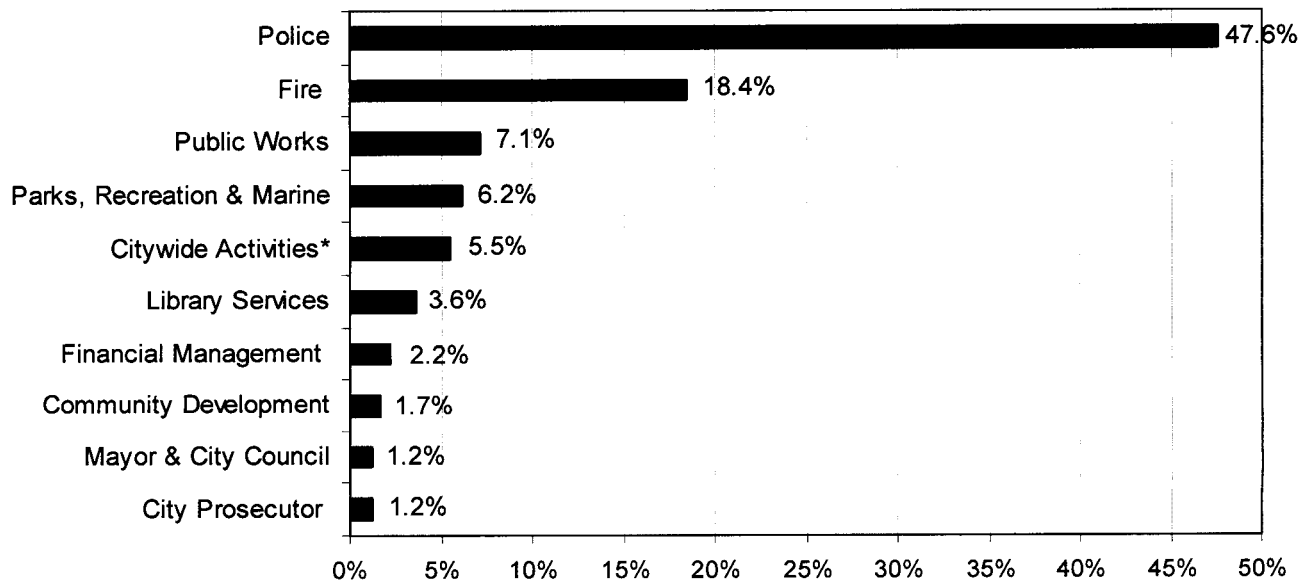
annual merit increases for management, a freeze on out-of-state travel and a freeze on purchasing tables at community events.

FY 08 General Fund Expenditures by Department

Though there were few expenditure performance exceptions at the department level, those worth noting include:

- The Police Department is at 24.6 percent of budget. The department has made a concerted effort to reduce overtime expenses and is currently spending 40 percent less in overtime than in FY 06. However, it is important to note that even this reduced level of overtime spending will likely exceed the Department's FY 08 overtime budget by approximately \$3 to \$4 million.
- The FY 08 Adopted Budget reflects a \$650,000 reduction in the Civil Service Department's budget in anticipation of the elimination of duplicative functions. While the Department has taken numerous actions to reduce its expenditures, such as eliminating certain testing requirements and maintaining vacant positions, as of December 31, 2007, it is estimated that the Department will close at \$2,489,808 or 114 percent above their adjusted budget based on current trends. A department cannot legally exceed its adopted appropriations, therefore further cost reductions must be implemented to reduce expenses.

Exhibit 2 – Largest FY 08 General Fund Expenditures Year-to-Date by Department, as a Percentage of the \$93.9 million Total Expenditures.



**Citywide Activities include debt payments, pass through transactions, old Police and Fire pension plan, General Fund project funding, etc.*

As expected, the majority of General Fund expenditures are comprised of public safety services. Of the \$93.9 million expended to date, the Police Department (47.6 percent) and Fire Department (18.4 percent) comprise 66.0 percent of the total General Fund year-to-date expenditures. Exhibit 2 above shows the largest departments as a percentage of General Fund year-to-date expenditures.

Attachment D provides a listing of all departments' year-to-date General Fund expenditure performance. **Attachment E** displays General Fund spending at the department level as compared to the departments' current adjusted budget, including an FY 08 to FY 07 comparison. FY 08 General Fund expenditures total 23.9 percent of the \$393.2 million budget, compared to 25.3 percent of the \$378.7 million budget for the same time period in FY 07.

FY 08 Expenditure Performance – All Funds

The City's Adopted FY 08 Budget for all funds includes \$2.3 billion of annual funds, carryover (multi-year grants and capital projects funds) of \$379.9 million, prior year encumbrances (goods and services ordered in FY 07 but received in FY 08), and Council approved budget amendments. Combined, the total Adjusted City Budget as of December 31, 2007 was \$2.74 billion. Please see **Attachment F** for a breakdown of Citywide expenditures by fund.

