

Understanding the City's Budget

Budget Document

The Budget document is divided into seven sections: Understanding the Budget, City Ballot Measures, Budget Summaries, Department Budgets, Fund Summaries, the Capital Improvement Program, and Appendices.

Understanding the Budget

This section provides information on the budget document, the budget process, and the fundamentals of the City's financial management. It also provides information on demographic and other information on the City's government, educational sector, economy, and other information to provide a context for the City's service environment and priorities.

City Ballot Measures

In recent years, the voters of Long Beach passed several measures that support a variety of City Services. This section describes the use of funds, the spending plans, general ballot initiatives regarding each measure, and their status in the budget.

Budget Summaries

Summaries of department and fund budgets are provided. This includes multi-year comparisons of expenditures and revenue. Also included is a three-year schedule of Full-Time Equivalent (FTE) staffing for each department, positions added during base budget, skill pays and benefits by department, the City's Top 40 General Fund revenue sources and Fund Impact charts.

Department Chapters

Each Department Budget chapter includes an organizational chart, core services overview and focus areas for the upcoming fiscal year, key measures, FY 23 accomplishments, financial overview by bureau or program, fund summaries, an overview of budget changes by fund, and list of budgeted positions.

Fund Group Summaries

The Budget includes spending from 36 different fund groups that are required to be reported by State or federal law, the City Charter, and/or proper accounting practices. A fund consists of a separate set of accounts used to monitor the accomplishment of specified purposes, or uses, of restricted revenue. Depending on the type of service provided, department expenditures may be authorized from several fund groups. Most traditional City services are funded through the General Fund that is the only fully discretionary fund without significant restrictions.

The Capital Improvement Program

The Capital Improvement Program (CIP) represents expenditures for major construction, infrastructure projects, and City facility and building repairs. Each year, the Public Works Department solicits, and the City Manager approves, projects to be funded and administered in the next fiscal year. The CIP, as presented in this section of the budget book, is adopted annually by the City Council as part of the budget process. A separate CIP document, the Adopted FY 24 CIP provides greater detail about ongoing and new CIP projects.

Appendices

The Appendices include the Budgetary and Financial Policies, Long Beach Community Investment Company Budget, a Glossary of commonly used budget terms, and an Index to find specific sections.

FINANCIAL INFORMATION

Adjustments to the Budget

During a fiscal year, special circumstances may result in changes to department spending priorities. At the beginning of each fiscal year, appropriations are made at the fund group and department level and are authorized by City Council's adoption of an Appropriations Ordinance. Budget adjustments

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that require a modification to the amounts authorized by the Appropriations Ordinance require the City Council approval in accordance with City Council's Financial Policy on Mid-Cycle Adjustments. During a fiscal year, transfers between programs or "characters of expense," not affecting any fund groups or a department's total appropriation, only require City Manager approval.

Basis of Accounting*

The governmental funds are prepared using a current financial resources measurement focus and modified accrual basis of accounting. Generally, expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences are recorded only when payment is due. Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and an expense is recorded when a liability is incurred, regardless of the timing of related cash flows.

**This information is taken from the Annual Comprehensive Financial Report (Annual Report) of the City of Long Beach, California – September 30, 2022. For further information regarding the City's accounting and debt management practices, please consult the Annual Report.*

(Accounting) Basis of the Budget

The (accounting) basis for the budget document is designed so that the reported "bottom line" of a fund in the budget generally reflects how much remaining money City Council has available to spend in a future budget cycle. The bottom line or change in funds available is generally the difference between all sources (revenues) of a fund and all uses (expenses) of a fund. The basis of budget is similar to, but not the same as, looking at transactions on a cash basis. Revenues are recognized when received or when they are earned and due within two months of the Fiscal Year. Expenditures are recognized when the liability for the expense occurs, whether the cash has been immediately paid out. Generally, non-cash transactions that are recognized on an accounting basis and reported in the City's financial reports as revenues and expenses are NOT shown as revenue and expenses in the budget. A typical example for an accounting revenue that is not a budgetary revenue is unrealized gains and losses on investments. A typical example of an accounting expense that is not a budgetary expense is depreciation. An example of a budgetary expense that is not an accounting expense is the part of debt service costs that pays down the principal part of debt.

