



Financial Monitoring Report

FY 2009/10, Q2 (Oct, Nov, Dec 2009)

Major Fund Overview	
101 - General Fund	
2009/10 Revenues	\$7,488,437
2009/10 Expenditures	\$10,163,636
210 - Sewer Fund	
2009/10 Revenues	\$1,298,371
2009/10 Expenditures	\$261,867
215 - Street Light & Landscape Fund	
2009/10 Revenues	\$369,742
2009/10 Expenditures	\$485,018
227 - CRA Fund	
2009/10 Revenues	\$221,124
2009/10 Expenditures	\$1,125,607
230 - Gas Tax Fund	
2009/10 Revenues	\$225,224
2009/10 Expenditures	\$263,397
500 - Water Fund	
2009/10 Revenues	\$2,709,930
2009/10 Expenditures	\$2,081,961

Financial Summary

Mid-year represents the first six months of the fiscal year. At this point, staff generally can compare revenues and expenditures to the prior year, and project year end estimates.

Unfortunately, General Fund revenues are projected to be \$685,850 less than budgeted at the end of FY 2009/10. All City departments are aware of the projected revenue shortfall, and have made efforts to reduce or defer expenditures.

Immediately, all departments will reduce their General Fund budget by 1% for the remainder of FY 2009/10, resulting in a \$200,000 savings. Staff will shortly propose

to the City Council additional options to offset the revenue shortfall.

A simple reduction of General Fund expenditures by \$685,850 would not work. Since most of City expenses are for labor costs, such a significant reduction could only mean lay-off of current staff. In addition, reducing that amount for half of the fiscal year translate to \$1.2 million in cuts for a full twelve months.

FY 2010/11 will also see little or no revenue growth. Due to this assumption, it is recommended that the City not increase expenditures unless

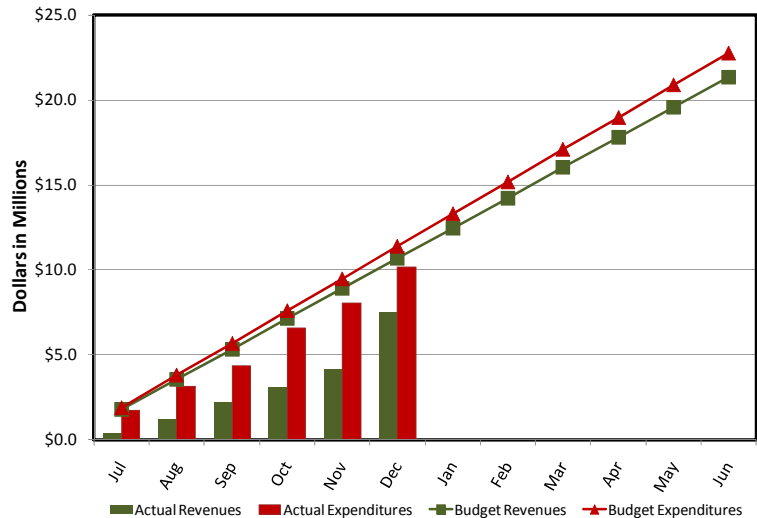
GENERAL FUND REVENUES will not come in as budgeted for FY 2009/10. FY 2008/09 revenues overall declined from the prior year, and the FY 2009/10 Budget process did not anticipate such a negative change in revenues. Compared to FY 2008/09, staff now projects a 1.7% increase in property tax revenues, a 14% reduction in sales tax revenues, and flat revenues for all other categories. Unfortunately, FY 2009/10 revenues will be \$685,850 less than original budget projections., and slightly less revenues than FY 2008/09 actual revenues.

FY 2009/10, Mid-Year	Actual	Actual	Actual	Cur Bud	Mid-Year	YE Projection
Top 5 GF Revenues	2006/07	2007/08	2008/09	2009/10	2009/10	2009/10
Property Taxes	8,583,492	9,403,203	9,810,589	10,048,700	2,993,117	9,978,100
Utility Users Taxes	2,250,281	2,666,063	3,476,347	3,779,600	1,436,999	3,480,000
Sales Taxes	2,140,412	2,177,043	1,838,873	2,125,500	623,255	1,580,000
Current Services	1,738,740	2,119,021	1,833,445	1,691,180	910,925	1,833,400
License & Permits	844,647	893,189	921,930	877,850	429,740	931,100
<i>Top 5 Subtotal</i>	<i>15,557,572</i>	<i>17,258,519</i>	<i>17,881,185</i>	<i>18,522,830</i>	<i>6,394,036</i>	<i>17,802,600</i>
<i>% of Total</i>	<i>82.4%</i>	<i>82.5%</i>	<i>85.9%</i>	<i>86.7%</i>	<i>85.4%</i>	<i>86.1%</i>
All Other Revenues	3,314,454	3,670,926	2,936,583	2,841,303	1,094,401	2,875,683
General Fund Total	\$ 18,872,026	\$ 20,929,445	\$ 20,817,768	\$ 21,364,133	\$ 7,488,437	\$ 20,678,283

