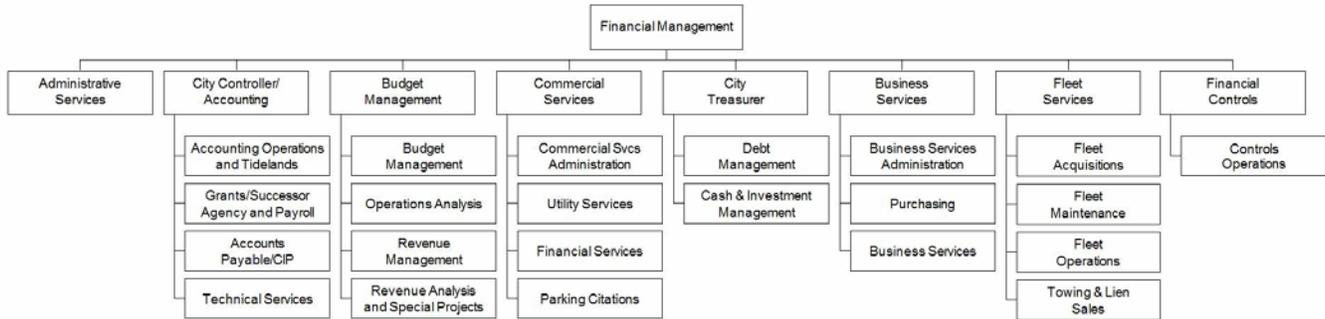


Financial Management



John Gross, Director of Financial Management

Erik Sund, Assistant Director, Business Relations and Fleet Services Bureaus

Dennis Strachota, Manager, Budget Management Bureau

Stephen Hannah, City Controller

David Nakamoto, City Treasurer

Pamela Horgan, Manager, Commercial Services Bureau

Danielle Mitchell, Manager, Financial Controls Bureau

Department Overview

Mission:

To manage city financial operations, to provide financial policy advice and direction that keeps the City financially strong, to provide transparent financial reporting, to provide a sound budget process enabling budgetary decisions that serve the best interest of the City, and to provide collection and business services in a manner that well serves City goals.

Core Services:

- Accounting and Financial Reporting
- Accounts Payable
- Budget development and budget decision processes
- Debt issuance and management
- Investment of funds
- Financial controls
- Development of financial and budgetary policies
- Provision of financial advice
- Promote long-term fiscal strength and sustainability
- Purchasing management
- Business licensing
- Monitor outstanding debt obligations and issue debt in accordance with policy and good financial practices
- Provide excellent support and self-service options to all customers
- Help to create and maintain a “friendly to business” approach

FY 14 Focus:

The Department of Financial Management will focus on core services during FY 14 and on the strengthening of operations to address these services and prepare the City for the continued financial stresses expected in the years ahead. The Department is continuing to review its operations to discover more efficiencies and focus more on its core services. New systems are expected to be both implemented and planned.

Department Performance Measures

Key Measure	FY 12 Actual	FY 13 Target	FY 13 Estimate	FY 14 Projection
Total Purchasing dollars spent with local businesses	\$2,800,000	\$2,400,000	\$2,650,000	\$2,750,000

The Purchasing Division places numerous bids throughout the year for citywide services. These dollars only represent bids that are placed by the Purchasing Division, and do not include bids by other departments. The total dollars spent with local businesses has been steadily climbing over the past few years. City purchasing activities overall were reduced in FY 12 and FY 13. The current FY 13 estimate of \$2.65 million assumes the Purchasing Division will maintain continued steady growth in bids awarded to local vendors at a similar rate as FY 12. The Purchasing Division, with limited resources, has been able to creatively outreach to local businesses in order to continue to increase local spending. Given the City's current budget considerations, the Division does not expect to see growth in dollars spent with local businesses over FY 12 levels in FY 13 or FY 14. However, while volumes are still somewhat down, the Division is working to increase oversight and speed and purchasing activities.

Key Measures	FY 12 Actual	FY 13 Target	FY 13 Estimate	FY 14 Projection
Percentage of vehicle and equipment preventative maintenance services completed within 30 days of the scheduled date	89%	90.0%	90.0%	90.0%
Percentage of alternative fueled vehicles in the Fleet	19%	23.0%	20.0%	23.0%

Fleet strives to perform services in line with industry standards, and has set a goal of completing 90 percent of preventative maintenance (PM) services within 30 days in FY 14. As part of the City's continuing effort to improve air quality for its residents and businesses, Fleet replaces older vehicles and equipment with cleaner, alternative fuel units. Natural gas fueled (LNG and CNG) vehicles will be added to City's fleet inventory in FY 14. Compliance with State mandated regulations to reduce emissions have been, and will be, consistently met.