Investment Management

The investment function's primary goal is safeguarding principal and ensuring liquidity levels necessary to pay for budgeted expenses while optimizing return on investment. The City maintains general bank accounts for daily business requirements, but the majority of the City's funds are held in an investment pool administered by the City Treasurer. As of May 31, 2023, the book value of the Treasurer's investment pool was approximately \$2.22 billion, divided into short-term, intermediate-term, and long-term portfolios. To measure performance, the City uses three benchmarks: the ICE BofA 3-Month US Treasury Bill Index benchmark for the short-term component, the ICE BofA 1-3 Yr US Treasury & Agency Index for the intermediate component, and the ICE BofA 1-5 Yr US Treasury & Agency Index for the long-term component. The long-term component is managed by Chandler Asset Management.

Budget Development Process

The FY 24 Budget covers the period of October 1, 2023 through September 30, 2024. The City's multifaceted Budget Process is designed to promote transparent communication with community stakeholders and provide multiple opportunities for direct community input.

The annual Budget is the most important policy document the City produces. The program and financial decisions it embodies must reflect the will of the community through the policy direction of the City Council. This can only be achieved through a development process that encourages communication and transparency, equitably seeking input from the community, while offering opportunities for review and revision. The following describes the general budget preparation process.

The City Manager, through the Financial Management Department, provides clear budget development instructions to departments. The City Manager then reviews and makes a presentation on the City's financial status, including coming year projections. The projections inform the City Manager's goals for the development of the Proposed Budget.

In January, community engagement is initiated through a survey and series of virtual and in-person events to encourage active public participation in the Proposed Budget's priorities. By April, departments complete their budget proposals with updated revenue and expenditure recommendations. The proposals are guided by City Manager identified goals and direction. In June, the City Manager assembles department proposals into a coherent Proposed Budget that reflects the economic environment, fiscal condition, and the City's priorities.

Then, the City Manager submits the Proposed Budget to the Mayor. The City Charter, as modified on May 1, 2007, requires that the City Manager submit the Proposed Budget to the Mayor "not later than ninety (90) days prior to the beginning of each fiscal year," July 3.

A series of events designed to encourage active public dialogue regarding the Proposed Budget is initiated in August, culminating in the Budget's adoption by the City Council in September. Activities include Special Meetings of the City Council, Budget Oversight Committee (BOC) meetings, City Council budget hearings, and requested neighborhood, board, committee, and commission briefings.

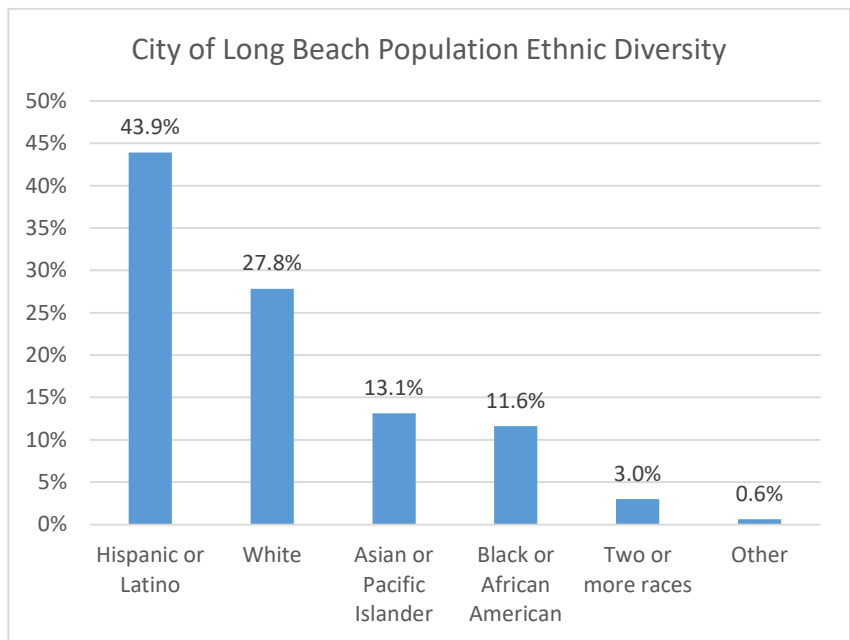
The City Charter requires that the Mayor transmit the Proposed Budget to the City Council "not later than sixty (60) days prior to the beginning of the fiscal year," or August 2. The City Council must adopt the budget "not later than fifteen (15) days prior to the end of the current fiscal year," September 15, at which time the Mayor will have an additional five (5) days to review the Adopted Budget. The Mayor may concur or exercise a line-item veto of any expenditure. The City Council has until the end of the fiscal year, September 30, to concur with the Mayor's changes or override any veto.