While it is not expected that department or fund expenditures would occur equally throughout the fiscal year or be fully expended in the current fiscal year due to the inclusion of multi-year projects, monitoring the rate of expenditure is a helpful indicator of resource management. With 25 percent of the year complete, expenditure performance in all funds is at approximately 18.8 percent year-to-date. This includes the Harbor and Redevelopment Funds currently performing at 10.5 percent and 22 percent, respectively. Overall, there are no additional fund performance issues to note.

Other Significant Issues

State Budget Impacts

Long Beach's financial outlook is influenced by multiple factors, including national and local economic trends. The State of California is expected to experience relatively modest growth in personal income and wage and salary jobs over the coming years largely due to a loss in jobs in the housing and banking sectors. During the remainder of FY 08, California will continue to experience declines in home sales and new construction and an increase in the number of foreclosures resulting from the national and regional housing slump related to the subprime mortgage crisis. California is currently experiencing record numbers of foreclosures and has one of the highest foreclosure rates in the country.

In addition, the State is grappling with a significant budget deficit in the current and future fiscal years. On January 10, 2008, the Governor invoked Proposition 58, declaring a fiscal emergency in the current fiscal year and calling a special session of the Legislature to address its mid-year \$3.3 billion budget gap. Despite the protections that local governments were afforded in the Proposition 1A constitutional amendment, the State still has the ability to borrow property tax, gasoline tax and State grant funds, which could create a significant hole in Long Beach's key General Fund and grant revenues in FY 08, FY 09 and beyond. The City is currently estimating a \$500,000 decrease in state grant funds to the Health Department for a variety of community

health services in FY 08. In addition, the Governor has recommended to delay \$3.8 million of gasoline tax payments to the City, representing four month of payments, until September 2008. While the payments would still be made to the City within the same fiscal year, such a delay may cause unnecessary slowdowns in planned street repair work. While these revenue sources can only be borrowed twice in ten years and must be paid back with interest within three years, even the temporary loss of these revenue streams would significantly impact the City's ability to provide core services. Redevelopment funds are not protected by Proposition 1A provisions and could also be subject to borrowing, thereby directing yet another revenue source away from the City. The Department of Financial Management is closely monitoring the proposals under consideration by the Legislature for the current year, and will report back on any local impacts.

Police Department Overtime

Overtime containment is a Department-wide effort and numerous management controls, above and beyond those recommended in the City Auditor's Efficiency Report, have been institutionalized to reduce the use of overtime. Managers and supervisors have been empowered to identify and implement alternatives to address workload issues previously requiring overtime. As mentioned earlier, through the first quarter of FY 08, the Department has achieved an overtime decrease of over 40 percent, which validates the effectiveness of efforts to date. While future emergency needs cannot be predicted, the trend is very positive.

FY 08 General Fund Vacancy Savings Targets

Looming economic challenges and state budget issues require that the City implement tighter fiscal controls to manage department budgets and ensure that the General Fund remains in balance. On November 9, 2007, the City Manager transmitted FY 08 General Fund Vacancy Savings Targets to departments. Realization of these savings is essential to maintaining fiscal balance and mitigating the possible impacts of the State's fiscal emergency described above, among other factors.

As such, in the near future the Department of Financial Management will request City Council approval of a budget adjustment to reduce appropriations in certain City Manager-directed departments to formally implement these reductions.

Conclusion

General Fund revenues and expenditures are generally within budget expectations through the 1st Quarter; however, numerous financial challenges exist that may hinder our ability to end the fiscal year in balance. These include revenues impacted by the slowing national and regional economy, forthcoming solutions to the State's current year budget deficit, and certain departmental expenditure trends that will exceed the adopted budget. These challenges make it imperative that we maintain a firm position of fiscal restraint. Looking to the future, we must not lose sight of the fact that the City must also address its existing retiree health care commitments, ongoing labor negotiations, the approved Police Officers Association labor agreement, and critical infrastructure needs including remediating our aging facilities, streets, sidewalks and other infrastructure systems.

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

FISCAL IMPACT

There is no fiscal impact associated with the recommended action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF:DW:VB:SM
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ATTACHMENTS

APPROVED:


PATRICK H. WEST
CITY MANAGER

December 2007
General Fund Revenue (Top 40)
Fiscal Year 2008
(25.0% of Year Completed)

