

FINANCIAL MANAGEMENT

The mission of the Long Beach Financial Management Department is to manage and protect the City's financial assets while providing excellent service to the City's residents, operating departments and businesses.

Chapter Overview

The budget chapter provides information on the Department's Service Delivery Environment, Core Mission and Key Accomplishments to give context and meaning to its FY 11 budget request. The chapter is organized by practical service areas, or Programs. Information on each Program includes a purpose statement, listing of specific services provided, multi-year revenue and expenses, relevant performance information and a description of changes to the Program for the next fiscal year.

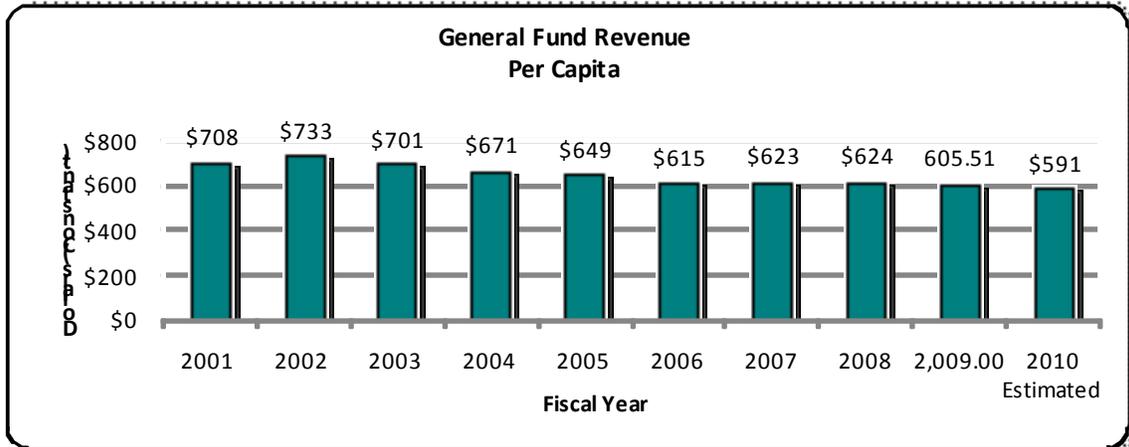
In contrast to the traditional format that presents budget allocations by organization (departments and bureaus) and characters of expenses and revenue (or line-items), a Program Budget links the community resources to logical and meaningful services, as well as measurable results, creating a useful "performance contract" between the community and staff to encourage greater public accountability. Furthermore, it shifts the dialogue from simple inputs (how much is the City spending and by whom) and focuses discussions on desired outcomes and results (what will the community get for the money being invested).

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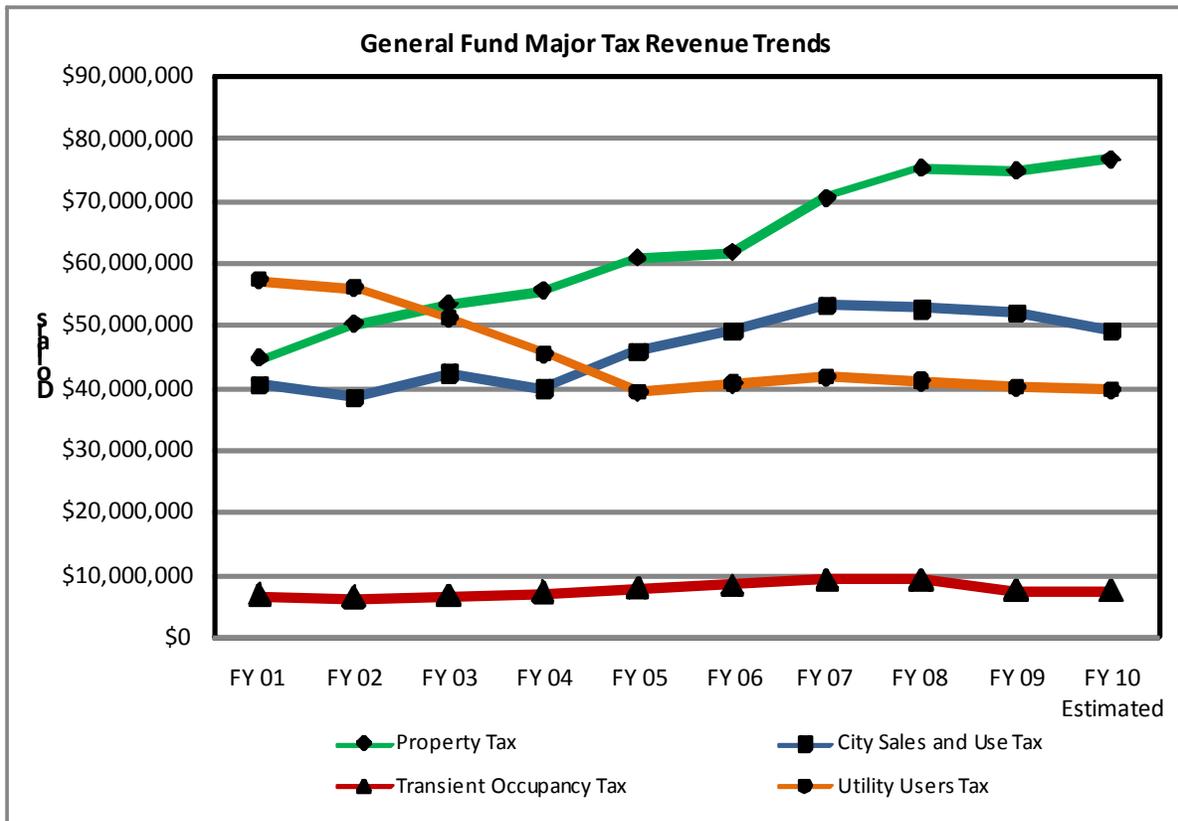
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Service Delivery Environment

The ongoing impacts of Proposition 13, which capped property tax growth at 2 percent annually plus assessment adjustments to market value upon sale, the loss of half of the City's Utility Users Tax (UUT), and the current global economic meltdown, have created an environment in which tax revenue and other resources to support General Fund services are not keeping pace with the cost to provide services. Since 2001, Long Beach has experienced a 5.9 percent increase in population and, after adjusting for inflation; per capita revenue has decreased nearly 16.5 percent.