Key Measure	FY 12 Actual	FY 13 Target	FY 13 Estimate	FY 14 Projection
Percentage of ambulance fees collected	62%	64%	58%	60%

In FY 12, the Commercial Services Bureau collected an average of 62 percent of Automated Life Support (ALS) ambulance transport fees within the first eighteen months from dates of service in late 2010 and early 2011. Billing for Basic Life Support (BLS) ambulance transport fees, which tend to be more difficult to collect, has since been brought back in-house. The expansion of this measure to include both ALS and BLS fees is reflected in the slight decrease in collection rate between FY 12 and FY 13. Collection rates for ambulance bills are relatively low throughout the industry, and collections are better now than when they were fully privatized. The actual final collection rate is significantly higher after action is taken that includes filing small claims court actions, filing liens, intercepting state income tax refunds, and credit reporting by the collection agency. While the majority of the revenue is collected within the first eighteen months after date of ambulance service, debts continue to be pursued and collected for up to three years and as many as ten years with a small claims judgment.

FY 13 Accomplishments

Accounting Bureau

- Completed FY 12 Comprehensive Annual Financial Report (CAFR), dated March 29, 2013, with an unqualified opinion.
- Received the Government Finance Officers' Association's Certificate of Achievement for Excellence in Financial Reporting for the City's FY 11 Comprehensive Annual Financial Report (CAFR).
- Received unqualified opinions in all audited grants in the Federal Single Audit.
- Successfully monitored capital improvement projects for maximum funding from external sources.

Budget Management Bureau

- Delivered a structurally balanced General Fund proposed budget for the seventh consecutive year, in an effort to achieve fiscal sustainability for the City.
- Continue to monitor and negotiate with Port contractors regarding Use Tax from Port construction projects and leases. These projects, which are estimated at approximately \$3 billion, are projected to result in substantial General Fund sales/use tax revenues over the next several years.
- Conducted analyses of City pension changes by the State in preparation for future year budgets.
- Developed new fund summaries for City funds to provide a more understandable presentation of fund resources and requirements in FY 14.
- Identified and supported the collection of local use tax allocation by a Long Beach business which is expected to generate \$2.4 million in revenue.
- Participated in a lawsuit against the County of Los Angeles for improperly withholding property tax which resulted in a \$4.4 million back payment and 40 percent reduction in ongoing County property tax administrative charges.
- In conjunction with departmental financial services officers, streamlined and simplified the City Manager's budget process.

Commercial Services Bureau

- Used the State Franchise Tax Board Intercept Program to recover unpaid utility bills, ambulance transport charges, parking citations, and business license fees, and other bad debts from State income tax refunds.
- Filed 549 Small Claims Court actions in the first eight months of FY 13. The majority of the cases were delinquent utility bills, business licenses and ambulance transports.
- Installed new state-of-the-art image-based remittance processing equipment. Utilizing the latest in imaging and handwriting recognition technology has streamlined the payment processing operation by reducing the number of processing steps and accelerating the processing of payments.

Treasury Bureau

- As of March 31, 2013, the pooled investment portfolio of the City had a portfolio balance of approximately \$1.6 billion. The weighted average fiscal year to date return through March 31, 2013 is 0.29% (annualized), with approximately \$2.3 million in total fiscal year to date earnings. The portfolio continues to meet or exceed all benchmark targets.
- Between August of 2012 and November of 2012, Treasury refinanced eight bond series into three refunding bonds, thereby issuing approximately \$182 million, reducing total future debt service by over \$36 million, and reducing future interest rate risk.

FY 13 Accomplishments

Financial Controls Bureau

- In the process of staffing the Bureau and working on the initial steps of a number of projects relating to financial control processes.

Business Services Bureau

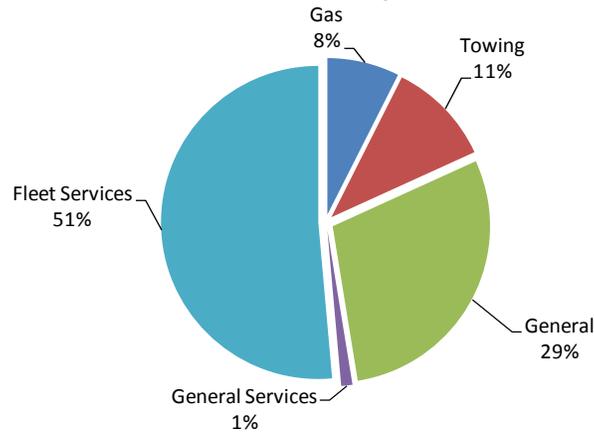
- Increased businesses registered in the City's Online Bidder's database PlanetBids by 14 percent from the previous year, to 13,695.
- As of June 2013, issued 2,529 new Business Licenses, 21 Entertainment Permits, and 91 Occasional Event Permits in FY13.
- Continued the implementation of the Small Business Enterprise Program. As of May 2013, there are 2,644 City of Long Beach certified Small Business Enterprises.
- Continued monitoring and compliance for projects that are subject to the Department of Housing and Urban Development (HUD) Section 3 policy.
- Ongoing compliance and monitoring of the implemented Medical Marijuana Ordinance.