Attachment A

TOP 40 GENERAL FUND REVENUES	FY 07 Year End Actuals	FY 07 December YTD	FY 08 December YTD	FY 08 December YTD Over/(Under) FY 07 December YTD	% of FY 08 Adj Budget	FY 08 Adjusted Budget
SECURED REAL PROPERTY TAXES ¹	\$ 62,320,147	\$ 25,443,166	\$ 27,330,299	\$ 1,887,134	40.5%	\$ 67,500,000
CITY SALES AND USE TAX & IN-LIEU SALES AND USE TAX ²	53,305,416	9,678,998	9,624,595	(54,402)	18.4%	52,441,000
VEHICLE LICENSE FEE & PROPERTY TAX IN-LIEU OF VLF ³	36,971,510	549,549	425,444	(124,105)	1.0%	40,800,000
ELECTRIC USERS TAX & PENALTIES ⁴	18,623,762	5,315,525	4,982,593	(332,933)	26.2%	19,000,000
PARKING CITATIONS	14,088,187	3,579,152	3,751,012	171,860	22.9%	16,350,250
TELEPHONE USERS TAX & PENALTIES	14,869,613	2,997,227	3,542,409	545,182	22.9%	15,500,000
PIPELINE FEES	10,210,204	2,149,909	2,260,965	111,055	20.0%	11,293,082
BUSINESS LICENSE TAXES	10,310,856	2,599,236	2,746,934	147,698	24.4%	11,272,752
TRANSIENT OCCUPANCY TAX	9,154,215	2,094,866	2,370,963	276,097	25.0%	9,500,000
EMERGENCY AMBULANCE FEES ⁵	8,084,308	1,149,309	1,196,561	47,252	13.4%	8,944,000
ELECTRIC COMPANY FRANCHISES ⁴	7,211,550	2,271,912	1,959,890	(312,021)	23.6%	8,300,000
PIPELINE FRANCHISES ⁶	6,529,022	2,893,549	3,216,888	323,339	46.0%	7,000,000
INTEREST-POOLED CASH	6,054,011	1,228,283	1,307,502	79,219	22.1%	5,920,000
GAS USERS TAX & PENALTIES	5,277,312	1,122,404	1,163,127	40,723	21.5%	5,410,000
OTHER DEPT SVCS TO PROPRIETARY FUNDS ⁷	5,035,353	180,996	306,419	125,423	6.6%	4,628,734
PRIOR YEAR SECURED REAL PROPERTY TAXES ⁸	5,834,296	1,527,017	1,640,293	113,276	36.5%	4,500,000
VEHICLE CODE FINES ⁹	3,052,871	710,433	544,877	(165,556)	12.5%	4,367,891
AMERICAN GOLF LEASE	4,396,919	1,040,360	1,074,601	34,242	24.6%	4,360,000
CHARGES FOR SPECIAL SERVICES ¹⁰	3,870,567	190,804	112,001	(78,802)	2.8%	4,049,696
MISC REFUNDS & REIMB	3,139,835	556,446	600,317	43,870	16.8%	3,565,757
WATER USERS TAX & PENALTIES	3,010,908	767,790	771,349	3,558	23.9%	3,230,000
LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,418,241	581,462	713,740	132,278	22.1%	3,228,134
CIP-ENGINEERING CHARGES ⁷	2,093,942	115,772	(17,380)	(133,151)	-0.6%	3,150,000
OIL PRODUCTION TAX	2,208,394	537,094	518,360	(18,734)	23.2%	2,230,000
REDEV. REIMB.-NORTH LB ⁷	2,221,222	-	-	-	0.0%	2,201,078
MISC REVENUE FROM OTHER AGENCIES ⁷	1,150,984	64,902	32,227	(32,675)	1.5%	2,166,669
REAL PROPERTY TRANSFER TAX ¹¹	1,670,668	169,729	193,296	23,568	9.7%	2,000,000
OFF-STREET PARKING	1,442,273	263,690	314,294	50,604	19.0%	1,652,316
INTEREST-LOAN REPAYMENTS	572,815	148,041	280,894	132,853	23.3%	1,207,740
OTHER DEPT CHGS TO GOVTL FUNDS	1,101,578	195,067	219,132	24,065	18.4%	1,190,983
METERED/OTHER PARKING	1,091,717	247,223	267,234	20,012	22.5%	1,190,000
ASSET MANAGEMENT CHARGES	1,197,891	297,761	302,538	4,778	25.6%	1,180,354
CITY/MISC/BOND REFI ADVANCES ⁷	1,271,360	-	104,763	104,763	9.1%	1,146,292
POLICE CHARGES FOR SPECIAL EVENTS	1,259,369	318,944	310,886	(8,058)	28.9%	1,075,000
FIRE INSPECTION FEES ¹²	846,278	187,226	287,847	100,621	28.0%	1,029,000
FACILITY RENTAL	774,068	176,872	174,736	(2,136)	17.2%	1,018,667
FIRE PLAN CHECK FEES ¹²	898,774	133,940	315,493	181,553	31.3%	1,008,000
UNSECURED PERSONAL PROPERTY TAXES ¹³	821,955	486,236	34,190	(452,045)	3.4%	1,000,000
INTANGIBLE PERSONAL PROPERTY TAXES ¹⁴	1,005,905	225,084	385,808	160,724	38.6%	1,000,000
TRANSFERS FROM OTHER FUNDS ¹⁵	35,929,568	-	9,477,668	9,477,668	25.5%	37,126,066
SUBTOTAL TOP 40 GENERAL FUND REVENUES	352,327,862	72,195,972	84,844,767	12,648,796	22.7%	373,733,460
SUBTOTAL ALL OTHER REVENUES¹⁶	33,191,732	4,105,614	2,703,588	(1,402,026)	14.3%	18,894,361
TOTAL	\$ 385,519,595	\$ 76,301,586	\$ 87,548,355	\$ 11,246,770	22.3%	\$ 392,627,821

