



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

R-11

September 11, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Fiscal Year 2012 Third Quarter Budget Performance Report. (Citywide)

DISCUSSION

This report includes information on the City's Fiscal Year 2012 (FY 12) budget performance through June 30, 2012 for all funds, with particular emphasis on the General Fund.

Summary

The actions initiated by the City Manager at the end of the first quarter to close the projected \$11 million General Fund budget gap are working and no further action is proposed at this time.

As of the end of the second quarter, expenditures in all City funds are expected to end the year under budget. General Fund revenue, however, is projected to end the year at about \$397 million or 0.9 percent under budget. To close the mid-year shortfall as discussed in the first quarter report, the City Manager directed the implementation of a 1 percent savings target and recommended the use of one-time revenue of \$5 million from FY 11, which was reserved at year-end to address potential revenue shortfalls in FY 12. As a result of these actions, it is anticipated that the General Fund will end the fiscal year within budget.

FY 12 – All Funds

There are no significant spending or revenue concerns to report at this time. Please see Attachment A for a complete summary of expenditures by fund. Staff will update the City Council in the year-end budget performance report if any new problems have arisen. All discussion of General Fund changes is included in separate sections below.

FY 12 General Fund Revenue

As reported in the first quarter performance report, the General Fund revenues have declined or grown slower than expected since the budget was adopted. That trend has not reversed itself in the third quarter, but has not worsened either.

In addition to the causes of the revenue shortfall summarized in the second quarter performance report, this report demonstrates additional decline in prior-year property tax revenues, which had been stable until FY 12. Although we attempt to present the most accurate estimates possible based on available data, third quarter projections have often understated the year-end revenues realized by the City because of the unpredictable nature of those revenues coming in the fourth quarter.

A summary of the top 40 General Fund revenues is included in Attachment B. Attachment C provides a more detailed breakdown of General Fund revenue performance and variances by department. Explanation of departmental variances are provided in the footnotes to this attachment.

FY 12 General Fund Expenditures

As of June 30, 2012, all departments have estimated to end the year within appropriation. In comparison to the second quarter performance report, expense estimates have declined by approximately \$271,000 with various departments showing changes in both directions. This is not too surprising since typically, with three quarters of the year complete, a more accurate picture of year-end expenditures is available. Attachment D provides a summary of expenditures by department and footnote explanations of relevant changes.

FY 12 General Fund Budget To Be Balanced by Year-End

Year-to-date estimates, based on nine months of data, show General Fund expenses coming in less than one percent under budget. Financial Management does not anticipate any issues with expenditures ending the year within budgeted Citywide appropriation. As previously mentioned, however, the General Fund revenue and fund transfers are currently estimated to come in \$11.8 million under budget. In order to end the fiscal year in balance, the City Manager initiated a 1 percent savings target Citywide for all General Fund departments at the end of the first quarter. All departments are estimating to meet that required savings. In addition, the FY 11 revenue surplus of \$5 million will be applied, as needed, to offset the FY 12 shortfall and has been included in the revenue estimates for the first time.

These actions, in combination, have mitigated the projected deficit. Past history indicates it is very possible that unexpected revenues or additional department savings will be reflected at year-end. Further City Council action to address the FY 12 is not needed at this time.

HONORABLE MAYOR AND CITY COUNCIL
September 11, 2012
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TIMING CONSIDERATIONS

City Council action on this matter is requested on September 11, 2012.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,




JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

June 2012 (75% of FY Completed)
Expenditure Analysis by Fund - Fiscal Year 2012

Fund	FY 12 New Allocation	Estimated All-Years Carryover ¹	FY 12 Adopted Appropriation	Amendments ²	Adjusted Budget	Year-to-Date Actuals	Estimates-to-Close	Remaining	% Spent
Funds with All Years Carryover									
Airport	40,009,253	64,837,870	104,847,123	7,821,418	112,668,540	43,199,831	73,562,550	\$69,468,709	38.3%
Business Assistance	723,288	1,340,574	2,063,862	467,101	2,530,963	224,087	657,370	\$2,306,876	8.9%
Capital Projects	4,880,009	159,084,775	163,964,784	(62,877,613)	101,087,171	9,833,107	17,082,736	\$91,254,064	9.7%
Civic Center ³	1,309,512	724,955	2,034,467	77,575	2,112,024	(634,850)	1,722,904	\$2,746,874	-30.1%
Community Development Grants	28,160,185	29,985,248	58,145,432	(368,127)	57,777,306	20,504,091	40,997,924	\$37,273,215	35.5%
Fleet Services	31,301,278	(577,111)	30,724,167	4,060,526	34,784,693	18,531,550	32,366,337	\$16,253,143	53.3%
Gas	123,543,074	12,564,139	136,107,213	5,028,041	141,135,254	90,204,122	118,364,972	\$50,991,132	63.9%
Gas Tax Street Improvement	16,653,929	21,805,942	38,459,871	2,276,207	40,736,077	8,725,352	17,262,981	\$32,010,725	21.4%
General Grants	6,368,921	11,051,337	17,420,258	10,796,206	28,216,464	11,183,967	18,795,824	\$17,052,497	39.6%
General Services	38,857,906	189,233	39,047,139	15,210,294	54,257,433	29,370,776	43,459,169	\$24,886,657	54.1%
Health	39,156,197	27,986,543	67,142,740	711,599	67,854,340	24,350,464	77,402,736	\$43,503,876	35.9%
Housing Authority ⁴	73,268,134	658,353	73,926,487	(27,014)	73,899,473	58,831,133	79,423,095	\$15,068,340	79.6%
Housing Development	28,177,360	55,104,629	83,281,989	10,876,722	94,158,711	16,238,019	19,293,143	\$77,920,692	17.2%
Insurance	38,864,900	295,483	39,160,383	(113,928)	39,046,455	22,922,174	35,824,934	\$16,124,281	58.7%
Redevelopment Funds	170,977,877	188,160,508	359,138,385	(8,275,572)	350,862,813	106,555,114	106,543,702	\$244,307,699	30.4%
Refuse/Recycling	43,690,702	122,138	43,812,840	30,462	43,843,301	30,455,426	43,833,767	\$13,387,876	69.5%
Tidelands ⁵	131,779,936	60,733,543	192,513,479	33,145,047	225,658,526	213,971,840	260,595,394	\$11,686,686	94.8%
Transportation	15,879,532	18,448,967	34,328,498	2,311,622	36,640,121	8,406,549	18,048,561	\$28,233,572	22.9%
SUBTOTAL	\$833,601,993	\$652,517,124	\$1,486,119,116	21,150,549	\$1,507,269,665	\$712,852,751	\$965,538,159	\$794,416,914	47.3%
Funds without All Years Carryover									
Belmont Shore Pkg Meter	\$461,872	-	\$461,872	-	\$461,872	\$370,577	\$450,527	\$91,295	80.2%
CUPA ⁶	\$1,241,978	-	\$1,241,978	\$27	\$1,242,006	\$919,259	\$1,316,699	\$322,746	74.0%
Debt Service Fund	\$10,813,439	-	\$10,813,439	\$0	\$10,813,439	\$8,253,433	\$9,351,784	\$2,560,005	76.3%
Development Impact Fees Fund	-	-	-	\$0	-	250,000	-	(250,000)	-
Development Services	\$11,899,047	-	\$11,899,047	\$375,885	\$12,274,931	\$8,493,567	\$11,569,008	\$3,781,365	69.2%
Employee Benefits	\$234,238,194	-	\$234,238,194	\$21	\$234,238,215	\$154,858,694	\$199,220,921	\$79,379,520	66.1%
General Fund ⁷	\$392,004,602	-	\$392,004,602	\$8,879,535	\$400,884,137	\$278,969,915	\$397,092,786	\$121,914,221	69.6%
Harbor Funds	\$829,937,985	-	\$829,937,985	\$0	\$829,937,985	\$299,376,231	\$829,937,985	\$530,561,754	36.1%
Parking And Business Area Improvement	\$6,231,869	-	\$6,231,869	\$13,053	\$6,244,922	\$3,774,903	\$6,213,932	\$2,520,019	59.6%
Police & Fire Public Safety Oil Prod Act	\$3,135,304	-	\$3,135,304	\$0	\$3,135,304	\$2,141,640	\$2,848,347	\$993,664	68.3%
SERRF	\$47,995,289	-	\$47,995,289	\$101,663	\$48,096,952	\$29,815,015	\$45,610,524	\$18,281,937	62.0%
SERRF - JPA	\$11,369,810	-	\$11,369,810	\$0	\$11,369,810	\$11,178,360	\$11,369,810	\$191,450	98.3%
Sewer	\$21,298,167	-	\$21,298,167	\$0	\$21,298,167	\$13,516,382	\$21,173,618	\$7,781,785	63.5%
Special Advertising & Promotion	\$5,348,243	-	\$5,348,243	\$50,525	\$5,398,768	\$3,776,674	\$5,347,992	\$1,672,093	69.0%
Tideland Oil Revenue	\$242,069,969	-	\$242,069,969	\$274,258,396	\$516,328,365	\$287,661,047	\$435,159,650	\$228,667,319	55.7%
Towing	\$8,295,917	-	\$8,295,917	\$226	\$8,296,143	\$4,550,633	\$7,700,867	\$3,745,510	54.9%
Upland Oil	\$19,650,857	-	\$19,650,857	\$19,857,225	\$39,508,082	\$30,213,055	\$38,823,688	\$9,295,027	76.5%
Water	\$100,136,513	-	\$100,136,513	\$0	\$100,136,513	\$59,934,606	\$92,821,641	\$40,201,907	59.9%
SUBTOTAL	\$1,946,129,054	-	\$1,946,129,054	303,536,555	\$2,249,665,609	\$1,197,953,991	\$2,116,009,779	\$1,051,711,618	53.3%
TOTAL - All Funds	\$2,779,731,046	\$652,517,124	\$3,432,248,170	324,687,104	\$3,756,935,275	\$1,910,806,743	\$3,081,547,938	\$1,846,128,532	50.9%