Fleet Services Bureau

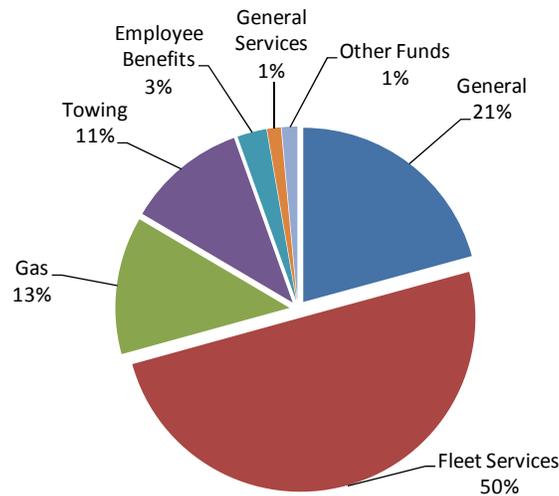
- Continued to maintain a high level of preventative maintenance services completed within 30 days of scheduled maintenance. Performed 1,078 Police vehicle oil and filter changes at a flat rate cost of \$50 and performed 327 Police vehicle annual preventative maintenance at a flat rate cost of \$100 for FY 13.
- Certified by Automotive Service Excellence (ASE) as a Blue Shield Repair Station since 2008.
- The Fleet Program was designated number 12 in the 2012 Top Green Fleet in America (with 2013 not yet awarded), and was awarded as 53rd in the 2012 100 Best Municipal Fleet Competition in North America.
- Expanded the Fleet Motor Pool Program to include light, medium and heavy vehicles at various locations.
- Moved lien sales from bi-weekly Saturday to bi-weekly Tuesday in April 2013, which resulted in salary savings of \$7,967 in the month of May 2013.
- Responded to 87 percent of all towing requests within 25 minutes or less, with 91% of all light tows handled by City staff as of May 2013.

FY 14 Budget

FY 14 Revenues by Fund



FY 14 Expenditures by Fund



Fund	Revenues	Expenditures	Fund Impact
General	18,773,438	12,475,333	6,298,105
Fleet Services	32,962,096	30,006,069	2,956,027
Gas	4,751,413	7,668,431	(2,917,018)
Towing	6,905,291	6,642,735	262,557
Employee Benefits	-	1,638,023	(1,638,023)
General Services	736,043	772,493	(36,450)
Tidelands Operations	-	314,142	(314,142)
Community Development Grants	-	170,035	(170,035)
Insurance	-	169,179	(169,179)
Marina	-	79,851	(79,851)
Rainbow Harbor Area	-	70,775	(70,775)
Housing Development	-	42,506	(42,506)
Housing Authority	-	12,967	(12,967)
Health	-	10,134	(10,134)
Total	64,128,281	60,072,671	4,065,744

Summary of Adopted Changes

General Fund	Impact on Fund	Positions
Bring debt service reserve fund investment management in house resulting in fee savings.	-	0.50
Implement various organizational, staffing, and materials budget changes to assist with operational management and oversight. No net impact to fund.	-	0.50
Increase Accounting Bureau's budget to fund audit fees for UASI Single Audit	\$27,051	-
Increase Parking Citation revenue and Commercial Services Bureau expense to cover the increased cost of business related to postage rate increases, additional mailings, and new software/hardware costs for the replacement of the citation system.	(\$246,423)	-
Subtotal: General Fund	(219,372)	1.00

Housing Development	Impact on Fund	Positions
Eliminate Senior Accountant position budgeted primarily in Workforce grants that can no longer support this position.	(\$40,823)	(0.37)
Subtotal: Housing Development Fund	(\$40,823)	(0.37)

Community Development Grants	Impact on Fund	Positions
Eliminate Senior Accountant position budgeted primarily in Workforce grants that can no longer support this position.	(\$69,510)	(0.63)
Subtotal: Community Development Grants	(\$69,510)	(0.63)

Gas Fund	Impact on Fund	Positions
Increase Commercial Services Bureau's budget to capture the increased cost of business related to postage rate increases and additional mailings, and software and hardware charges.	\$16,770	-
Subtotal: Gas Fund	\$16,770	-

General Services	Impact on Fund	Positions
Add Business Systems Specialist IV to provide improved access and reporting of financial and operational data Citywide. Cost offset through charges to other funds.	-	1.00
Subtotal: General Services	\$0	1.00

Fleet Services	Impact on Fund	Positions
One-time increase for fleet fueling and maintenance system upgrades to improve security, audit trails, data communications and management and reporting.	\$145,643	-
Subtotal: Fleet Services	\$145,643	-

Administration Bureau

Key Services: Executive Leadership, Personnel, Payroll, Budget Development, Projections, Training, Workers' Compensation, Employee Safety, Public Information and Communication, and Public Records Act Compliance.

