

# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

~~R-36~~

**C-1**

September 20, 2005

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach

California

**RECOMMENDATION:**

Refer the Fiscal Year 2005 Third Quarter Budget Performance Report to the Budget Oversight Committee. (Citywide)

**DISCUSSION**

This report provides a summary update on the City's Fiscal Year 2005 (FY 05) budget performance through June 2005. The report covers a broad spectrum of financial information for all funds and departments with multi-year comparisons, charts and graphs to provide a clearer picture of the City's financial situation. While the focus of this report is on the General Fund, any significant issues in other funds are noted accordingly.

**Summary**

As of the third quarter, the Current Adjusted Budget for expenditures for all Departments and all funds is \$2.23 billion. The current estimate for revenues for all Departments and all funds is \$1.97 billion. For the General Fund, the Current Adjusted Budget for expenditures for all Departments is \$377.9 million and the current estimate for revenue for all Departments is \$363.8 million. The difference between budgeted revenue and expense reflects the use of fund balance, transfers and use of bond proceeds. With 75 percent of the year complete, aggregate revenues and expenditures appear to be trending according to budget.

FY 05 is the second year of the Financial Strategic Plan (Plan). As such, over \$72 million in structural budget solutions have been included in the General Fund and related fund budgets over the past two fiscal years. These solutions, which have included the reduction of programs, services and positions, as well as increased revenue and cost recovery, have placed a significant strain on the organization as it downsizes and becomes more efficient. While these solutions have been reflected in the budget, it appears that several key measures may not be fully implemented to realize structural savings in FY 05, including \$3 million in negotiated compensation solutions. Furthermore, while resources required to provide public safety, maintenance, library, recreation and other general government services have been reduced significantly, demand for services continues to grow. As a result, departments' ability to remain within appropriation limits while providing high quality service will be a continued challenge as the City implements the Plan and restores equilibrium between the services it provides and the resources available to support them.

**FY 05 General Fund Revenue**

With nine months, or 75 percent of this fiscal year complete, \$305.1 million (or 83.9 percent) in budgeted General Fund revenue has been received. In aggregate, General Fund revenue is trending slightly above pace due to an increase in transfers from other funds to date and as a result of receiving the City's semi-annual property tax revenue from the County. Decreases in Sales Tax and Vehicle License Fees are offset by increases in the Property In-Lieu Taxes received from the State. The table below highlights year-to-date performance for selected General Fund revenues:

Revenue Source	FY 05 YTD Revenue	% of Adjusted Budget	Notes
Secured Property Tax	\$52,640,661	92.8%	Secured Property Tax is expected to finish the year \$2.2 million under budget. Exemptions and delinquencies are the major factors causing performance to be lower than expected. Trending high due to payment timing.
Motor Vehicle In-Lieu Tax (VLF), combined with Property Tax in Lieu of VLF	\$22,679,568	104.0%	June YTD amount reflects ERAF III adjustment. Estimates to close are trending \$1.7 million above budget.
Sales and Use Tax (net of sharing agreements and adjusted for the Triple Flip)	\$36,420,915	90.2%	The Sales and Use Tax payments were reduced by 25 percent for the State Triple Flip. This is offset by the bi-annual Property Tax In-Lieu of Sales Tax. Additional sales tax receipts have come from the strong, with year-end estimates to close approximately 12.7 percent over the adjusted budget.
Utility Users Tax	\$29,550,585	73.0%	Collections are trending slightly below budgeted levels due in part to mild weather conditions through June, but are estimated to close on budget.
Business License Tax	\$7,273,331	77.8%	Collections are above budget due to an increased number of licenses, enhanced collection procedures and a CPI increase in the rate.
Transient Occupancy Tax	\$5,550,004	77.1%	Revenue from estimated Transient Occupancy Tax is expected to come in approx. \$471,000 over budget in FY 05 due to higher average room rates and occupancy rates.
Pipeline Franchise	\$6,100,261	83.3%	Estimates to finish the year are \$598,000 above budget.
Transfers From Other Funds	\$36,517,641	93.9%	These are expected to finish the year slightly above budget due to higher than budgeted oil transfers.

General Fund revenues for the current year are approximately \$21.1 million more than last year at this time. Overall, General Fund revenue estimates-to-close is at \$371.2 million, which is approximately 2.0 percent more than Current Adjusted Budget. All projected revenue has been taken into account as part of year-end estimates-to-close and in the FY 06 Proposed Budget.

**Attachment A** includes details on the Top 40 General Fund revenues, which combined represent about 91 percent of total revenue. **Attachment B** provides year-to-year analysis on the Top 15 revenue sources, which represent over 30 percent of General Fund revenue. Revenue within the Top 15 categories is on target at 87.7 percent of budget and slightly above FY 04 June YTD actuals.

### **General Fund Revenue By Department**

At the Department level, **Attachment C** provides a summary of General Fund revenue performance. General Fund revenue by department is impacted by the variances mentioned in the previous section. Many of the departmental variances are captured in the footnotes of this attachment to reflect the continuing impact of the prior-periods on performance.

### **FY 05 General Fund Expenditure Performance**

Expenditures in all funds are at 58.5 percent of budget, due to All Years Funds Carry-over, Capital Improvement Funds and Interfund Transfers. Expenditures for funds without All Years Carry-over are at 73.5 percent. **Attachment D** illustrates current expenditure levels for all funds. At the end of the third quarter, General Fund expenditures are at \$280.7 million (or 74.3 percent of budget).

Given remaining deficit reduction targets in the Plan for FY 05 and FY 06, it is imperative that maximum savings are generated during the current fiscal year to address current year targets, and to generate resources to balance the FY 06 budget. Given the extent of reductions made to department budgets during FY 04 and FY 05, generating substantial savings has become extremely difficult, especially with the continued expectations for full service delivery to the community. In February, the City Manager reinstated a strict hiring freeze and purchasing curtailment policies with the intent to generate savings to help address the City's ongoing budget challenges. As a result, General Fund Personal Services expenditures are \$191.5 million (or 74.2 percent of the budget) and Non-Personal expenses are tracking slightly below budget. While the hiring freeze has created vacancies and related savings, Personal Services expenditures reflect increasing overtime expenses in most departments utilized to maintain service levels to the greatest extent possible with decreased staff.

### **FY 05 General Fund Expenditures By Department**

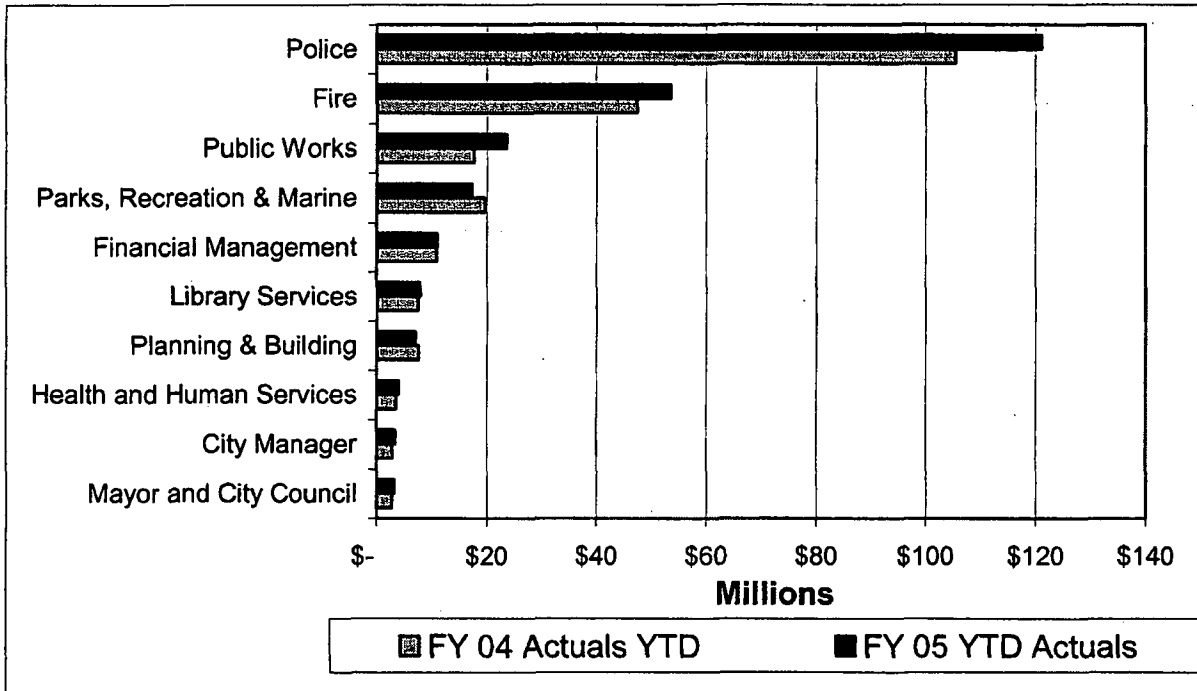
Total General Fund spending is on target to close the year on budget, with most departments having spent between 55 to 75 percent of their budget. Please see **Attachment E** for a listing of all departments' expenditure performance through June 2005, with any prior-period significant exceptions noted in the footnotes.

General Fund spending at the department level is, as anticipated, up 3.1 percent compared to prior year's actual expenditures to date. **Attachment F** includes an FY 04 to FY 05 comparison of expenditure performance by department. On a comparative level, FY 05 expenditures have increased over FY 04 due to:

- Reinstated pension (PERS) contributions that range from 15 to 25 percent of personnel costs, plus increased health insurance costs.
- The record-setting storm season resulted in a significant increase in tree removals, traffic support, beach maintenance, street repairs and public safety services, thereby causing unanticipated increases in overtime and other expenses.

The following chart compares FY 05 to FY 04 YTD Actuals for the Largest 10 General Fund Departments.

**Expenditure Comparison FY 04 YTD – FY 05 YTD**  
 (Top 10 Departments by Total Budget)



**Estimates- to-Close**

As of June, it is estimated that close to 100 percent of the General Fund budget will be expended by the end of the fiscal year. While 17 of 19 General Fund departments are estimated to finish at 100 percent of budget or less (96.9 percent on average), the Fire Department (100.8 percent), and Citywide Activities (230.8 percent) require known budget adjustments to be brought to Council before the end of the fiscal year. In Citywide Activities, approximately \$5 million in anticipated department operational savings was budgeted in this department to account for hiring freeze savings. A fourth quarter budget adjustment will be requested for all departments, based upon actual savings, bringing all departments within budget, to reflect the anticipated structural savings achieved in the FY 05 budget.

**Vacancy Analysis**

As stated earlier, the City Manager reinstated a strict hiring freeze to ensure that critical salary savings would be carried over into FY 06. The hiring freeze does not apply to sworn or dispatch personnel, and critical service delivery and revenue generating positions are also being filled. As of June 1, 2005, the following vacancies exist:

- For City Manager-directed departments, General Fund vacancies total 170, with another 18 vacancies in Non-City Manager departments.
- Of the 188 Citywide vacancies in the General Fund, there are 74 sworn and dispatcher vacancies (resulting from attrition), and 114 civilian vacancies.\*\*

- General and Related fund vacancies total 253 citywide, and vacancies in all funds total 473 citywide.

\*\*Note that critical positions, such as sworn police and fire, and emergency dispatchers, among others, are exempt from the hiring freeze.

