



**CITY OF SOUTH PASADENA  
FINANCE COMMISSION  
AGENDA  
SPECIAL MEETING  
THURSDAY, AUGUST 24, 2023, AT 6:30 P.M.**

**CITY COUNCIL CHAMBERS  
1424 MISSION STREET, SOUTH PASADENA, CA 91030**

**South Pasadena Commission Statement of Civility**

*As your appointed governing board, we will treat each other, members of the public, and city employees with patience, civility and courtesy as a model of the same behavior we wish to reflect in South Pasadena for the conduct of all city business and community participation. The decisions made today will be for the benefit of the South Pasadena community and not for personal gain.*

**NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY**

The South Pasadena Finance Commission Meeting will be conducted in-person from the Council Chambers, Amedee O. "Dick" Richards, Jr., located at 1424 Mission Street, South Pasadena.

Public participation may be made as follows:

- In Person – Council Chambers, 1424 Mission Street, South Pasadena, CA 91030
- Via Zoom – **Webinar ID: 881 7493 8698**
- Written Public Comment – written comment must be submitted by 12:00 p.m. the day of the meeting by emailing to [fcpubliccomment@southpasadenaca.gov](mailto:fcpubliccomment@southpasadenaca.gov)
- Via Phone – +1-669-900-6833 and entering the Zoom Meeting ID listed above.

Meeting may be viewed at:

1. Go to the Zoom website, <https://zoom.us/join> and enter the Zoom Meeting information; or
2. Click on the following unique Zoom meeting link: <https://us06web.zoom.us/j/88174938698>

**CALL TO ORDER:**

Chair Peter Giulioni Jr.

**ROLL CALL:**

Chair Peter Giulioni Jr.  
Vice Chair Sheila Rossi  
Commissioner Cynthia Quade  
Commissioner Ed Elsner  
Commissioner Frederick A. Findley

**PUBLIC COMMENT GUIDELINES** (*Public Comments are limited to 3 minutes*)

The City welcomes public input. Members of the public can comment on a non-agenda subject under the jurisdiction of the City Council or on an agenda item, you may participate **by one of the following options**:

Option 1:

Participate in-person at the City Council Chambers.

Option 2:

Public Comment speakers have three minutes to address the Council, however, the Chair and Commission can adjust time allotted as needed. Participants will be able to “raise their hand” using the Zoom icon during the meeting, and they will have their microphone un-muted during comment portions of the agenda to speak.

Option 3:

Email public comment(s) to [fcpubliccomment@southpasadenaca.gov](mailto:fcpubliccomment@southpasadenaca.gov)

Public Comments received in writing will not be read aloud at the meeting, but will be part of the meeting record. Written public comments will be uploaded online for public viewing under Additional Documents. There is no word limit on emailed Public Comment(s). Please make sure to indicate:

- 1) Name (optional), and
- 2) Agenda item you are submitting public comment on.
- 3) Submit by no later than **12:00 p.m.**, on the day of the Commission meeting.

PLEASE NOTE: The Chair may exercise the Chair's discretion, subject to the approval of the majority of the Commission to adjust public comment(s) to less than three minutes.

*NOTE: Pursuant to State law, the Commission may not discuss or take action on issues not on the meeting agenda, except that members of the Commission or staff may briefly respond to statements made or questions posed by persons exercising public testimony rights (Government Code Section 54954.2). Staff may be asked to follow up on such items.*

**PUBLIC COMMENT****1. PUBLIC COMMENT – GENERAL (NON-AGENDA ITEMS)**

General Public Comment will be limited to 30 minutes at the beginning of the agenda. If there are speakers remaining in the queue, they will be heard at the end of the meeting. Only Speakers who sign up in the first 30 minutes of public comment will be queued up to speak.

**PRESENTATIONS**

2. **Long Term Financial Planning – Bill Statler:** 5-Year Financial Analysis and Long-Term Financial Planning
3. **Insurance Fund:** Finance Director, John Downs along with the City’s Auditors and Actuaries will give a presentation to explain to the commissioners the functionality and purpose of the Insurance Fund

**ACTION/DISCUSSION****4. Monthly Budget Report July-June 2023****Recommendation**

Staff recommends that the Finance Commission receive and file the July 2022 – June 2023 Budget Update Report

**COMMUNICATIONS****5. CITY COUNCIL LIAISON COMMUNICATIONS****6. COMMISSIONER COMMUNICATIONS****7. STAFF LIAISON COMMUNICATIONS****ADJOURNMENT****FUTURE FINANCE COMMISSION MEETINGS**

September 28, 2023	Regular Finance Commission Meeting	6:30 p.m.
October 26, 2023	Regular Finance Commission Meeting	6:30 p.m.
December 21, 2022	Regular Finance Commission Meeting	6:30 p.m.

**PUBLIC ACCESS TO AGENDA DOCUMENTS AND BROADCASTING OF MEETINGS**

Commission meeting agenda packets, any agenda related documents, and additional documents are available online for public inspection on the City's website:

<https://www.southpasadenaca.gov/government/boards-commissions>

**AGENDA NOTIFICATION SUBSCRIPTION**

If you wish to receive an agenda email notification please contact the Finance Department via email at [FinanceDepartment@southpasadenaca.gov](mailto:FinanceDepartment@southpasadenaca.gov) or call (626) 403-7250.