December 2007
General Fund Revenue (Top 40)
Fiscal Year 2008
(25.0% of Year Completed)

Attachment A

Top 40 Footnotes

Notes:

¹ The first of seven secured property tax distributions from the County was received in December. It comprised 40 percent of the County's estimate of the City's annual payment, net of administrative costs. The administrative cost charge was thirty percent below the actual costs in error. Due to this, the County will adjust future remittances to the City to correct this initial error, resulting in a \$500,000 reduction in receipts.

² The receipts received in the first quarter of this fiscal year, representing summer sales tax activity, are flat over the previous year. The first half of the budgeted \$13.0 million triple flip backfill payment will post in January, with the second to post in May.

³ The first of two property tax in lieu of VLF payments will not post until January, with the second to post in May. Monthly VLF payments are trending lower than budget due to a decline in statewide auto sales.

⁴ FY 07 revenue reflects higher electric usage rates than in FY 08.

⁵ Prior year-end receivables were reversed at the beginning of the fiscal year. It is anticipated that factors such as reductions in Medicare/MediCal payments and the changing payor mix will negatively impact collections beyond initial budgeted expectations.

⁶ The first quarterly Pipeline Franchise payment reflected an increase in the volume of gas transported to electric plants over last year.

⁷ Revenues to be received in future installments.

⁸ Though receipts are expected to slow due to the housing market decline, initial supplemental property tax payments from changes of ownership and new construction are trending above budget.

⁹ Prior year-end account receivables were reversed this fiscal year and will be offset by deposits when received.

¹⁰ These Special Services will be performed by the Police and Public Works Departments at later points in the fiscal year. Current receipts are lower than in FY 07 due primarily to the fact that payments are posted and/or received at different times from year-to-year.

¹¹ As sales activity continues to decline, receipts are demonstrating a decline below budgeted projections.

¹² Collections are demonstrating growth over the previous year due to fee increases.

¹³ The first full unsecured property tax payment from the County was a negative adjustment due to delinquencies, valuation adjustments, and refunds.

¹⁴ Unsecured property tax payments related to aircraft assessments are trending above expectations.

¹⁵ Quarterly transfers occurred earlier this year than in the previous year.

¹⁶ Receipts are lower than in FY 07 due primarily to the fact that payments are posted and/or received at different times from year-to-year.

December 2007
General Fund Revenue (Top 15)
FY 08 Compared to FY 07
(25% of Year Completed)

Attachment B

Ranking	General Fund Revenue Source	FY 07 Adopted Budget	FY 07 December YTD	% Received FY 07	FY 08 Adopted Budget	FY 08 December YTD	% Received FY 08	\$ Variance FY 08 to FY 07	Percent Change FY 08 to FY 07
1	Property Taxes ¹	\$ 65,637,308	\$ 25,443,166	38.8%	\$ 67,500,000	\$ 27,330,299	40.5%	\$ 1,887,134	7.4%
2	Sales and Use Tax & In-Lieu Sales and Use Tax ²	55,040,000	9,678,998	17.6%	52,441,000	9,624,595	18.4%	(54,402)	-0.6%
3	Vehicle License Fee & Property Tax In-Lieu of VLF ³	37,230,000	549,549	1.5%	40,800,000	425,444	1.0%	(124,105)	-22.6%
4	Electric Users Tax & Penalties ⁴	18,750,150	5,315,525	28.3%	19,000,000	4,982,593	26.2%	(332,933)	-6.3%
5	Parking Citations	13,010,000	3,579,152	27.5%	16,350,250	3,751,012	22.9%	171,860	4.8%
6	Telephone Users Tax & Penalties	15,260,000	2,997,227	19.6%	15,500,000	3,542,409	22.9%	545,182	18.2%
7	Pipeline Fees	10,783,373	2,149,909	19.9%	11,293,082	2,260,965	20.0%	111,055	5.2%
8	Business License Taxes	10,985,000	2,599,236	23.7%	11,272,752	2,747,240	24.4%	148,004	5.7%
9	Transient Occupancy Tax	8,598,250	2,094,866	24.4%	9,500,000	2,370,963	25.0%	276,097	13.2%
10	Electric Company Franchises ⁴	6,890,000	2,271,912	33.0%	8,300,000	1,959,890	23.6%	(312,021)	-13.7%
11	Emergency Ambulance Fees	8,944,000	1,149,309	12.9%	8,944,000	1,196,561	13.4%	47,252	4.1%
12	Pipeline Franchises	6,930,000	2,893,549	41.8%	7,000,000	3,216,888	46.0%	323,339	11.2%
13	Interest - Pooled Cash ⁵	5,109,450	1,228,283	24.0%	5,920,000	1,307,502	22.1%	79,219	6.4%
14	Gas Users Tax & Penalties	6,190,000	1,122,404	18.1%	5,410,000	1,163,127	21.5%	40,723	3.6%
15	Other Department Services to Proprietary Funds	5,719,410	180,996	3.2%	4,628,734	306,419	6.6%	125,423	69.3%
	TOP 15 TOTAL	\$ 275,076,941	\$ 63,254,081	23.0%	\$ 283,859,818	\$ 66,185,908	23.3%	\$ 2,931,827	4.6%