**Other Funds and Performance Issues**

**Oil Revenue**

As noted in the General Fund revenue section earlier in this report, oil prices continue to rise at a record pace with Wilmington Crude averaging \$38.37/bbl for the fiscal year through June, resulting in additional revenue. Higher expenses associated with increased drilling activity partially offset the short-term profitability of the oil operation. Some relief is expected in the form of higher profit transfers to the Tidelands Operating Fund (TOF) and the General Fund. As of June, the Department of Oil Properties increased projections for transfers to TOF by \$2.8 million and to the General Fund by \$1.1 million, increasing the total expected transfers to \$10.7 million and \$8.8 million respectively, which have been taken into account in the FY 06 Proposed Budget.

**Federal Storm Damage Reimbursement**

A report of \$842,000 in damage reimbursement requests was submitted to the Federal Emergency Management Agency (FEMA) for the January 2005 storms. Of this amount, approximately \$446,000 is for the General Fund. The City is currently waiting for approval from FEMA for these funds. A second report of approximately \$900,000 in damage reimbursement requests for the February 2005 storms is currently under review by the FEMA project manager, prior to official submission to FEMA for reimbursement consideration. Of this amount, approximately \$424,000 is General Fund. These reimbursements were incorporated into the FY 06 Proposed Budget.

**TIMING CONSIDERATIONS**

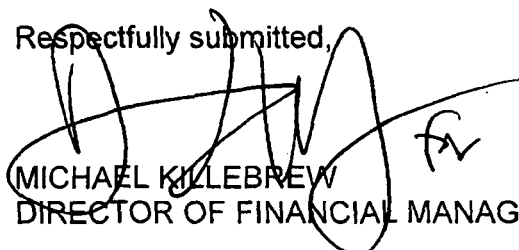
City Council action on this matter is not time critical.

**FISCAL IMPACT**

There is no fiscal impact associated with the recommended action.


**SUGGESTED ACTION:**

Approve Recommendation.

Respectfully submitted,  
  
MICHAEL KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

MK:DW:gs

Attachments

APPROVED:  
  
GERALD R. MILLER  
CITY MANAGER

June 2005  
**General Fund Revenue (Top 40)**  
**Fiscal Year 2005**  
**(75% of Year Completed)**

Attachment A

TOP 40 GENERAL FUND REVENUES	FY 04 Year-End Actuals	FY 04 June YTD	FY 05 June YTD	FY 05 June YTD Over/(Under) FY 04 June YTD	% of FY 05 Adj Budget	FY 05 Adjusted Budget	FY 05 Estimates To Close
SECURED REAL PROPERTY TAXES <sup>1</sup>	\$ 52,254,309	\$ 51,120,654	\$ 52,640,661	\$ 1,520,008	92.8%	\$ 56,700,000	\$ 54,500,000
CITY SALES AND USE TAX <sup>2</sup>	39,784,896	30,754,844	26,539,385	(4,215,459)	82.1%	32,325,000	35,555,000
PROPERTY TAX IN-LIEU OF VLF	-	-	20,914,142	20,914,142	115.5%	18,100,000	20,914,142
TELEPHONE USERS TAX & PENALTIES	18,121,146	13,450,528	11,618,769	(1,831,759)	69.4%	16,731,000	15,755,000
ELECTRIC USERS TAX & PENALTIES	18,574,083	13,259,032	11,869,291	(1,389,741)	73.5%	16,153,000	18,090,150
PARKING CITATIONS	9,565,616	7,015,692	8,400,578	1,384,886	85.0%	9,885,790	9,928,168
BUSINESS LICENSE TAXES	9,028,473	6,799,824	7,273,331	473,507	77.8%	9,350,000	10,080,000
HARBOR-FIRE	7,483,792	5,612,845	6,163,308	550,463	75.0%	8,217,744	8,217,744
VLF GAP BACKFILL LOAN <sup>3</sup>	-	-	8,158,433	8,158,433	100.0%	8,155,998	8,158,433
IN-LIEU SALES AND USE TAX <sup>4</sup>	-	-	9,881,530	9,881,530	122.5%	8,064,680	9,981,675
PIPE LINE FRANCHISES	6,389,949	4,916,523	6,100,261	1,183,738	83.3%	7,325,000	7,256,000
TRANSIENT OCCUPANCY TAX	7,044,122	5,017,445	5,550,004	532,558	77.1%	7,200,000	7,648,000
GAS TAX-MAINTENANCE CHARGES <sup>5</sup>	6,308,973	6,308,973	6,308,973	-	100.0%	6,308,973	6,308,973
ELECTRIC COMPANY FRANCHISES	5,569,740	4,248,084	4,249,841	1,756	75.9%	5,600,000	5,525,000
EMERGENCY AMBULANCE FEES	4,354,236	3,959,014	3,554,907	(404,106)	64.1%	5,546,000	5,303,410
GAS USERS TAX & PENALTIES	5,360,400	4,193,034	4,034,559	(158,475)	87.4%	4,618,000	5,052,000
AMERICAN GOLF LEASE <sup>6</sup>	2,942,627	2,316,736	2,453,846	137,110	56.5%	4,344,465	3,525,686
PROP 172 FUNDS (SB509)	3,873,447	2,764,391	3,071,514	307,123	81.0%	3,793,000	4,181,000
MOTOR VEHICLE IN LIEU TAX <sup>7</sup>	20,963,264	18,126,643	1,785,426	(16,361,217)	47.7%	3,700,000	2,578,000
CIP-ENGINEERING CHARGES	3,368,016	1,877,935	1,616,300	(261,634)	43.8%	3,689,371	2,725,000
AIRPORT-FIRE	3,331,826	2,498,870	2,406,095	(92,775)	66.7%	3,609,142	3,609,142
GAS-BILLING & COLLECTION SERVICES	3,945,157	2,958,868	2,702,381	(256,487)	75.0%	3,603,174	3,603,174
PIPELINE FEE - WATER	2,499,184	1,874,388	2,509,121	634,733	75.0%	3,345,494	3,345,494
VEHICLE CODE FINES	3,663,079	2,528,828	2,125,239	(403,589)	64.4%	3,300,000	2,799,600
LAND, BLDG, RW, EASEMENT, APT RENTALS	3,527,760	2,595,340	2,178,695	(416,645)	67.8%	3,214,873	3,234,456
INTEREST-POOLED CASH	3,387,228	2,617,605	2,442,375	(175,230)	76.9%	3,175,000	3,192,912
LOAN REPAYMENT	1,000,000	749,997	1,417,578	667,581	45.2%	3,132,891	3,175,800
WATER USERS TAX & PENALTIES	3,358,451	2,398,205	2,027,966	(370,240)	67.8%	2,993,000	2,855,000
CHARGES FOR SPECIAL SERVICES	2,834,020	1,569,338	1,944,749	375,410	65.4%	2,974,840	2,895,149
UNSECURED PERSONAL PROPERTY TAXES	2,428,310	1,826,040	1,209,613	(616,428)	41.7%	2,900,000	1,930,000
OTHER DEPT SVCS TO PROPRIETARY FUNDS	2,271,391	1,510,092	1,541,638	31,546	62.0%	2,488,127	2,215,857
OIL PRODUCTION TAX	2,247,267	1,679,919	1,220,108	(459,811)	54.5%	2,240,000	2,125,000
WATER-BILLING & COLLECTION	2,423,128	1,817,346	1,661,708	(155,638)	75.0%	2,215,610	2,215,610
OTHER DEPT CHGS TO GOVTL FUNDS	2,136,529	1,315,415	1,381,960	66,546	64.7%	2,136,201	2,083,080
REAL PROPERTY TRANSFER TAX	2,288,974	1,640,791	1,802,821	162,030	90.1%	2,000,000	2,200,000
PIPELINE SAFETY FEES	1,961,994	1,961,994	2,057,219	95,225	109.4%	1,880,000	2,015,197
MISC REFUNDS & REIMB	1,953,254	1,286,027	1,713,883	427,856	94.2%	1,820,017	2,553,861
BUILDING PLAN CHECK FEES	2,089,003	1,566,471	1,515,557	(50,913)	85.9%	1,765,000	1,970,000
HARBOR-POLICE	1,393,522	968,703	1,450,753	482,050	83.9%	1,729,256	2,372,392
TRANSFERS FROM OTHER FUNDS <sup>8</sup>	41,017,599	24,225,925	36,517,641	12,291,716	93.9%	38,869,491	39,127,504
<b>SUBTOTAL TO 40 GENERAL FUND REVENUES</b>	<b>\$ 310,744,764</b>	<b>\$ 241,332,358</b>	<b>\$ 273,992,158</b>	<b>\$ 32,659,800</b>	<b>84.3%</b>	<b>\$ 325,200,137</b>	<b>\$ 328,802,608</b>
<b>SUBTOTAL ALL OTHER REVENUES <sup>9</sup></b>	<b>\$ 56,235,939</b>	<b>\$ 42,626,433</b>	<b>\$ 31,111,600</b>	<b>\$ (11,514,833)</b>	<b>75.0%</b>	<b>\$ 38,616,035</b>	<b>\$ 42,397,536</b>
<b>TOTAL</b>	<b>\$ 366,980,703</b>	<b>\$ 283,958,791</b>	<b>\$ 305,103,758</b>	<b>\$ 21,144,967</b>	<b>83.9%</b>	<b>\$ 363,816,173</b>	<b>\$ 371,200,145</b>

<sup>1</sup> Lower estimate to close is the result of exemptions and delinquencies tied to the first three payments of property tax from the county.

<sup>2</sup> Revised FY 05 projection was increased by 9.3 percent based on the April payment of sales tax and the in-lieu payment.

<sup>3</sup> This is the gross amount of the VLF gap revenue. The City received \$7,538,489 in a gap loan refinancing program, with the difference of \$619,944 recorded as a financing expense.

<sup>4</sup> Combined Sales Tax and Property Tax in Lieu of Sales Tax FY 05 June YTD is \$30,795,672.

<sup>5</sup> Revenue from this fee is generated once a year. Excluding minor adjustments, YTD revenue reflects total revenue in FY 05.

<sup>6</sup> Revenue projections are low due to the delayed opening of SkyLinks golf course and the extended inclement weather.

<sup>7</sup> Net receipts of Motor Vehicle In-Lieu (VLF) and Property Tax In-Lieu of VLF are estimated to close at \$1.7 million over budget.

<sup>8</sup> \$1,000,000 over budget due to increased transfer from Upland Oil.

<sup>9</sup> FY 04 YTD greater than FY 05 due to Towne Center proceeds from long term debt.