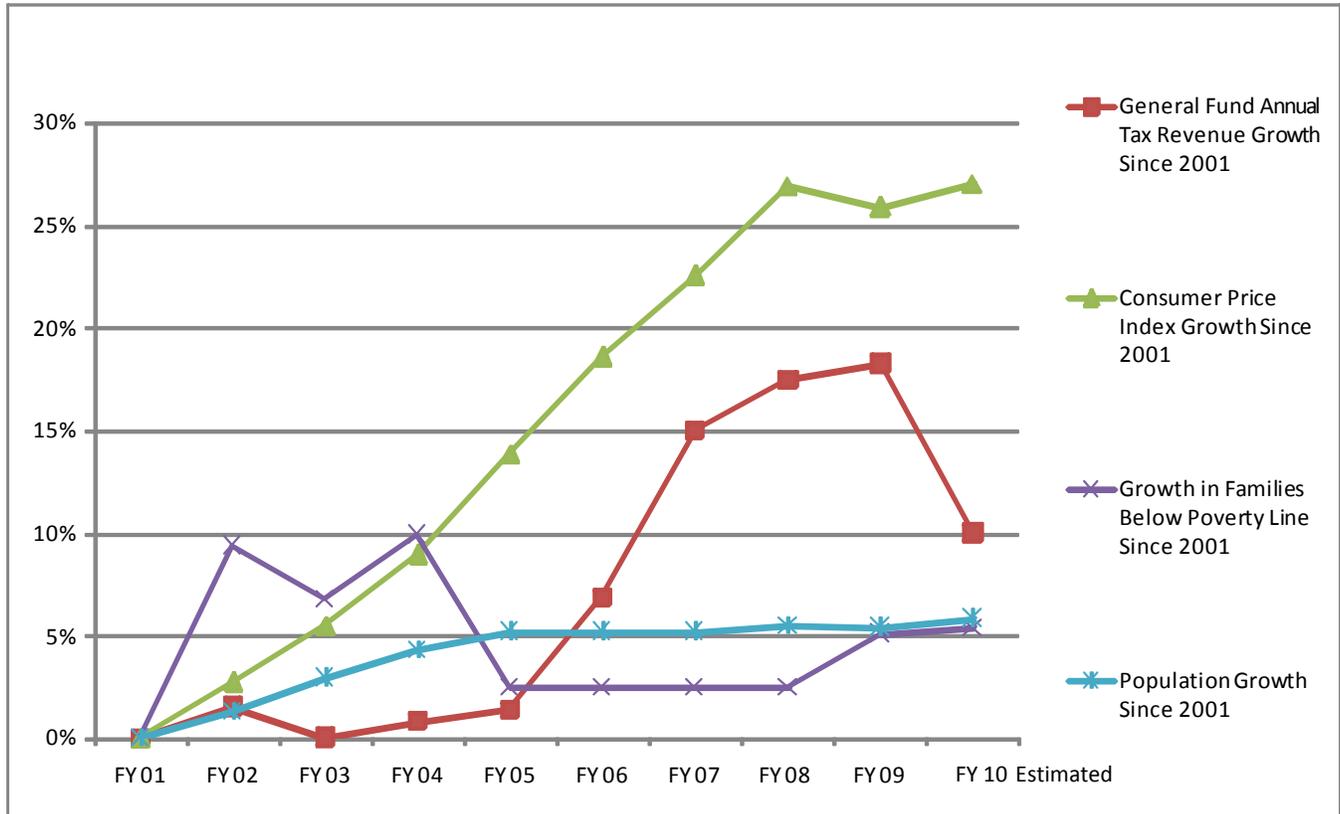


Over the past several years, the largest contributing factors to this real-dollar decline are the loss of revenue from the UUT from 10 percent to 5 percent, a drop in property tax assessed valuation of 3 percent, and sharp declines in sales tax revenues related to the national recession and energy conservation measures that are reducing consumption in the City's Gas and Water utilities, thereby impacting the UUT. The chart below breaks out four of the City's top General Fund revenue sources: Property Tax, UUT, Sales Tax and Transient Occupancy Tax (TOT) and illustrates that revenue received from the UUT is now less than the revenue received from Property Tax and Sales and Use Tax. Beginning in FY 07, revenue from Property Tax, Sales Tax and Transient Occupancy Tax has



Service Delivery Environment

declined in real dollars due to the housing market crisis and the global economic meltdown. This trend is expected to continue in FY 11 as the lag in property tax performance results in yet another year-over-year decline in assessed valuations of 3 percent and business closures, high unemployment and the sluggish economy continues to drag down General Fund revenue.



As the chart above demonstrates, the cost of providing services to the community, as represented by the Consumer Price Index, has grown by approximately 27 percent since 2001. However, the growth in the General Fund annual tax revenue has only been approximately 10 percent over the same period, with a significant drop in revenue from from FY 09 to FY 10. This disparity in resource usage over income has led to the budget deficits the City faces each year, requiring the development of non-tax revenue sources, or the downsizing of the organization and the reduction of services to ensure the General Fund remains balanced. The outfall of the current global financial crisis will also continue to suppress Property Tax, Transient Occupancy Tax revenues, sales taxes and other sources of income.

Core Missions

- Promote responsible decision-making and long-term fiscal sustainability
- Improve financial accountability and performance through effective financial controls
- Ensure compliance with laws and regulations regarding budgeting and financial reporting
- Monitor outstanding debt obligations and issue debt responsibly
- Provide excellent support, self-service options and responses to all customers
- Make Long Beach more friendly to local business

Budget by Fund and FY 10 Key Accomplishments

FY 11 Budget by Fund

Fund	Expenditures	Revenues	Net Fund Support
General	9,967,982	20,418,507	(10,450,525)
Gas	7,289,058	4,507,404	2,781,655
General Services	541,601	414,972	126,629
Insurance	274,663	-	274,663
Employee Benefits	1,488,211	-	1,488,211
Redevelopment Agency	387,193	-	387,193
Health	8,360	-	8,360
Housing Development	79,301	-	79,301
Community Development Grants	452,209	-	452,209
Housing Authority	3,840	-	3,840
Tidelands Operations	237,288	-	237,288
Marina	66,632	-	66,632
Rainbow Area Harbor Fund	53,208	-	53,208
Total	20,849,547	25,340,882	(4,491,336)

FY 10 Key Accomplishments

Budget & Performance Management Program

- Delivered a structurally balanced General Fund budget for the fourth consecutive year, continuing to strive for the key objective of ensuring the fiscal sustainability of the City.
- Maintained a \$9 million Budget Stabilization Fund to meet unanticipated financial challenges.
- Increased the sales tax base for the City of Long Beach by establishing a sales office with Carde, Inc. for the sale of cranes in Long Beach.
- Supported continued efforts to recover property tax payments withheld by the County of Los Angeles as well as legal action against on-line travel agencies to collect under-reported Transient Occupancy Tax revenues.
- Under the leadership of the City Auditor's Office, began implementation of the Telephone Utility Users Tax Compliance audit.
- Implemented a Use Tax Local Reporting Program throughout the City's Departments including the Airport and Harbor Departments to enhance the share of tax revenue generated by out-of-state purchases in Long Beach.