Notes:

¹ The first of seven secured property tax distributions from the County was received in December. It comprised 40 percent of the County's estimate of the City's annual payment, net of administrative costs. The administrative cost charge was thirty percent below the actual costs in error. Due to this, the County will adjust future remittances to the City to correct this initial error, resulting in a \$500,000 reduction in receipts.

² The receipts received in the first quarter of this fiscal year, representing summer sales tax activity, are flat over the previous year. The first half of the budgeted \$13.0 million triple flip backfill payment will post in January, with the second to post in May.

³ The first of two property tax in lieu of VLF payments will not post until January, with the second to post in May. Monthly VLF payments are trending lower than budget due to a decline in statewide auto sales.

⁴ FY 07 revenue reflects higher electric usage rates than in FY 08.

⁵ Interest earnings are expected to come in lower than budget due to a decline in interest rates.

December 2007
Revenue Analysis by Department
General Fund - Fiscal Year 2008
(25.0% of Year Completed)

Attachment C

Department	FY 08 Adopted Budget	Amendments ¹	Adjusted Budget	Year-to-Date Actuals	Remaining	% Received
Mayor and City Council	\$ 1,250	\$ -	\$ 1,250	\$ -	\$ 1,250	0.0%
City Attorney ²	250	-	250	\$ 10,516	\$ (10,266)	4206.4%
City Auditor	-	-	-	\$ 400	\$ (400)	0.0%
City Clerk	126,714	-	126,714	\$ 22,269	\$ 104,445	17.6%
City Manager	-	-	-	\$ -	\$ -	0.0%
City Prosecutor	-	-	-	\$ -	\$ -	0.0%
Civil Service	-	-	-	\$ 156	\$ (156)	0.0%
Community Development ³	8,421,184	-	8,421,184	\$ 1,107,186	\$ 7,313,998	13.1%
Financial Management	18,355,297	-	18,355,297	\$ 5,509,642	\$ 12,845,655	30.0%
Citywide Activities ⁴	302,309,705	-	302,309,705	\$ 71,809,992	\$ 230,499,713	23.8%
Fire ⁵	11,713,900	-	11,713,900	\$ 1,904,438	\$ 9,809,462	16.3%
Health and Human Services ³	1,710,376	-	1,710,376	\$ 235,335	\$ 1,475,041	13.8%
Human Resources	-	-	-	\$ 352	\$ (352)	N/A
Library Services ³	760,665	-	760,665	\$ 97,924	\$ 662,741	12.9%
Parks, Recreation & Marine	8,699,533	-	8,699,533	\$ 2,004,365	\$ 6,695,168	23.0%
Long Beach Development Services	158,760	-	158,760	\$ 15,785	\$ 142,975	9.9%
Police ³	22,556,335	-	22,556,335	\$ 2,556,405	\$ 19,999,930	11.3%
Public Works ⁶	17,813,852	-	17,813,852	\$ 2,273,591	\$ 15,540,261	12.8%
TOTAL	\$ 392,627,821	\$ -	\$ 392,627,821	\$ 87,548,355	\$ 305,079,466	22.3%

Notes:

¹ Amendments reflect budget adjustments approved by the City Council during the fiscal year.

² The City Attorney's Office received unanticipated one-time revenue of \$10,516 in attorneys' fees.

³ Historically the Department receives the majority of revenue later in the fiscal year.

⁴ Citywide Activities include tax revenues and pass through transactions.

⁵ Emergency Ambulance Fee collections may come in lower this year due to reductions in Medicare/MediCal payments and the changing payor mix.

⁶ Pipeline Safety Fees and CIP Engineering charges will be received in future months.