**ACCOMMODATIONS**

The City of South Pasadena wishes to make all of its public meetings accessible to the public. If special assistance is needed to participate in this meeting, please contact the Finance Department at (626) 403-7250 or [FinanceDepartment@southpasadenaca.gov](mailto:FinanceDepartment@southpasadenaca.gov). Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Notification at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

**CERTIFICATION OF POSTING**

*I declare under penalty of perjury that I posted this notice of agenda for the meeting to be held on **August 21, 2023**, on the bulletin board in the courtyard of City Hall at 1414 Mission Street, South Pasadena, CA 91030, and on the City's, website as required by law, on the date listed below.*

8/21/2023

Date

*Stephanie Pinto*

Stephanie Pinto, Management Analyst



# Five-Year Financial Analysis and Long-Term Financial Planning

Finance Commission  
August 24, 2023

**William C. Statler**

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

# Overview

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- Workscope
  - Purpose
  - Methodology
    - ❖ Framework
    - ❖ Key Tasks
  - Already on the radar
- Q&A

# Plan Purpose

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- Five-year financial analysis and long-term financial plan in assessing City's ability to sustain current service levels, address long-term liabilities and achieve capital improvement plan (CIP) goals.

# Short and Long-Term Decision-Making

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- Making good resource decisions in short term budget process requires considering their impact on City's fiscal condition down the road.
- Developing good solutions requires knowing the size of the problem the City is trying to solve. In short, City cannot fix a problem it hasn't defined.
- And in this economic and fiscal environment, looking only one year ahead has strong potential to misstate the size and nature of fiscal challenges ahead of City.

# Not a Panacea

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- For other local agencies that prepared long-term financial analyses and plans, this did not magically make their fiscal problems disappear: they still had tough decisions to make.
- However, it allowed them to better assess their longer-term outlook, more closely define the size and duration of the fiscal challenges facing them, and then make better decisions accordingly for both the short and long run.



# Forecast Framework

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- Work program consists of three main steps:
  - Project revenues based on current sources.
  - Subtract from them likely operating costs for current services and CIP projects.
  - Resulting “gap.”
    - ❖ If positive: balance remaining available to fund “new initiatives” or CIP goals.
    - ❖ If negative: “forecast gap” if City continues current service levels and works towards achieving CIP goals. In this case, forecast will present realistic “high level” options for closing the gap.

# Framework Issues

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- One forecast or several scenarios?
  - Advantages and disadvantages to either approach.
  - Policy makers better served with “one” forecast with best set of assumptions for effective decision-making.
  - But model capable of “what ifs” in assessing sensitivity of forecast to key different assumptions.
- Meaningful involvement of Finance and other staff.
  - Key deliverable: underlying forecast model in Excel that staff will be able to update in the future.
- Public outreach
  - Interviews with Council and Finance Commission.
  - Any other outreach as determined by the City.

# Key Caveat on Plan Results

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- It is important to stress that the Plan is not the budget.
  - While it may project “gaps” that will need to be closed as part of budget process, it will not project “deficits.”
  - Why? Because as it has in the past, City will take corrective action needed to ensure annual balanced budgets.

# Forecast not the Budget

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- Doesn't make expenditure decisions; doesn't make revenue decisions.
  - Its sole purpose is to assess the City's ability to continue current service levels, address long-term liabilities and achieve CIP goals.
  - This is based on assumptions, not policy decisions.
- Ultimately, this Plan cannot answer the question: "Can the City afford new initiatives?"
  - This is a basic question of priorities, not of financial capacity per se.

# Budget Fact

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- The City can do anything.
- What it can't do is everything.

**And making trade-offs is what the budget process is all about in determining the highest priority uses of the City's limited resources.**

# Six Key Steps

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- Kick-off briefing/interviews.
- Gather data and review key fiscal documents.
- Prepare trend analyses.
  - Past doesn't determine the future. But it's going to be different than the past: why?
- Develop plan assumptions and model.
  - Economic outlook and key revenues.
  - Operating, debt and CIP expenditures.
  - Population growth and other demographic factors.
- Prepare draft plan.
- Prepare and present final report.

# Already on the Radar

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- Community interest
- Structurally Balanced budget
- Insurance
- CalPERS (Pensions)
- CIP/Infrastructure
- Overarching concern: sustainability

# Questions?

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City of South Pasadena  
Insurance Fund Analysis  
5 Year ending FY 2022-23

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Beginning Fund Balance</b>	59,464	22,514	(1,566,079)	(742,387)	(1,952,513)
<b>Revenue</b>					
Transfers In	269,956	140,000	1,227,250	-	1,489,285
Insurance Reimbursement - WC	-	77,299	53,052	528,610	408,584
Insurance Reimbursement - GL	-	48,231	454,257	114,773	54,483
Internal Service Charges - WC	-	671,573	681,985	671,480	658,192
Internal Service Charges - GL	-	415,312	408,000	1,800,000	2,040,000
Audit Adjusting Entry	-	-	(816,000)	-	-
<b>Total Revenue</b>	<b>269,956</b>	<b>1,352,415</b>	<b>2,008,544</b>	<b>3,114,863</b>	<b>4,650,543</b>
<b>Expenditures</b>					
Professional Services	73,847	67,383	55,025	84,241	84,702
Settlements	233,059	-	-	-	-
Claims & Judgement - WC	-	141,947	245,251	614,629	608,064
Claims & Judgement - GL	-	165,309	1,292,575	1,926,177	1,467,748
Claims & Judgement - WC (CJPIA)	-	-	-	-	907,719
Claims & Judgement - GL (CJPIA)	-	-	-	-	581,567
Automotive Equipment	-	-	-	48,231	-
Insurance Policy - WC	-	415,057	-	441,879	484,413
Insurance Policy - GL	-	415,312	-	648,832	820,224
Audit Adjusting Entry	-	-	574,534	-	-
Actuarial Liability Expense - WC	-	421,000	-	765,000	332,000
Actuarial Liability Expense - GL	-	1,315,000	-	(204,000)	94,000
<b>Total Expenditures</b>	<b>306,906</b>	<b>2,941,008</b>	<b>2,167,385</b>	<b>4,324,989</b>	<b>5,380,435</b>
<b>Ending Fund Balance</b>	<b>22,514</b>	<b>(1,566,079)</b>	<b>(1,724,921)</b>	<b>(1,952,513)</b>	<b>(2,682,405)</b>