FY 24 BUDGET PREPARATION CALENDAR	
Dec	City Manager issues budget preparation policies and instructions to departments
Jan	Early budget community outreach
Jan – Mar	Review of City's financial status and three-year projection presented; Manager describes goals for Proposed Budget
April	Departments complete their budget recommendations
May – June	City Manager develops, reviews, and finalizes Proposed Budget structure
Jul 3*	City Manager submits proposed budget and CIP budget to Mayor
July - Sept	Special Meetings of the City Council on the budget are initiated, including the Budget Oversight Committee (BOC)
Aug 2*	Mayor submits proposed budget and recommendations to City Council and community
Aug	Weekly budget hearings are held; Recommendations are submitted to the City Council by the BOC
Sept 15*	Deadline for City Council to adopt the Budget
	Mayor has five days to concur with adopted budget or exercise line-item veto of any expenditure
Sept 30*	Budget Adopted
*On or before	

City of Long Beach Demographics

GOVERNMENT

The City of Long Beach, California covers approximately 52 square miles on the southern coast of Los Angeles County. Long Beach has a population of approximately 466,565 residents (from the 2021 American Community Survey, 5-year estimates), making the City the second largest city in Los Angeles County and the seventh largest city in the State. The City celebrates its vibrant diversity. According to the American Community Survey, the City has the following ethnic makeup: 43.9 percent Hispanic or Latino, 27.8 percent White, 13.1 percent Asian or Pacific Islander, 11.6 percent Black or African American, 3.0 percent all two or more races, and 0.6 percent other ethnicities.



Long Beach was originally incorporated in 1888. After a short period of disincorporation, the City was reincorporated on December 3, 1897. Since 1921, Long Beach has been governed as a charter city, and operates under a Council-Manager form of government.

Nine members who represent electoral geographic districts compose the City Council. The Mayor is chosen in a citywide election to serve as the full-time chief legislative officer of the City. Although the Mayor does not vote, the Mayor presides over City Council meetings, presents the annual budget to the City Council and has veto power over City Council actions, including line-item veto authority over the budget. The City Council elects a Vice Mayor from among its members.

The City has three other full-time elected officials: City Attorney, City Auditor, and City Prosecutor. In addition to these elected positions, three semi-autonomous commission-led departments exist: Civil Service Commission, Utilities Commission (formerly known as the Water Commission), and Harbor Commission oversee operations of their respective departments while all other City departments report directly to the City Manager. Other advisory boards and commissions compose the city government. The Mayor nominates commissioners, and the City Council confirms the Mayoral nominations.

The City Council appoints the City Clerk and City Manager. The City Manager serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, except for the elective offices, City Clerk, and the three semi-autonomous commission-led departments. The City currently budgets for approximately 6,074 full time equivalent staff within 24 departments.