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.
- ² Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.
- ³ Planned expenditures will occur in second half of the fiscal year.
- ⁴ The Housing Authority will be requesting a Third Quarter Budget Adjustment. The Housing Authority is facing new requirements by HUD to draw down excess reserves in the Housing Fund, and plans to increase spending to lower fund balance.
- ⁵ The Health Department will be requesting a Third Quarter Budget Adjustment for the CUPA Fund for unexpected hazardous waste cleanup.
- ⁶ The Tidelands Operating Fund will include a Third Quarter Budget Adjustment for the issuance of the 2012 Aquarium of the Pacific refunding bonds.
- ⁷ Includes a \$5.2 million estimate to account for adjustments to the fund balance for Asset Seizure funds and one time Upland Oil approved by Council October 4, 2011 to be placed in General Fund reserves.

June 2012
General Fund Revenue (Top 40)
Fiscal Year 2012
(75% of Year Completed)

TOP 40 GENERAL FUND REVENUES	FY 11 Year End Actuals	FY 11 June YTD	FY 12 June YTD	FY 12 June YTD Over/(Under) FY 11 June YTD	FY 12 Adjusted Budget	Estimates-to-Close	Notes:
SECURED REAL PROPERTY TAXES	\$ 68,587,857	\$ 64,989,511	\$ 65,763,281	\$ 773,770	\$ 67,879,673	\$ 68,840,000	101%
CITY SALES AND USE TAX & IN-LIEU SALES AND USE TAX	58,071,721	44,839,960	47,357,239	2,517,379	56,856,014	56,941,295	100%
VEHICLE LICENSE FEE & PROPERTY TAX IN-LIEU OF VLF	40,211,114	38,976,062	38,449,881	(526,182)	38,150,000	38,307,934	100%
ELECTRIC USERS TAX & PENALTIES	17,152,152	12,883,271	12,225,173	(658,098)	17,490,000	16,565,115	95%
TELEPHONE USERS TAX & PENALTIES	13,855,558	10,739,346	10,036,820	(702,526)	15,000,000	13,519,612	90%
WATER USERS TAX & PENALTIES	3,733,372	2,844,918	2,662,556	17,638	3,800,000	3,764,790	99%
GAS USERS TAX & PENALTIES	4,090,171	3,220,365	3,075,172	(145,192)	3,870,000	3,857,460	100%
PARKING CITATIONS	12,744,119	9,320,119	9,978,401	658,282	13,258,846	13,085,038	99%
TRSRFR FR UPLAND OIL (SR134)	13,753,770	8,977,500	6,450,000	(2,527,500)	12,900,000	12,900,000	100%
GAS-IN-LIEU	10,123,175	8,942,381	5,961,588	(2,980,793)	11,923,175	13,723,175	115%
BUSINESS LICENSE TAXES	11,367,173	8,880,044	8,538,729	(141,315)	11,697,000	11,411,505	98%
ONE TIME TRSRFR UPLAND OIL (SR134)	-	-	11,665,000	11,665,000	11,665,000	11,615,000	100%
EMERGENCY AMBULANCE FEES	10,228,722	6,260,441	7,177,231	916,790	9,100,000	9,400,000	103%