GENERAL FUND ANALYSIS:

Revenues & Expenditures—FY 2009/10 Summary

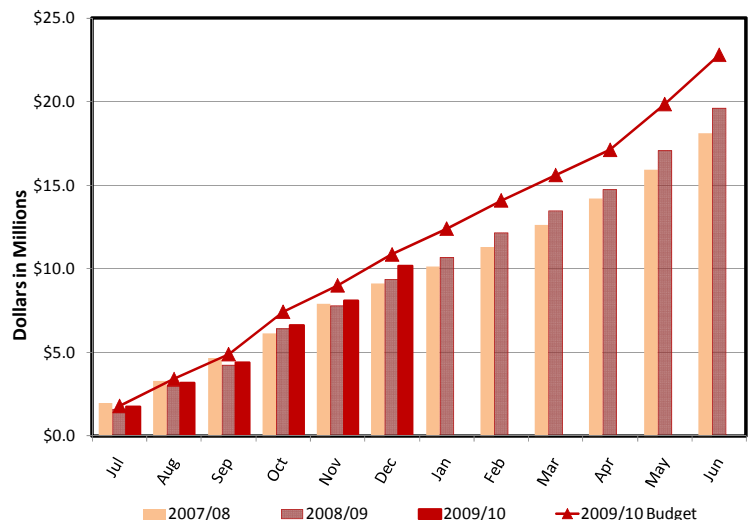
	2009/10	
	Revenues	Expenditures
July	\$ 339,750	\$ 1,721,004
August	858,646	1,413,053
September	1,015,271	1,229,521
October	861,631	2,242,908
November	1,087,794	1,472,261
December	3,325,345	2,084,890
January	-	-
February	-	-
March	-	-
April	-	-
May	-	-
June	-	-
TOTAL	\$ 7,488,437	\$ 10,163,636
<i>Budgeted</i>	<i>\$ 21,364,133</i>	<i>\$ 22,783,058</i>



The FY 2009/10 Adopted Budget includes spending \$341,900 from the fund balance (for street improvements). With the projected shortfall in General Fund revenues, the budget gap between revenues and expenditures will grow. The City will need to evaluate alternative revenue sources, and city departments will propose expenditure reductions. Revenues lagging behind expenditures is common for South Pasadena, as most tax revenues are received during the second half of the fiscal year.

General Fund Expenditures—Comparison to Prior Year

	2008/09		2009/10	
	Expenditures	Expenditures	Expenditures	Expenditures
July	\$ 1,550,719	\$ 1,721,004		
August	1,385,012	1,413,053		
September	1,281,263	1,229,521		
October	2,184,988	2,242,908		
November	1,363,114	1,472,261		
December	1,590,364	2,084,890		
January	1,330,981	-		
February	1,453,984	-		
March	1,304,020	-		
April	1,299,948	-		
May	2,354,115	-		
June	2,537,827	-		
TOTAL	\$ 19,636,335	\$ 10,163,636		
<i>Budgeted</i>	<i>\$ 23,272,804</i>	<i>\$ 22,783,058</i>		