In addition to the usual municipal services of police, fire, parks and recreation, public works, and library services, the City of Long Beach owns and operates a container cargo port, offshore and onshore oil production, a local health department, a gas and water utility, a convention and entertainment center, aquarium, museum, two historic ranchos, a commercial airport, marinas, and golf courses.

EDUCATION

The Long Beach Unified School District (LBUSD) is the third largest public school system in California, serving nearly 65,500 pre-kindergarten through high school students. LBUSD's 84 schools are in Long Beach, Signal Hill, Lakewood and on Catalina Island. Additionally, Long Beach also offers a City College, educating approximately 34,549 students in the 2021-2022 academic year. The college offers a full range

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of degree and transfer programs to students who want to earn degrees. Long Beach City College also has over 70 Career and Technical Certificate programs which prepare students for entry into a broad range of careers.

California State University, Long Beach (CSULB) is the State University system's third largest campus. With over 38,000 graduate and undergraduate students enrolled in the 2021-2022 school year, CSULB offers 82 baccalaureate degrees, 65 master's degree programs, four doctoral degrees, and a host of certificate programs stretching across disciplines.

BUSINESS AND INDUSTRY

The City of Long Beach is a center for aerospace, petroleum, shipping, tourism, as well as a wide variety of office and retail opportunities. Downtown alone is home to approximately 4.8 million square feet of commercial office space.

Currently, the largest employer within the City is the LBUSD, which operates 84 regular, one continuation, and two charter schools. LBUSD's workforce ensures the success of students by maintaining high standards, a commitment to excellence, and an offering a comprehensive scholastic program.

The City of Long Beach is the second largest employer. The City of Long Beach operates many award-winning facilities and services. The city has been recognized as having one of the Top 23 Best Park Systems in the U.S., one of the Most Bike Friendly City in America, and one of the 10 most walkable cities in the U.S. The City was also recognized as a Top 10 Digital City for the twelfth year in a row and the City's Fleet was awarded the No. 3 "Leading Fleet Award" for excellence in fleet management.

The third largest employer is the Long Beach Memorial Medical Center. With over 100 years serving the community, Long Beach Memorial is a recognized regional leader in health services, including being named as one of the top 100 U.S. hospitals by numerous medical and consumer publications. Exhibit 1, on the next page, provides a list of the top 10 employers in Long Beach as of FY 22.

Oil production, private and municipally owned, continues to be an important business in Long Beach with both offshore and onshore facilities. Approximately 7 million barrels of oil are produced annually from facilities in Long Beach. The Long Beach Unit Optimized Water-Flood Injection Process, authorized by State legislation, has improved oil recovery and lengthened field life in the Wilmington Oil Field. Continued application of new technology is expected to further increase oil recovery.

The Port of Long Beach is one of the world's premier seaports. In FY 22, the Port handled 9.6 million twenty-foot equivalent units (TEUs) of container cargo. Top international trading partners include China, Vietnam, South Korea, Japan, Hong Kong, Taiwan, Saudi Arabia, Panama, and Indonesia. In addition to container cargoes such as furniture, machinery, electronics, auto parts, plastics, apparel, toys, wastepaper, seeds, grains, fruit and animal feed, the Port handles bulk cargo such as crude oil and other petroleum products, mineral ores and ash, automobiles, lumber, chemicals and scrap metal. The Port of Long Beach is undergoing a 10-year capital improvement program with over \$2 billion in investments to improve terminal and rail capacity, improve operational efficiency, improve the condition of the Port infrastructure, and reduce the environmental impacts of Port operations. This will also stimulate the local economy by generating thousands of direct professional services and construction jobs, indirect services, and commercial opportunities.