**Actuarial Report**

<b>Workers Compensation</b>					
One year	N/A	89,218	122,000	273,000	359,000
Long Term	N/A	331,267	445,000	913,000	1,159,000
<b>Total Workers Compensation</b>	<b>N/A</b>	<b>420,485</b>	<b>567,000</b>	<b>1,186,000</b>	<b>1,518,000</b>
<b>General Liability</b>					
One year	N/A	556,602	571,000	440,000	495,000
Long Term	N/A	758,818	789,000	671,000	710,000
<b>Total General Liability</b>	<b>N/A</b>	<b>1,315,420</b>	<b>1,360,000</b>	<b>1,111,000</b>	<b>1,205,000</b>
<b>Total Actuarial Liability</b>	<b>N/A</b>	<b>1,735,905</b>	<b>1,927,000</b>	<b>2,297,000</b>	<b>2,723,000</b>

(2,297,000)  
2,075,812  
2,723,000  
**2,501,812**  
2,878,623  
5,380,435

## EXECUTIVE SUMMARY

### Net Claim Liabilities

The following tables present our conclusions regarding the City's net claim liabilities.

Loss & LAE Claim Liabilities  
As of December 31, 2021, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,112	\$1,237	\$1,293	\$1,356	\$1,435	\$1,541
Claims Admin. (ULAE)	53	59	61	64	68	73
<b>Total Loss &amp; LAE</b>	<b>\$1,165</b>	<b>\$1,296</b>	<b>\$1,354</b>	<b>\$1,420</b>	<b>\$1,503</b>	<b>\$1,614</b>
NPV Adjustment <sup>2</sup>	(109)	(121)	(126)	(132)	(140)	(150)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,057</b>	<b>\$1,175</b>	<b>\$1,228</b>	<b>\$1,288</b>	<b>\$1,363</b>	<b>\$1,464</b>
Short Term <sup>3</sup>	\$260	\$289	\$302	\$317	\$336	\$360
Long Term <sup>3</sup>	797	886	926	971	1,027	1,104

Loss & LAE Claim Liabilities  
As of June 30, 2022, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,248	\$1,388	\$1,450	\$1,522	\$1,610	\$1,729
Claims Admin. (ULAE)	61	68	71	74	79	84
<b>Total Loss &amp; LAE</b>	<b>\$1,309</b>	<b>\$1,456</b>	<b>\$1,521</b>	<b>\$1,596</b>	<b>\$1,689</b>	<b>\$1,813</b>
NPV Adjustment <sup>2</sup>	(123)	(137)	(143)	(150)	(159)	(170)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,186</b>	<b>\$1,319</b>	<b>\$1,378</b>	<b>\$1,446</b>	<b>\$1,530</b>	<b>\$1,643</b>
Short Term <sup>3</sup>	\$273	\$303	\$317	\$332	\$352	\$378
Long Term <sup>3</sup>	913	1,016	1,061	1,114	1,178	1,265

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

## EXECUTIVE SUMMARY

### Net Claim Liabilities

The following tables present our conclusions regarding the City's net claim liabilities.

Loss & LAE Claim Liabilities  
As of December 31, 2021, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,025	\$1,156	\$1,213	\$1,281	\$1,364	\$1,474
Claims Admin. (ULAE)	59	66	70	73	78	85
<b>Total Loss &amp; LAE</b>	<b>\$1,084</b>	<b>\$1,222</b>	<b>\$1,283</b>	<b>\$1,354</b>	<b>\$1,442</b>	<b>\$1,559</b>
NPV Adjustment <sup>2</sup>	(37)	(42)	(44)	(46)	(49)	(53)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,047</b>	<b>\$1,180</b>	<b>\$1,239</b>	<b>\$1,308</b>	<b>\$1,393</b>	<b>\$1,506</b>
Short Term <sup>3</sup>	\$381	\$430	\$451	\$476	\$507	\$548
Long Term <sup>3</sup>	666	750	788	832	886	958

Loss & LAE Claim Liabilities  
As of June 30, 2022, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,090	\$1,229	\$1,290	\$1,362	\$1,450	\$1,568
Claims Admin. (ULAE)	58	65	68	72	77	83
<b>Total Loss &amp; LAE</b>	<b>\$1,148</b>	<b>\$1,294</b>	<b>\$1,358</b>	<b>\$1,434</b>	<b>\$1,527</b>	<b>\$1,651</b>
NPV Adjustment <sup>2</sup>	(37)	(42)	(44)	(46)	(49)	(53)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,111</b>	<b>\$1,252</b>	<b>\$1,314</b>	<b>\$1,388</b>	<b>\$1,478</b>	<b>\$1,598</b>
Short Term <sup>3</sup>	\$440	\$496	\$521	\$550	\$586	\$633
Long Term <sup>3</sup>	671	756	793	838	892	965

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

## EXECUTIVE SUMMARY

## Net Claim Liabilities

The following tables present our conclusions regarding the City's net claim liabilities.