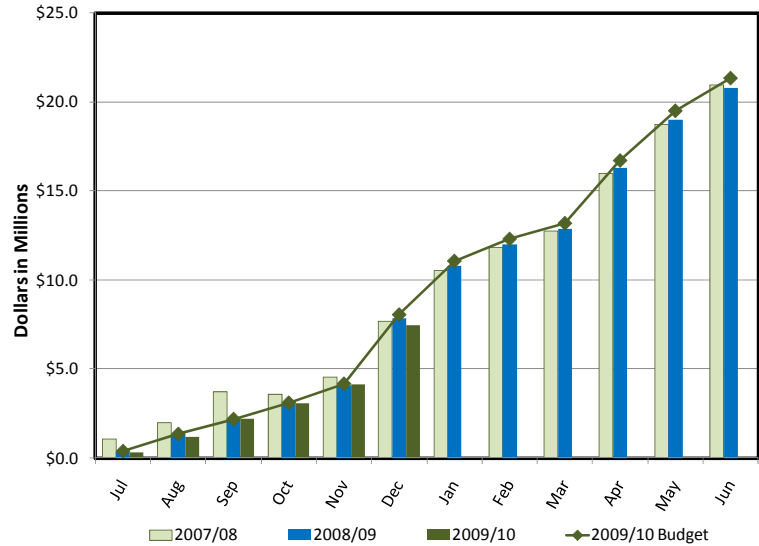


FY 2009/10 General Fund expenditures are deliberately kept low as the City determines the full impact of State actions and economic conditions. In addition, staff is actively performing operational audits, deferring purchase of supplies and equipment, and reviewing all professional contracts for cost saving opportunities. The chart above shows that FY 2009/10 expenditures are at the same level as FY 2008/09.

GENERAL FUND REVENUE ANALYSIS:

General Fund Revenues—Comparison to Prior Year

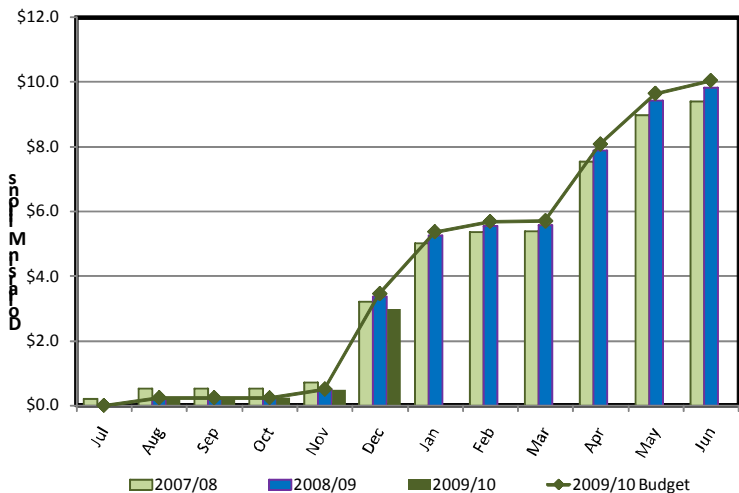
	2008/09 Revenues	2009/10 Revenues
July	\$ 405,973	\$ 339,750
August	930,176	858,646
September	818,724	1,015,271
October	889,075	861,631
November	1,042,060	1,087,794
December	3,786,414	3,325,345
January	2,935,971	-
February	1,206,998	-
March	858,510	-
April	3,434,372	-
May	2,721,407	-
June	1,788,090	-
TOTAL	\$ 20,817,768	\$ 7,488,437
<i>Budgeted</i>	<i>\$ 21,537,770</i>	<i>\$ 21,364,133</i>



It is difficult to estimate revenues within the first quarter of the fiscal year. However, it would be conservative to estimate that proper tax, sales tax and utility users tax will be less than budgeted by the end of FY 2009/10. Staff will present more accurate

Property Tax—FY 2009/10 Mid-Year Compared to Prior Year

	2008/09	2009/10
July	\$ -	\$ -
August	233,702	240,330
September	-	-
October	-	-
November	263,069	244,638
December	2,876,412	2,508,149
January	1,874,183	-
February	311,399	-
March	15,896	-
April	2,314,071	-
May	1,537,052	-
June	384,805	-
TOTAL	\$ 9,810,589	\$ 2,993,117