FY 14 Funding Source: General Fund 100%

Administration	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	11,277	-	-	-
Expenditures	232	21,977	21,977	-
FTEs	4.00	4.00	4.00	5.00

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

The Administration Bureau provides support and coordination for the other seven Bureaus within Financial Management. The Bureau provides extensive financial reporting, processing, reporting and forecasting support within the Department. It plays a key role in departmental strategic planning, research efforts and in exploring new methods for maximizing efficiencies and reducing ongoing costs. In FY 14, the Bureau will focus on central financial and budget policies as well as improving the strength of the Department while striving to increase efficiency.

Accounting Bureau

Key Services: 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, Bank Reconciliation, Retirement and Pension Plan Analyses and Recommendations, Community Development/Redevelopment Agency Accounting Services; Tidelands Accounting and Financial Reporting, and Fixed Asset Management. Advanced Technical Consultations, Vendor and Committee Technical Liaison, Financial Systems Enhancements, Upgrades and Status Tracking/Reports, Financial System Interface, Integration Projects, User Access and Workflow Authorizations, Standard and Custom Reports, Help Desk Responses and Training Classes.

FY 14 Funding Sources: General Fund 48%, Employee Benefits Fund 22%, General Services Fund 15%, Tidelands Operations Fund 4%, Insurance Fund 3%, Community Development Grants Fund, 3%, Marina and Rainbow Harbor Area Funds 3%, Housing Development and Health Fund 2%

Accounting	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	1,476,074	1,093,795	863,838	1,238,143
Expenditures	4,235,795	5,107,098	5,011,636	5,126,791
FTEs	35.00	34.00	34.00	34.00

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

The City Controller's Office/Accounting Bureau continues to provide service levels to the City's 21 distinct departments and its subsidiaries (e.g. Aquarium of the Pacific) across 39 funds. The Bureau's main focus is to (a) ensure compliance with statutes, regulations, Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) pronouncements and governmental auditing standards and (b) provide guidance and support to departments citywide. The ongoing receipt of the GFOA Certificate for Excellence in Financial Reporting is an indication of the quality of the reports produced.

Budget Management Bureau

Key Services: 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, Performance Management Trainings, Community Outreach and Presentations.

FY 14 Funding Sources: General Fund 70%, Employee Benefits Fund 26%, Tidelands Operations Fund 4%

Budget Management	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	-	-	-	-
Expenditures	1,577,103	1,904,317	1,684,633	1,995,544
FTEs	12.00	12.00	12.00	12.00

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

As part of the Bureau's responsibility for citywide budget development and monitoring, it provides a full menu of services citywide, including the two 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.

The Budget Management Bureau tracks and forecasts the City's key revenue streams. Staff actively explores and develops opportunities to increase revenue for the City, including full implementation of current tax rates and laws, cost recovery through fees, department cost allocation plans, nexus studies, and sales tax and other revenue-sharing agreements with the private sector.

The focus in FY 14 will continue to emphasize streamlining and simplifying budget development to reduce the burden on City departments; enhancing the City's long-range financial forecasting capabilities to better assess financial risks and opportunities; and cross training staff to ensure adequate back up for various budget functions.

Commercial Services Bureau

Key Services: Billing and Collections Services (Utility Bills, Ambulance Transport Bills, Property Damage, False Alarms, Marina Slip Rentals, Police Booking Fees, and Parking Citations), Billing Inquiry Resolutions, Meter Reading Service, Debt Recovery Services (Small Claims Actions, Skip Tracing, Payment Plans, State Franchise Tax Board Intercept Program, Collection Agency), Parking Violation Notifications, Coordinate Citation Disputes and Administrative Hearings, Provide Payment Processing Services and Deposits, Provide Multiple Payment Options (In-person, Internet, Telephone, and Remote Pay Stations), Provide In-Person, Telephone, Internet and 24-Hour Automated Customer Service.