Loss & LAE Claim Liabilities  
As of December 31, 2022, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$1,505	\$1,687	\$1,767	\$1,859	\$1,973	\$2,124
Claims Admin. (ULAE)	90	101	106	111	118	127
<b>Total Loss &amp; LAE</b>	<b>\$1,595</b>	<b>\$1,788</b>	<b>\$1,873</b>	<b>\$1,970</b>	<b>\$2,091</b>	<b>\$2,251</b>
NPV Adjustment <sup>2</sup>	(154)	(173)	(181)	(190)	(202)	(218)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,441</b>	<b>\$1,615</b>	<b>\$1,692</b>	<b>\$1,780</b>	<b>\$1,889</b>	<b>\$2,033</b>
Short Term <sup>3</sup>	\$349	\$392	\$410	\$432	\$458	\$493
Long Term <sup>3</sup>	1,092	1,223	1,282	1,348	1,431	1,540

Loss & LAE Claim Liabilities  
As of June 30, 2023, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$1,587	\$1,778	\$1,862	\$1,960	\$2,080	\$2,239
Claims Admin. (ULAE)	96	108	113	118	126	135
<b>Total Loss &amp; LAE</b>	<b>\$1,682</b>	<b>\$1,886</b>	<b>\$1,975</b>	<b>\$2,078</b>	<b>\$2,206</b>	<b>\$2,374</b>
NPV Adjustment <sup>2</sup>	(164)	(184)	(193)	(203)	(216)	(232)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,518</b>	<b>\$1,702</b>	<b>\$1,782</b>	<b>\$1,875</b>	<b>\$1,990</b>	<b>\$2,142</b>
Short Term <sup>3</sup>	\$359	\$403	\$422	\$444	\$471	\$507
Long Term <sup>3</sup>	1,159	1,299	1,360	1,431	1,519	1,635

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.

## EXECUTIVE SUMMARY

## Net Claim Liabilities

The following tables present our conclusions regarding the City's net claim liabilities.

Loss & LAE Claim Liabilities  
As of December 31, 2022, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$1,125	\$1,266	\$1,327	\$1,399	\$1,488	\$1,607
Claims Admin. (ULAE)	59	66	70	73	78	84
<b>Total Loss &amp; LAE</b>	<b>\$1,184</b>	<b>\$1,332</b>	<b>\$1,397</b>	<b>\$1,472</b>	<b>\$1,566</b>	<b>\$1,691</b>
NPV Adjustment <sup>2</sup>	(39)	(44)	(46)	(48)	(51)	(55)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,145</b>	<b>\$1,288</b>	<b>\$1,351</b>	<b>\$1,424</b>	<b>\$1,515</b>	<b>\$1,636</b>
Short Term <sup>3</sup>	\$418	\$470	\$493	\$520	\$553	\$597
Long Term <sup>3</sup>	727	818	858	904	962	1,039

Loss & LAE Claim Liabilities  
As of June 30, 2023, Net of Reinsurance

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$1,182	\$1,330	\$1,395	\$1,471	\$1,564	\$1,690
Claims Admin. (ULAE)	60	67	70	74	79	85
<b>Total Loss &amp; LAE</b>	<b>\$1,242</b>	<b>\$1,397</b>	<b>\$1,465</b>	<b>\$1,545</b>	<b>\$1,643</b>	<b>\$1,775</b>
NPV Adjustment <sup>2</sup>	(37)	(41)	(43)	(46)	(49)	(53)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,205</b>	<b>\$1,356</b>	<b>\$1,422</b>	<b>\$1,499</b>	<b>\$1,594</b>	<b>\$1,722</b>
Short Term <sup>3</sup>	\$495	\$557	\$584	\$616	\$655	\$708
Long Term <sup>3</sup>	710	799	838	883	939	1,014

<sup>1</sup> Expected values represent the "best actuarial" or "central" estimate.

<sup>2</sup> Net present value is based on an annual discount rate of 2.0%.

<sup>3</sup> Short-term liabilities are projected to be paid within 12 months of the accounting date. Long-term liabilities are projected to be paid after 12 months.



# Finance Commission Agenda Report

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**DATE:** August 24, 2023

**FROM:** John Downs, Director of Finance  
Hsiulee Tran, Deputy Finance Director/ Controller

**SUBJECT:** **July 2022 – June 2023 Budget Update**

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## **Recommendation**

It is recommended that the Commission:

- 1) Staff recommends that the Finance Commission receive and file the July 2022 – June 2023 Budget Update Report

## **Executive Summary**

As part of the Finance Department's on-going improvements based on best practices and direction from the City Council and Finance Commission, Finance staff will shift from quarterly updates to monthly budget updates to both bodies. These reports will provide the timely and ongoing opportunity for financial oversight, timely proactive recommendations, and regular discussion on the City's budget and related elements.

The City will be meeting the estimated revenue for Property taxes, Assessments & Special Taxes, Sales Taxes, Utility Users Taxes, and Use of Money and Property with August revenues and year-end accounting. The City exceeded the estimated revenue for FY 2023 for Franchise Fees, Licenses & Permits, Fines, Forfeitures & Penalties, and Charges for Current Services.

## **Background**

On June 15, 2022, the City Council adopted the Fiscal Year (FY) 2022-23 Operating and Capital Improvement Program (CIP) budgets. The FY 2022-23 budget is the City's financial operating plans that establishes the City's goals, budget priorities, and desired service levels for the fiscal year, as well as identifies the fiscal resources necessary to achieve them. In the Fall of 2021, City Council also adopted the 2021-2026 Strategic Plan, which set the community's priorities for the next five years, and City Council worked to adopt a document that was well thought-out and resources. The adopted budget was based on certain assumptions, which met expenditure and revenue projections.