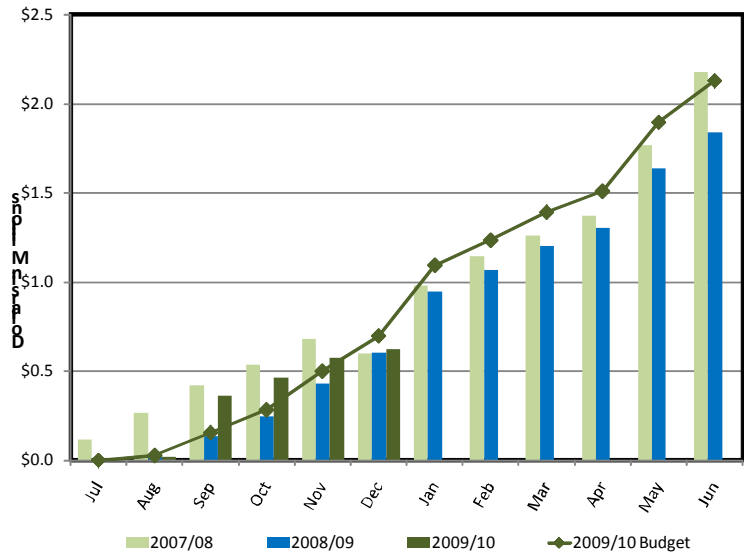


Property taxes make up 47% of total General Fund revenues. Unique to FY 2009/10, the State of California will borrow 8% (approx \$800,000) of the City's property taxes under the guidelines of Prop 1A (2004). The loan was to be paid back by 2013. The City Council in October 2009 decided to sell those loan receivables to the California Communities, and receive the money within this fiscal year. The Los Angeles County Assessor's Office estimate a 1.7% increase in property valuation for South Pasadena.

GENERAL FUND REVENUE ANALYSIS:

Sales Tax—FY 2009/10 Mid-Year Compared to Prior Year

	2008/09	2009/10
July	\$ -	\$ -
August	23,059	19,039
September	111,055	342,080
October	111,465	99,902
November	186,057	110,956
December	170,692	51,278
January	341,978	
February	121,736	
March	135,256	
April	102,129	
May	333,808	
June	201,638	
TOTAL	\$ 1,838,873	\$ 623,255

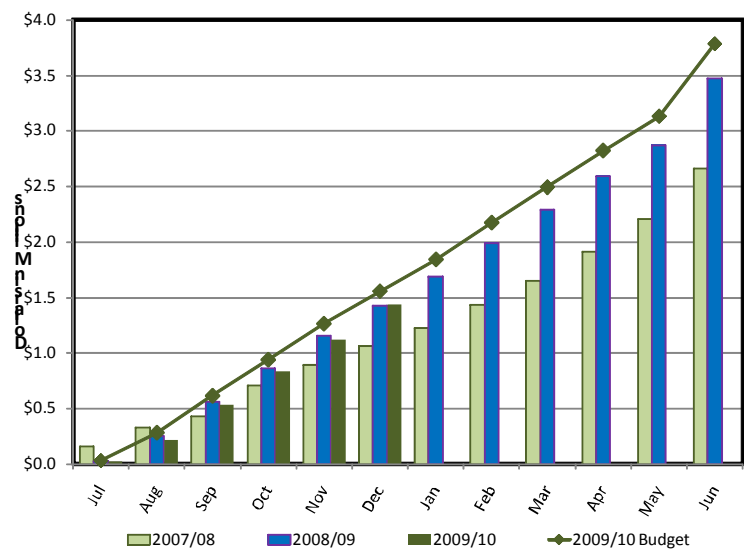


Current sales tax data for South Pasadena shows a decline of -7.7% compared to the prior year, however, this much better than the Los Angeles

countywide reduction of -16.4%. The city experienced a decline in sales from lumber/building materials, specialty stores and business services. The drop in fuel prices also reduced service station receipts. The attached chart does not accurately show FY 2009/10 revenues, as the State optimistically advance too much sales tax revenues to cities. This is generally reconciled within the next quarter. Regardless, sales tax revenues will not meet budgeted projections this year.

Utility Users Tax—FY 2009/10 Mid-Year Compared to Prior Year

	2008/09	2009/10
July	\$ 27,959	\$ 25,562
August	230,586	192,871
September	307,116	313,649
October	297,597	303,726
November	297,139	285,961
December	268,516	315,230
January	261,391	
February	304,706	
March	295,825	
April	302,065	
May	283,475	
June	599,972	
TOTAL	\$ 3,476,347	\$ 1,436,999