TRANSIENT OCCUPANCY TAX	8,846,638	6,253,254	7,947,503	1,694,249	8,360,000	10,826,161	129%
ELECTRIC COMPANY FRANCHISES	6,140,049	4,871,800	4,630,362	(241,438)	6,200,000	5,942,330	96%
PIPELINE FEE-WATER	5,551,165	4,163,374	4,161,664	(1,710)	5,744,000	5,548,593	97%
OTHER DEPT SVCS TO PROPRIETARY FUNDS	5,011,539	2,937,655	3,075,963	138,308	5,696,331	5,693,354	100%
CHARGES FOR SPECIAL SERVICES	4,988,147	2,857,234	3,167,866	310,632	5,398,983	4,604,002	85%
PIPELINE FRANCHISES	4,475,618	3,673,462	2,503,372	(1,170,090)	4,618,744	3,355,192	73%

**June 2012
General Fund Revenue (Top 40)
Fiscal Year 2012
(75% of Year Completed)**

TOP 40 GENERAL FUND REVENUES	FY 11 Year End Actuals	FY 11 June YTD	FY 12 June YTD	FY 12 June YTD Over/(Under) FY 11 June YTD	FY 12 Adjusted Budget	Estimates-to-Close	Notes:
AMERICAN GOLF LEASE	4,459,881	2,761,754	2,839,749	77,995	4,537,240	4,541,686	100%
PIPELINE FEE-SEWER	4,276,136	3,207,102	3,204,785	(2,317)	4,423,000	4,272,812	97%
MISC REFUNDS & REIMB	3,753,423	2,796,388	2,894,665	98,277	4,287,524	4,359,300	103%
PRIOR YEAR SECURED REAL PROPERTY TAXES	3,313,125	2,986,098	1,387,341	(1,598,756)	3,405,960	1,626,314	48%
LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,524,151	3,482,169	3,467,416	(14,753)	3,335,300	3,700,129	111%
VEHICLE CODE FINES	2,916,165	1,916,681	1,832,097	(84,484)	3,100,000	2,764,853	89%
PIPELINE SAFETY FEES	2,355,579	2,355,579	2,441,669	86,091	2,428,000	2,442,000	101%
REDEV. REIMB.-NORTH LB	1,844,323	2,496,062	1,573,778	(922,284)	2,328,062	1,788,386	75%
CITY/MISC/BOND REFI ADVANCES	1,362,749	2,300,000	2,027,530	(272,470)	2,300,000	2,027,530	88%
FIRE PLAN CHECK FEES	1,787,198	1,349,960	1,777,984	428,025	2,290,476	2,250,000	98%
CIP-ENGINEERING CHARGES	3,924,090	1,397,476	1,429,326	31,850	2,145,941	2,689,957	125%
OIL PRODUCTION TAX	1,899,671	1,417,467	1,390,472	(26,995)	2,000,000	1,947,102	97%
PRIVATE HAULER FEE	1,385,768	977,556	1,102,034	124,478	1,670,000	1,450,000	87%
UNSECURED PERSONAL PROPERTY TAXES	1,586,837	1,051,887	1,019,613	(32,274)	1,412,000	1,551,547	110%
POLICE CHARGES FOR SPECIAL EVENTS	1,513,082	982,072	906,673	(75,399)	1,400,000	1,259,828	90%
FIRE INSPECTION FEES	1,109,209	885,502	896,564	11,062	1,314,780	1,122,100	85%
ASSET MANAGEMENT CHARGES	1,301,261	976,103	1,020,878	44,775	1,314,075	1,354,000	103%
HARBOR-POLICE	1,493,367	943,003	770,112	(172,891)	1,297,931	1,301,937	100%