FY 14 Funding Sources: Gas Fund 65%, General Fund 35%

Commercial Services	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	11,329,924	9,639,813	9,923,224	9,188,129
Expenditures	10,769,159	11,442,074	11,314,646	11,740,543
FTEs	49.59	49.59	49.59	49.59

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

The Commercial Services Bureau provides a range of customer and financial services to the City and its residents, including billing, collections, and payment processing. The Bureau provides collection activities for ambulance transports, alarm permits, business licensing, parking citations, marina slip fees, and utility services.

The Bureau is continuously evaluating new tools and methods to increase City billing and collection efforts. The Bureau currently works with the State to recover funds from income tax returns for small claims court judgments on delinquent accounts for utility bills, ambulance transport charges, business license fees, etc. In FY 13, the Bureau expanded its involvement in this program to include parking citations and is already seeing increased parking citation revenue in FY 13. The Bureau has taken a number of other steps to increase parking citation collection rates, including increased calling campaigns and notices sent to customers, credit bureau reporting, and expanded payment options. The Bureau also conducted a Request For Proposals for a new parking citation processing system, which we expect to implement in early FY 14.

The Bureau provides utility-related services including direct in-person customer contact, payment processing, billing, meter reading, and in-house collection activity for the City's gas, water, trash, recycling and sewer utilities. The cost to provide utility services is \$0.011 per dollar billed. These efforts generate over \$223 million in utility billing per year.

City Treasurer Bureau

Key Services: 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 14 Funding Sources: General Fund 100%

City Treasurer	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	1,614,060	1,358,696	1,386,159	1,516,676
Expenditures	1,181,448	1,387,779	1,398,094	1,550,033
FTEs	7.50	7.50	7.50	8.00

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

The Bureau manages an estimated \$1.6 billion investment portfolio while also managing outstanding City debt obligations currently totaling more than \$2.1 billion.

The Treasury Bureau is responsible for managing the City's investments, cash and debt, as well as ensuring compliance with internal and external polices and regulations. Additional duties included providing optimal solutions to ensure safety and liquidity in support of the City's cash requirements for its operations and potential emergency situations, assistance in financing instruments for citywide infrastructure, and Harbor, Airport, Water, Sewer and Marina capital programs and leasing. The Treasury Bureau also provides administrative services to two assessment districts, a utility district, and seven community facility districts.

The City's investment portfolio continues to receive a "AAA" rating from Standard & Poor's; however, with the downgrade of the United States Treasuries to "AA+", it is expected that the City's portfolio will receive a similar rating in the near future. As an issuer of debt, the City of Long Beach received affirmation of an "Aa2" and "AA" from Moody's and Fitch Ratings, respectively. In addition, Standard and Poor's issued an implied rating of "AA-".

Business Services Bureau

Key Services: Bid Documents, Request 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, 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), Project Labor Agreement Implementation and Compliance.

FY 14 Funding Sources: General Fund 52%, Fleet Services Fund 48%

Business Services	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	11,981,944	12,293,189	12,312,520	12,980,388
Expenditures	2,148,914	2,333,244	2,175,725	4,668,137
FTEs	18.50	18.50	18.50	20.00

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

The Business Services Bureau is in the process of implementing the new purchasing thresholds approved by City Council in FY 13. The Purchasing Division has created structured guidelines representing and offered citywide training. These new thresholds will aid in reducing the Purchasing Division’s workload and streamlining and improving purchasing processes.

The Bureau provides on-going contract compliance for HUD Section 3 related construction contracts, and administers the Equal Benefits Ordinance, which requires contractors on City contracts to provide benefits to their employees with domestic partners equivalent to those provided to their employees with spouses. The Bureau also manages the electronic bidder management system that is available via the City’s website. The system increases the number of available bidders, creating competition for the City’s businesses and resulting in better pricing of goods and services. The system allows for certification of Small Business Enterprises (SBE), Very Small Business Enterprises (VSBE), and Long Beach Small Business Enterprises (LSBE). The Bureau is responsible for the local preference program whose purpose is to stimulate local job growth, increase sales tax revenue, and keep revenue in the City. The Purchasing Division provides local outreach by contacting Long Beach businesses for every applicable purchasing bid. The number of local registered vendors has increased from 1,552 as of October 2012 to 1,622 as of May 2013.

Purchasing has conducted competitive bids for significant citywide services during FY 13, including auto body repair services, landscaping services, vehicle tires, and medical/first aid supplies. In addition, staff continues to monitor compliance with the City’s first project-specific project labor agreement (PLA), which was implemented on Phase I Improvements of the Terminal Area project at the Long Beach Airport. With the implementation of the PLA, staff has seen an increase in local hiring, and will continue to assist the contractor in meeting their goal.

The Bureau also administers business licenses and permits. In FY 14, a License Inspector will continue to work Saturdays to investigate illegal yard sales and business complaints. Inspectors will also investigate and monitor businesses for compliance, respond to complaints, and provide collections of City revenue on outstanding accounts.