**June 2005**  
**General Fund Revenue (Top 15)**  
**FY 05 Compared to FY 04**  
**(75% of Year Completed)**

Attachment B

Ranking	General Fund Revenue Source	FY 04 Adopted Budget	FY 04 June YTD	% Received FY 04	FY 05 Adopted Budget	FY 05 June YTD	% Received FY 05	\$ Variance FY 04 to FY 05	% Received FY 04 vs FY 05
1	Property Taxes	\$ 52,043,000	\$ 51,120,654	98.2%	\$ 56,700,000	\$ 52,640,661	92.8%	\$ 1,520,008	-5.4%
2	Sales Tax	41,287,000	30,754,844	74.5%	32,325,000	26,539,385	82.1%	(4,215,459)	7.6%
3	Property Tax in Lieu of Vehicle License Fees	-	-	0.0%	18,100,000	20,914,142	115.5%	20,914,142	100.0%
4	Telephone Users Tax/Penalties	18,562,000	13,450,528	72.5%	16,731,000	11,618,769	69.4%	(1,831,759)	-3.0%
5	Electric Users Tax/Penalties	18,272,000	13,259,032	72.6%	16,153,000	11,869,291	73.5%	(1,389,741)	0.9%
6	Parking Citations	8,480,050	7,015,692	82.7%	9,885,790	8,400,578	85.0%	1,384,886	2.2%
7	Business License Taxes	8,899,600	6,799,824	76.4%	9,350,000	7,273,331	77.8%	473,507	1.4%
8	VLF Gap Backfill Loan	-	-	0.0%	8,155,998	8,158,433	100.0%	8,158,433	100.0%
9	Harbor-Fire Intrafund Transfer	7,483,792	5,612,845	75.0%	8,217,744	6,163,308	75.0%	550,463	0.0%
10	In-Lieu Sales and Use Tax	-	-	0.0%	8,064,680	9,881,530	122.5%	9,881,530	100.0%
11	Pipe Line Franchises	5,500,000	4,916,523	89.4%	7,325,000	6,100,261	83.3%	1,183,738	-6.1%
12	Transient Occupancy Tax	6,829,000	5,017,445	73.5%	7,200,000	5,550,004	77.1%	532,558	3.6%
13	Gas Tax - Maintenance Charges	6,308,973	6,308,973	100.0%	6,308,973	6,308,973	100.0%	-	0.0%
14	Electric Company Franchises	5,997,000	4,248,084	70.8%	5,600,000	4,249,841	75.9%	1,756	5.1%
15	Emergency Ambulance Fees	4,350,000	3,959,014	91.0%	5,546,000	3,554,907	64.1%	(404,106)	-26.9%
<b>TOTAL</b>		<b>\$ 184,012,415</b>	<b>\$ 152,463,458</b>	<b>82.9%</b>	<b>\$ 215,663,185</b>	<b>\$ 189,223,415</b>	<b>87.7%</b>	<b>\$ 36,759,957</b>	<b>4.9%</b>

**June 2005**  
**Revenue Analysis by Department**  
**General Fund - Fiscal Year 2005**  
**(75% of Year Completed)**

Attachment C

Department	FY 05 Adopted Budget	Amendments <sup>1</sup>	Adjusted Budget	Year-to-Date Actuals	Estimates-to-close		Remaining	% Received
Mayor and City Council	\$ 1,250	\$ -	\$ 1,250	\$ -	\$ 1,250	100.0%	\$ 1,250	0.0%
City Attorney	5,000	-	5,000	2,514	2,000	40.0%	2,486	50.3%
City Clerk	126,425	-	126,425	46,606	126,216	99.8%	79,819	36.9%
Community Development <sup>2</sup>	6,212,682	998,457	7,211,139	3,685,435	5,530,687	76.7%	3,525,704	51.1%
Financial Management	24,182,531	-	24,182,531	20,708,751	25,566,499	105.7%	3,473,780	85.6%
Citywide Activities <sup>3</sup>	255,289,103	54,419	255,343,522	225,957,929	262,771,098	102.9%	29,385,594	88.5%
Fire	21,375,332	-	21,375,332	14,848,871	20,991,210	98.2%	6,526,461	69.5%
Health and Human Services <sup>4</sup>	1,955,528	182,000	2,137,528	1,258,140	2,089,481	97.8%	879,389	58.9%
Human Resources	-	-	-	504	650	0.0%	(504)	0.0%
Library Services	1,194,659	-	1,194,659	735,189	1,111,960	93.1%	459,470	61.5%
Parks, Recreation & Marine <sup>5</sup>	8,273,829	-	8,273,829	5,194,249	7,551,939	91.3%	3,079,580	62.8%
Planning & Building	9,807,304	(893,957)	8,913,347	7,917,451	9,991,362	112.1%	995,896	88.8%
Police	19,104,156	-	19,104,156	13,953,065	19,772,552	103.5%	5,151,091	73.0%
Public Works	14,947,454	-	14,947,454	10,170,016	14,807,242	99.1%	4,777,438	68.0%
Technology Services	1,000,000	-	1,000,000	623,628	886,000	88.6%	376,372	62.4%
Water	-	-	-	-	-	-	-	0.0%
<b>TOTAL</b>	<b>\$ 363,475,254</b>	<b>\$ 340,919.00</b>	<b>\$ 363,816,173</b>	<b>\$ 305,102,349</b>	<b>\$ 371,200,145</b>	<b>102.0%</b>	<b>\$ 58,713,824</b>	<b>83.9%</b>

**Notes:**

<sup>1</sup> Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.

<sup>2</sup> Anticipated revenue from the Signs of Support and Affinity Card programs in Community Development have not materialized.

<sup>3</sup> Citywide Activities include tax revenues, pass through transactions, 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 Parks and Recreation capital projects.

<sup>4</sup> Revenue in the Health and Human Services Department are consistent with historical trends and are anticipated to meet budget.

<sup>5</sup> Revenues in Parks, Recreation and Marine are anticipated to increase during the summer months. The delayed opening of the Skylinks Golf Course and a heavy rain season are the main contributing factors to the revenues being lower than anticipated.



June 2005  
Expenditure Analysis by Fund  
Fiscal Year 2005  
(75% of Year Completed)

Attachment D

Fund	FY 05 New Allocation	Estimated All-Years Carryover <sup>1</sup>	FY 05 Adopted Appropriation	Amendments <sup>2</sup>	Adjusted Budget	Year-to-Date Actuals	Estimates-to-close	Remaining	% Spent	
<b>Funds with All Years Carryover</b>										
Airport	\$ 28,091,581	\$ 24,248,800	\$ 52,340,381	\$ 475,756	\$ 52,816,137	\$ 34,286,672	\$ 48,489,177	91.8%	\$ 18,529,465	64.9%
Capital Projects <sup>4</sup>	13,935,125	74,418,907	88,354,032	9,708,705	98,062,737	20,015,263	33,892,845	34.6%	78,047,474	20.4%
Civic Center <sup>4</sup>	1,373,158	13,633,828	15,006,986	110,491	15,117,477	2,527,764	3,874,945	25.6%	12,589,713	16.7%
Community Development Grants <sup>4</sup>	26,238,190	31,289,995	57,528,185	2,314,527	59,842,712	17,294,333	28,288,171	47.3%	42,548,380	28.9%
Fleet Services	25,228,211	1,695,460	26,923,671	8,767,651	35,691,322	18,288,223	31,678,948	88.8%	17,403,099	51.2%
Gas <sup>5</sup>	94,471,671	3,837,097	98,308,768	309,692	98,618,461	83,295,059	104,449,641	105.9%	15,323,402	84.5%
Gasoline Tax Street Improvement <sup>4</sup>	10,849,973	13,929,578	24,779,551	1,603,000	26,382,551	8,559,357	10,313,424	39.1%	17,823,194	32.4%
General Grants	3,951,985	5,809,427	9,761,412	14,952,778	24,714,190	5,854,927	17,445,022	70.6%	18,859,263	23.7%
Harbor	450,784,616	-	450,784,616	-	450,784,616	180,246,316	341,787,345	75.8%	270,538,301	40.0%
Health <sup>4</sup>	37,105,595	22,674,475	59,780,070	8,812,573	68,592,643	29,232,397	38,322,718	55.9%	39,360,246	42.6%
Housing Authority <sup>5</sup>	62,396,214	887,746	63,283,960	(4,899)	63,279,061	47,454,255	64,208,370	101.5%	15,824,806	75.0%
Housing Development	15,173,715	10,939,532	26,113,247	1,531	26,114,778	5,954,979	16,488,842	63.1%	20,159,799	22.8%
Insurance	36,191,300	-	36,191,300	983,489	37,174,789	24,362,331	36,790,664	99.0%	12,812,459	65.5%
Parking Authority	505,368	-	505,368	-	505,368	442,703	505,915	100.1%	62,665	87.6%
Redevelopment <sup>5</sup>	60,513,004	8,380,393	68,893,397	25,585,778	94,479,176	73,056,087	141,807,276	150.1%	21,423,089	77.3%
Sewer	10,630,995	-	10,630,995	-	10,630,995	5,752,865	8,803,219	82.8%	4,878,129	54.1%
Tidelands Operating	82,032,794	36,962,828	118,995,622	3,001,859	121,997,481	69,116,302	101,794,514	83.4%	52,881,179	56.7%
Transportation <sup>4</sup>	13,261,366	17,692,479	30,953,845	584,642	31,538,487	8,070,310	11,700,987	37.1%	23,468,177	25.6%
Water	75,437,962	-	75,437,962	-	75,437,962	54,763,025	70,309,819	93.2%	20,674,936	72.6%
<b>SUBTOTAL</b>	<b>\$1,048,172,824</b>	<b>\$ 266,400,547</b>	<b>\$ 1,314,573,371</b>	<b>\$ 77,207,574</b>	<b>\$1,391,780,943</b>	<b>\$ 688,573,167</b>	<b>\$ 1,110,951,841</b>	<b>79.8%</b>	<b>\$ 703,207,775</b>	<b>49.5%</b>
<b>Funds Without All Years Carryover</b>										
General <sup>5</sup>	\$ 375,009,055	-	\$ 375,009,055	\$ 2,910,943	\$ 377,919,998	\$ 280,744,692	\$ 380,506,254	100.7%	\$ 97,175,306	74.3%
Belmont Shore Parking Meter	576,662	-	576,662	2,664	579,326	321,960	579,326	100.0%	257,366	55.6%
Business Assistance	3,645,966	-	3,645,966	(1,499,705)	2,146,262	1,304,190	1,919,410	89.4%	842,072	60.8%
Certified Unified Program Agency (CUPA)	875,433	-	875,433	4,200	879,633	568,642	789,838	89.8%	310,991	64.6%
Employee Benefits	179,025,326	-	179,025,326	677	179,026,002	119,709,940	163,571,038	91.4%	59,316,062	66.9%
General Services	36,197,718	-	36,197,718	756,420	36,954,138	25,297,587	33,974,037	91.9%	11,656,551	68.5%
Park Development	1,748,600	-	1,748,600	87	1,748,687	1,709,966	1,749,202	100.0%	38,721	97.8%
Parking & Business Area Improvement	2,480,000	-	2,480,000	-	2,480,000	1,601,914	2,480,000	100.0%	878,086	64.6%
Refuse/Recycling	30,767,841	-	30,767,841	(89,931)	30,677,909	19,747,039	30,006,523	97.8%	10,930,871	64.4%
SERRF <sup>3</sup>	47,299,140	-	47,299,140	(2,889)	47,296,251	33,117,071	45,705,584	96.6%	14,179,180	70.0%
SERRF JPA	14,433,982	-	14,433,982	-	14,433,982	10,259,985	12,178,645	84.4%	4,173,997	71.1%
Special Advertising & Promotion <sup>5</sup>	5,066,720	-	5,066,720	10,554	5,077,274	3,896,802	5,224,969	102.9%	1,180,472	76.7%
Tideland Oil Revenue <sup>5</sup>	83,108,551	-	83,108,551	32,209,967	115,318,518	99,434,677	143,607,469	124.5%	15,883,841	86.2%
Tidelands-Reserve for Subsidence	4,000,000	-	4,000,000	-	4,000,000	4,000,000	4,000,000	100.0%	-	100.0%
Towing	6,381,892	-	6,381,892	412,993	6,794,884	4,650,447	6,665,264	98.1%	2,144,437	68.4%
Upland Oil <sup>5</sup>	11,001,246	-	11,001,246	3,200,000	14,201,246	10,630,853	16,509,254	116.3%	3,570,393	74.9%
<b>SUBTOTAL</b>	<b>\$ 801,618,132</b>	<b>-</b>	<b>\$ 801,618,132</b>	<b>\$ 37,915,979</b>	<b>\$ 839,534,111</b>	<b>\$ 616,995,765</b>	<b>\$ 849,466,814</b>	<b>101.2%</b>	<b>\$ 222,538,345</b>	<b>73.5%</b>
<b>TOTAL - All Funds</b>	<b>\$1,849,790,957</b>	<b>\$ 266,400,547</b>	<b>\$ 2,116,191,504</b>	<b>\$ 115,123,553</b>	<b>\$2,231,315,053</b>	<b>\$1,305,568,933</b>	<b>\$ 1,960,418,656</b>	<b>87.9%</b>	<b>\$ 925,746,121</b>	<b>58.5%</b>

- Notes:**  
<sup>1</sup> All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future years.  
<sup>2</sup> Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.  
<sup>3</sup> Increased expenditures in the SERRF fund reflect both the transfer to the General Fund and higher operational expenses related to the burning of wet trash.