Accounting Program

- Completed FY 09 Comprehensive Annual Financial Report (CAFR) with an unqualified opinion.
- Received the Government Finance Officers' Association's Certificate of Achievement for Excellence in Financial Reporting for the City's FY 09 CAFR.
- Received unqualified opinions in all audited grants in the Federal Single Audit.
- Successfully monitored capital improvements projects for maximum grant/proposition funding.

Treasury Program

- The City's investment pool received affirmation of AAA rating from the Standard and Poor's rating agency in September 2009 and March 2010.
- Received affirmation of AA- with a Stable Outlook rating for the City from Standard and Poor's rating agency in October 2009, while many states, counties, and cities have received downgrades due to the recession.

Budget by Fund and FY 10 Key Accomplishments

- Completed 10 financings (bonds, notes, commercial paper, land leases) totaling over \$395 million.
- Provided support to the California Statewide Communities Development Authority that allowed the issuance of \$41 million in bonds for projects and over 400 jobs in Long Beach.
- Issued Banking Services RFP that is expected to reduce the City's banking expenses.

Financial Systems Program

- Expanded the new, user friendly EZ FAMIS software module used by over 500 staff citywide to monitor critical budget and accounting data.

Utility Program

- Managed the successful transition to a new meter reading services contractor, creating up to 30 new jobs for Long Beach residents, creating additional sales tax revenue through the purchase of 32 hybrid vehicles for the contractor's fleet and ensured contractor compliance with new Equal Benefits Ordinance.

General Billing and Collections Program

- Established a process of accepting delinquent accounts from an ambulance billing contractor to increase revenue resulting in an additional \$93,000 to the General Fund.
- Filed 606 Small Claims Court actions in FY 09 and 498 in the first nine months of FY 10. The majority of the cases are delinquent ambulance transports and utility bills.
- Processed 3,175 preferential parking permits.
- Successfully increased parking citations revenue by \$1,098,555 in FY 09 and \$354,698 in the first nine months of FY 10 for delinquent accounts.

Purchasing Program

- Through the competitive bid process, the estimated cost savings for FY 10 is \$123,556.
- Created and implemented a Small Business Enterprise program. For FY 10, there are 1,269 City of Long Beach certified Small Business Enterprises.
- Created and implemented an Equal Benefits Ordinance, which requires contractors on City contracts to provide employee benefits to their employees with domestic partners, equivalent to those provided to their employees with spouses.

Business Licensing and Permits Program

- Implemented new medical marijuana collectives application and permitting process with full cost recovery.
- Issued 3,805 Business Licenses and 17 Entertainment permits.
- Implemented a Business License Amnesty program to forgive taxes owed by businesses that come into compliance with their business license.
- Adopted a Smoking Lounge ordinance.
- Implemented the Online Garage Sale permitting system allowing residents to apply online for a garage sales permit if they have a Long Beach utility bill on their name and/or if they have previously applied for a garage sale permit at the requested location.

Administration Program

- Won the Larry Larson Award for Excellence in Safety for 2009

Administration Program

Focus Area: Leadership, Management and Support

Line of Business: Administration

Program Purpose Statement: To provide central administrative support, coordination and direction for the entire Department.

Key Services Provided: Human Resources, Training, Risk Management, Employee Safety, Workers' Compensation, Budget Monitoring, Personnel, Public Communications, Records Management and Executive Leadership

FY 11 Funding Source: General Fund 100%

Administration	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	289	39,293	39	(32%)	(809)
Revenues	-	-	-	-	-
FTEs	6.00	5.00	4.00	80%	4.00

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
June Expenditure Estimates-to-Close as Percentage of Year End Actual	100%	100%	100%	100%	100%
June Revenue Estimates-to-Close as Percentage of Year End Actual	103%	100%	100%	100%	100%
Department Vacancy Rate	9%	8%	17%	210%	15%
Overtime as Percentage of Total Salaries	0.8%	1.0%	0.9%	96%	0.8%
Number of Workers' Comp. Claims Involving Lost Time	1.0	0.9	(a)	(a)	(a)
Number of Lost Work Hours (Expressed in Full Time Equivalents) from Workers' Comp. During Fiscal Year	-	-	(a)	(a)	(a)

(a) Tracking systems are being developed to capture this data going forward and/or data not available

Results Narrative:

The Department of Financial Management will continue to manage and protect the City's financial assets while providing excellent service to the City residents, departments, and businesses. The Administration Program will maintain the Department's excellence in supporting budget preparation, personnel, wellness and safety programs and special projects for a Department with a budget of \$21 million and approximately 136 employees. The Administration Program is integral to the efficient and effective operation of the Department.

Administrative costs are distributed to other Programs within the Department. The Administration Program is exploring new methods for maximizing efficiencies and reducing ongoing costs throughout the department. In FY 11, one Administrative Analyst III position is being transferred to the Commercial Services Bureau to assist in the transition to a new meter reading contract, a new utility billing system, and enhanced billing and collections activities, among other assignments.

Budget and Performance Management Program

Focus Area: Leadership, Management and Support

Line of Business: Fiscal Planning and Oversight

Program Purpose Statement: To provide budget preparation, monitoring, oversight, reporting and support services to the City Manager, Mayor, City Council, and City departments so they can set and achieve clear revenue, expenditure and service delivery goals and make informed decisions to create a balanced budget, while providing effective services that are in alignment with community priorities.

Key Services Provided: Citywide Financial Policies, Budget Instructions, Financial Strategic Plan, Master Fee and Charges Schedule and Department Cost Allocation Plans, Proposed/Adopted Budgets, Revenue Enhancement and Cost Recovery, Personnel and Operational Performance Analyses, responses to City Council/Budget Oversight Committee requests, Budget Management Trainings, Community Outreach and Presentations.