Fleet Services Bureau

Key Services: Vehicle and Equipment Purchase, Maintenance, Repair and Outfitting; Fuel Delivery and Storage Systems Construction, Monitoring, Upgrading, Repairing and Replacement; Parts and Supplies Purchasing and Distribution; Billing; Asset Management; Grants Management; Hazardous Materials Handling; Vehicle Towing and Storage; Support of Code Enforcement Activities; Vehicle Auctions; Police Evidence Hold Updates and VIN Checks; Parking Citation Collection Services.

FY 14 Funding Sources: Fleet Fund 81%, Towing Fund 19%

Fleet Services	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	-	-	-	39,204,945
Expenditures	-	-	-	34,386,919
FTEs	-	-	-	108.30

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Note: The FY 14 budget includes the transfer of the Fleet Services Bureau from the Public Works Department to the Financial Management Department. Prior year details about the Bureau and its funds can be found in the Fleet Services Bureau section of Public Works Department budget chapter.

Narrative:

Recent reorganization within the Bureau allows for a clear line of accountability, increased reliability of services, and a reduction in overall cost of business. Cost savings are redirected to fund technology initiatives such as system upgrades to help improve current processes as well as take advantage of emerging technologies. Systems used to manage fleet maintenance and fueling needs are being scheduled for upgrades in FY 14 to better manage the City's fueling operations, improve fleet maintenance response time, enhance ad hoc reporting capabilities for performance tracking, and enable user departments to access to fleet data via web based browsers.

The Underground Storage Tank (UST) Compliance Program will replace aging infrastructure at several fuel sites in FY14 to minimize environmental contamination risks. Fleet will continue to monitor the impact of increased fuel prices to departments.

The Towing Operation continues to be affected by the economic slowdown as reflected in reduced tow requests from enforcement personnel. However, Towing Operations implemented additional cost control measures to help ensure its annual General Fund transfer in support of Police, Code Enforcement and Street Sweeping, including better deployment of towing employees and judicious use of tow overflow contract services.

Financial Controls Bureau

Key Services: Financial Controls, Financial Policy Update/Creation, Financial Management Procedures, Financial Control Procedures, Financial and Control Training, Control Advisement and Direction.

FY 14 Funding Source: General Fund 100%

Financial Controls	Actuals FY 12	Adjusted* FY 13	Estimated* FY 13	Adopted** FY 14
Revenues	-	-	-	-
Expenditures	-	507,681	210,500	604,704
FTEs	-	3.00	3.00	3.00

* Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

**Amounts exclude all-years carryover.

Narrative:

The mission of this Bureau is to monitor and improve financial controls in the City. Long-term budget reductions resulting in decreased administrative and oversight-staffing levels coupled with the need for ongoing production provide more opportunity for control weaknesses citywide. During difficult financial times, controls are more important than ever. The Financial Controls Bureau is a proactive measure to address control issues that can otherwise result in higher than normal rates of errors, fraud, financial, or operational problems. The Bureau will support the development and maintenance of a culture throughout the City that places greater emphasis on controls and financial management while continuing to stress production.

In the near-term, the Bureau will focus on updating the outdated financial policies of the City and on cash controls and management. Over the long-term, the Bureau expects to focus on improving controls and financial management throughout the City. A variety of techniques will be used including training, observation/review, advice, direction, and both centralized and decentralized development of procedures.

Financial Summary by Category

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 Financial Summary by Category page strictly includes the Department of Financial Management's operating budget.