**June 2005**  
**Expenditure Analysis by Department**  
**General Fund - Fiscal Year 2005**  
**(75% of Year Completed)**

Attachment E

Department	FY 05 Adopted Budget	Amendments <sup>1</sup>	Adjusted Budget	Year-to-Date Actuals	Estimates-to-close		Remaining	% Spent
Mayor and City Council	\$ 4,312,710	\$ 44,838	\$ 4,357,548	\$ 3,110,267	\$ 4,321,830	99.2%	\$ 1,247,281	71.4%
City Attorney	3,266,774	91,228	3,358,002	2,494,552	2,973,145	88.5%	863,449	74.3%
City Auditor	2,328,700	50,294	2,378,994	1,383,779	2,318,754	97.5%	995,215	58.2%
City Clerk	2,677,630	850	2,678,480	1,573,591	2,382,195	88.9%	1,104,888	58.7%
City Manager	3,800,950	64,935	3,865,886	3,313,261	3,770,645	97.5%	552,625	85.7%
City Prosecutor	4,067,586	26,059	4,093,645	2,872,852	3,724,376	91.0%	1,220,792	70.2%
Civil Service	2,481,445	65,522	2,546,967	1,701,887	2,247,839	88.3%	845,080	66.8%
Community Development	3,353,600	2,556,286	5,909,887	3,057,296	4,480,258	75.8%	2,852,591	51.7%
Financial Management	15,815,008	52,277	15,867,285	10,899,984	15,033,164	94.7%	4,967,301	68.7%
Citywide Activities <sup>2</sup>	8,387,590	204,250	8,591,840	15,352,386	19,827,274	230.8%	(6,760,546)	178.7%
Fire	71,188,849	783,382	71,972,230	53,587,277	72,522,496	100.8%	18,384,954	74.5%
Health and Human Services	4,599,774	162,951	4,762,725	3,905,028	4,748,804	99.7%	857,697	82.0%
Human Resources	319,482	(3,546)	315,936	185,568	247,503	78.3%	130,368	58.7%
Library Services	12,662,984	(379,232)	12,283,752	7,809,337	11,306,010	92.0%	4,474,415	63.6%
Parks, Recreation & Marine	25,502,274	303,760	25,806,034	17,236,953	25,372,719	98.3%	8,569,081	66.8%
Planning & Building	12,590,717	(2,205,661)	10,385,055	7,028,515	9,697,554	93.4%	3,356,540	67.7%
Police	162,265,854	1,116,135	163,381,989	121,059,550	162,247,206	99.3%	42,322,439	74.1%
Public Works	34,505,412	(23,481)	34,481,931	23,558,447	32,402,991	94.0%	10,923,484	68.3%
Technology Services	881,719	95	881,814	614,161	881,491	100.0%	267,653	69.6%
<b>TOTAL</b>	<b>\$ 375,009,055</b>	<b>\$ 2,910,943</b>	<b>\$ 377,919,998</b>	<b>\$ 280,744,692</b>	<b>\$ 380,506,254</b>	<b>100.7%</b>	<b>\$ 97,175,306</b>	<b>74.3%</b>

**Notes:**

<sup>1</sup> Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.

<sup>2</sup> FY 05 Adjusted Budget for Citywide Activities reflects anticipated salary and negotiated savings. These savings will be removed prior to the end of the fiscal year, bringing the Citywide Activities budget into balance. This adjustment will be offset by adjustments in other departments' year end budgets.

**June 2005**  
**Year to Date Expenditure Analysis by Department**  
**General Fund - FY 05 compared to FY 04**  
**(75% of Year Completed)**

Attachment F

Department	FY 04 Adjusted Budget	FY 04 YTD Actuals	% Spent FY 04	FY 05 Adjusted Budget	FY 05 YTD Actuals	% Spent FY 05	\$ Variance FY 04 to FY 05	% Spent FY 04 vs FY 05
Mayor and City Council	\$ 4,053,366	\$ 2,764,477	68.2%	\$ 4,357,548	\$ 3,110,267	71.4%	\$ 345,790	3.2%
City Attorney	2,944,604	2,135,713	72.5%	3,358,002	2,494,552	74.3%	358,839	1.8%
City Auditor	2,136,523	1,393,821	65.2%	2,378,994	1,383,779	58.2%	(10,041)	-7.1%
City Clerk	3,367,043	1,695,522	50.4%	2,678,480	1,573,591	58.7%	(121,930)	8.4%
City Manager <sup>1</sup>	3,923,374	2,885,969	73.6%	3,865,886	3,313,261	85.7%	427,292	12.1%
City Prosecutor	3,857,209	2,609,269	67.6%	4,093,645	2,872,852	70.2%	263,583	2.5%
Civil Service	2,465,560	1,705,578	69.2%	2,546,967	1,701,887	66.8%	(3,691)	-2.4%
Community Development <sup>2</sup>	3,089,179	1,558,738	50.5%	5,909,887	3,057,296	51.7%	1,498,558	1.3%
Financial Management	15,495,457	10,748,242	69.4%	15,867,285	10,899,984	68.7%	151,743	-0.7%
Citywide Activities <sup>3</sup>	28,685,374	26,046,191	90.8%	8,591,840	15,352,386	178.7%	(10,693,805)	87.9%
Fire	65,512,534	47,325,377	72.2%	71,972,230	53,587,277	74.5%	6,261,900	2.2%
Health and Human Services	4,841,951	3,427,559	70.8%	4,762,725	3,905,028	82.0%	477,469	11.2%
Human Resources	378,280	219,539	58.0%	315,936	185,568	58.7%	(33,971)	0.7%
Library Services	11,476,938	7,505,081	65.4%	12,283,752	7,809,337	63.6%	304,257	-1.8%
Long Beach Energy <sup>4</sup>	8,635,856	6,429,866	74.5%	-	-	0.0%	(6,429,866)	100.0%
Parks, Recreation & Marine	28,600,764	19,616,648	68.6%	25,806,034	17,236,953	66.8%	(2,379,695)	-1.8%
Planning & Building <sup>2</sup>	11,949,120	7,617,867	63.8%	10,385,055	7,028,515	67.7%	(589,352)	3.9%
Police	146,964,502	105,413,516	71.7%	163,381,989	121,059,550	74.1%	15,646,035	2.4%
Public Works <sup>4</sup>	28,692,044	17,598,048	61.3%	34,481,931	23,558,447	68.3%	5,960,400	7.0%
Technology Services	1,002,745	562,825	56.1%	881,814	614,161	69.6%	51,336	13.5%
<b>TOTAL</b>	<b>\$378,072,422</b>	<b>\$269,259,846</b>	<b>71.2%</b>	<b>\$ 377,919,998</b>	<b>\$280,744,692</b>	<b>74.3%</b>	<b>\$ 11,484,847</b>	<b>3.1%</b>

**Notes:**

<sup>1</sup> All services related to the FOR Long Beach Performance Management Program are being paid for by the City Manager's Office. Staff is currently transferring those charges to various departments.

<sup>2</sup> Expenditures associated with Code Enforcement functions were transferred from Planning and Building to Community Development.

<sup>3</sup> FY 05 Adjusted Budget for Citywide Activities reflects anticipated salary and negotiated savings.

<sup>4</sup> Environmental Services/Street Sweeping functions were transferred to Public Works from Long Beach Energy in FY 05.



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

~~R-47~~

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802

December 13, 2005

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Refer the Fiscal Year 2005 Year-End Budget Performance Report to the Budget Oversight Committee. (Citywide)

**DISCUSSION**

This report provides a summary update on the City's Fiscal Year 2005 (FY 05) budget performance through September 2005, the FY 05 fiscal year-end. The information provided is unaudited since audited financial statements for FY 05 will not be available until March 2006, due to the City's complex accounting activities.

The report covers a broad spectrum of financial information for all funds and departments with multi-year comparisons, charts and graphs to provide a clearer picture of the City's financial situation. While the focus of this report is on the General Fund, significant issues in other funds are noted accordingly.

**Summary**

On September 7, 2004, the City Council adopted an annual expenditure budget for FY 05 that totaled \$2.17 billion for the City's 22 departments. Of the total amount, a \$375 million General Fund budget was adopted, and later amended to \$385.4 million throughout the fiscal year, to provide core municipal services such as public safety, public works, recreation and library services.

As of fiscal year-end, actual expenditures for all departments and all funds are \$1.86 billion. Revenues for all departments and all funds are \$2.15 billion. For the General Fund, actual expenditures for all departments are \$381.3 million, or \$4.1 million less than the Adjusted Budget of \$385.4 million and \$750,000 less than the estimates-to-close of \$382 million. Actual General Fund revenues for all Departments are \$373.1 million, or \$2.8 million more than the estimate-to-close of \$370.3 million. The difference between budgeted revenue and expense reflects the use of fund balance, transfers and bond proceeds.

FY 05 is the second year of the Financial Strategic Plan (Plan). As such, over \$72 million in structural budget solutions have been included in the General Fund and related fund budgets over the past two fiscal years. This includes \$41 million in structural deficit reductions in FY 04 and \$31 million in FY 05. These solutions, which have included the reduction of programs, services and positions, as well as increased revenue and cost recovery, have placed a significant strain on the organization as it downsizes and becomes more efficient. While these solutions were reflected in the budget, several key measures were not realized

HONORABLE MAYOR AND CITY COUNCIL

December 13, 2005

Page 2

in FY 05, including \$3 million in compensation solutions, which were dependent on labor negotiations. Furthermore, while resources required to provide public safety, maintenance, library, recreation and other general government services have been reduced significantly, demand for services continues to grow.