December 2007
Expenditure Analysis by Department
General Fund - Fiscal Year 2008
(25% of Year Completed)

Attachment D

Department	FY 08 Adopted Budget	Amendments ¹	Adjusted Budget	Year-to-Date Actuals ²	Remaining	% Spent
Mayor and City Council	\$ 5,313,570	\$ 36,403	\$ 5,349,972	\$ 1,137,490	\$ 4,212,482	21.3%
City Attorney	3,643,679	2,779	3,646,457	\$ 889,375	\$ 2,757,082	24.4%
City Auditor	2,556,774	25,327	2,582,100	\$ 399,015	\$ 2,183,085	15.5%
City Clerk	4,546,202	23,730	4,569,932	\$ 714,884	\$ 3,855,048	15.6%
City Manager	3,578,916	34,194	3,613,110	\$ 925,674	\$ 2,687,435	25.6%
City Prosecutor	5,341,120	325	5,341,445	\$ 1,124,473	\$ 4,216,973	21.1%
Civil Service ³	2,191,901	-	2,191,901	\$ 622,028	\$ 1,569,873	28.4%
Community Development	8,605,369	20	8,605,389	\$ 1,555,079	\$ 7,050,310	18.1%
Financial Management	9,725,076	117,136	9,842,213	\$ 2,080,794	\$ 7,761,419	21.1%
Citywide Activities ⁴	17,428,481	113,225	17,541,706	\$ 5,201,618	\$ 12,340,087	29.7%
Fire ⁵	67,700,843	145,715	67,846,559	\$ 17,298,838	\$ 50,547,720	25.5%
Health and Human Services	5,399,836	3,727	5,403,563	\$ 1,078,054	\$ 4,325,509	20.0%
Human Resources ⁶	-	1,706	1,706	\$ 5,977	\$ (4,271)	N/A
Library Services	14,629,600	492,937	15,122,537	\$ 3,376,208	\$ 11,746,329	22.3%
Parks, Recreation & Marine	27,404,694	135,560	27,540,254	\$ 5,783,534	\$ 21,756,721	21.0%
Long Beach Development Services ⁷	434,641	24,164	458,805	\$ 307,397	\$ 151,408	67.0%
Police	182,079,311	40,702	182,120,013	\$ 44,725,886	\$ 137,394,127	24.6%
Public Works	31,369,931	49,998	31,419,928	\$ 6,688,833	\$ 24,731,095	21.3%
TOTAL	\$ 391,949,944	\$ 1,247,646	\$ 393,197,590	\$ 93,915,158	\$ 299,282,432	23.9%

Notes:

¹ Amendments reflect budget adjustments primarily due to prior-year encumbrances (purchase orders).

² As of December 31, 2007, 25.19 percent of payrolls are posted with 25 percent of the year complete.

³ The Civil Service Department is a commissioned department and is not under the authority of the City Manager. The Mayor and City Council as part of the FY 08 budget adoption actions, reduced the Department's budget by \$650,000 in anticipation of the elimination of unnecessary or duplicative Civil Service functions. As of December 31, 2007, it is estimated that the Department will close at \$2,489,808 or 114 percent above their adjusted budget. A department can not legally exceed its approved appropriations, therefore either further cost reductions must be implemented to reduce expense or the City Council must approve a budget increase during the fiscal year.

⁴ Citywide Activities include debt service payments, as well as interdepartmental transfers made at the beginning of the fiscal year, including transfers to the Capital Improvement Fund for sidewalk repairs and departmental capital projects.

⁵ The Fire Department will transfer \$2.7 million out of the General Fund to SR 121 to fund fire truck acquisition costs.

⁶ In FY 08, the department moved all expenditure budget out of the General Fund. Year-to-date expenditure amounts were initially miscoded and the expense will be transferred to the appropriate funds.

⁷ The year-to-date actuals include approximately \$275,000 in expenses that will be transferred to the Development Services Fund.

December 2007
Year to Date Expenditure Analysis by Department
General Fund - FY 08 Compared to FY 07
(25% of Year Completed)