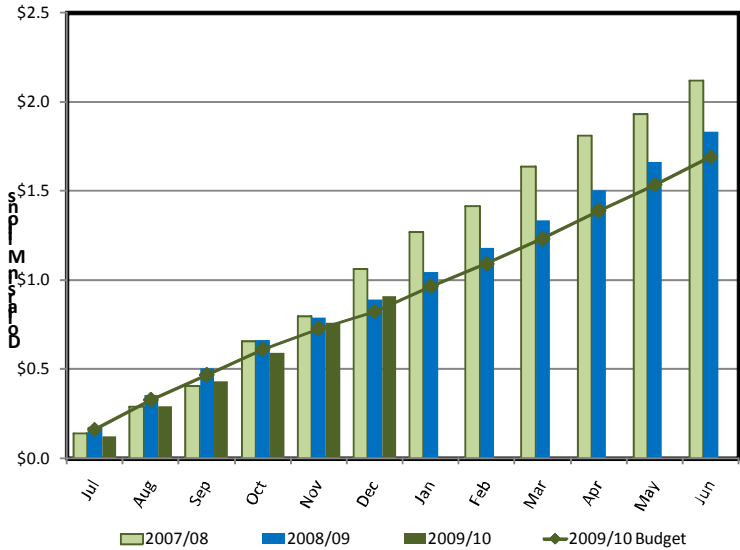
Utility users taxes (UUT) for FY 2009/10 make up 17.7% of total General Fund revenues. UUT

revenues coming in under budgeted projections, primarily due to conservation efforts. Residents are utilizing less water over the concern of the statewide water shortage. Residents are reducing their usage of electricity, gas, water, etc., due to the difficult economy. More vacant business properties would also mean less utility usage.

GENERAL FUND REVENUE ANALYSIS:

Charges for Current Services—FY 2009/10 Mid-Year Compared to Prior Year

	2008/09	2009/10
July	\$ 177,131	\$ 126,107
August	179,269	169,349
September	151,100	139,013
October	157,091	161,558
November	125,844	164,219
December	102,362	150,679
January	153,922	
February	136,816	
March	151,585	
April	170,285	
May	157,605	
June	170,433	
TOTAL	\$ 1,833,445	\$ 910,925

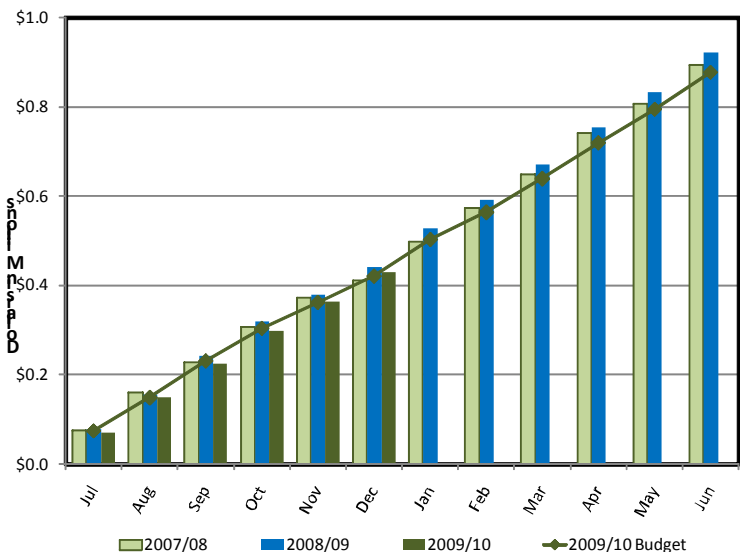


Charges for current services make up 7.9% of FY 2009/10 total General Fund revenues.

Current services include permits, inspections, licenses, and class registrations. Staff projected a reduction in current services revenues compared to the prior year. As of December 2009, revenues for current services are higher than budgeted amounts. Staff is conducting a comprehensive user fee study, which may result in improved cost recovery for current services.

Licenses and Permits—FY 2009/10 Mid-Year Compared to Prior Year

	2008/09	2009/10
July	\$ 78,580	\$ 72,171
August	78,585	79,345
September	85,969	74,749
October	76,534	72,388
November	61,063	66,764
December	61,772	64,322
January	86,468	
February	63,746	
March	79,644	
April	83,281	
May	79,190	
June	87,098	
TOTAL	\$ 921,930	\$ 429,740



Charges for current services should end the year at the same level of the prior year. This will be 8.4% over original budget projections.