**FY 05 General Fund Revenue**

As of fiscal year-end, \$373.1 million of General Fund revenue was received. This is \$6.2 million (or 1.7 percent) more than last year's total, due to performance noted below as well as the inclusion of FY 05 Plan revenue solutions. Revenues finished the year \$2.8 million (or 0.8 percent) over estimates to close, which contributed to the efforts to balance the FY 06 budget. Year-end revenues are also \$9.2 million (or 2.5 percent) higher than the adjusted budget, due mainly to increases in Sales and Use Tax, Business License Tax and Pipeline Franchise revenue. Decreases in Secured Property Tax and Utility Users Tax revenue are offset by increases in the Property In-Lieu of Vehicle License Fees received from the State. The table below highlights FY 05 year-end performance for selected General Fund revenues:

Revenue Source	FY 05 Revenue	% of Adjusted Budget	Notes
Secured Property Tax	\$54,396,274	95.9%	Secured Property Tax finished the year \$2.3 million under budget, as anticipated in earlier financial reports. Aggressive projections coupled with exemptions and delinquencies are the major factors causing performance to be lower than expected.
Motor Vehicle In-Lieu Tax (VLF), combined with Property Tax in Lieu of VLF	\$23,804,290	109.2%	VLF (regular & In-Lieu) came in \$2 million higher than budget. Motor Vehicle In-Lieu tax is collected and distributed by the State on a per capita basis based on total vehicle registration receipts. Low interest financing programs are likely responsible for increased vehicle sales/registrations.
Sales and Use Tax (net of sharing agreements and adjusted for the Triple Flip)	\$45,734,064	113.2%	The Sales and Use Tax payments were reduced by 25 percent for the State Triple Flip. This is offset by the bi-annual Property Tax In-Lieu of Sales Tax payment from the State. Sales Tax was up \$3.5 million from budget on the strength of Edison Material Supply, Pike restaurants, building and lumber sales, and overall sales in the City. Triple Flip in-Lieu Sales Tax was up \$1.8 million. About \$1 million is due to overpayment by the State in the Triple flip. This will be taken back by the State in FY 06.
Utility Users Tax	\$39,295,788	97.0%	Collections finished below budgeted levels due largely to mild weather conditions, in addition to the first full year of cell phone companies correction to their collection methodologies which were challenging to predict given limited information.
Business License Tax	\$9,640,923	103.1%	Collections are above budget due to an increased number of licenses, enhanced collection procedures and a CPI increase in the rate.
Transient Occupancy Tax	\$7,763,905	107.8%	Revenue from estimated Transient Occupancy Tax came in \$564,000 over budget in FY 05 due to higher average room prices and occupancy rates.
Pipeline Franchise	\$7,770,758	106.1%	Year end actuals are \$446,000 above budget.

Attachment A includes details on the Top 40 General Fund revenues, which combined represent about 90 percent of total revenue. Attachment B provides year-to-year analysis on the Top 15 revenue sources, which represent over 62 percent of General Fund revenue.

**General Fund Revenue By Department**

General Fund revenue at the department level is up 1.7 percent compared to prior year's actual revenues through fiscal year-end. **Attachment C** provides a summary of General Fund revenue performance by department. General Fund revenue by department is impacted by the variances mentioned in the previous section. Many of the departmental variances are captured in the footnotes of this attachment to reflect the continuing impact of prior periods on year-end performance.

**FY 05 Expenditure Performance All Funds**

Expenditures in all funds are at 78.9 percent of budget, due to All Years Funds Carry-over and Capital Improvement Funds that often require several years to spend. Expenditures for funds without All Years Carry-over finished at 94.3 percent. **Attachment D** illustrates current expenditure levels for all funds. As of the fiscal year-end, General Fund expenditures are at \$381.3 million (or 98.9 percent of budget).

Given remaining deficit reduction targets in the Plan for FY 05 and FY 06, it was imperative that maximum savings be generated during the current fiscal year to address current year targets, and to generate resources to balance the FY 06 budget. Given the extent of reductions made to department budgets during FY 04 and FY 05, generating substantial savings was extremely difficult, especially with the continued expectations for full service delivery to the community. In February, the City Manager reinstated a strict hiring freeze and purchasing curtailment policies with the intent to generate savings to help address the City's ongoing budget challenges. As a result, General Fund Personal Services expenditures as of the end of the year are \$282.7 million (or 98.2 percent of the budget). While the hiring freeze has created vacancies and related savings, Personal Services expenditures reflect increased overtime expenses in most departments utilized to maintain service levels to the greatest extent possible with decreased staff.

**FY 05 General Fund Expenditures By Department**

Total General Fund spending closed the year on budget, with most departments spending between 82 to 99 percent of their budget. Please see **Attachment E** for a listing of all departments' expenditure performance through fiscal year-end 2005, with any prior-period significant exceptions noted in the footnotes.

General Fund spending at the department level is, as anticipated, up 3.0 percent compared to prior year's actual expenditures through fiscal year-end. **Attachment F** includes an FY 04 to FY 05 comparison of expenditure performance by department. On a comparative level, FY 05 expenditures have increased over FY 04 due to:

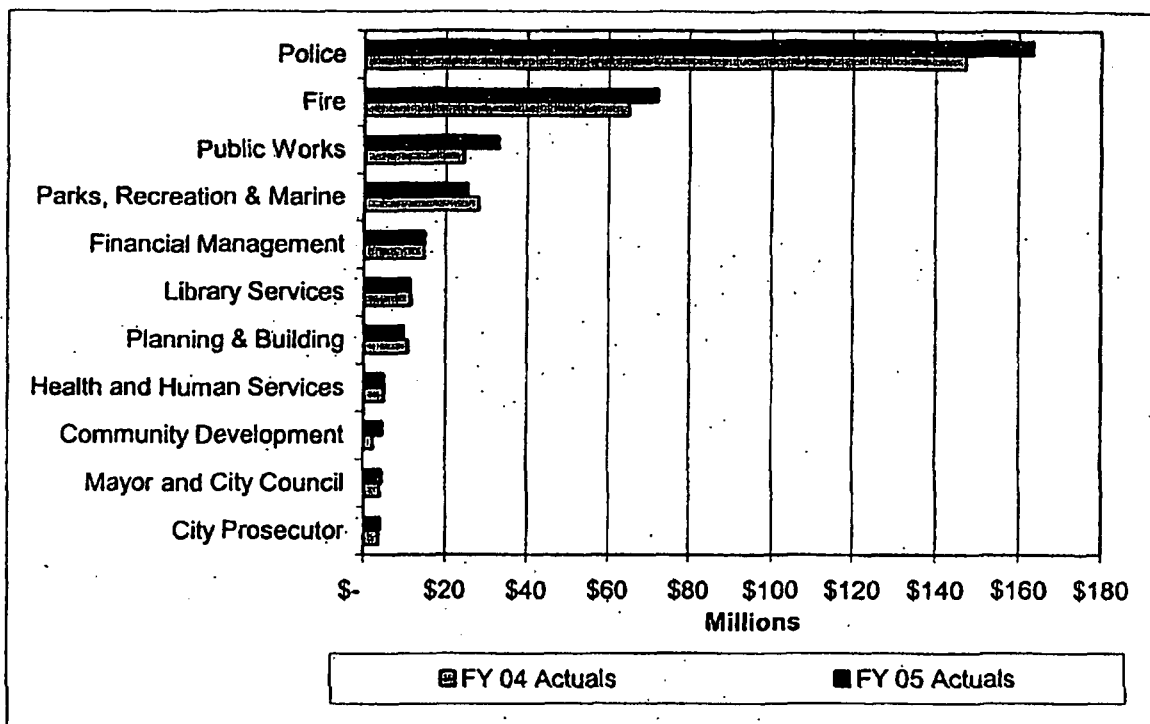
- Reinstated pension (PERS) contributions that range from 15 to 25 percent of personnel costs for miscellaneous and sworn employees respectively, plus increased health insurance costs.
- The record-setting storm season resulted in a significant increase in tree removals, traffic support, beach maintenance, street repairs and public safety services, thereby causing unanticipated overtime and other expenses. The City has submitted reimbursement requests to the Federal Emergency Management Agency (FEMA) for those expenses.

For more information, please refer to Federal Storm Damage Reimbursement section on page 6 of this report.

- Increased Police overtime due to increased use of task forces to respond to crime, including Operation Safe Passage, which ran from February to the end of the school year in mid-June. Task Force usage increased markedly starting in July 2004 with a focus on the Blue Line (meet & greets), Hellman Avenue, prostitution, burglary, auto theft, narcotics and other quality of life issues.

The following chart compares FY 05 to FY 04 Actuals for the Largest 10 General Fund Departments.

**Expenditure Comparison FY 04 Actuals – FY 05 Actuals**  
(Top 10 Departments by Total Expenditures)



**Vacancy Analysis**

As stated earlier, the City Manager reinstated a strict hiring freeze to ensure that critical salary savings would be carried over into FY 06. The hiring freeze does not apply to sworn or dispatch personnel, and critical service delivery and revenue generating positions also continue to be filled. As of September 2005, the following vacancies exist:

- For City Manager-directed departments, General Fund vacancies total 164, with another 20 vacancies in Non-City Manager departments.
- Of the 184 Citywide vacancies in the General Fund, there are 21 sworn and dispatcher vacancies (resulting from attrition), and 163 civilian vacancies.
- General and Related fund vacancies total 262 citywide, and vacancies in all funds total 517 citywide.

- With the adoption of the FY 06 budget, a total of 401 positions have been eliminated in the General and related funds over the past three fiscal years.

#### **Other Funds and Performance Issues**

##### **Tidelands Fund**

The adopted budget for FY 05 reflected a draw down on fund balance by approximately \$5.9 million. Roughly \$1 million of this draw down was budgeted for capital projects, primarily in the City's marinas, and the remaining \$4.9 million reflected the estimated structural operating deficit in the Tidelands funds. The projected budgeted ending fund balance at the beginning of the year in the Tidelands funds was approximately \$2 million. Fortunately, oil revenues significantly exceeded budget in FY 05, which enabled the Tidelands funds to close the fiscal year with a fund balance of \$4.6 million. In addition, it is anticipated that oil revenues will remain strong in FY 06, which will offset increased costs of fuel and other operating expenses, cover the structural operating deficit and provide funds for much needed, long deferred capital projects.

It should be noted that staff is not counting on inflated oil revenues for the long-term, and is developing operating strategies to deal with the structural operating deficit.

##### **SERRF Fund**

In FY 06 the Southeast Resource Recovery Facility will transfer \$1.2 million to the General Fund. This represents net facility revenues from FY 05. In accordance with the 20-year financial projections, there will be no anticipated transfers to the General Fund beyond FY 06. This loss of revenue will add to the remaining structural deficit, and will be addressed through the FY 07 budget.

##### **Fire Department's Basic Life Support**

In September 2005, the City assumed a larger role in the provision of Emergency Medical Services (EMS) by implementing a pilot Basic Life Support (BLS) ambulance transportation program in accordance with the Fire Services Optimization study. The integration of BLS and Advanced Life Support (ALS) transport is expected to improve customer service by speed of response, level of care and reliability, as well as increase collections for these services. The Fire Department will report on the program status in mid-FY 06.

##### **Oil Revenue**

Oil prices held their ground during the last quarter, despite devastating hurricanes that struck the US Gulf Coast, with Wilmington Crude averaging \$42.39/bbl for the fiscal year through September. Higher expenses associated with increased drilling activity partially offset the short-term profitability of the oil operation. The Department of Oil Properties transferred an additional \$1.9 million to the Tidelands Fund and \$2 million to the General Fund than budgeted during FY 05. This additional revenue was used in large part to offset the price of fuel and other related operating expenses. A third drilling rig and the construction of an amine plant, to handle high CO2 concentrations in natural gas produced as a byproduct of drilling, are anticipated in FY 06 and will further increase field expenses. Despite these excess revenues from the oil price spike, it is important to note that these are one-time resources, which should not be used to support long-term, recurring expenses.



### **Federal Storm Damage Reimbursement**

A report of \$842,000 in damage reimbursement requests was submitted to the Federal Emergency Management Agency (FEMA) for the City's response to the January 2005 storms. Of this amount, approximately \$446,000 is for the General Fund. FEMA has approved \$426,000 of this amount and the City has received \$56,000 to date. A second report of \$712,000 in damage reimbursement requests was submitted to FEMA for the February 2005 storms. Of this amount, approximately \$391,000 is for the General Fund. FEMA has approved \$374,000 of this amount, but the City has not received any payments to date. These anticipated reimbursements were incorporated into the FY 06 Adopted Budget.