To align with our Finance Department Operational Assessment and manage timely responses to changes in the City's financial position, a monthly budget update report on the City's fiscal performance through June 2023 (July through June), comparing all

general fund revenues and expenditures incurred during the FY 2022-23 to the same period in FY 2021-22 has been completed.

As customary, the Monthly Financial Review primarily focuses on the General Fund since this is the fund that supports traditional municipal services the City provides for residents, such as law enforcement, fire protection, public works services, parks, and recreation.

**Discussion/Analysis**

FY 2022-23 revenues are currently \$1.2m higher than the prior year. As the City expects to receive an additional \$1.3m in revenues during the month of August, our total revenues are expected to exceed the prior year by \$2.5m.

Expenditures are currently \$1.3m lower than the prior year. This is due to timing differences as expenditures will continue to accrue through September for FY 2022-23 activities.

**Revenue Report**

Percentage of Fiscal Year Complete: 100% (12 of 12 months)

Revenue Summary - All Fund Types							
100% of Fiscal Year Complete (includes budget adjustments made 03.15.23)							
Description	FY 2023 Budgeted Revenue	FY 2023 Estimated Revenue	Year-To-Date Actual	Projected Revenue August	Actual as %	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
General Fund	42,849,230	36,588,626	35,899,561	1,298,300	101.67%	1,247,323	34,652,239
Special Revenue/Grants	14,932,712	14,252,260	12,408,211		87.06%	2,215,624	10,192,586
Water Enterprise	18,348,241	9,954,496	11,542,932		115.96%	-12,894,903	24,437,835
Internal Service	2,940,000	3,220,620	1,121,258		34.81%	-1,993,605	3,114,863
Successor Agency	196,500	196,500	269,170		136.98%	96,787	172,383
<b>Total All Revenues</b>	<b>79,266,683</b>	<b>64,212,502</b>	<b>61,241,132</b>	<b>1,298,300</b>	<b>97.39%</b>	<b>-11,328,774</b>	<b>72,569,906</b>

General Fund revenue has increased by \$1.2m from prior year. The increase in revenue is due to increases in revenues from property taxes, utility user taxes, licenses and permits, fines, forfeitures, penalties, use of money, and charges for services. The adopted FY 2022-23 Operating budget included \$6m State and Local Fiscal Recovery Funds (SLRF), which will be moved to the newly created SLRF fund during the year end accounting process.

Special revenues have increased by \$2.2m as compared to prior year. The majority of the increase is due to the State and Local Fiscal Recovery Funds being received in July 2022 of \$3m. In FY 2022-23, it was projected that the City would receive \$2.8m in Carlyle Funds for the Library, but that has not yet occurred. The City also projected receiving \$1.8m in other grants such as HSIP Grant (\$554k), Measure M MAT Grant (\$475k), County Park Bond (\$400k), Sb Planning Grant (\$160k), ADA Sidewalk (\$105k), CDBG

(\$105k) that have not been received to-date. Finance is working with Grants management to ensure funds are received timely. There are also transfers into Special Revenue Funds that will be completed during the year-end close process.

Water Enterprise revenue is lower due to decrease in consumption in the current year of about \$957,000. Transfers from other funds of \$2.9m for debt service has not been accounted for in the current fiscal year, and will be reflected once year-end accounting is completed. This amount is offset by transfers out from Water service charges and Sewer service charges funds. A State Groundwater Grant of \$2.2m that was budgeted for this year but will not be received until the next fiscal year. In FY 21-22, the City received \$9.3m in water settlement. Also included in the water revenue calculation is the unrealized loss on investments (\$313k). Unrealized losses do not have an impact on the City's cash flow as bonds will be held to maturity and will be realized as face value plus interest. The loss in prior year is an accounting entry for financial statement purposes.

Internal Service Fund is lower by \$2m because the internal charges between funds is currently being reviewed and adjustments have not been made. Allocations of general liability will be reflected once year-end accounting is complete. The reimbursements of workers' compensation and general liability is also being reviewed by Finance.



July 2022-June 2023 Financial Report

The table below shows the City’s revenues and expenditures incurred through both fiscal years 2022-23 and 2021-22 for comparison purposes. A more detailed analysis of revenues and expenditures, including projected estimates are in the following paragraphs.