FY 11 Funding Sources: General Fund 73% and Employee Benefits Fund 22%, Tidelands Operations 5%

Budget and Performance Management	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	1,657,260	1,655,956	1,556,740	94%	1,875,547
Revenues	80	-	-	-	-
FTEs	12.00	12.00	12.00	100%	12.00

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Percentage of recurring expenses in the General and related funds supported by recurring revenues	100%	100%	100%	100%	100%
Number of participant training hours provided	1,300	1,300	600	100%	600
Maintain revenue projections within 2% of actuals for the top five revenue sources	100%	100%	100%	100%	100%

Results Narrative:

There are no significant changes in resources to this Program and no substantial change expected in the performance of key outcomes. A structural balance in the General Fund, a key performance objective for this program, is proposed for the fifth consecutive fiscal year, requiring \$7.2 million in General Fund savings and \$11.3 million in negotiated savings in labor costs. The Program provides a full menu of services citywide, including the two new budget processing databases, the Budget Expense and Revenue (BEAR) Tracker and the Fee Revenue Entry Database (FRED) to facilitate interdepartmental communication and enhance transparency with the community. Offering over 20 community budget presentations to ensure direct transparency in the budget process as well as provide increased information to both the City Council and the Budget Oversight Committee will be a major goal of the Program.

Additionally, the Budget and Performance Management Program tracks and forecasts the City's key revenue streams. Revenue staff continues to explore opportunities to increase revenue for the City, including full implementation of current taxes, cost recovery through fees, department cost allocation plans, nexus studies and sales tax and other revenue-sharing agreements with the private sector. To this end, revenue staff worked with the Mayor's Office to establish sales offices for the Port's Clean Trucks Program, which generated \$709,129 in new sales tax revenue in FY 09 and \$145,806 through the first quarter of FY 10. This Program supports the City Manager's Key Outcome to strengthen the City's fiscal sustainability.

Accounting Program

Focus Area: Leadership, Management and Support

Line of Business: Fiscal Planning and Oversight

Program Purpose Statement: To provide accounting, financial reporting, and technical consulting services to City departments so they can complete accurate financial transactions, and provide timely and accurate financial information to federal, state, county and local regulators, and funding agencies.

Key Services Provided: Comprehensive Annual Financial Report, Federal Single Audit, Citywide Annual and Quarterly Financial Reports, Audit Adjustments and Responses, Vendor Payments, Employee Payroll/Paychecks, Vendor and Payroll Tax Filings, Citywide Document Reviews and Approvals, Account Code Updates, Daily and Monthly System Reconciliation and Error Corrections, Monthly and Year-End Internal Financial System Reports, Accounting Consultations, Financial Policies and Procedures, Grant and Capital Project Reports and Reimbursement Requests/Invoices, Monthly Bank Reconciliations, Retirement and Pension Plan Analyses and Recommendations, Community Development/Redevelopment Agency Accounting Services; Tidelands Accounting and Financial Reporting, and Fixed Asset Management.

FY 11 Funding Sources: General Fund 46%, Employee Benefits Fund 24%, Redevelopment Funds 9%, Community Development Grants Fund 7%, Insurance Fund 6%, Tidelands Funds 3%, Housing Development Fund 2%, Health Fund, Marina Fund and Rainbow Harbor Area Fund <3%

Accounting	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	4,384,854	4,571,966	4,130,942	90%	4,419,069
Revenues	700,360	602,276	619,613	103%	602,276
FTEs	35.00	36.00	36.00	92%	33.00

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Percentage of Federal Single Audit findings corrected within two fiscal years	75%	80%	80%	100%	75%
Total number of Federal Single Audit findings resolved in current fiscal year	5	4	4	100%	4

Results Narrative:

The City Controller's Office/Accounting Program continues to provide service levels to the City's 22 distinct departments and its subsidiaries (e.g. Aquarium of the Pacific) across 37 separate funds. The Accounting Program's main focus is to ensure compliance with statutes, regulations, Generally Accepted Accounting Principles, Governmental Accounting Standards Board (GASB) pronouncements and governmental auditing standards. The receipt of the GFOA Certificate for Excellence in Financial Reporting for two consecutive years in FY 07 and FY 08 demonstrates the Accounting Program personnel's dedication, competence and determination to continue performing at the highest levels despite declining resources.

New governmental accounting standards, such as GASB 54, 57, and 58, create additional reporting and accounting requirements. One of which, GASB 54 – Fund Balance Reporting and Governmental Fund Type Definitions, will have a significant impact on financial statement presentation. These new standards, along with the need to maintain the stability of core accounting and financial reporting functions, require well-trained and highly skilled staff. Improving the overall skill set of program staff will remain a challenge with vacancies, employee retirements and turnover. This Program supports the City Manager's Key Outcome to strengthen the City's fiscal sustainability.

Treasury Program

Focus Area: Leadership, Management and Support

Line of Business: Fiscal Planning and Oversight

Program Purpose Statement: To provide cash, investment and debt management services to City departments, the City Manager and City Council that provide safety, liquidity, adequate yield and reasonable debt financing.

Key Services Provided: Debt Financings and Debt Obligations; Portfolio Investments; Bond Compliance/Disclosure Reports; Management Reports, Assessment District Administrative Services, Defined Contribution and Deferred Compensation Retirement Plans, Cash Management Services (Bank Contracts, ATM, Armored Car, Merchant Cards, Vault Service, Check Stock).

FY 11 Funding Source: General Fund 100%

Treasury	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	1,206,539	1,215,700	1,264,516	104%	1,196,106
Revenues	1,346,034	1,269,321	1,285,083	101%	1,278,223
FTEs	8.00	8.00	8.00	94%	7.50

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Standard and Poor's Investment Portfolio Rating	AAA/SI	AAA/SI	AAA/SI	N/A	AAA/SI
Long-Term General Fund Rating	AA-	AA-	AA-	N/A	AA-

Results Narrative:

The Treasury Program's Budget in FY 11 continues the current level of service delivery. These resources will allow for the effective management of an estimated \$1.7 billion investment portfolio as well as managing outstanding City debt obligations currently totaling almost \$2.4 billion in compliance with bond covenants and optimal financing options.

The Treasury Department is responsible for managing the City's investments, cash and debt management ensuring compliance with internal and external polices and regulations. The City of Long Beach received affirmation of an "AA-" issuer credit rating with a stable outlook from Standard & Poor's rating agency, while many states, counties, and cities have received downgrades due to the recession. Additional duties include providing optimal solutions to ensure safety and liquidity in support of the City's cash requirements for its operations as well as potential emergency situations and assistance in financing instruments for infrastructure, Harbor, Airport, Water, Sewer and Marina capital programs and capital leasing. The Treasury Program also provides administration services to 2 assessment districts, a utility district, 7 community facility districts, and 10 improvement area districts throughout the City. This Program supports the City Manager's Key Outcome to strengthen the City's fiscal sustainability.

