City OF PASADF NA



## FINANCIAL STATUS REPORT

# FISCAL YEAR 2011 THROUGH FEBRUARY

This forecast reflects financial activity through February 28, 2011. Based on General Fund financial activity through February, an anticipated revenue shortfall of \$4.6 million will nearly be offset by anticipated expense budget savings of \$4.4 million. Financial activity in most other City funds appears to be on target with budget estimates. As noted in the previous Financial Status Report, the Health and Building Services Funds continue to have revenue-related issues. A more detailed discussion of these funds and the General Fund is included in this report.

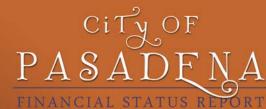
As noted in previous Financial Status Reports, annual FPRS costs fluctuate greatly from year to year. The FPRS revenue and expense amounts for FY 2011 are approximately \$8 million compared to \$5 million in FY 2010. This results in skewing of the financial analysis for General Fund revenues and expenses. Consequently, costs and revenues related to the FPRS pension have been excluded from the various tables in this report.



Prepared by: City of Pasadena Finance Department – Budget Division







### **GENERAL FUND REVENUE FORECAST**

General Fund revenues are forecast to be approximately \$4.6 million below budget. This is a slight decline from the previous Financial Status Report forecast of a \$4.1 million variance. This decline is the result of a more conservative estimate of anticipated revenues from Utility Users Tax.

Consistent with previous forecasts, property and sales taxes, which make up approximately one-third of General Fund revenues, continue to be virtually on target with the adopted budget. The projected revenue shortfall is primarily the result of lower than anticipated revenues in the following three areas:

- Taxes (primarily Utility Users Tax)
- Fines and Forfeitures
- Use of Money and Property

FY 2011 Utility User Tax (UUT) revenues to the General Fund are projected to end FY 2011 approximately \$2.5 million below budget. Pasadena Water & Power (PWP) accounts for approximately 50 percent of the City's UUT

#### Fiscal Year 2011 General Fund Forecast

General Fund	Forecast	Adopted	Projected Variance	
		Budget	Amount	%
Expense				
Personnel	\$125,362,073	\$127,917,934	\$2,555,861	2.0%
Supplies, Services and Miscellaneous	23,880,616	25,709,355	1,828,739	7.1%
Internal Service	14,600,305	14,600,305	0	0.0%
Transfers Out	49,052,093	49,052,093	0	0.0%
Expense Total	\$212,895,087	\$217,279,687	\$4,384,600	2.0%
Revenue				
Property Tax	\$38,500,000	\$38,300,000	\$200,000	0.5%
Sales Tax	30,000,000	30,000,000	0	0.0%
Transient Occupancy Taxes	7,474,994	7,300,000	174,994	2.4%
Utility Taxes	29,215,075	31,732,000	(2,516,925)	(7.9%)
Other Taxes	17,161,015	16,635,000	526,015	3.2%
Licenses and Permits	2,371,234	2,574,088	(202,854)	(7.9%)
Charges For Services	25,152,456	25,078,540	73,916	0.3%
Fines and Forfeitures	4,504,175	6,311,000	(1,806,825)	(28.6%)
Intergovernmental	13,714,189	12,853,000	861,189	6.7%
Use of Money & Property	20,572,649	21,761,720	(1,189,071)	(5.5%)
Miscellaneous Revenue	1,206,127	1,116,828	89,299	8.0%
Operating Transfers In	17,220,101	18,074,581	(854,480)	(4.7%)
Revenue Total	\$207,092,015	\$211,736,757	(\$4,644,742)	(2.2%)
General Fund Surplus/(Deficit) Total	(\$5,803,072)	(\$5,542,930)	(\$260,142)	4.7%





revenues and is reporting a reduction in both electricity and water sales. The other 50 percent of UUT revenues are generated by cable television, telephone, and other non-City operated public utilities. These non-City operated utilities are also generating lower than anticipated UUT revenues.

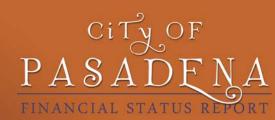
The lagging economy appears to be the primary cause of the anticipated shortfalls in the Fines and Forfeitures and Use of Money categories. Fines and Forfeiture revenues are projected to be under budget by \$1.8 million (28.6 percent). Parking and traffic fines are the principle sources of Fines and Forfeiture Revenues in the General Fund. With a budget of \$4.5 million, parking citation fines account for more than 70 percent of annual Fine and Forfeiture revenues. Parking citation-related revenues are forecast to be approximately \$2.7 million (40.0 percent) under budget. Traffic Safety citation-related revenues are also projected be under budget by \$100,000 (19.2 percent). These unfavorable variances in Fines and Forfeiture revenues are partially offset by revenues projected in excess of budget for Red Light Traffic Fines