June 2012
 General Fund Revenue (Top 40)
 Fiscal Year 2012
 (75% of Year Completed)

TOP 40 GENERAL FUND REVENUES	FY 11 Year End Actuals	FY 11 June YTD	FY 12 June YTD	FY 12 June YTD Over/(Under) FY 11 June YTD	FY 12 Adjusted Budget	Estimates-to-Close	Notes:
OTHER DEPT CHGS TO GOVTL FUNDS	1,046,010	704,190	724,222	20,032	1,078,087	1,088,406	101%
DOG LICENSES & PENALTIES	1,014,029	748,728	745,581	(3,147)	1,070,122	1,070,122	100%
TRANSFERS FROM OTHER FUNDS	14,851,283	11,941,367	6,975,067	(4,966,300)	20,089,220	17,071,293	85%
							The year-end estimate reflects the deferred transfers from FY 11 from the General Services and Towing Funds, which are being used to offset the FY 12 revenue shortfall. Additionally, as of this report new TOT revenue from former RDA properties will no longer be shown as a transfer from RDA but as a General Fund TOT.
SUBTOTAL TOP 40 GENERAL FUND REVENUES	\$ 359,629,394	\$ 292,907,638	\$ 295,255,359	\$ 2,347,721	\$ 376,825,505	\$ 371,569,879	99%
SUBTOTAL ALL OTHER REVENUES	\$ 29,798,053	\$ 21,154,078	\$ 18,792,836	\$ (2,361,242)	\$ 26,952,007	\$ 25,552,297	95%
TOTAL	\$ 389,427,447	\$ 314,061,716	\$ 314,048,195	\$ (13,521)	\$ 403,777,511	\$ 397,122,177	98%

June 2012
 Revenue Analysis by Department
 General Fund - Fiscal Year 2012
 (75% of Year Completed)

Department	FY 12 Adopted Budget	Amendments ¹	Adjusted Budget	Year-to-Date Actuals	Remaining	Estimates-to-Close	
Mayor and City Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
City Attorney	250	-	250	845	(595)	1,000	400%
City Auditor	-	-	-	(1,022)	1,022	-	-
City Clerk	747,876	-	747,876	42,607	705,269	769,719	103%
City Manager	-	-	-	-	-	600	-
City Prosecutor	30,000	-	30,000	23,105	6,895	23,105	77%
Civil Service	-	-	-	18	(18)	-	-
Citywide Activities ²	298,380,413	10,665,000	309,045,413	245,773,872	63,271,540	302,816,441	98%
Development Services ³	953,837	-	953,837	612,589	341,248	806,435	85%
Financial Management	20,121,878	-	20,121,878	14,537,058	5,584,820	19,470,338	97%
Fire ⁴	14,349,787	-	14,349,787	10,461,642	3,888,145	13,766,326	96%
Health and Human Services ⁵	164,249	29,500	193,749	120,797	72,952	185,156	96%
Human Resources	348,405	-	348,405	235,100	113,305	322,924	93%
Library Services ⁶	572,443	-	572,443	281,700	290,743	376,581	66%
Parks, Recreation & Marine	11,108,356	77,520	11,185,876	7,286,359	3,899,517	11,331,549	101%
Police ⁷	18,555,927	274,007	18,829,934	13,286,926	5,543,008	19,635,907	104%
Public Works	26,671,181	726,883	27,398,064	21,386,601	6,011,463	27,616,096	101%
TOTAL	\$ 392,004,602	\$ 11,772,910	\$ 403,777,511	\$ 314,048,195	\$ 89,729,316	\$ 397,122,177	98.4%

Notes:

¹ Amendments reflect budget adjustments during the fiscal year, including Uplands Oil Fund transfer to General Fund.