<b>GENERAL FUND REVENUES &amp; EXPENDITURES</b>					
<b>JULY - JUNE 2023</b>					
	<b>FY 2023 Budget</b>	<b>FY 2023 July - June Actuals</b>	<b>FY 2022 July - June Actuals</b>	<b>Year over Year 12 month Dollar Comparison</b>	<b>Year over Year 12 month Percentage Comparison</b>
<b>Revenues</b>					
Property Taxes	\$ 18,140,368	\$ 18,313,026	\$ 17,906,070	\$ 406,956	2.27%
Assessments & Special Taxes	360,000	353,701	\$ 364,223	(10,522)	-2.89%
Sales Taxes	6,346,000	5,885,450	\$ 6,096,613	(211,164)	-3.46%
Utility Users Taxes	4,299,703	3,826,284	\$ 3,875,268	(48,984)	-1.26%
Franchise Fees	1,217,000	1,255,634	\$ 1,289,532	(33,898)	-2.63%
Licenses & Permits	903,280	854,579	\$ 814,081	40,497	4.97%
Fines, Forfeitures & Penalties	140,000	58,420	\$ 52,291	6,129	11.72%
Use of Money & Property	508,500	487,414	\$ (495,381)	982,795	-198.39%
Other Agencies	6,489,295	205,224	\$ 179,525	25,698	14.31%
Charges for Current Services	3,877,200	4,096,010	\$ 3,841,907	254,103	6.61%
All Other Revenues	84,500	80,436	\$ 244,725	(164,289)	-67.13%
Reimbursement From Other Funds	483,384	483,384	\$ 483,384	-	100.00%
<b>Total Revenues</b>	<b>\$42,849,230</b>	<b>\$ 35,899,561</b>	<b>\$ 34,652,239</b>	<b>\$1,247,323</b>	<b>3.60%</b>
<b>Expenditures</b>					
Wages & Benefits	24,300,564	24,404,106	25,267,399	(863,293)	-3.42%
Operations & Maintenance	13,056,119	9,293,519	8,589,048	704,471	8.20%
Capital Outlay	217,400	167,813	121,408	46,405	38.22%
Capital Projects	795,000	72,315	1,255,700	(1,183,385)	-94.24%
<b>Total Expenditures</b>	<b>38,369,083</b>	<b>33,937,753</b>	<b>35,233,555</b>	<b>(1,295,802)</b>	<b>-3.68%</b>

July 2022-June 2023 Revenue Performance

Overall, revenues for the City are up 3.60% (\$1,247,323) for the FY 2022-23 compared to FY 2021-22. State and Local Fiscal Recovery Funds were originally included in Other Agencies revenue category. Outlined below is a summary of the revenue performance for the City's revenues by categories:

The General Fund's Revenue by Categories Budget to Actuals Comparison					
Description	FY 2023 Budgeted Revenue	FY 2023 Estimated Revenue	Year-To-Date Actual	Projected Revenue August	Actual as %
Property Taxes	\$ 18,140,368	\$ 18,537,792	\$ 18,313,026	\$ 224,000	100.00%
Assessments & Special Taxes	360,000	360,000	353,701	6,300	100.00%
Sales Taxes	6,346,000	6,311,321	5,885,450	426,000	100.00%
Utility Users Taxes	4,299,703	4,063,103	3,826,284	236,000	99.98%
Franchise Fees	1,217,000	1,217,000	1,255,634	-	103.17%
Licenses & Permits	903,280	764,777	854,579	-	111.74%
Fines, Forfeitures & Penalties	140,000	56,500	58,420	-	103.40%
Use of Money & Property	508,500	894,109	487,414	406,000	99.92%
Other Agencies	6,489,295	235,634	205,224	-	87.09%
Charges for Current Services	3,877,200	3,624,263	4,096,010	-	113.02%
All Other Revenues	84,500	40,743	80,436	-	197.42%
Reimbursement From Other Funds	483,384	483,384	483,384	-	100.00%
<b>Total Revenue by Categories</b>	<b>\$42,849,230</b>	<b>\$ 36,588,626</b>	<b>\$ 35,899,561</b>	<b>\$1,298,300</b>	<b>101.67%</b>

### Property Tax

For the FY 2022-23, the City's largest revenue, Property Tax, was up 2.27% (\$406,956) from FY 2021-22. The City has received over 100% of the revenue compared to budget but \$224,000 below the City's estimated FY 2022-23 revenue. The difference is expected to be a Property Tax true up in August 2023.

### Sales Taxes

Taxes (including Sales Tax Measure A) are down 3.46% (\$211,164) as compared to prior year. Sales Taxes makes up 14% of total General Fund revenues and is the City's second largest revenue stream. The City budgeted \$6.3 million for FY 2022-23. Staff is expecting an additional \$426,000 in August for June receipts and fourth quarter true-ups.

### Utility Users Tax (UUT)

UUT revenues are down 1.26% (\$48,984) in FY 2022-23 from prior year. UUT revenues for electric, gas, and cable increased for the year, while UUT revenues for water and telephone decreased. We're expecting another \$236,000 of revenues in August for June UUT.

### Business License & Permits

Business Licenses and Permits are up by 4.97% (\$40,497) from prior year. There was a decrease in parking permits, fire permits, Fats, Oils and Greases (FOG) wastewater permits, and street closure permits. Business licenses, filming permits and street/curb permits together increased by \$69,000. Staff is working closely with our business license specialist, HdL, who we contract with for business license and FOG permitting,

to gain further compliance. The City Council had adopted emergency declarations related to some business requirements, including penalties on business license, as well as a relaxed signage program, during the pandemic, in an effort to be business-friendly. These declarations and relaxed elements have expired, staff is working with HdL, our business license consultant, and the business community toward compliance. As more businesses comply, we expect the business licenses revenues to increase.

### **Fines, Forfeits, & Penalties**

Fines, Forfeitures, and Penalties increased by 11.72% (\$6,129) from last year. The reason for this increase is due to processing of payment to Parking Citations vendor from September 2020 through July 2021 in FY 2021-22. This timing difference of payments caused the revenue to be understated in FY 2021-22. The original FY 20-23 revenue estimate was overstated and an updated projection of \$56,500 was presented in the FY 2023-24 Operating Budget.

### **Use of Money & Property**

Use of Money & Property includes rental of facilities and interest income. We project another \$406,000 in interest income to be allocated to general fund when year-end accounting is performed. The interest income will be derived from our Investments. In FY 2021-22, there was a negative year to date actual because of unrealized loss on investments of \$1.1m. Unrealized losses do not have an impact on the City's cash flow as bonds will be held to maturity and will be realized as face value plus interest. The loss in prior year is an accounting entry for financial statement purposes.