Financial Systems Program

Focus Area: Leadership, Management and Support

Line of Business: Fiscal Planning and Oversight

Program Purpose Statement: To provide system administration, reporting, training, technical and project management consultation services to City employees and departments so they can improve business processes and effectively manage financial information.

Key Services Provided: Advanced Technical Consultations, Financial Systems Enhancements, Upgrades and Status Tracking/Reports, Financial System Interface, System Integration Projects, User Access and Workflow Authorizations, Standard and Custom Reports, Help Desk Responses and Internal Control Enhancements, and Training Classes

FY 11 Funding Source: General Services Fund 100%

Financial Systems	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	458,509	502,171	462,085	92%	541,601
Revenues	406,278	414,972	414,972	100%	414,972
FTEs	3.00	3.00	3.00	100%	3.00

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Number of Users Served/Supported	1,042	1,040	1,040	100%	1,040
Number training participant hours	1,405	600	900	150%	720
Percentage of system users who report financial systems training and support sufficiently supports them in achieving their information management goals	(a)	(a)	(a)	(a)	75%

(a) Tracking systems are being developed to capture this data going forward and/or data not available

Results Narrative:

The Financial Systems Program supports the City's accounting, purchasing, budgeting and fixed assets systems and their over 1,000 users Citywide. These mainframe-based applications have become increasingly outdated, making it difficult for end users to access financial data or reports specific to their needs. To address this issue, a few years ago the Financial Systems Program began implementation of a web-based software tool, EZ FAMIS, to allow all financial system users access to mainframe data by performing simple, intuitive queries that generate financial and transactional reports in an almost unlimited variety of formats. In FY 10, EZ FAMIS continued to expand to: incorporate certain purchasing and payment-related data; create new queries to assist with project and grant tracking and reporting; and add labor distribution information to help with analysis and reporting of labor expenses. Additionally in FY 10, significant improvements to the user interface are being implemented, including online, interactive help and updated user documentation. This EZ FAMIS project continues to be implemented with no increase to the budget, as its costs are completely offset by negotiated reductions to other technical support contracts.

For FY 11, the Financial Systems Program is proposing enhancements to the EZ FAMIS systems to incorporate more purchasing and payment-related reporting, as well as expand support for financial statement preparation, including the development of the City's Comprehensive Annual Financial Report (CAFR), with no significant changes to budgeted revenue or expense.

Purchasing Program

Focus Area: Leadership, Management and Support

Line of Business: Financial Services

Program Purpose Statement: To provide bid development and processing, local business outreach, cost savings, citywide support on all procurement related issues and award contracts in a legal, expedient, and transparent manner to support departments in obtaining the best price for core products and services as required to best serve the community.

Key Services Provided: Bid Documents, Requests for Proposals, Vendor Contract Awards, Diversity Outreach, Local Business Preference Outreach Information, Internal and External Purchasing Training Workshops, Long Beach Proposition "L" (outsourcing) Contracting Cost Savings Analyses, Purchasing Cards (Credit Cards), HUD Section 3 Monitoring, Equal Benefits Ordinance

FY 11 Funding Source: General Fund 100%

Purchasing	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	836,227	672,588	752,806	112%	687,406
Revenues	110,594	114,955	104,546	91%	67,000
FTEs	7.00	6.00	6.00	100%	6.00

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Percentage of "Purchasing money" going to local businesses	18%	25%	38%	152%	30%
Percentage of registered local businesses that submit bids	23%	15%	15%	100%	18%
Total Purchasing dollars spent with local businesses	\$2,365,922	\$3,000,000	\$2,500,000	83%	\$3,000,000

Results Narrative:

Purchasing will continue to utilize and maintain an electronic bidders database that is available to vendors via the City's website. This bidders management program increases the number of available bidders, creating competition for the City's business and resulting in better pricing of goods and services. It also includes a component which allows for the certification of Small Business Enterprises (SBE), Very Small Business Enterprises (VSBE), and Long Beach Small Business Enterprises (LSBE). The projected goal of this program is 20 percent participation with the Department of Public Works, Department of Parks, Recreation and Marine, and the Department of Gas and Oil. In FY 10, the City created an Equal Benefits Ordinance which requires contractors on City contracts to provide employee benefits to their employees with domestic partners, equivalent to those provided to their employees with spouses. Purchasing also continues to provide on-going contract compliance for HUD Section 3 related construction contracts. Purchasing continues to be responsible for the ten percent local preference program whose goal is to stimulate local job growth, increase sales tax revenue and keep revenue in the City. Purchasing has made increased efforts to provide local outreach through one dedicated staff position who is devoted to contacting Long Beach businesses for every single Purchasing bid. The number of local registered vendors has increased from 998 to 1188. In addition, Purchasing staff attended 14 different diversity, SBE and Sustainability-related outreach events to represent the City of Long Beach to the community and to small businesses.

The Purchasing Program conducted a number of competitive bids for significant citywide services during FY 10: custodial paper products, auto body repair services, lead abatement services and the sale of a liquefied natural gas (LNG) fuel tank, which resulted in revenue for the City. These new contracts will result in better performance, higher service levels and cost savings to the City. These results were attributed from the consolidation of purchases through a competitive bid process that provides the opportunity to gain the highest possible discount. The estimated amount of cost savings attributed to the competitive bid process for FY 10 is \$123,556.

Utility Customer Support Program

Focus Area: Leadership, Management and Support

Line of Business: Financial Services

Program Purpose Statement: To provide utility account establishment, customer service, billing, payment processing, and collection services to utility users in Long Beach so they can receive timely and accurate bills and customer service.