Attachment E

Department	FY 07 Adjusted Budget	FY 07 YTD Actuals	% Spent FY 07	FY 08 Adjusted Budget	FY 08 YTD Actuals ¹	% Spent FY 08	\$ Variance FY 08 to FY 07	% Spent FY 08 vs FY 07
Mayor and City Council	\$ 5,115,592	\$ 1,065,637	20.8%	\$ 5,349,972	\$ 1,137,490	21.3%	\$ 71,854	6.7%
City Attorney ²	3,627,751	\$ 802,838	22.1%	\$ 3,646,457	889,375	24.4%	86,537	10.8%
City Auditor ³	2,668,208	\$ 466,176	17.5%	\$ 2,582,100	399,015	15.5%	(67,160)	-14.4%
City Clerk	3,136,192	\$ 596,795	19.0%	\$ 4,569,932	714,884	15.6%	118,089	19.8%
City Manager ⁴	3,544,138	\$ 989,196	27.9%	\$ 3,613,110	925,674	25.6%	(63,522)	-6.4%
City Prosecutor	4,610,485	\$ 921,081	20.0%	\$ 5,341,445	1,124,473	21.1%	203,392	22.1%
Civil Service ⁵	2,861,854	\$ 608,592	21.3%	\$ 2,191,901	622,028	28.4%	13,436	2.2%
Community Development ³	7,972,419	\$ 1,771,862	22.2%	\$ 8,605,389	1,555,079	18.1%	(216,783)	-12.2%
Financial Management	8,916,946	\$ 1,637,260	18.4%	\$ 9,842,213	2,080,794	21.1%	443,534	27.1%
Citywide Activities ⁶	18,315,441	\$ 10,748,390	58.7%	\$ 17,541,706	5,201,618	29.7%	(5,546,772)	-51.6%
Fire	67,210,188	\$ 15,804,471	23.5%	\$ 67,846,559	17,298,838	25.5%	1,494,367	9.5%
Health and Human Services	4,901,875	\$ 1,233,191	25.2%	\$ 5,403,563	1,078,054	20.0%	(155,137)	-12.6%
Human Resources ⁷	355,522	\$ 84,608	23.8%	\$ 1,706	5,977	350.4%	(78,631)	-92.9%
Library Services	14,256,415	\$ 2,794,888	19.6%	\$ 15,122,537	3,376,208	22.3%	581,319	20.8%
Parks, Recreation and Marine	27,227,243	\$ 5,446,219	20.0%	\$ 27,540,254	5,783,534	21.0%	337,315	6.2%
Long Beach Development Services ⁸	594,410	\$ 171,528	28.9%	\$ 458,805	307,397	67.0%	135,869	79.2%
Police	169,531,230	\$ 44,187,444	26.1%	\$ 182,120,013	44,725,886	24.6%	538,442	1.2%
Public Works	33,832,299	\$ 6,625,804	19.6%	\$ 31,419,928	6,688,833	21.3%	63,029	1.0%
TOTAL	\$ 378,678,209	\$ 95,955,980	25.3%	\$ 393,197,590	\$ 93,915,158	23.9%	\$ (2,040,822)	-2.1%

Notes:

¹ As of December 31, 2007, 25.19 percent of payrolls are posted even though 25.0 percent of the year is complete.

² Expenditures are higher year-to-date in FY 08 due to salary increases awarded in July 2007 as well as FY 08 chargepoint errors that will be corrected.

³ Vendor invoices for services performed in FY 07 are outstanding, resulting in a credit in expenditures. Expenditures will normalize once payments for these FY 07 services are processed.

⁴ Due to fewer vacancies in FY 07 as well as FY 06 outstanding expenses at this time in FY 07, year-to-date spending is lower than in FY 07.

⁵ Expenditures are higher year-to-date because anticipated salary savings from the department optimization are not yet realized.

⁶ Citywide Activities include debt service payments, as well as interdepartmental transfers made at the beginning of the fiscal year, including transfers to the Capital Improvement Fund for sidewalk repairs and departmental capital projects. FY 07 year-to-date expenditures are more than those in FY 08 primarily due a one-time budgeted transfer to the Development Services Fund that took place early in FY 07.

⁷ In FY 08, the department moved all expenditure budget out of the General Fund. Year-to-date expenditure amounts were initially miscoded and the expense will be transferred to the appropriate funds.

⁸ The prior year accounts payable reversal for \$213,411 was already established in October 2006.

December 2007
Expenditure Analysis by Fund
Fiscal Year 2008
(25% of Year Completed)