2011 Year-to-Date Actual versus 2010 Year-to-Date Actual

	Fiscal Year 2011			Fiscal Year 2010	
General Fund	Year-to-Date Actual	% of Budget	Change From Fiscal Year 2010	Year-to-Date Actual	% of Budge
Expense					
Personnel	\$87,567,271	68.5%	(\$1,686,607)	\$89,253,878	65.
Supplies, Services & Miscellaneous	14,983,284	58.3%	395,989	14,587,295	42
Internal Service	9,699,592	66.4%	(22,490)	9,722,082	66
Transfers Out	37,839,117	77.1%	2,738,409	35,100,708	72
Expense Total	\$150,089,264	69.1%	\$1,425,301	\$148,663,963	63
Revenue					
Property Tax	\$21,584,939	56.4%	(\$973,346)	\$22,558,285	43
Sales Tax	15,382,737	51.3%	1,497,768	13,884,969	41
Transient Occupancy Taxes	5,027,028	68.9%	194,062	4,832,966	60
Utility Taxes	18,106,526	57.1%	(320,868)	18,427,394	55
Other Taxes	9,616,300	57.8%	349,611	9,266,689	55
Licenses and Permits	1,685,729	65.5%	(144,514)	1,830,243	90
Charges For Services	16,433,086	65.5%	3,189,999	13,243,087	144
Fines and Forfeitures	3,694,975	58.5%	(579,270)	4,274,245	51
Intergovernmental	7,169,909	55.8%	511,995	6,657,914	363
Use of Money & Property	13,936,060	64.0%	2,575,146	11,360,914	45
Miscellaneous Revenue	781,014	69.9%	78,328	702,686	72
Operating Transfers In	15,196,568	84.1%	(2,754,367)	17,950,935	73
Revenue Total	\$128,614,871	60.7%	\$3,624,544	\$124,990,327	58
neral Fund Surplus/(Deficit) Total	(\$21,474,393)		\$5,049,845	(\$23,673,636)	







(\$50,000 or 16.7 percent), Burglar Alarm Fines (\$49,000 or 35.6 percent) and other various accounts.

Use of Money and Property, which includes investment and rental income, is projected to be \$1.2 million below budget. This unfavorable variance can be attributed to investment earnings. The shortfall in investment earnings is caused by a combination of decreased idle cash and lower available yields. This forecast remains unchanged from December.

#### **GENERAL FUND EXPENSE FORECAST**

General Fund expenses are forecast to be under budget by \$4.4 million (2.0 percent). This forecasted favorable variance is nearly identical to the \$4.5 million favorable variance projected in the previous Financial Status Report. While the projected favorable variance for Personnel costs is lower than the previous forecast, the updated forecast for Supplies and Services has been increased and mitigates the slight increase in projected year-end personnel costs. It should be noted that this forecast does not fully account for the recent mid-year elimination of 34.9 FTEs by City Council on March 14, 2011. Since all of the eliminated positions were vacant, the impact on the year-end forecast should not be significant.

The prior Financial Status Report projected that personnel-related expenses would be under budget by \$3.2 million (2.0 percent). The January forecast estimates that personnel costs in the General Fund will be \$2.6 million under budget. As stated in previous Financial Status Reports timing anomalies can result in month-to-month changes in the year-end forecast.

Non-labor expenses, primarily in the Supplies and Services category, are forecast to be \$1.8 million (7.1 percent) under budget. This variance is also slightly higher than the projected favorable budget variance of \$1.2 million (5.0 percent) forecast in December.

There are two issues that affect the forecast of Supplies and Services. The first is that many of these costs are non-recurring, which make projections less accurate, and, the second is that this category of expenses includes most of the City's discretionary spending. As in past years, City management continues to focus on reducing discretionary expenses wherever feasible.

#### **OTHER FUNDS**

As noted in the last Financial Status Report, with the exception of the Health Fund and the Building Services Fund, financial activity in all other City funds appears to be within budget estimates. Both the Health Fund and the Building Services Fund are reporting expenditures in excess of revenues.

The Health Fund shortfall is the result of two grant revenue related issues. The first is the timing differences between when costs are incurred and the City is reimbursed with the State and Federal grants. The second is grant revenues budgeted in FY 2011 that are no longer available. As a result, the Health Department is adjusting expenditures to reflect reduced grant revenues, and the timing differences will be resolved by the end of the fiscal year.

The Building Services Fund budget for FY 2011 projected an annual shortfall as a result of recession-related decrease in development activities. The deficit in this fund may be larger than originally budgeted because the single largest revenue sources in this fund, which are Plan Check Fees, are failing to meet the budgeted revenue projection. Plan Check Fees, Building Permits and other Fund generated revenues were budgeted at \$4.3 million. Revenues totaling \$2.4 million have been received through the first 8 months of FY 2011. It is not likely that this revenue trend will change in the final four months of the fiscal year.

Finance staff continues to monitor all non-General Funds and any significant financial issues identified in these funds will be included in future Financial Status Reports.