Key Services Provided: In-Person, Telephone, Internet and 24-Hour Automated Customer Service Responses, Applications for Service Establishment and Termination Orders, Statement Reviews for Accuracy, Payment Processing, High Bill Reviews, Billing Inquiries Resolutions, Meter Readings Service, Payment Plan Options, Debt Recovery Collections, Interagency/Intergovernmental Referrals, New Meter Installation Application and Fees, Remote Pay Stations

FY 11 Funding Sources: Gas Fund 100%

Utility Customer Support	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	7,676,442	8,497,615	7,472,277	88%	7,289,058
Revenues	4,857,750	5,310,858	4,688,533	88%	4,529,508
FTEs	53.15	42.17	42.17	100%	18.20

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Utility Bill Collection Rate	99%	99%	99%	100%	99%
Number of Customer Inquiry Responses Completed	717,861	750,000	765,569	102%	799,000*

* This is the FY 11 proposed performance measure projected to occur in the Department of Long Beach Gas and Oil

Results Narrative:

The Utility Customer Support program generates over \$200 million in billing every year. Included in this total are \$8 million in Utility Users Tax and \$3.25 million in late charges, which are both General Fund revenues. The cost is \$.04 per dollar amount billed, and includes all costs associated with direct customer contact in person, payment processing, billing, meter reading and in house collection activity.

FY 10 will see the start of a new meter reading vendor, Corix, to read the City's 250,000 gas and water meters. Monthly meter readings will be restored due to customer's concerns that estimated meter reads obscured usage patterns making it harder to gauge their conservation efforts. Please note that included in the FY 11 Adopted Budget is a technical adjustment of \$1.6 million for the Corix meter reading contract approved by Council on November 3, 2009. Additionally, in FY 11, the Commercial Services Call center will be transferred to the Department of Long Beach Gas and Oil (LBGO). Currently, Utility departments do not have direct input in decisions regarding the Call Center staffing levels, response standards, and technology upgrades. This transition places direct supervision of the Call Center under LBGO, while freeing up space at City Hall, possibly allowing an off-site City operation in leased facilities to move in. A total of 23.97 FTEs will be transferred to LBGO.

The discrepancy between revenues and expenditures is attributed to the fact that all utility related expenditures are passed through to the Gas Fund, and the revenues represent the amounts reimbursed to the Gas Fund from the Water and Public Works Departments.

General Billing and Collections Program

Focus Area: Leadership, Management and Support

Line of Business: Financial Services

Program Purpose Statement: To provide invoicing, payment processing, customer service, and debt recovery services for City departments to increase revenue and improve Citywide cost recovery.

Key Services Provided: Accounts Receivable Billings and Collections (Medical/Ambulance Bills, Property Damage, False Alarms, Marina Slip Rentals, NSF, Third Party Claims), Process Payments and Deposits, Debt Recovery Services (Small Claims Actions, Skip Tracing, Collection Payment Plans), Customer Inquiry Responses, Parking Violation Notifications, Coordinated Citation Disputes, and Administrative Hearings

FY 11 Funding Source: General Fund 100%

General Billing and Collections	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	3,252,146	2,849,345	2,766,263	97%	2,477,526
Revenues	5,655,265	5,435,463	4,563,252	84%	5,530,840
FTEs	22.17	25.86	25.86	100%	25.86

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measure	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Ambulance Billing Collection Rate	68%	67%	68%	101%	80%
Parking Citation Collection Rate	91%	90%	86%	96%	90%
Number of Parking Citations Processed	354,377	340,000	341,160	100%	340,000
Cost Per Parking Citation Processed	\$4.33	\$4.15	\$4.01	97%	\$3.29

Results Narrative:

The Program projects an ambulance bill collection rate of 80 percent, net of Medi-Care/Medi-Cal discounts and a parking citation collection rate of 90 percent with an estimated 340,000 citations processed. The revenue reflects increased collections efforts of delinquent bills. In addition, the Program participated in the State Franchise Tax Offset Program to recover bad debts from debtors' State income tax refunds. This is a proven method of collection and the City has received \$64,294 in 2009 and \$39,349 so far from January to June 2010 through these efforts.

Parking Citations manages citation processing, supports parking regulations, preferential parking permit programs, and administers recordkeeping and collection of parking fines. The Parking Citation collection rate for FY 10 is 86 percent with an estimated 341,160 citations processed. The Parking Citation Section foresees a reduction in the number of citations written in FY 11. The reduction has a corresponding effect on the number of payments received. With the addition of a third party collection service, Parking Citations has seen an increase in its collection rate. The collections services have successfully collected \$1,098,555 in FY 09 and to date \$354,698 in FY 10. This Program continues to support the City Manager's Key outcome to enhance customer service and response time.

Business Licensing and Permits Program

Focus Area: Business and Economic Assistance

Line of Business: Financial Services

Program Purpose Statement: To provide business license application processing, information, registration and enforcement services to Long Beach businesses and residents so they can receive fair and timely, uninterrupted approval to operate in the City.

Key Services Provided: Business License Tax Collections, Transient Occupancy Tax Collections, Business Licenses and Permits, Medical Marijuana Collective Permits, Alarm Permits, Entertainment Permits, Garage Sale Permits, Compliance Investigations, and Audits, Business Information Reports, Customer Inquiry and Complaint Responses, Business District Assessments, Administrative Hearings (Permits, Licenses)

FY 11 Funding Source: General Fund 100%

Business Licensing and Permits	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	2,151,008	2,199,557	2,067,261	94%	2,364,042
Revenues	12,017,394	12,174,956	12,061,535	99%	12,918,063
FTEs	14.50	12.00	14.00	117%	14.00

*Unaudited

**Amounts exclude all-years carryover.

Key Performance Measures	Actual FY 09	Target FY 10	Year End FY 10	Percent of Budget	Adopted FY 11
Dollar Amount of Total Transient Occupancy Tax Collected	\$14,635,295	\$14,500,000	\$12,218,000	84%	\$11,870,000
Number of Active Business License and Permits	49,472	45,000	48,091	107%	49,000
Cost Per Business License and Permit Processed	\$32.00	\$32.00	\$33.00	103%	\$33.00

Results Narrative:

The Business Licensing and Permits Program budget in FY 11 is a continuation of FY 10 funding levels. In addition, a new permitting process has been implemented to accommodate the Medical Marijuana Collective Permit Ordinance approved by the City Council. The current budget includes a Business License Inspector that works on Saturdays to investigate complaints on illegal yard sales and businesses and to work during Special Events for revenue collection. Also, a Business License Inspection Team has been assigned to monitor the Medical Marijuana Collectives and assist in the inspection/investigation process of applications and annual permits. An Officer position will be transferred from the Accounting Bureau to the Business Licensing and Permits Program as this Program has only one Manager overseeing almost 20 staff. This position will provide high level staff support to the Business Relations Bureau manager to ensure compliance with all City Council requests and regulatory requirements.