### **Charges for Current Services**

Charges for Services increased by 6.61% (\$254,103) compared to the same time frame from the prior year. Majority of the increase are derived from Filming, Paramedic Fees, and Plan Check fees. Charges for Services include various fees such as Plan Check Fees, Paramedic Fees, Filming, Planning Fees, Building Permits, Inspection and Recreation Fees. As we advance out of the Covid-era, the charges for current services revenue will continue to increase as the City is opening more programs and activities for the public. We expect to see this increase continue in FY 23-24. Paramedic fees and police services for filming makes up the biggest increase from prior year.

### **Other Revenues**

Other Taxes and Revenue decreased by 67.13% (\$164,289) from last year. In FY 2021-22, there were miscellaneous revenues received of \$108,000 for prior year which were accounted for in this category and caused this account to be overstated. There was also an insurance reimbursement of \$80k that was received in FY 2021-22. In FY 2022-23, clean-up of these accounts were made. The City contracts with San Marino Fire Department for a shared Division Chief. The City will receive a reimbursement from the City of San Marino in the near future for approximately \$65,000.

July-June 2023 General Fund Expenditure Performance by Department

<b>GENERAL FUND EXPENDITURES</b>					
<b>Department</b>	<b>Budget Amount FY 23 Jul-Jun 2023</b>	<b>Projected FY 23 Jul-Jun 2023</b>	<b>YTD Actual FY 23 Jul-Jun 2023</b>	<b>YTD Actual FY 22 Jul- Jun 2022</b>	<b>Difference</b>
City Council	\$ 49,194	\$ 71,388	\$ 33,498	\$ 45,446	\$ (11,948)
City Manager	2,096,479	2,011,733	2,220,385	3,530,251	(1,309,867)
Management Services	2,914,001	2,600,988	2,364,106	6,615	2,357,492
City Clerk	84,635	110,809	84,732	201,939	(117,207)
Finance	3,898,020	3,813,674	2,461,442	3,304,740	(843,298)
City Treasurer	8,752	8,752	8,425	9,993	(1,568)
Police	11,032,589	11,020,087	10,583,056	11,388,920	(805,864)
Fire	6,725,340	7,249,725	7,362,503	7,759,637	(397,134)
Public Works	3,487,854	2,078,974	2,151,356	2,112,342	39,015
Community Development	3,773,099	3,047,629	3,150,895	2,428,641	722,254
Library	1,932,290	1,866,927	1,869,383	1,839,132	30,251
Community Services	1,571,830	1,630,522	1,575,656	1,350,199	225,457
Capital Projects	795,000	170,000	72,315	1,255,700	(1,183,385)
			-		
<b>Total Expenditures</b>	<b>\$ 38,369,083</b>	<b>\$ 35,681,208</b>	<b>\$ 33,937,752</b>	<b>\$ 35,233,555</b>	<b>\$(1,295,803)</b>

The above table is a summary of expenditures by department as of August 8, 2023.

The City expended \$1,295,803 less than last year due mostly to decrease in capital projects. In FY 2022-23, capital projects were moved from the General Fund to its own Capital Projects fund. Due to this move, the dollar amount compared to prior year will show a decrease of \$1.3m. In FY 2021-22, Management Services Department was reorganized and two department were created: the City Manager’s Office and the Management Services Department. Due to reorganization, City Manager’s Office shows a reduction of \$1.3m in expenditures. The Management Services Department includes Human Resources, Risk Management, City Clerks Division, Grants Management and Information Technology (IT). Expenditures in Management Services is higher due to increase insurance costs for workers compensation, general liabilities, and premiums. Finance has higher costs due to increase in training and consultants to help catch up on accounting tasks. Community Development’s increase is due to paying old invoices which was brought to light when the department started cleaning up old files. Library and Community Services have higher costs than in prior year because of additional activities and community events.

It is important to note that the City will continue to accrue expenditures through September for the 2022-23 Fiscal Year, therefore, expenditures are expected to increase during this period.

The table below shows the reconciliation from the current budget to the amount that we

had at mid-year budget report in mid-March. The changes since mid-year are Council approved changes. The transfers have not been made and will be made during our year-end process.

<b>Total Expenditures</b>	<b>\$ 38,369,083</b>
Changes since mid-year	(460,900)
Transfers	721,562
Mid-year Transfer of SLFRF	6,059,236
South Pas Bday	1,500
<i>Total adjustments</i>	<b>6,321,398</b>
<b>Adjusted Expenditures</b>	<b>\$ 44,690,481</b>

The Finance Department will continue to monitor spending, address unanticipated needs for the current year, and help ensure that departments are adhering to the approved budget.

### **Personnel Update**

An update on personnel numbers and vacancies is provided as Attachment 2 for your review. This information will continue being updated and provided on a monthly basis moving forward.

### **Fiscal Impact**

For the FY 2022-23 the current year-to-date actual General Fund revenues received (\$35,899,561) exceed current actuals expenditures (\$33,937,752) by \$1,961,809. It should be noted, however, that many revenues and expenditures for the year will be received through August and September, respectively. Fiscal year end projections are reflecting that revenues will exceed expenditures by \$907,418, excluding transfers. Staff will continue to monitor revenues and expenditures and will provide updated information as it becomes available.

### **Key Performance Indicators and Strategic Plan**

This item is in line with the Finance Department's Key Performance Indicators related to timely budget preparation and updates to the Commission and Council. The monthly report is being presented in order to improve financial processes and provide a more transparent Budget update report.