### **Optimization Studies**

The City continues to review operational opportunities to become more efficient and effective as an organization, generating key savings to achieve the savings goals of the Financial Strategic Plan and, where possible, make improvements to the services we provide to our customers. Key optimization studies completed with recommendations being implemented include: Fire Services, Workers Compensation and Code Enforcement. The following is a summary of some of the current optimization efforts underway throughout the organization:

- **Information Technology** – City staff is determining whether opportunities exist to reduce costs and improve effectiveness in the management and delivery of information technology services for the City. An outside industry expert is working with City staff to evaluate and make best practices recommendations in a number of areas including: Organization and Management, Service Delivery Approaches, IT Governance, and the management of the Integrated Information System. Study is expected to be completed by February.
- **Towing and Lien Sales** – City staff is evaluating the City's Towing and Lien Sales operations to identify efficiencies to decrease costs and/or enhance revenue collection. Employee workgroups have worked to identify cost saving, revenue enhancement and service improvement approaches. These employee workgroup meetings began in early 2005 and have resulted in a comprehensive report of recommendations that will soon be presented to the City Manager.
- **Reprographics** – City staff worked to identify opportunities to improve the efficiency, effectiveness and quality of service. Two workgroups comprising Reprographic employees and City customers met to analyze and validate recommendations and develop final recommendations, which are now under review. The study has identified significant opportunities for cost-savings through the consolidation and standardization of document output machines such as copy machines, printers and fax machines. Services will be improved through a greater focus on customer service, automation, and the strategic use of outsourcing.
- **Ambulance Billing** – With employee workgroup participation, an outside industry expert was hired to examine the City's billing operations, system effectiveness, staffing, and employee recommendations. The study is under final review.
- **Health Insurance** – The purpose of the study is to facilitate an independent comprehensive and objective review of the City's Health Insurance program with the goal of generating savings, while still providing quality health insurance options to City employees and retirees. The project will address organizational issues, program benefits and innovative approaches to providing health insurance. The goal of this study will be

HONORABLE MAYOR AND CITY COUNCIL

December 13, 2005

Page 7

to identify opportunities for cost savings, while providing employees with the quality benefits they are accustomed to. Innovative approaches such as Health and Wellness Plans and Dietitian and Nutritionist programs will also be evaluated.

In addition to these efforts, Mail/Messenger, Fleet Parts Room, Parking Management, Custodial Services and Communications Operations are or will soon be under review.

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.

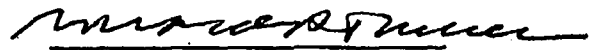
Respectfully submitted,

  
MICHAEL KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

MK:DW:lp

Attachments

APPROVED:

  
GERALD R. MILLER  
CITY MANAGER

**September 2005**  
**General Fund Revenue (Top 40)**  
**Fiscal Year 2005**  
**(100% of Year Completed)**

Attachment A

TOP 40 GENERAL FUND REVENUES	FY 04 Year End Actuals	FY 04 September YTD	FY 05 September YTD	FY 05 September YTD Over/(Under) FY 04 September YTD	% of FY 05 Adj Budget	FY 05 Adjusted Budget	FY 05 Estimates to Close used for FY 06 Budget
SECURED REAL PROPERTY TAXES <sup>1</sup>	\$ 52,254,309	\$ 52,254,309	\$ 54,396,274	\$ 2,141,964	95.8%	\$ 58,700,000	\$ 54,396,273
CITY SALES AND USE TAX & IN-LIEU SALES AND USE TAX <sup>2</sup>	\$ 39,784,898	\$ 39,784,898	\$ 45,734,064	\$ 5,949,168	113.2%	\$ 40,389,680	\$ 45,766,530
MOTOR VEHICLE IN-LIEU TAX & PROPERTY TAX IN-LIEU OF VLF <sup>3</sup>	\$ 20,963,264	\$ 20,963,264	\$ 23,804,280	\$ 2,841,026	109.2%	\$ 21,800,000	\$ 23,209,142
TELEPHONE USERS TAX & PENALTIES	\$ 18,121,146	\$ 18,121,146	\$ 15,453,280	\$ (2,687,866)	82.4%	\$ 18,731,000	\$ 15,454,000
ELECTRIC USERS TAX & PENALTIES	\$ 18,574,083	\$ 18,574,083	\$ 15,872,738	\$ (2,701,344)	88.3%	\$ 18,153,000	\$ 16,203,150
PARKING CITATIONS <sup>4</sup>	\$ 9,565,816	\$ 9,565,816	\$ 11,281,860	\$ 1,716,244	114.1%	\$ 9,885,790	\$ 10,828,168
BUSINESS LICENSE TAXES	\$ 9,028,473	\$ 9,028,473	\$ 8,640,823	\$ (612,450)	103.1%	\$ 9,350,000	\$ 9,780,000
HARBOR-FIRE	\$ 7,483,792	\$ 7,483,792	\$ 8,217,744	\$ 733,952	100.0%	\$ 8,217,744	\$ 8,217,744
VLF GAP BACKFILL LOAN	\$ -	\$ -	\$ 8,158,433	\$ 8,158,433	100.0%	\$ 8,155,988	\$ 8,158,433
PIPE LINE FRANCHISES <sup>5</sup>	\$ 6,389,949	\$ 6,389,949	\$ 7,770,758	\$ 1,380,809	106.1%	\$ 7,325,000	\$ 7,770,757
TRANSIENT OCCUPANCY TAX	\$ 7,044,122	\$ 7,044,122	\$ 7,763,905	\$ 719,783	107.8%	\$ 7,200,000	\$ 7,656,000
ELECTRIC COMPANY FRANCHISES	\$ 5,569,740	\$ 5,569,740	\$ 5,553,646	\$ (16,095)	99.2%	\$ 5,600,000	\$ 5,575,000
EMERGENCY AMBULANCE FEES <sup>6</sup>	\$ 4,354,238	\$ 4,354,238	\$ 5,065,094	\$ 710,858	91.3%	\$ 5,546,000	\$ 5,243,410
GAS USERS TAX & PENALTIES <sup>7</sup>	\$ 5,360,400	\$ 5,360,400	\$ 6,117,902	\$ (242,498)	110.8%	\$ 4,618,000	\$ 4,960,000
AMERICAN GOLF LEASE <sup>8</sup>	\$ 2,942,627	\$ 2,942,627	\$ 3,825,018	\$ 682,392	83.4%	\$ 4,344,465	\$ 3,525,686
PROP 172 FUNDS (SB509)	\$ 3,873,447	\$ 3,873,447	\$ 4,178,048	\$ 304,601	110.2%	\$ 3,793,000	\$ 4,181,000
CIP-ENGINEERING CHARGES <sup>9</sup>	\$ 3,368,016	\$ 3,368,016	\$ 2,504,081	\$ (863,936)	67.9%	\$ 3,689,371	\$ 2,675,000
AIRPORT-FIRE	\$ 3,331,826	\$ 3,331,826	\$ 3,609,142	\$ 277,316	100.0%	\$ 3,609,142	\$ 3,609,142
GAS-BILLING & COLLECTION SERVICES	\$ 3,945,157	\$ 3,945,157	\$ 3,603,174	\$ (341,983)	100.0%	\$ 3,603,174	\$ 3,603,174
PIPELINE FEE - WATER	\$ 2,499,184	\$ 2,499,184	\$ 3,345,494	\$ 846,310	100.0%	\$ 3,345,494	\$ 3,345,494
VEHICLE CODE FINES	\$ 3,663,079	\$ 3,663,079	\$ 3,102,143	\$ (560,936)	94.0%	\$ 3,300,000	\$ 2,902,000
LAND,BLDG,RW,EASEMENT,APT RENTALS	\$ 3,527,760	\$ 3,527,760	\$ 3,086,021	\$ (441,739)	96.0%	\$ 3,214,873	\$ 3,256,384
INTEREST-POOLED CASH	\$ 3,387,228	\$ 3,387,228	\$ 3,388,755	\$ (473)	106.7%	\$ 3,175,000	\$ 3,305,484
LOAN REPAYMENT	\$ 1,000,000	\$ 1,000,000	\$ 1,875,800	\$ 875,800	59.9%	\$ 3,132,891	\$ 1,875,800
WATER USERS TAX & PENALTIES	\$ 3,358,451	\$ 3,358,451	\$ 2,851,867	\$ (506,584)	95.3%	\$ 2,993,000	\$ 2,862,000
CHARGES FOR SPECIAL SERVICES	\$ 2,834,020	\$ 2,834,020	\$ 3,313,027	\$ 479,007	111.4%	\$ 2,874,840	\$ 2,892,859
UNSECURED PERSONAL PROPERTY TAXES <sup>10</sup>	\$ 2,428,310	\$ 2,428,310	\$ 1,686,687	\$ (741,623)	58.2%	\$ 2,900,000	\$ 1,686,687
OTHER DEPT SVCS TO PROPRIETARY FUNDS	\$ 2,271,391	\$ 2,271,391	\$ 2,770,067	\$ 498,676	111.3%	\$ 2,488,127	\$ 2,160,837
OIL PRODUCTION TAX	\$ 2,247,267	\$ 2,247,267	\$ 2,223,557	\$ (23,710)	98.3%	\$ 2,240,000	\$ 2,125,000
WATER-BILLING & COLLECTION	\$ 2,423,128	\$ 2,423,128	\$ 2,215,610	\$ (207,518)	100.0%	\$ 2,215,610	\$ 2,215,610
OTHER DEPT CHGS TO GOVTL FUNDS	\$ 2,136,529	\$ 2,136,529	\$ 2,250,848	\$ 114,119	105.4%	\$ 2,136,201	\$ 2,212,780
REAL PROPERTY TRANSFER TAX <sup>11</sup>	\$ 2,288,974	\$ 2,288,974	\$ 2,898,321	\$ 609,348	144.9%	\$ 2,000,000	\$ 2,200,000
PIPELINE SAFETY FEES	\$ 1,981,994	\$ 1,981,994	\$ 2,057,219	\$ 95,225	109.4%	\$ 1,880,000	\$ 2,057,219
MISC REFUNDS & REIMB <sup>12</sup>	\$ 1,953,254	\$ 1,953,254	\$ 2,940,407	\$ 987,153	161.6%	\$ 1,820,017	\$ 3,059,974
BUILDING PLAN CHECK FEES <sup>13</sup>	\$ 2,089,003	\$ 2,089,003	\$ 2,226,176	\$ 137,173	126.1%	\$ 1,765,000	\$ 1,970,000
HARBOR-POLICE	\$ 1,393,522	\$ 1,393,522	\$ 2,268,691	\$ 875,169	131.2%	\$ 1,729,256	\$ 2,357,392
REFUSE-BILLING & COLLECTION SERVICES	\$ 1,648,534	\$ 1,648,534	\$ 1,702,161	\$ 53,827	100.0%	\$ 1,702,161	\$ 1,702,161
BUILDING PERMITS	\$ 1,441,111	\$ 1,441,111	\$ 1,502,813	\$ 61,801	91.1%	\$ 1,650,000	\$ 1,378,419
REVENUE FROM OTHER AGENCIES	\$ 1,210,329	\$ 1,210,329	\$ 778,535	\$ (431,794)	48.1%	\$ 1,619,962	\$ 738,613
TRANSFERS FROM OTHER FUNDS	\$ 48,485,572	\$ 48,485,572	\$ 44,136,969	\$ (4,348,603)	97.7%	\$ 45,178,464	\$ 44,436,477
<b>SUBTOTAL TOP 40 GENERAL FUND REVENUES</b>	<b>\$ 316,203,738</b>	<b>\$ 316,203,738</b>	<b>\$ 333,969,442</b>	<b>\$ 17,765,704</b>	<b>101.2%</b>	<b>\$ 330,172,260</b>	<b>\$ 331,253,908</b>
<b>SUBTOTAL ALL OTHER REVENUES<sup>14</sup></b>	<b>\$ 50,752,185</b>	<b>\$ 50,752,185</b>	<b>\$ 39,147,555</b>	<b>\$ (11,604,631)</b>	<b>116.1%</b>	<b>\$ 33,712,173</b>	<b>\$ 39,074,557</b>
<b>TOTAL</b>	<b>\$ 366,955,924</b>	<b>\$ 366,955,924</b>	<b>\$ 373,116,997</b>	<b>\$ 6,161,073</b>	<b>102.5%</b>	<b>\$ 363,884,434</b>	<b>\$ 370,328,465</b>