	Actual FY 12	Adopted* FY 13	Adjusted** FY 13	Estimated** FY 13	Adopted* FY 14
Revenues:					
Property Taxes	115,519,183	114,013,885	116,828,635	153,931,989	134,633,391
Other Taxes	113,349,928	116,843,808	116,843,808	120,462,349	117,265,154
Franchise Fees	18,861,016	19,056,637	19,056,637	20,362,401	20,100,625
Licenses and Permits	-	3,600,000	3,600,000	3,600,000	-
Fines and Forfeitures	-	-	-	-	-
Use of Money & Property	17,408,074	19,779,480	19,244,480	18,456,288	18,487,089
Revenue from Other Agencies	26,681,930	27,350,068	24,535,318	24,521,695	26,771,923
Charges for Services	16,050,757	68,666,391	68,666,391	68,514,570	68,666,391
Other Revenues	2,483,419	1,531,288	1,531,288	3,592,311	(338,730)
Interfund Services - Charges	247,643,705	271,632,038	271,632,038	263,732,220	277,496,033
Intrafund Services - GP Charges	-	-	-	-	-
Harbor P/R Revenue Transfers	-	-	-	-	-
Other Financing Sources	114,175,462	-	54,193,753	54,186,419	-
Operating Transfers	144,805,643	121,428,610	120,385,525	123,778,258	115,456,276
Total Revenues	816,979,117	763,902,204	816,517,873	855,138,499	778,538,151
Expenditures:					
Salaries, Wages and Benefits	202,215,529	217,522,313	217,522,313	209,612,426	217,475,280
Overtime	205,356	-	-	-	(569,411)
Materials, Supplies and Services	5,893,711	68,088,361	66,946,177	67,380,251	73,697,031
Internal Support	232,434	11,728,183	11,728,183	11,451,192	10,560,576
Capital Purchases	-	-	-	-	-
Debt Service	196,218,866	85,162,696	145,376,028	143,167,365	82,599,967
Transfers to Other Funds	19,898,306	25,174,831	25,703,342	38,065,539	49,615,350
Prior Year Encumbrance	-	-	-	-	-
Total Expenditures	424,664,202	407,676,385	467,276,043	469,676,773	433,378,792
Personnel (Full-time Equivalents)	N/A	N/A	N/A	N/A	N/A

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

** Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

Financial Summary by Category

	Actual FY 12	Adopted* FY 13	Adjusted** FY 13	Estimated** FY 13	Adopted* FY 14
Revenues:					
Property Taxes	-	-	-	-	-
Other Taxes	11,536,347	11,859,700	11,859,700	11,860,612	11,860,382
Licenses and Permits	368,153	322,000	322,000	361,970	360,164
Fines and Forfeitures	1,885,536	296,830	296,830	698,722	376,830
Use of Money & Property	94,356	35,800	35,800	100,604	347,360
Revenue from Other Agencies	-	-	-	-	-
Charges for Services	1,231,153	1,255,996	1,255,996	1,223,079	8,311,710
Other Revenues	3,642,053	3,173,278	3,173,278	3,196,014	3,494,801
Interfund Services - Charges	5,824,662	6,000,388	6,000,388	5,831,835	37,916,153
Intrafund Services - GP Charges	1,831,019	1,441,501	1,441,501	1,212,904	1,460,882
Harbor P/R Revenue Transfers	-	-	-	-	-
Other Financing Sources	-	-	-	-	-
Operating Transfers	-	-	-	-	-
Total Revenues	26,413,279	24,385,493	24,385,493	24,485,741	64,128,281
Expenditures:					
Salaries, Wages and Benefits	11,428,588	13,815,925	13,539,320	12,462,447	24,687,959
Overtime	50,337	64,813	64,871	47,500	340,242
Materials, Supplies and Services	3,978,554	4,422,483	4,480,807	4,611,801	15,988,562
Internal Support	4,374,057	4,607,092	4,607,174	4,683,463	6,195,974
Capital Purchases	700	-	-	-	7,434,077
Debt Service	80,415	12,000	12,000	12,000	1,593,469
Transfers to Other Funds	-	-	-	-	3,832,389
Prior Year Encumbrance	-	-	-	-	-
Total Expenditures	19,912,650	22,922,313	22,704,171	21,817,211	60,072,671
Personnel (Full-time Equivalents)	126.59	128.59	128.59	128.59	239.89