### **Commission Review and Recommendation**

This matter was e-mailed to the Finance Commission on August 10, 2023 because there was no Finance Commission meeting prior to City Council meeting in August to review this update. This matter will be forwarded to the City Council thereafter. Moving forward, the monthly budget update will be provided to both bodies for their review and discussion.

July 2022 – June 2023 Budget Update  
August 24, 2023  
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**Attachments**

- 1) Finance Department Performance Measures through August 2023
- 2) Personnel Vacancy Report through July 2023

## Budget Authorized Positions vs. Filled Positions

As of July 31, 2023

Department	Budget Authorized Positions			Filled Positions			Number of Unfilled Positions	Unfilled PT Positions	Total Vacancies Positions	% of Positions Filled	% of Positions Unfilled
	Full Time	Part Time	Total	Full Time	Part Time	Total					
City Manager's Office	5	1	6	5	1	6	0	0	0	100.00%	0.00%
Community Development	13	0	13	13	0	13	0	0	0	100.00%	0.00%
Community Services	9	44	53	9	34	43	0	10	10	81.13%	18.87%
Finance	9	0	9	8	0	8	1	0	1	88.89%	11.11%
Fire	23	0	23	19	0	19	4	4	4	82.61%	17.39%
Library	10	33	43	9	28	37	6	6	6	86.05%	13.95%
Management Services	8	0	8	5	0	5	3	3	3	62.50%	37.50%
Police	55	6	61	41	3	44	17	17	17	72.13%	27.87%
Public Works	41	3	44	34	2	36	8	8	8	81.82%	18.18%
<b>Totals:</b>	<b>173</b>	<b>87</b>	<b>260</b>	<b>143</b>	<b>68</b>	<b>211</b>	<b>39</b>	<b>48</b>	<b>49</b>	<b>81.15%</b>	<b>18.85%</b>

**South Pasadena Finance Department**

**PERFORMANCE MEASUREMENTS- August 16, 2023**

<b>Measurement</b>	<b>Unit of Measure</b>	<b>Type of Indicator</b>	<b>Status</b>
<b>Accounting Management</b>			
Complete Bank Reconciliations by 20th Day of Month	%	Effectiveness	Completed May 2023 and June 2023 in progress.
Cash Bank Deposit 1x or 2x Per Week	%	Effectiveness	Current
Electronic Bank Deposit Every Day	%	Effectiveness	Current
Unmodified or "Clean" Audit Opinion Obtained for CAFR	Yes/No	Effectiveness	Interim/Internal Control Testing scheduled for May/June 2023 and ongoing
Number of Audit Findings	#	Efficiency	Reduction of findings from four to three
Award Received for ACFR Reporting Excellence	Yes/No	Effectiveness	Application for June 30, 2022 was submitted on February 15, 2023.
State Controller's Report Filed on timely basis (1/31)	Yes/No	Effectiveness	Current
Metro, Gas Tax Audits Completed on Schedule	Yes/No	Effectiveness	Current
Payroll tax quarterly reports timely filed for State (DE9/DE9C)/Federal (941)	%	Effectiveness	Current
<b>Financial Reporting to Decision Makers</b>			
Distribute Monthly GL Revenue/Expenditure Reports to depts. by 15th of month	%	Effectiveness	Monthly assignment
Present Monthly Financial Reports to City Council and Finance Commission	Yes/No	Effectiveness	Monthly
Present Midyear Report to City Council in March	Yes/No	Effectiveness	Successfully completed March 2023
Include 5-Year General Fund Financial Projection in Midyear Report	Yes/No	Effectiveness	A consultant has been engaged and in progress of 5-year projection
<b>Treasury Management</b>			
Present City Treasurer's Monthly Investment Report to City Council every month	%	Effectiveness	Current
Present City's Investment Policy to City Council in November 2023	Yes/No	Effectiveness	In Progress
Average Portfolio Par Balance	\$	Workload	Included in Investment Report
Variance Between City Portfolio and LAIF Book Rates of Return <i>City Higher or (City Lower)</i>	%	Effectiveness	Included in Investment Report
<b>Budgetary Management</b>			
Adopt Annual Budget in June	Yes/No	Efficiency	Adopted FY 23-24 June 21, 2023



Include 5-Year General Fund Financial Projection in Proposed and Adopted Annual Budget	Yes/No	Effectiveness	A consultant has been engaged and in progress of 5-year projection
<b>Information Technology</b>			
Complete Implementation of TCP Third-Party Electronic Timecard System by November 30, 2022	Narrative	Effectiveness	Pivoting to a new integrated software system. Currently testing out Employee Self Service Portal through Springbrook.
Attendance at Spring brook Annual Conference by 2 Department Employees Each Year	Yes/No	Efficiency	Planned for 23-24
<b>Contracts and Purchase Orders Management</b>			
Electronic Encumbrances Established for All Contracts and Purchase Order Having Value Greater than current policy limit	Yes/No	Efficiency	Already implemented
<b>Payroll Management</b>			
Annual Covered Payroll *	\$	Workload	Stated in budget.
Distribute W2s per IRS guidelines	Yes/No	Effectiveness	Successfully completed in January 2023
<b>Accounts Payable</b>			
Complete Warrant Register With Inclusion of All Properly Prepared Payment Requests	%	Effectiveness	Bi-monthly task
<b>Business Licensing</b>			
Number of Licensing Accounts	#	Workload	In Progress
Percentage of Licensing Accounts Paid Electronically	%	Efficiency	In Progress
<b>Utility Billing</b>			
Number of Water Accounts	#	Workload	To be stated in budget
Percentage of Water Accounts Paid Electronically	%	Efficiency	In Progress

\* = Detailed in Annual Budget