<sup>1</sup> Lower actuals are the result of exemptions and delinquencies tied to the first three payments of property tax from the County.  
<sup>2</sup> Includes strong sales overall (including Edison Material Supply) and higher than originally projected in-lieu amount, including approximately \$1 million over-payment from the State.  
<sup>3</sup> Increase likely due to higher sales driven by low interest rates.  
<sup>4</sup> Parking citation revenue is higher than budget due to a slight increase in the number of tickets written and efficiencies in collection as a result of implementation of new technology.  
<sup>5</sup> So Cal Gas franchise fee revenue higher than expected due to greater up time at electricity plants.  
<sup>6</sup> Ambulance fee revenue was optimistically budgeted and did not take into account certain reimbursement caps for MediCare/Medi-Cal.  
<sup>7</sup> Volume and price of gas higher than originally expected.  
<sup>8</sup> The delayed opening of the Skylinks Golf Course and a heavy rain season are the main contributing factors to revenues coming in under budget.  
<sup>9</sup> CIP engineering charges, which are difficult to predict due to the variability of projects, were overestimated in FY 05. FY 06 budget is \$2.5 million.  
<sup>10</sup> Unsecured property tax is impossible to accurately predict due to extremely limited information.  
<sup>11</sup> Real Property Transfer Tax increase reveals continued strong turnover of property within the city.  
<sup>12</sup> A one-time revenue of \$530,319 from re-issuance of earthquake bonds is major contributor to miscellaneous revenue exceeding budget.  
<sup>13</sup> The volume of building plan checks continues at historic levels.  
<sup>14</sup> FY 04 YTD greater than FY 05 due to Towne Center proceeds of \$11.6 million from long-term debt.

**September 2005  
General Fund Revenue (Top 15)  
FY 05 Compared to FY 04  
(100% of Year Completed)**

Attachment B

Ranking	General Fund Revenue Source	FY 04 Adopted Budget	FY 04 September YTD	% Received FY 04	FY 05 Adopted Budget	FY 05 September YTD	% Received FY 05	\$ Variance FY 05 to FY 04	Percent Variance FY 05 to FY 04
1	Property Taxes	\$ 52,043,000	\$ 52,254,309	100.4%	\$ 56,700,000	\$ 54,396,274	95.9%	\$ 2,141,964	4.1%
2	Sales and Use Tax & In-Lieu Sales and Use Tax <sup>1</sup>	41,287,000	39,784,896	96.4%	40,389,680	45,734,064	113.2%	\$ 5,949,168	15.0%
3	Vehicle License Fees & Property Tax In-Lieu of VLF <sup>2</sup>	28,249,000	20,963,284	74.2%	21,800,000	23,804,290	109.2%	\$ 2,841,026	13.6%
4	Telephone Users Tax/Penalties	18,562,000	\$ 18,121,146	97.6%	\$ 16,731,000	\$ 15,453,280	92.4%	\$ (2,667,866)	-14.7%
5	Electric Users Tax/Penalties	18,272,000	\$ 18,574,083	101.7%	\$ 16,153,000	\$ 15,872,739	98.3%	\$ (2,701,344)	-14.5%
6	Parking Citations <sup>3</sup>	8,480,050	\$ 9,565,616	112.8%	\$ 9,885,790	\$ 11,281,860	114.1%	\$ 1,716,244	17.9%
7	Business License Taxes	8,899,600	\$ 9,028,473	101.4%	\$ 9,350,000	\$ 9,640,923	103.1%	\$ 612,450	6.8%
8	Harbor-Fire Intrafund Transfer	7,483,792	\$ 7,483,792	100.0%	\$ 8,217,744	\$ 8,217,744	100.0%	\$ 733,952	9.8%
9	VLF Gap Backfill Loan	-	\$ -	0.0%	\$ 8,155,988	\$ 8,158,433	100.0%	\$ 8,158,433	100.0%
10	Pipe Line Franchises <sup>4</sup>	5,500,000	\$ 6,389,949	116.2%	\$ 7,325,000	\$ 7,770,758	106.1%	\$ 1,380,809	21.6%
11	Transient Occupancy Tax	6,829,000	\$ 7,044,122	103.2%	\$ 7,200,000	\$ 7,763,905	107.8%	\$ 719,783	10.2%
12	Electric Company Franchises	5,997,000	\$ 5,569,740	92.9%	\$ 5,600,000	\$ 5,553,646	99.2%	\$ (16,095)	-0.3%
13	Emergency Ambulance Fees <sup>5</sup>	4,350,000	\$ 4,354,236	100.1%	\$ 5,546,000	\$ 5,065,094	91.3%	\$ 710,858	16.3%
14	Gas Users Tax & Penalties <sup>6</sup>	4,580,000	\$ 5,360,400	117.0%	\$ 4,618,000	\$ 5,117,902	110.8%	\$ (242,498)	-4.5%
15	American Golf Lease <sup>7</sup>	3,094,465	2,942,627	95.1%	\$ 4,344,465	\$ 3,625,019	83.4%	\$ 682,392	23.2%
	<b>TOTAL</b>	<b>\$ 213,626,907</b>	<b>\$ 207,436,653</b>	<b>97.1%</b>	<b>\$ 222,016,667</b>	<b>\$ 227,455,930</b>	<b>102.4%</b>	<b>\$ 20,019,276</b>	<b>9.7%</b>

<sup>1</sup> Includes strong sales overall (including Edison Material Supply) and higher than originally projected in-lieu amount, including approximately \$1 million over-payment from the State.

<sup>2</sup> Increase likely due to higher sales driven by low interest rates.

<sup>3</sup> Parking citation revenue is higher than budget due to a slight increase in the number of tickets written and efficiencies in collection as a result of implementation of new technology.

<sup>4</sup> So Cal Gas franchise fee revenue higher than expected due to greater up time at electricity plants.

<sup>5</sup> Ambulance fee revenue was optimistically budgeted and did not take into account certain reimbursement caps for MediCare/Medi-Cal.

<sup>6</sup> Volume and price of gas higher than originally expected.

<sup>7</sup> The delayed opening of the Skylinks Golf Course and a heavy rain season are the main contributing factors to revenues coming in under budget.

September 2005  
**Revenue Analysis by Department**  
**General Fund - Fiscal Year 2005**  
**(100% of Year Completed)**

Attachment C

Department	FY 05 Adopted Budget	Amendments <sup>1</sup>	Adjusted Budget	Estimates-to-close	Year End Actuals	
Mayor and City Council	\$ 1,250	\$ -	\$ 1,250	\$ 1,250	\$ -	0.0%
City Attorney	5,000	-	5,000	5,000	4,514	90.3%
City Auditor	-	-	-	12	(381)	0.0%
City Clerk	126,425	-	126,425	126,216	153,390	121.3%
City Manager	-	-	-	-	1,658	100.0%
City Prosecutor	-	-	-	-	1,719	100.0%
Community Development <sup>2</sup>	6,212,682	998,457	7,211,139	5,567,164	5,452,560	75.6%
Financial Management	24,182,531	-	24,182,531	25,116,499	24,885,645	102.9%
Citywide Activities <sup>3</sup>	255,289,103	54,419	255,343,522	261,548,318	261,506,367	102.4%
Fire	21,375,332	-	21,375,332	20,991,210	20,854,046	97.6%
Health and Human Services	1,955,528	182,000	2,137,528	2,094,912	2,132,712	99.8%
Human Resources	-	-	-	649	554	100.0%
Library Services	1,194,659	13,000	1,207,659	1,111,960	1,226,042	101.5%
Parks, Recreation & Marine	8,273,829	55,281	8,329,090	7,562,287	7,939,386	95.3%
Planning & Building <sup>4</sup>	9,807,304	(893,957)	8,913,347	9,957,437	10,707,690	120.1%
Police <sup>5</sup>	19,104,156	-	19,104,156	20,345,376	21,950,376	114.9%
Public Works	14,947,454	-	14,947,454	15,014,176	15,482,170	103.6%
Technology Services	1,000,000	-	1,000,000	886,000	818,550	81.9%
<b>TOTAL</b>	<b>\$ 363,475,254</b>	<b>\$ 409,180</b>	<b>\$ 363,884,434</b>	<b>\$ 370,328,465</b>	<b>\$ 373,116,997</b>	<b>102.5%</b>

**Notes:**

<sup>1</sup> Amendments reflect budget adjustments approved by the City Council during the fiscal year including prior year encumbrance carry over.

<sup>2</sup> Budgeted revenue from the Signs of Support and Affinity Card programs in Community Development have not materialized.

<sup>3</sup> Citywide Activities include tax revenues, pass through transactions, 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 Parks and Recreation capital projects.

<sup>4</sup> Planning and Building revenues exceed budget due to additional building and NPDES plan checks combined with various permit and fee revenue improvements.

<sup>5</sup> Police Department revenue exceeded budget largely due to additional Harbor charges, parking citation and Proposition 172 (1/2 cent sales tax) revenue.