GENERAL FUND EXPENDITURE—DEPARTMENT ANALYSIS:

Department/Program	Actual 2006/07	Actual 2007/08	Actual 2008/09	Cur Bud 2009/10	Actual Mid-Year	Percent Expended
City Council	47,455	27,721	47,728	59,368	16,972	28.6%
City Clerk						
City Clerk	214,169	232,192	276,539	323,361	135,648	41.9%
Elections	79,983	45,058	42,514	42,150	1,500	3.6%
City Manager						
City Manager	348,104	486,776	599,009	631,334	329,249	52.2%
Personnel	103,119	114,994	131,096	123,700	35,193	28.5%
Transportation Planning	310,327	205,320	164,082	327,037	110,521	33.8%
Legal Services	171,175	294,619	321,998	235,000	107,221	45.6%
Finance						
Finance	347,858	455,500	419,183	429,900	184,703	43.0%
Information System	165,903	171,241	170,814	189,730	93,879	49.5%
City Treasurer	10,287	10,288	10,318	8,637	4,932	57.1%
Non-Dept./Overhead	1,227,295	1,058,721	1,084,820	1,280,250	887,190	69.3%
Police	6,390,223	6,776,472	7,151,514	7,159,417	3,490,098	48.7%
Fire	3,508,458	3,798,213	3,781,911	4,255,625	1,917,994	45.1%
Public Works						
Environmental Services	94,579	94,234	214,634	197,401	86,061	43.6%
Administration & Engineeri	196,755	254,824	477,351	867,379	356,149	41.1%
Street Maintenance	1,587	-	-	-	-	-
Park Maintenance	299,014	333,727	400,060	452,900	137,368	30.3%
Facilities Maintenance	379,322	417,266	458,080	797,664	291,167	36.5%
Planning & Building	880,903	1,005,407	831,614	929,982	386,321	41.5%
Library	1,341,700	1,487,288	1,578,836	1,612,352	752,351	46.7%
Community Services						
Senior Services	160,503	151,437	169,484	180,695	78,256	43.3%
Community Services	165,771	154,967	138,937	195,986	89,536	45.7%
Recreation and Youth Servi	332,923	333,038	382,914	419,734	204,537	48.7%
Capital Projects	360,548	170,911	764,512	2,063,455	466,791	22.6%
Misc/Transfers Out	-	-	18,388	-	-	-
Total General Fund	17,137,961	18,080,213	19,636,335	22,783,058	10,163,636	44.6%
Wages & Benefits	11,836,133	13,014,689	13,733,293	14,913,936	6,926,094	46.4%
Operations & Maintenance	4,236,590	4,560,583	4,897,413	5,369,068	2,700,974	50.3%
Capital Outlay	454,690	334,030	222,730	436,599	69,778	16.0%
Other Expenses	250,000	-	-	-	-	0.0%
Capital Projects	360,548	170,911	764,512	1,703,455	466,791	27.4%
Transfer Out	-	-	18,388	360,000	-	0.0%
Total General Fund	17,137,961	18,080,213	19,636,335	22,783,058	10,163,636	44.6%

At mid-year, expenditures are in line with budget appropriations. Non-Department expenditures are higher due to the full payment for liability insurance (\$438,000) and lease of the fire engine (\$61,000). Departments

typically do not purchase capital outlay until the second half of the fiscal year, when there is more certainty in General Fund revenues.

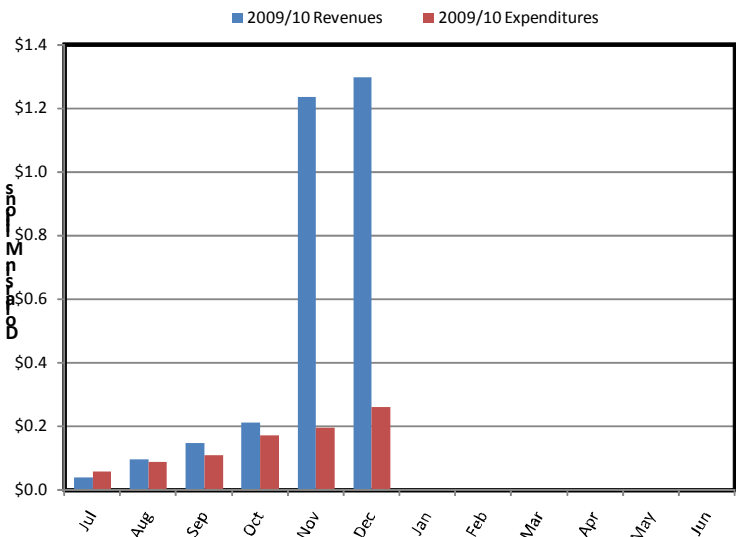
LEGAL SERVICES:

	Actual 2006/07	Actual 2007/08	Unaudited 2008/09	Budget 2009/10	Actual @12/31/09	% of Budget
City Attorney (101-2501-8160)						
City Attorney (Alvarez, Glasman & Colvin)	63,570	97,528				
City Attorney (Bannan, Green, Frank & Terzian)	61,272	150				
City Attorney (Jones Mayer)		117,766	276,724		100,374	
City Prosecutor (Joan Jenkins)	46,150	34,176	15,213		6,763	
Musick, Peeler, & Gar	120					
Rossmann and Moore, LLP	15,000					
Miscellaneous	64	-	61		84	
Total City Attorney	186,175	249,619	291,998	235,000	107,221	45.6%
Transportation Management (101-2021-8160)						
City Attorney (Alvarez, Glasman & Colvin)	2,013	1,403				
City Attorney (Bannan, Green, Frank & Terzian)	74,236	26,390	550			
City Attorney (Jones Mayer)		141	2,195		1,799	
Burke, Williams & S			3,713		3,539	
Chatten-Brown & Carsten			34,247		48,653	
Musick, Peeler, & Gar	90					
Rossmann and Moore, LLP	50,249	97,128	51,834		7,292	
Miscellaneous	155	228	113			
Total Transportation Management	126,744	125,289	92,652	120,000	61,282	51.1%
Personnel (101-2013-8160)						
City Attorney (Alvarez, Glasman & Colvin)	2,558					
City Attorney (Bannan, Green, Frank & Terzian)	3,525					
Mark Burstein	3,000					
Edna Francis		2,940				
Liebert Cassidy Whitmore	58,733	69,395	71,069		12,476	
Miscellaneous		1,300			1,529	
Total Personnel	67,815	73,635	71,069	35,000	14,006	40.0%
Environmental Services (101-2015-8160)						
Musick, Peeler, & Gar		88				
Total Environmental Services	-	88	-	-	-	-
CRA (227-7210-8160)						
City Attorney (Alvarez, Glasman & Colvin)		26,136	2,640			
City Attorney (Bannan, Green, Frank & Terzian)	10,547					
City Attorney (Jones Mayer)		37,889	46,757		16,533	
Kane, Ballmer, & Ber	4,921	21,224	3,960		154	
Miscellaneous	49				115	
Total CRA	15,517	85,249	53,357	75,000	16,802	22.4%
CITYWIDE TOTAL	\$ 396,251	\$ 533,880	\$ 509,076	\$ 465,000	\$ 199,310	42.9%

Legal services is monitored more actively now than in prior years. Legal counsel expenses have reduced from \$1.2 million in FY 2004/05 to \$465,000 for FY 2009/10. Staff is anticipating significant invoices for transportation legal services, and will ask Council to increase appropriations by \$50,000 in January 2010.

Sewer Fund—FY 2009/10 Revenues and Expenditures

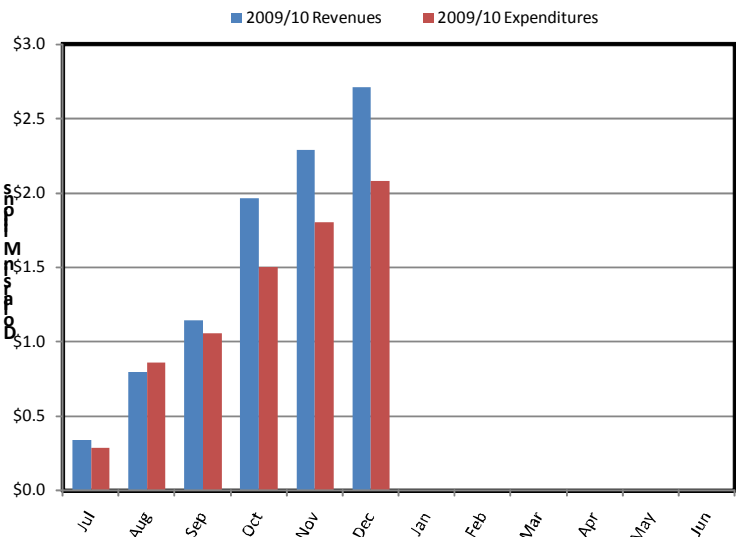
	2009/10	
	Revenues	Expenditures
July	\$ 41,030	\$ 60,557
August	56,318	28,381
September	50,427	21,534
October	63,979	61,538
November	1,023,914	25,001
December	62,703	64,856
January	-	-
February	-	-
March	-	-
April	-	-
May	-	-
June	-	-
TOTAL	\$ 1,298,371	\$ 261,867
<i>Budgeted</i>	<i>\$ 1,036,500</i>	<i>\$ 1,276,226</i>



Based on Resolution 7045, sewer rates were increased approximately 15% citywide in July 2009. The purpose of the rate increase is to sustain ongoing operating costs, funding of reserves, capital improvements and emergency repairs. Staff will monitor and compare actual revenues to projections. Several emergency sewer repairs emphasized the City’s need to repair and rehabilitate the sewer infrastructure.