The Port of Long Beach Middle Harbor Terminal

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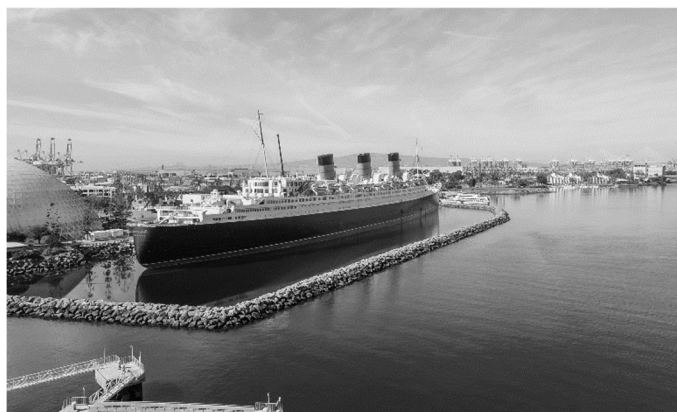
Exhibit 1: Top 10 Employers in Long Beach

Rank	Employer
1	Long Beach Unified School District
2	City of Long Beach
3	Long Beach Memorial Medical Center
4	Veteran Affairs Medical Center
5	California State University Long Beach (CSULB)
6	Long Beach City College
7	The Boeing Company
8	St. Mary Medical Center
9	CSULB Research Foundation
10	Molina Healthcare Inc.
Source: Department of Financial Management, <i>Annual Comprehensive Financial Report (Annual Report) FY 22</i>	

Tourism continues to be a growing industry in Long Beach, and the City attracts approximately 6 million visitors a year. A vital part of that industry is the Long Beach Convention and Entertainment Center. The Center offers more than 400,000 square feet of meeting and exhibit space, including a 224,000 square-foot exhibit hall, 34 newly redesigned meeting rooms, a fully customizable, 13,500-seat arena and two theaters in the elegant Long Beach Performing Arts Center.

The world-class Long Beach Aquarium of the Pacific, on Rainbow Harbor, is located across the water from the Convention Center, Shoreline Village, and the historic Queen Mary. The Aquarium is the fourth most-attended aquarium in the nation and it is home to over 12,000 marine animals and more than 100 exhibits. Each year more than 1.7 million people visit the Aquarium for its world-class animal exhibits, hands-on activities, and lectures by leading scientists.

The historic Queen Mary features a rich maritime history and has continued this history as part of the Long Beach shoreline since December 9, 1967. In March 2020, the Queen Mary shut down for the COVID-19 pandemic. In December 2022, the City celebrated the reopening of the Queen Mary in December 2022 for the first time since the 2020 closure. Prior to reopening, the Queen Mary underwent critical structural and aesthetic repairs reopen its amenities and activities in April 2023. As of May 2023, the ship offers multiple daily tours, restaurants, hotel rooms—all with a view of the Pacific Ocean and Long Beach skyline. Throughout the reopening process the City has invested over \$3.6 million in the ship and has obtained an additional \$12 million through a partnership with the Port of Long Beach to continue repairs and enhancements.



The Queen Mary docked in Long Beach

Long Beach has drawn from the strength and adaptability of the local economy to endure the challenges of, and to benefit from, the opportunities in our global world economy. The blend of local, national, and international businesses continues to keep Long Beach thriving. As the City's business community grows, the need for housing also grows. To accommodate this growth, thousands of new residential projects have been approved for construction. During 2021, despite the challenges brought on by the global pandemic, the City issued 9,775 building permits with total construction valuation of \$482 million.

In recent years, Long Beach has welcomed several space tech companies to the City. This revitalization

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of the aerospace industry has brought gains to the Long Beach aerospace workforce. In 2020, local employment in the aerospace industry rose back to approximately 4,000 and continues to grow. Long Beach's aerospace history has paved the way for today's "Space Beach".

The City of Long Beach supports large and small industries through a holistic approach to economic development. All employees, regardless of their position descriptions, are, at their core, economic development ambassadors and are expected to provide excellent customer service. This provides the foundation for a strong, welcoming, and well-run city. In addition, the City supports targeted programs that impact businesses. These programs include workforce development services provided by Pacific Gateway, a City-operated non-profit organization; business improvement districts; streamlined permitting, inspection, and licensing services; low costs business license tax structure; and direct financial assistance through several loan and rebate programs.