

performance provides an early warning of potential problems and gives the City Manager and City Council time to consider actions that may be needed if significant deviations in budget to actual results become evident. The key to interim financial reports are:

- Coverage of all City budget funds
- Highlighting the General Fund
- Concise, readable information
- Providing the significant information to Councilmembers
- Focusing readers on the important exceptions--both pro and con.

9. Long-Range Financial Plan

Accurate forecasting is an integral part of the decision making process. Yet local government budgeting systems are incredibly limited in this regard. Systems track the flow of revenues and expenditures for the fiscal year but they do not adequately reveal the information needed to evaluate long-term financial condition. Items they do not show or inadequately show include:

- The costs that are deferred or postponed until the future
- The full ongoing impacts of grants
- The future costs of PERS commitments
- The accumulation of benefit liabilities
- The costs of new programs that are not fully funded
- The difference between ongoing and one-time expenses and revenues
- The operating costs associated with capital improvement projects
- The impact of demographic and economic changes on services, revenues and program costs

Long-term financial planning can increase the City's awareness of the above problems as well as identify the options to deal with them. Long-term financial planning identifies problems and allows the City to take corrective actions before the problems become more severe.

It is recommended that the City develop a long-term (five to ten years) financial plan that goes beyond a basic projection of revenues and expenditures. It should:

- a. Analyze financial trends
- b. Assess the problems and opportunities facing Long Beach
- c. Identify alternative strategies needed to address the issues
- d. Develop long-term forecasts of revenues and expenditures using alternative economic, planning and policy assumptions

10. Performance Based Budgeting

The City is looking at implementing a performance based budgeting approach. This approach will help the City Council, city staff, community, employees and other stakeholders understand the purpose and expected results from City programs and services. To be effective, the City should focus on the purpose and outcomes of each of its programs. It involves the development of objectives that tie to City Council goals and performance measures that show outcomes in addition to simple workload indicators. The key to this system is its ability to provide policy information to the City Council, management and community that allows each to assess the relative value of programs provided by the City.

Attachments

Total General Fund Revenues Compared to Total Expenditures
General Fund Expenditures 1997-2003
General Fund Revenue Increases Compared to Total Revenues 1997-2003
Revenues per Capita 1997-2002
Expenditures per Capita 1997-2002
Per Capita General Fund Expenditures Compared to Revenues 1997-2002
General Fund Revenue Increases 1997-2003
General Fund Expenditure Increases 1997-2003
General Fund Expenditure Increase Compared to Revenue Increases 1998-2003
Debt as a Percentage of Operating Revenues 1996-2003
General Fund Employee Increases 1998-2003
General Fund Employees per Capita 1998-2003

Total Revenues Compared to Total Expenditures 1997-2003

(in thousands)