Water Fund—FY 2009/10 Revenues and Expenditures

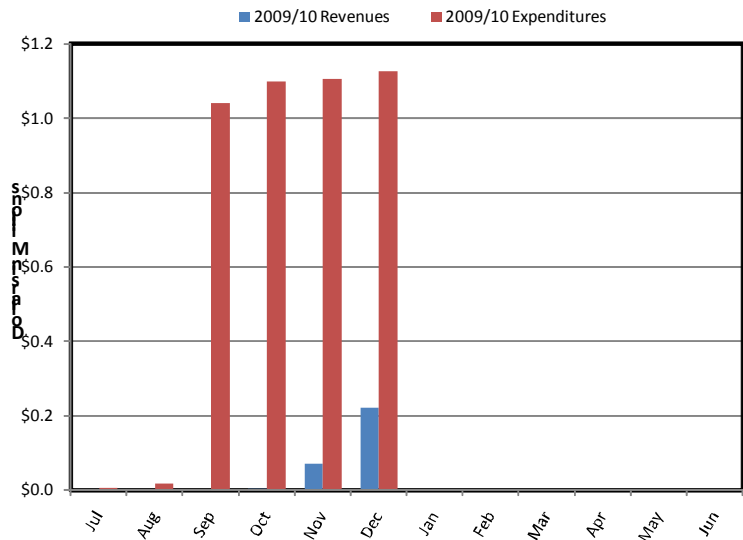
	2009/10	
	Revenues	Expenditures
July	\$ 342,767	\$ 289,949
August	453,479	568,597
September	350,431	200,186
October	817,351	443,759
November	323,208	298,417
December	422,695	281,054
January	-	-
February	-	-
March	-	-
April	-	-
May	-	-
June	-	-
TOTAL	\$ 2,709,930	\$ 2,081,961
<i>Budgeted</i>	<i>\$ 12,433,300</i>	<i>\$ 17,372,302</i>



Based on Resolution 7046, water rates were increased by approximately 15% in July 2009. The purpose of the rate increase is to sustain ongoing operating costs, funding of reserves, capital improvements and emergency repairs. The Water Fund’s FY 2009/10 Budget includes \$11.9 million in capital projects.

South Pasadena Community Redevelopment Agency Fund—FY 2009/10 Revenues and Expenditures

	2009/10 Revenues	2009/10 Expenditures
July	\$ 0	\$ 6,249
August	0	11,936
September	-	1,022,924
October	5,616	57,148
November	66,004	7,889
December	149,504	19,462
January	-	-
February	-	-
March	-	-
April	-	-
May	-	-
June	-	-
TOTAL	\$ 221,124	\$ 1,125,607
<i>Budgeted</i>	<i>\$ 525,500</i>	<i>\$ 483,053</i>



On October 20, 2009, the California Redevelopment Agency (CRA) filed a lawsuit challenging the \$2.05 billion raid on local redevelopment funds. This is the second lawsuit filed by CRA. In April 2009, the Sacramento Superior Court ruled in favor of CRA and invalidated similar budget action of 2008 that would have shifted \$350 million in redevelopment funds to the State. A ruling is anticipated for May 2010, the date that redevelopment agencies must make their 2009/10 payment to the State. While there is no way to predict how long a court proceeding will take, given the magnitude of the raid and the impact it will have on redevelopment agencies, it is hopeful that the court will rule sometime in early 2010. The negative impact to South Pasadena revenues are \$215,000 in FY 2009/10 and \$44,000 in FY 2010/11. Since the results of the

On August 19, 2009, the Board of Directors for the South Pasadena Community Development Agency approved the purchase of the property located within the Redevelopment project area. The purchase price was \$1,010,000, as shown in the chart above. The current budget needs to be modified to reflect the approved transaction.