**September 2005**  
**Expenditure Analysis by Fund**  
**Fiscal Year 2005**  
**(100% of Year Completed)**

Attachment D

Fund	FY 05 New Allocation	Estimated All-Years Carryover <sup>1</sup>	FY 05 Adopted Appropriation	Amendments <sup>2</sup>	Adjusted Budget	Estimates-to-close	Year End Actuals	
<b>Funds with All Years Carryover 3</b>								
Airport	\$ 28,091,581	\$ 24,248,800	\$ 52,340,381	\$ 9,408,531	\$ 61,748,912	\$ 48,508,537	\$ 47,890,900	77.6%
Capital Projects	13,935,125	74,418,907	88,354,032	13,287,840	101,641,872	33,135,653	31,540,487	31.0%
Civic Center	1,373,158	13,633,828	15,006,986	110,491	15,117,477	3,864,986	3,863,473	25.6%
Community Development Grants	26,238,190	31,289,995	57,528,185	8,282,600	65,810,786	28,778,691	25,749,307	39.1%
Fleet Services	25,228,211	1,695,460	26,923,671	8,567,651	35,491,322	30,866,878	30,248,601	85.2%
Gas	94,471,671	3,837,097	98,308,768	9,309,692	107,618,461	103,752,037	106,591,131	99.0%
Gasoline Tax Street Improvement	10,849,973	13,929,578	24,779,551	1,078,040	25,857,591	10,313,424	13,615,387	52.7%
General Grants	3,951,985	5,809,427	9,761,412	24,584,018	34,345,430	11,547,409	12,886,530	37.5%
Harbor	450,784,616	-	450,784,616	-	450,784,616	341,787,345	270,994,890	60.1%
Health	37,105,595	22,674,475	59,780,070	9,328,723	69,108,793	39,688,733	40,112,453	58.0%
Housing Authority	62,396,214	887,746	63,283,960	995,101	64,279,061	63,853,810	63,185,419	98.3%
Housing Development	15,173,715	10,839,532	26,113,247	1,140,418	27,253,664	16,526,319	8,952,632	32.8%
Insurance	36,191,300	-	36,191,300	983,489	37,174,789	36,765,328	34,779,232	93.6%
Parking Authority	505,368	-	505,368	-	505,368	505,915	503,865	99.7%
Redevelopment	60,513,004	8,380,393	68,893,397	45,309,432	114,202,829	140,792,008	99,503,281	87.1%
Sewer	10,630,995	-	10,630,995	-	10,630,995	8,803,219	7,664,947	72.1%
Tidelands Operating	82,032,794	36,962,828	118,995,622	4,947,883	123,943,505	101,993,880	121,361,451	87.9%
Transportation	13,261,366	17,692,479	30,953,845	584,642	31,538,487	11,100,987	13,022,634	41.3%
Water	75,437,962	-	75,437,962	-	75,437,962	70,309,819	73,101,281	96.9%
<b>SUBTOTAL</b>	<b>\$1,048,172,824</b>	<b>\$ 266,400,547</b>	<b>\$ 1,314,573,371</b>	<b>\$ 137,818,551</b>	<b>\$1,452,491,920</b>	<b>\$1,102,884,978</b>	<b>\$ 1,005,567,902</b>	<b>69.2%</b>
<b>Funds Without All Years Carryover</b>								
General	\$ 375,009,055	-	\$ 375,009,055	\$ 10,402,090	\$ 385,411,145	\$ 382,056,747	\$ 381,309,110	98.9%
Belmont Shore Parking Meter	576,662	-	576,662	2,664	579,326	579,326	409,970	70.8%
Business Assistance	3,645,966	-	3,645,966	(1,499,705)	2,146,262	1,807,429	1,713,829	79.9%
Certified Unified Program Agency (CUPA)	875,433	-	875,433	4,200	879,633	789,860	825,782	93.9%
Employee Benefits	179,025,326	-	179,025,326	677	179,026,002	163,977,985	161,830,941	90.4%
General Services	36,197,718	-	36,197,718	881,420	37,079,138	33,256,984	32,672,999	88.1%
Park Development	1,748,600	-	1,748,600	87	1,748,687	1,746,536	1,719,622	98.3%
Parking & Business Area Improvement	2,480,000	-	2,480,000	-	2,480,000	2,494,419	2,031,290	81.9%
Refuse/Recycling	30,767,841	-	30,767,841	(89,931)	30,677,909	30,244,884	29,410,961	95.9%
SERRF	47,299,140	-	47,299,140	(2,889)	47,296,251	45,713,723	45,726,293	96.7%
SERRF JPA	14,433,982	-	14,433,982	-	14,433,982	12,178,645	12,062,291	83.6%
Special Advertising & Promotion	5,066,720	-	5,066,720	(1,186,446)	3,880,274	5,192,825	3,735,618	96.3%
Tideland Oil Revenue	83,108,551	-	83,108,551	93,183,132	176,291,683	176,106,806	158,705,964	90.0%
Tidelands-Reserve for Subsidence	4,000,000	-	4,000,000	-	4,000,000	4,000,000	4,053,792	101.3%
Towing	6,381,892	-	6,381,892	412,993	6,794,884	6,755,436	6,721,246	98.9%
Upland Oil	11,001,246	-	11,001,246	6,212,405	17,213,651	17,213,651	15,290,066	88.8%
<b>SUBTOTAL</b>	<b>\$ 801,618,132</b>	<b>-</b>	<b>\$ 801,618,132</b>	<b>\$ 108,320,695</b>	<b>\$ 909,938,827</b>	<b>\$ 884,115,257</b>	<b>\$ 858,219,792</b>	<b>94.3%</b>
<b>TOTAL - All Funds</b>	<b>\$1,849,790,957</b>	<b>\$ 266,400,547</b>	<b>\$ 2,116,191,504</b>	<b>\$ 246,239,246</b>	<b>\$2,362,430,747</b>	<b>\$1,987,010,236</b>	<b>\$ 1,863,787,694</b>	<b>78.9%</b>

Notes:

<sup>1</sup>All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future years and spent as programs and projects are completed.

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

<sup>3</sup>Contains all-years funds budgets which when compared to annual estimates to close creates the appearance that budgets are not being spent.

**September 2005**  
**Expenditure Analysis by Department**  
**General Fund - Fiscal Year 2005**  
**(100% of Year Completed)**

Attachment E

Department	FY 05 Adopted Budget	Amendments <sup>1</sup>	Adjusted Budget	Estimates-to-close	Year End Actuals	
Mayor and City Council	\$ 4,312,710	\$ 44,838	\$ 4,357,548	\$ 4,321,830	\$ 4,293,999	98.5%
City Attorney	3,266,774	91,228	3,358,002	3,284,998	2,860,656	85.2%
City Auditor	2,328,700	50,294	2,378,994	2,318,754	2,292,764	96.4%
City Clerk	2,677,630	850	2,678,480	2,382,195	2,233,358	83.4%
City Manager	3,800,950	64,935	3,865,886	3,803,553	3,654,745	94.5%
City Prosecutor	4,067,586	26,059	4,093,645	3,724,376	3,980,770	97.2%
Civil Service	2,481,445	65,522	2,546,967	2,341,362	2,444,452	96.0%
Community Development	3,353,600	2,556,286	5,909,887	4,663,998	4,574,373	77.4%
Financial Management	15,815,008	52,277	15,867,285	15,149,933	14,952,926	94.2%
Citywide Activities <sup>2</sup>	8,387,590	6,754,250	15,141,840	19,797,141	19,424,127	128.3%
Fire <sup>3</sup>	71,188,849	1,364,382	72,553,230	72,552,859	72,174,124	99.5%
Health and Human Services	4,599,774	162,951	4,762,725	4,813,808	4,761,929	100.0%
Human Resources	319,482	(3,546)	315,936	261,462	259,646	82.2%
Library Services	12,662,984	(366,232)	12,296,752	11,279,724	11,256,421	91.5%
Parks, Recreation & Marine	25,502,274	359,021	25,861,295	25,406,079	25,265,610	97.7%
Planning & Building	12,590,717	(1,913,775)	10,676,941	9,788,959	9,786,056	91.7%
Police	162,265,854	1,116,135	163,381,989	162,760,028	163,219,405	99.9%
Public Works	34,505,412	(23,481)	34,481,931	32,522,596	32,795,577	95.1%
Technology Services	881,719	95	881,814	883,091	1,078,171	122.3%
<b>TOTAL</b>	<b>\$ 375,009,055</b>	<b>\$ 10,402,090</b>	<b>\$ 385,411,145</b>	<b>\$ 382,056,747</b>	<b>\$381,309,110</b>	<b>98.9%</b>

**Notes:**

<sup>1</sup> Amendments reflect budget adjustments approved by the City Council during the fiscal year including prior year encumbrance carry over.

<sup>2</sup> FY 05 Adjusted Budget for Citywide Activities reflects anticipated salary and negotiated savings. This budget was aligned with actual savings in September 2005. This adjustment was offset by savings in other departments' year end budgets.

<sup>3</sup> The Fire Department successfully achieved \$919,000 in savings out of an anticipated \$1.5 million resulting from the Fire Services optimization study. A budget adjustment to increase appropriations for the remaining \$581,000 was approved in September 2005.

**September 2005**  
**Expenditure Analysis by Department**  
**General Fund - FY 05 Compared to FY 04**  
**(100% of Year Completed)**

Attachment F

Department	FY 04 Adjusted Budget	FY 04 Actuals	% Spent FY 04	FY 05 Adjusted Budget	FY 05 Year End Actuals	% Spent FY 05	\$ Variance FY 05 to FY 04	% Spent FY 05 vs FY 04
Mayor and City Council	\$ 4,053,366	\$ 3,905,000	96.3%	\$ 4,357,548	\$ 4,293,999	98.5%	\$ 388,999	10.0%
City Attorney	2,944,604	2,802,565	95.2%	3,358,002	2,860,656	85.2%	58,091	2.1%
City Auditor	2,136,523	1,993,986	93.3%	2,378,994	2,292,764	96.4%	298,778	15.0%
City Clerk	3,367,043	2,997,787	89.0%	2,678,480	2,233,358	83.4%	(764,428)	-25.5%
City Manager	3,923,374	3,650,991	93.1%	3,865,886	3,654,745	94.5%	3,754	0.1%
City Prosecutor	3,857,209	3,687,278	95.6%	4,093,645	3,980,770	97.2%	293,493	8.0%
Civil Service	2,465,560	2,387,019	96.8%	2,546,967	2,444,452	96.0%	57,433	2.4%
Community Development <sup>1</sup>	3,089,179	2,222,907	72.0%	5,909,887	4,574,373	77.4%	2,351,466	105.8%
Financial Management	15,495,457	14,803,435	95.5%	15,867,285	14,952,926	94.2%	149,492	1.0%
Citywide Activities <sup>2</sup>	28,685,374	31,173,689	108.7%	15,141,840	19,424,127	128.3%	(11,749,562)	-37.7%
Fire <sup>4</sup>	65,512,534	64,924,743	99.1%	72,553,230	72,174,124	99.5%	7,249,381	11.2%
Health and Human Services	4,841,951	4,761,531	98.3%	4,762,725	4,761,929	100.0%	398	0.0%
Human Resources	378,280	280,730	74.2%	315,936	259,646	82.2%	(21,084)	-7.5%
Library Services	11,486,640	11,343,243	98.8%	12,296,752	11,256,421	91.5%	(86,823)	-0.8%
Long Beach Energy <sup>3</sup>	8,635,856	7,988,394	92.5%	-	-	0.0%	(7,988,394)	-100.0%
Parks, Recreation & Marine	28,737,822	28,001,797	97.4%	25,861,295	25,265,610	97.7%	(2,736,186)	-9.8%
Planning & Building <sup>1</sup>	11,989,120	10,802,691	90.1%	10,676,941	9,786,056	91.7%	(1,016,635)	-9.4%
Police <sup>4</sup>	146,967,792	147,014,708	100.0%	163,381,989	163,219,405	99.9%	16,204,697	11.0%
Public Works <sup>3</sup>	28,692,044	24,368,352	84.9%	34,481,931	32,795,577	95.1%	8,427,225	34.6%
Technology Services	1,002,745	984,214	98.2%	881,814	1,078,171	122.3%	93,957	9.5%
<b>TOTAL</b>	<b>\$378,262,472</b>	<b>\$ 370,095,059</b>	<b>97.8%</b>	<b>\$385,411,145</b>	<b>\$ 381,309,110</b>	<b>98.9%</b>	<b>\$ 11,214,051</b>	<b>3.0%</b>

- Notes:**
- <sup>1</sup> Expenditures associated with Code Enforcement functions were transferred in FY 05 from Planning and Building to Community Development.
  - <sup>2</sup> FY 05 Adjusted Budget for Citywide Activities reflects anticipated salary and negotiated savings.
  - <sup>3</sup> Environmental Services/Street Sweeping functions were transferred to Public Works from Long Beach Energy in FY 05.
  - <sup>4</sup> Increased PERS and Health costs account for the major increase in FY 05 expenditures over FY 04 in the Fire and Police Departments.