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

** Numbers as published in the FY 14 Proposed Budget released August 1, 2013.

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopt Budget
Director of Financial Management	1.00	1.00	1.00	187,076	187,076
Accountant III	10.00	10.00	10.00	819,731	820,615
Accounting Clerk II	-	-	1.00	-	45,886
Accounting Clerk III	6.00	5.00	1.00	253,485	50,975
Accounting Operations Officer	4.00	4.00	1.00	380,878	94,914
Accounting Technician	4.00	4.00	8.00	226,062	428,887
Administrative Analyst II	2.00	2.00	2.00	168,442	168,411
Administrative Analyst III	2.00	2.00	6.00	181,580	504,895
Administrative Analyst IV - CF	7.00	-	-	-	-
Administrative Services Officer	1.00	1.00	1.00	94,131	68,876
Assistant City Controller	-	-	2.00	-	230,000
Assistant Administrative Analyst I	2.00	2.00	1.00	118,844	60,699
Assistant Administrative Analyst II	1.50	1.50	2.00	88,091	130,172
Assistant Director-Financial Management	-	-	1.00	-	140,000
Budget Analysis Officer	-	2.00	2.00	212,000	212,000
Budget Management Officer	1.00	1.00	1.00	103,523	103,523
Business Systems Specialist III	1.00	1.00	1.00	70,561	70,547
Business Systems Specialist IV	-	-	1.00	-	78,074
Business Services Officer	-	-	1.00	-	105,000
Buyer I	3.00	2.00	2.00	145,776	142,629
Buyer II	2.00	2.00	2.00	156,990	168,911
City Controller	1.00	1.00	1.00	123,050	123,050
City Treasurer	1.00	1.00	1.00	135,254	135,254
Citywide Budget Analyst I - Conf	-	1.00	2.00	78,087	161,486
Citywide Budget Analyst II - Conf	-	4.00	4.00	336,953	354,538
Clerk III	1.00	1.00	1.00	41,476	41,469
Clerk Typist III	1.00	1.00	5.00	39,489	232,061
Controls Operations Officer	-	1.00	1.00	103,500	103,500
Cust Service Representative II	9.76	9.76	11.76	408,509	499,865
Cust Service Representative III	31.00	31.00	32.00	1,539,381	1,640,294
Cust Service Representative II-NC	1.83	1.83	1.83	71,348	71,333
Customer Services Supervisor I	3.00	3.00	3.00	170,972	176,953
Customer Services Supervisor II	3.00	3.00	4.00	191,346	269,687
Equipment Mechanic I	-	-	21.00	-	1,308,936
Equipment Mechanic II	-	-	23.00	-	1,505,747
Executive Assistant	1.00	1.00	-	60,051	-
Financial Systems Integration Officer	-	-	1.00	-	115,000
Financial Controls Analyst	-	1.00	1.00	90,625	90,626
Financial Services Officer	1.00	1.00	2.00	90,214	184,790
Fleet Services Supervisor I	-	-	8.00	-	573,872
Fleet Services Supervisor II	-	-	3.00	-	250,685

Subtotal Page 1	102.09	102.09	173.59	6,687,425	11,651,239

Personal Services

Classification	FY 12 Adopt FTE	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 13 Adopted Budget	FY 14 Adopt Budget
Subtotal Page 1	102.09	102.09	173.59	6,687,425	11,651,239
Garage Services Attendent I	-	-	9.00	-	411,222
Garage Services Attendent II	-	-	9.00	-	433,398
Garage Services Attendent III	-	-	3.00	-	162,451
Garage Services Attendent II - Towing	-	-	1.00	-	52,247
General Superintendent-Fleet Services	-	-	1.00	-	109,556
Helicopter Mechanic	-	-	1.00	-	86,070
License Inspector I	2.50	3.50	3.00	196,878	173,145
License Inspector II	1.00	1.00	1.00	60,709	60,699
Maintenance Assistant II	-	-	4.00	-	169,929
Maintenance Assistant III	-	-	1.00	-	39,474
Mechanical Equipment Stock Clerk I	-	-	1.00	-	48,573
Mechanical Equipment Stock Clerk II	-	-	3.00	-	154,557
Manager of Budget Management	1.00	1.00	1.00	143,000	143,059
Manager of Business Relations	1.00	1.00	-	120,050	-
Manager of Commercial Services	1.00	1.00	1.00	123,710	123,710
Manager of Financial Controls	-	1.00	1.00	131,500	122,000
Payroll/Personnel Assistant III	1.00	1.00	1.00	53,532	53,523
Payroll Specialist I	2.00	2.00	2.00	120,185	109,254
Payroll Specialist II	1.00	1.00	1.00	65,505	65,494
Purchasing Agent	-	-	1.00	-	105,000
Revenue Managment Officer	1.00	1.00	1.00	98,842	98,842
Secretary	3.00	3.00	3.00	148,059	146,985
Secretary-Conf	1.00	1.00	1.00	53,720	53,709
Special Services Officer I-NC	-	-	1.30	-	50,293
Special Services Officer II	-	-	3.00	-	147,340
Senior Accountant	5.00	5.00	4.00	437,806	363,754
Senior Accountant-Conf	1.00	1.00	1.00	90,955	90,939
Superintendent - Towing & Lien Sales	-	-	1.00	-	83,589
Superintendent - Fleet Operations	-	-	1.00	-	97,877
Supervisor - Stores & Property	-	-	1.00	-	65,898
Technology Systems Officer-FM	1.00	1.00	-	105,517	-
Treasury Operations Officer	2.00	2.00	2.00	224,911	250,389
Welder	-	-	2.00	-	127,620
Subtotal Salaries	126.59	128.59	239.89	8,862,304	15,851,833
Overtime	---	---	---	64,813	340,242
Fringe Benefits	---	---	---	4,523,924	8,255,790
Administrative Overhead	---	---	---	365,008	680,336
Attrition/Salary Savings	---	---	---	64,689.01	(100,000)
To Be Negotiated Savings	---	---	---	---	---
Mayoral Veto	---	---	---	---	---
Total	126.59	128.59	239.89	13,880,738	25,028,201