Business License key responsibilities are issuing licenses and permits including business license permits, alarm permits, entertainment permits, special events vendor permits, occasional event permits, garage sale permits and medical marijuana collective permits, providing support to Long Beach businesses, maintaining a minimal delinquency rate on renewals, collecting Transient Occupancy Taxes (TOT) and ensuring compliance of the municipal code within the business community. The Business License and Permits Program fully support the City Manager's Key Outcome to make Long Beach the most business friendly community in Southern California.

Citywide Financing Program

Focus Area: Leadership, Management and Support

Line of Business: Citywide Financing

Program Description: To consolidate citywide finances that cross departmental services and lines of business.

Key Services Provided: Major Revenue Deposits (Property Tax, Sales Tax, Utility Users Tax, Transit Occupancy Tax, Vehicle License Fee, Other Major Revenues); Sales Tax Rebates; General Debt Service Payments; Indirect Cost Allocations; Revenue Audits; Pass Through Transactions (Joint Power Activity payments, Public Employee Retirement System (PERS) Payments, Employee Health Insurance Payments, Workers Compensation Payments, Citywide Pension Obligation Bond Payment, Police and Fire Pension Plan Receipts and Payments)

Citywide Financing	Actual FY 09	Adjusted FY 10	Year End* FY 10	Percent of Budget	Adopted** FY 11
Expenditures	335,230,782	441,479,263	415,894,371	94%	351,108,157
Revenues	703,888,859	721,539,166	712,539,555	99%	673,683,266
FTEs	-	-	-	-	-

*Unaudited

**Amounts exclude all-years carryover.

Results Narrative:

Citywide Financing was developed jointly amongst Budget, Accounting and Treasury staff. Since this Program provides non-operating financial processing citywide that is for Citywide costs and is not department-specific, the overall Program totals for expenditure and revenue are not included in the financial information for the Department of Financial Management.

This Program supports the City Manager's Key Outcome to strengthen the City's fiscal sustainability.

Citywide Summary by Character of Expense

Citywide activities are managed by the Financial Management Department. This summary includes the following activities: "XC" Citywide contains certain citywide revenues, transfers and expenditures that are not linked to a specific operating department. Citywide receipt of property taxes and Citywide payments for Pension Obligation Bonds are examples. "XI" contains interfund transfers for the indirect cost allocation plan that provides additional revenue to the General Fund for Citywide overhead charged to non-General Fund sources. "XJ" Joint Powers Authority contains expenditures for City-involved joint power activities.

The second Department summary page strictly includes the Department of Financial Management's operating budget.

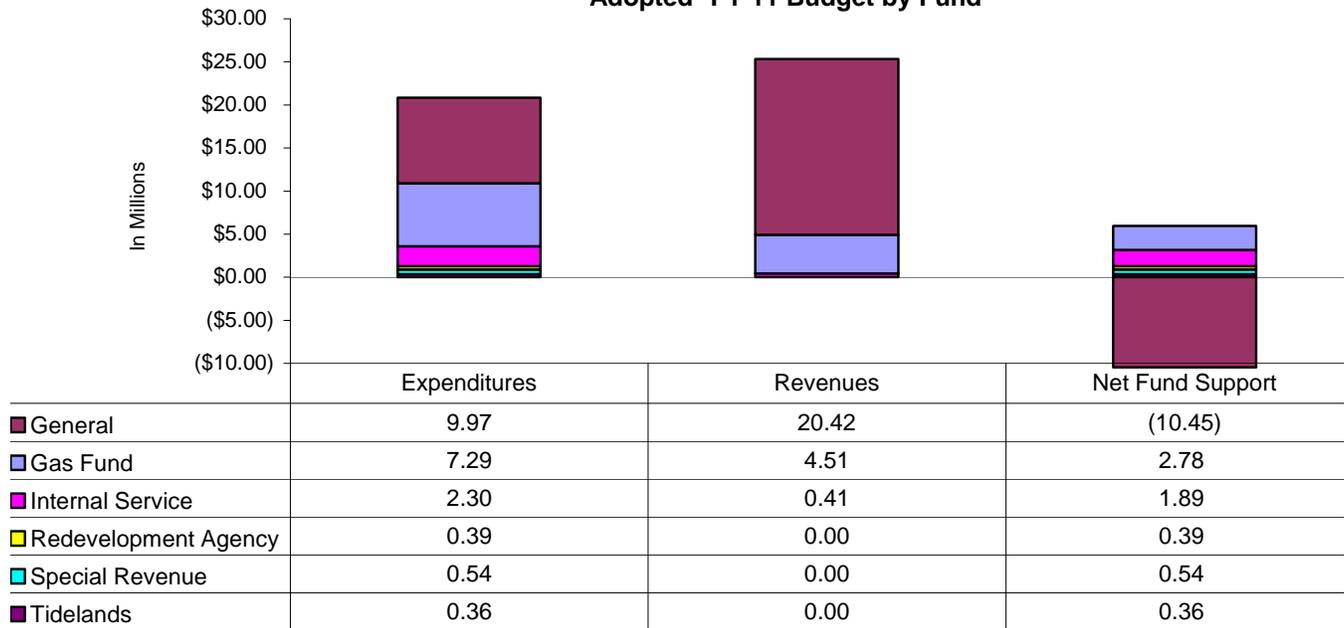
	Actual FY 09	Adopted* FY 10	Adjusted FY 10	Year End** FY 10	Adopted* FY 11
Expenditures:					
Salaries, Wages and Benefits	196,477,472	214,027,251	207,911,927	195,993,574	217,645,454
Materials, Supplies and Services	29,762,121	83,451	59,557,181	47,720,987	37,074,766
Internal Support	93,741	8,780	36,320	32,446	(192,007)
Capital Purchases	-	-	-	-	-
Debt Service	96,958,633	93,697,698	128,008,345	125,237,104	86,890,542
Transfers from Other Funds	11,938,815	11,398,901	45,965,490	46,910,259	9,689,401
Prior Year Encumbrance	-	-	-	-	-
Total Expenditures	335,230,782	319,216,081	441,479,263	415,894,371	351,108,157
Revenues:					
Property Taxes	78,515,096	74,700,000	74,700,000	65,734,797	74,505,413
Other Taxes	114,461,693	124,783,955	120,093,955	113,254,686	112,288,150
Licenses and Permits	212,302	225,000	225,000	909,491	225,000
Fines and Forfeitures	-	-	-	-	-
Use of Money & Property	23,785,771	25,253,109	26,205,779	21,876,578	19,994,831
Revenue from Other Agencies	80,249,837	77,764,891	50,276,355	75,492,081	81,136,840
Charges for Services	55,467,718	29,252,370	87,177,370	51,578,152	49,108,000
Other Revenues	29,638,062	3,566,096	3,693,288	10,433,533	4,897,859
Interfund Services - Charges	239,475,609	258,045,072	258,045,072	246,456,828	258,366,922
Intrafund Services - GP Charges	-	-	-	-	-
Harbor P/R Revenue Transfers	-	-	-	-	-
Other Financing Sources	-	-	34,310,647	31,869,900	-
Operating Transfers	82,082,772	62,121,701	66,811,701	94,933,509	73,160,251
Total Revenues	703,888,859	655,712,194	721,539,166	712,539,555	673,683,266
Personnel (Full-time Equivalents)	N/A	N/A	N/A	N/A	N/A

* Amounts exclude all-years carryover.