² \$5.0 million in delayed transfers from FY 11 are included in the ETC to help balance the FY 12 actuals.

³ Lower ETC's are mainly due to the Coca Cola marketing revenue contract that expired.

⁴ Fire Inspection fee collection is trending lower than projected.

⁵ Health is projecting slightly lower hazmat education and permit revenue.

⁶ Lower ETC's are due to the elimination of State funding for the Public Library Fund (PLF) to libraries from the the budgeted amount of \$186K.

⁷ The higher estimate represent revenue from the sale of two PD helicopters, which were purchased with Asset Forfeiture funds. Per federal guidelines, proceeds from the sale must be returned to the Asset Forfeiture reserve.

June 2012
Expenditure Analysis by Department
General Fund - Fiscal Year 2012
(75% of Year Completed)

Department	FY 12 Adopted Budget	Amendments ¹	Adjusted Budget	Year-to-Date Actuals	Remaining	% Spent	Estimates-to-Close	
Mayor and City Council	\$ 4,818,974	\$ (42,767)	\$ 4,776,207	\$ 3,540,884	\$ 1,235,323	74.1%	\$ 4,776,207	100.0%
City Attorney	\$ 1,674,802	(16,748)	1,658,054	1,439,157	218,897	86.8%	1,653,964	99.8%
City Auditor	\$ 2,258,256	(18,351)	2,239,906	1,149,667	1,090,239	51.3%	2,239,904	100.0%
City Clerk	\$ 4,870,191	(44,476)	4,825,716	2,552,411	2,273,305	52.9%	4,719,010	97.8%
City Manager	\$ 2,617,969	(25,812)	2,592,156	2,025,223	566,933	78.1%	2,578,623	99.5%
City Prosecutor	\$ 4,779,552	(47,209)	4,732,343	3,371,430	1,360,913	71.2%	4,732,343	100.0%
Civil Service	\$ 2,103,455	(18,663)	2,084,792	1,584,425	500,366	76.0%	1,976,570	94.8%
Citywide Activities ²	\$ 24,964,215	5,920,406	30,884,621	7,406,073	23,478,548	24.0%	29,104,827	94.2%
Development Services	\$ 4,362,320	157,076	4,519,396	2,420,363	2,099,033	53.6%	4,307,528	95.3%
Fire	\$ 72,631,459	418,034	73,049,493	52,477,031	20,572,462	71.8%	71,781,161	98.3%
Financial Management	\$ 10,167,889	(68,813)	10,099,076	6,872,113	3,226,963	68.0%	10,041,039	99.4%
Health & Human Services	\$ 1,379,915	15,701	1,395,616	964,445	431,171	69.1%	1,395,601	100.0%
Human Resources	\$ 445,132	1,978	447,110	346,240	100,870	77.4%	434,140	97.1%
Library Services	\$ 12,399,419	428,448	12,827,867	9,079,833	3,748,034	70.8%	12,827,867	100.0%
Police	\$ 185,779,379	913,196	186,692,574	141,201,173	45,491,401	75.6%	186,683,592	100.0%
Parks, Recreation & Marine	\$ 28,708,896	292,480	29,001,376	20,882,197	8,119,179	72.0%	28,906,957	99.7%
Public Works	\$ 28,042,778	1,015,056	29,057,834	21,657,249	7,400,584	74.5%	28,933,454	99.6%
TOTAL	\$ 392,004,602	\$ 8,879,535	\$ 400,884,137	\$ 278,969,915	\$ 121,914,221	69.6%	\$ 397,092,786	99.1%

Notes:

¹ Amendments reflect budget adjustments during the fiscal year, including Uplands Oil Fund transfer to General Fund.

² Citywide Activities include a \$5.2 million estimate to account for adjustments to the fund balance for Asset Seizure funds and one time Uplands Oil approved by Council October 4, 2011 to be placed in General Fund reserves.