Attachment F

Fund	FY 08 New Allocation	Estimated All-Years Carryover ¹	FY 08 Adopted Appropriation	Amendments ²	Adjusted Budget	Year-to-date Actuals	Remaining	% Spent
Funds with All Years Carryover								
Airport	\$ 28,422,991	42,579,543	\$ 71,002,533	\$ 2,600	\$ 71,005,133	\$ 9,091,896	\$ 61,913,238	12.8%
Business Assistance	1,406,466	(467,418)	939,048	2,296	941,344	\$ 459,421	\$ 481,923	48.8%
Capital Projects	10,762,824	61,711,427	72,474,251	100,000	72,574,251	\$ 3,565,382	\$ 69,008,869	4.9%
Civic Center	481,550	12,908,624	13,390,174	41,058	13,431,232	\$ (76,182)	\$ 13,507,414	-0.6%
Community Development Grants	25,072,582	34,086,141	59,158,723	-	59,158,723	\$ 4,975,274	\$ 54,183,450	8.4%
Fleet Services	31,929,074	402,188	32,331,262	1,578,097	33,909,359	\$ 6,741,972	\$ 27,167,388	19.9%
Gas	136,414,608	1,552,192	137,966,801	354,745	138,321,546	\$ 29,196,760	\$ 109,124,786	21.1%
Gasoline Tax Street Improvement	4,001,115	24,015,103	28,016,218	-	28,016,218	\$ 2,110,840	\$ 25,905,379	7.5%
General Grants	7,608,589	14,813,996	22,422,585	8,887,864	31,310,448	\$ 2,296,111	\$ 29,014,338	7.3%
General Services	36,464,012	2,128	36,466,140	350,910	36,817,050	\$ 7,152,974	\$ 29,664,076	19.4%
Harbor	643,135,272	-	643,135,272	-	643,135,272	\$ 67,557,824	\$ 575,577,448	10.5%
Health	44,761,420	41,207,059	85,968,479	346,414	86,314,892	\$ 9,385,165	\$ 76,929,727	10.9%
Housing Authority	62,072,219	887,843	62,960,062	-	62,960,062	\$ 15,812,141	\$ 47,147,921	25.1%
Housing Development	30,667,252	40,289,317	70,956,570	24,926	70,981,496	\$ 11,718,805	\$ 59,262,691	16.5%
Insurance	37,122,007	-	37,122,007	51,077	37,173,085	\$ 6,316,160	\$ 30,856,924	17.0%
Parking Authority	-	-	-	-	-	\$ -	\$ -	-
Police & Fire Public Safety Oil Production Act	4,500,000	-	4,500,000	-	4,500,000	\$ -	\$ 4,500,000	0.0%
Redevelopment	111,227,606	70,601,798	181,829,404	38,065	181,867,468	\$ 40,006,891	\$ 141,860,578	22.0%
Refuse/Recycling	40,643,098	163,016	40,806,114	31,531	40,837,645	\$ 7,685,970	\$ 33,151,676	18.8%
SERRF	53,289,502	(391)	53,289,111	48,546	53,337,657	\$ 14,891,461	\$ 38,446,196	27.9%
Sewer	13,671,847	-	13,671,847	-	13,671,847	\$ 3,589,125	\$ 10,082,722	26.3%
Tidelands Operating	116,646,939	15,448,595	132,095,534	1,165,064	133,260,597	\$ 20,365,503	\$ 112,895,095	15.3%
Transportation	15,051,874	19,688,601	34,740,475	32,339	34,772,815	\$ 346,349	\$ 34,426,466	1.0%
Water	83,580,858	-	83,580,858	-	83,580,858	\$ 18,772,480	\$ 64,808,378	22.5%
SUBTOTAL	\$ 1,538,933,703	\$ 379,889,763	\$ 1,918,823,466	\$ 13,055,533	\$ 1,931,878,999	\$ 281,962,318	\$ 1,649,916,680	14.6%
Funds Without All Years Carryover								
General	\$ 391,949,944	-	\$ 391,949,944	\$ 1,247,646	\$ 393,197,590	\$ 93,915,158	\$ 299,282,432	23.9%
Belmont Shore Parking Meter	668,275	-	668,275	-	668,275	\$ 98,871	\$ 569,404	14.8%
Certified Unified Program Agency (CUPA)	1,388,017	-	1,388,017	-	1,388,017	\$ 305,345	\$ 1,082,672	22.0%
Employee Benefits	213,150,968	-	213,150,968	77,423	213,228,391	\$ 46,358,442	\$ 166,869,949	21.7%
Development Services	14,879,919	-	14,879,919	22,801	14,902,721	\$ 3,158,693	\$ 11,744,028	21.2%
Park Development	1,057,212	-	1,057,212	-	1,057,212	\$ 213,361	\$ 843,851	20.2%
Parking & Business Area Improvement	6,936,000	-	6,936,000	-	6,936,000	\$ 1,091,246	\$ 5,844,754	15.7%
SERRF JPA	11,718,071	-	11,718,071	-	11,718,071	\$ -	\$ 11,718,071	0.0%
Special Advertising & Promotion	6,325,452	-	6,325,452	54,566	6,380,018	\$ 2,636,571	\$ 3,743,447	41.3%
Tideland Oil Revenue	127,242,413	-	127,242,413	22,519	127,264,933	\$ 77,821,357	\$ 49,443,575	61.1%
Towing	9,698,607	-	9,698,607	37,134	9,735,740	\$ 2,308,599	\$ 7,427,141	23.7%
Upland Oil	20,931,281	-	20,931,281	-	20,931,281	\$ 4,618,201	\$ 16,313,080	22.1%
SUBTOTAL	\$ 805,946,159	-	\$ 805,946,159	\$ 1,462,090	\$ 807,408,250	\$ 232,525,844	\$ 574,882,406	28.8%
TOTAL - All Funds	\$ 2,344,879,862	\$ 379,889,763	\$ 2,724,769,625	\$ 14,517,624	\$ 2,739,287,249	\$ 514,488,162	\$ 2,224,799,086	18.8%

Notes:

¹ All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future years.

² Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.