** Unaudited

Summary by Character of Expense

Adopted* FY 11 Budget by Fund



	Actual FY 09	Adopted* FY 10	Adjusted FY 10	Year End** FY 10	Adopted* FY 11
Expenditures:					
Salaries, Wages and Benefits	13,050,415	13,654,325	13,963,561	12,806,835	12,287,326
Materials, Supplies and Services	3,013,700	3,031,775	3,774,804	3,288,578	4,470,858
Internal Support	5,423,147	4,498,261	4,498,261	4,452,486	4,274,306
Capital Purchases	140,246	-	1,213	7,768	-
Debt Service	156,559	155,216	155,216	144,069	60,403
Transfers to Other Funds	(160,793)	(188,865)	(188,865)	(226,807)	(243,345)
Prior Year Encumbrance	-	-	-	-	-
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Total Expenditures	21,623,274	21,150,711	22,204,190	20,472,929	20,849,547
Revenues:					
Property Taxes	-	-	-	-	-
Other Taxes	11,647,042	11,848,700	11,848,700	11,685,673	12,195,700
Licenses and Permits	375,354	326,256	326,256	376,648	652,976
Fines and Forfeitures	550,205	313,000	313,000	(234,250)	315,662
Use of Money & Property	3,182	-	-	2,270	-
Revenue from Other Agencies	-	-	-	-	-
Charges for Services	1,315,522	1,395,286	1,395,286	1,172,000	1,396,321
Other Revenues	3,556,033	3,537,387	3,537,387	3,494,599	3,747,832
Interfund Services - Charges	5,943,136	6,014,525	6,344,793	5,653,607	5,508,152
Intrafund Services - GP Charges	1,668,421	1,522,521	1,522,521	1,552,130	1,489,381
Harbor P/R Revenue Transfers	-	-	-	-	-
Other Financing Sources	-	-	-	-	-
Operating Transfers	34,858	34,858	34,858	34,858	34,858
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Total Revenues	25,093,754	24,992,533	25,322,801	23,737,533	25,340,882
Personnel (Full-time Equivalents)	162.56	159.56	159.56	159.56	131.09

* Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

**Unaudited

Utility Customer Support Program

Personal Services

Classification	FY 09 Adopt FTE	FY 10 Adopt FTE	FY 11 Adopt FTE	FY 10	FY 11 Adopted Budget
Director of Financial Management	1.00	1.00	1.00	176,872	176,872
Accountant III	10.00	10.00	10.00	698,969	712,806
Accounting Clerk II	3.00	-	-	-	-
Accounting Clerk III	6.00	9.00	8.00	395,311	352,375
Accounting Operations Officer	3.00	4.00	3.00	383,921	281,450
Accounting Technician	3.00	3.00	3.00	153,971	153,971
Administrative Analyst II	2.00	2.00	2.00	135,839	152,636
Administrative Analyst III	3.00	2.00	2.00	164,843	156,563
Administrative Analyst III - Confidential	6.00	7.00	7.00	561,375	573,893
Administrative Services Officer	1.00	1.00	1.00	94,131	94,131
Assistant Administrative Analyst I	1.00	1.00	2.00	46,432	93,839
Assistant Administrative Analyst II	2.00	2.00	1.50	112,033	87,515
Assistant Director of Financial Management	1.00	1.00	1.00	152,000	152,000
Budget Management Officer	1.00	1.00	1.00	103,523	103,523
Business Services Officer	1.00	-	-	-	-
Business System Specialist III	2.00	2.00	1.00	142,249	78,307
Buyer I	3.00	3.00	3.00	178,820	180,371
Buyer II	2.00	2.00	2.00	152,685	156,614
City Controller	1.00	1.00	1.00	123,050	123,050
City Treasurer	1.00	1.00	1.00	135,254	135,254
Clerk III	1.00	1.00	1.00	34,120	37,584
Clerk Typist III	3.50	2.50	1.00	107,773	44,024
Customer Service Representative II	12.76	11.76	10.76	458,478	435,680
Customer Service Representative II-NC	5.30	5.30	1.83	170,135	58,745
Customer Service Representative III	50.00	50.00	32.00	2,297,530	1,416,377
Customer Services Officer	1.00	1.00	-	90,037	-
Customer Services Supervisor I	6.00	6.00	4.00	342,497	207,764
Customer Services Supervisor II	3.00	3.00	3.00	160,810	177,835
Executive Assistant	1.00	1.00	1.00	60,051	60,051
Financial Services Officer	1.00	1.00	2.00	90,214	184,869
License Inspector I	3.00	3.00	3.00	156,927	156,927
License Inspector II	1.00	1.00	1.00	55,012	55,012
Manager- Business Relations	1.00	1.00	1.00	120,050	120,050
Manager-Commercial Services	1.00	1.00	1.00	123,710	123,710
Payroll/Personnel Assistant II	1.00	1.00	-	44,024	-
Payroll Specialist I	3.00	2.00	2.00	108,408	103,885
Payroll Specialist II	-	1.00	1.00	59,359	59,359
Payroll Specialist III	-	-	1.00	-	48,507
Purchasing Agent	1.00	-	-	-	-
Subtotal Page 1	----- 147.56	----- 145.56	----- 117.09	----- 8,390,414	----- 7,055,550

Key Contacts

Lori Ann Farrell, Director of Financial Management/CFO

Lou Palmer, Manager, Budget Bureau

Stephen Hannah, City Controller

David Nakamoto, City Treasurer

Pamela Horgan, Manager, Commercial Services Bureau

Erik Sund, Manager, Business Relations Bureau/Purchasing Agent

John Zanier, Administrative Services Officer

Elizabeth Haynes, Financial Systems Officer

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