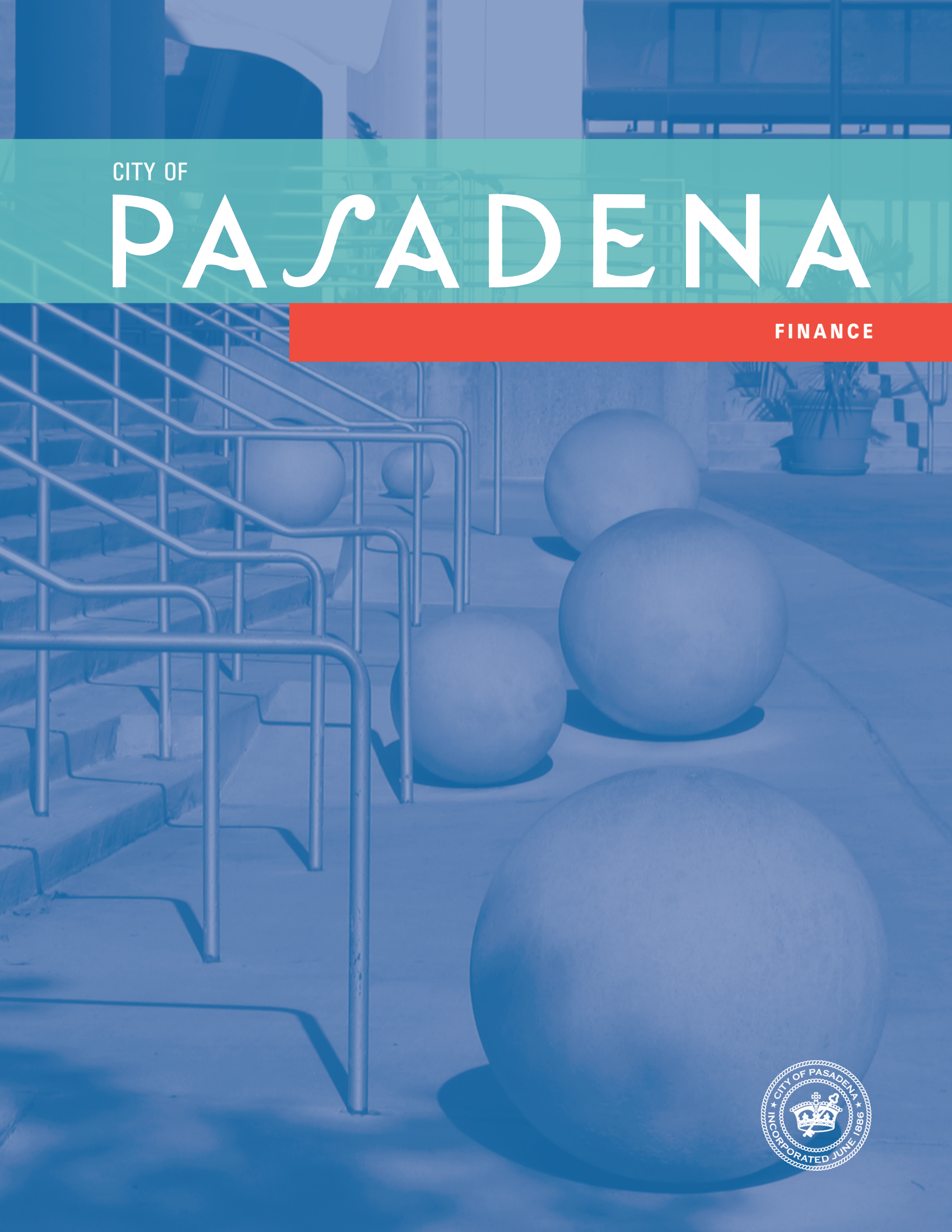
CITY OF

PASADENA

FINANCE



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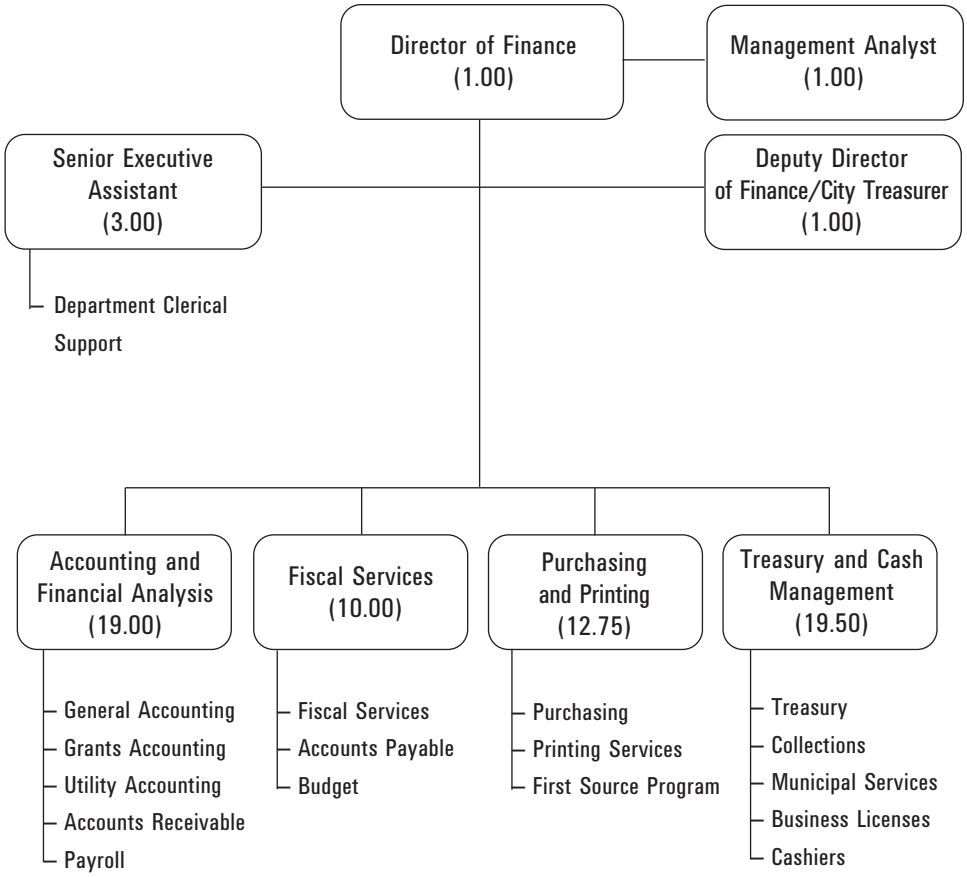
FINANCE



MISSION STATEMENT

The mission of the Department of Finance is to develop and monitor fiscal policies and procedures that ensure a financially strong and effective city government and maintains the financial integrity of the City and its affiliated agencies. Being responsible for the overall financial and accounting management of the City, the Department ensures adherence to generally accepted accounting principles and ensures appropriate internal controls are in place to safeguard City assets.

PROGRAM DESCRIPTION

The Department plays a key role in every financial transaction of the City ranging from cash handling to debt management and from financial forecasting to budgetary controls. Services provided by the Department include fiscal oversight, accounting and analysis, debt management, investments, purchasing, budgeting, cash management, cashiering, collections, accounts receivable, accounts payable, payroll, printing services, and management analysis. The Department performs the following services:

- Monitors and reports the fiscal well-being of the City to the public, the City Council, and to executive management;
- Provides staff support to the City Council Finance and Audit Committee;
- Coordinates the City's long-range financial planning and debt administration;
- Prepares and oversees the City's Operating Budget and routinely amends the budget to reflect operational changes;
- Updates and monitors the General Fund Five-Year Financial Plan;
- Provides procurement, accounts payable, accounts receivable, accounting, grants management and printing services for the City;
- Maintains the City's vendor list and serves as a resource for bid notifications and outreach for City departments including outreach for viable local economic opportunities;
- Promotes the local economy by identifying local purchasing, contracting, and hiring opportunities;
- Provides prudent investment management of the City's pooled portfolio, Capital Endowment Portfolio, Stranded Investment Reserve Fund, the former Pasadena Community Development Commission (PCDC), and segregated smaller portfolios, as well as investments held with trustees;
- Manages the bonded indebtedness for the General Fund, Water and Power Department, Successor Agency to the PCDC, and other City debt for a total of 35 financing issues with original face amounts of approximately $1.116 billion and current outstanding bonds of $970.3 million, with reserve funds of $62 million as of December 31, 2016;
- Performs lead role in issuing municipal bonds;
- Provides financial analysis and planning, actuarial analysis and cash flows relating to the funding of the Fire and Police Retirement System;
- Provides financial management services to the Successor Agency to the PCDC to effectuate the elimination of redevelopment activities per state law;
- Provides city-wide cashiering services, processing of utility payments, monitoring of billing, renewing, collecting, processing, investigating and issuance of over 18,000 business licenses with an average annual revenue of $6.2 million;
- Collects and administers delinquent accounts for the City including civil citations, paramedic accounts, utility accounts, code enforcement citations, special taxes, district assessment fees, non-sufficient fund returned checks, and other miscellaneous accounts;
- Collects, analyzes, records, and reports financial transactions of the City in accordance with applicable accounting, City, and other governmental requirements, standards, and guidelines;
- Bills and collects grants and other miscellaneous City revenues;
- Performs billing and receivables management for false alarms, utility users' tax, franchise tax, transient occupancy tax, zoning parking contracts, occupancy inspections, grants, housing, benefits, and property damage;

- Manages payroll processing; and
- Coordinates the external audit of City financial statements and prepares the City's Comprehensive Annual Financial Report (CAFR), develops and prepares periodic financial reports for management, conducts grants-related fiscal monitoring, coordinates audits by federal and state granting agencies, and prepares other required governmental reports;

DEPARTMENTAL RELATIONSHIP TO CITY COUNCIL GOALS

Support and Promote the Quality of Life and the Local Economy

The Department works closely with City departments to provide financial and economic data related to the City. The Department analyzes proposals and assists in the preparation of economic development agreements, works with the City's Business Improvement Districts to ensure the proper collection of annual assessments, and serves as a resource to the Pasadena business community. The Department participates in developing financing plans for major City projects and works closely with the Pasadena Center Operating Company and the Rose Bowl Operating Company to develop financing plans for major improvements.

Maintain Fiscal Responsibility and Stability

The Department continually searches for ways to improve City services while reducing costs. The Department continues to take the lead with updating the City's financial system to enhance financial information delivery. The business license system streamlines the processing of business license accounts and enhances customer service. The Purchasing Card Program allows departments to quickly procure items, reduces unnecessary paperwork and allows vendors to receive more timely payments. The Department developed numerous financial plans for major City funds to provide the City Council with a long-range financial picture of the fiscal solvency of these funds. These documents are refined on a quarterly basis to serve as an important planning tool for monetary decisions. Additionally, purchasing policies have been implemented to achieve urban sustainability as promoted by the United Nations Green Cities Declaration and Urban Environmental Accords, beginning with the purchase of alternative fuel vehicles, paper with higher content recycled matter, green light bulbs, and janitorial supplies that are free of toxins.

FISCAL YEAR 2017 ACCOMPLISHMENTS

- The City expects to receive a Certificate of Achievement for Excellence in Financial Reporting by the Government Financial Officers Association (GFOA) for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. Notification is generally received in July or August.
- Prepared and presented to the City Council the FY 2018 Operating Budget for adoption;
- Maintained a current General Obligation Bond rating of AAA, the highest rating given by Standard and Poor's, and AA+ by Fitch rating agencies;
- Since the inception of the Pasadena First Buy Local Program, approximately 400 construction jobs have been filled by Pasadena residents and over $1.4 million in wages have been earned on private development projects. Approximately 30 percent of these wages are associated with local hiring. Additionally, over $3.6 million in wages have been earned on public projects and a total of over $13 million in subcontracting and procurement has gone to Pasadena businesses. The Heritage Square Project, which is part of the First Buy Local Program, led to more than 81.0 percent of the purchasing opportunities being awarded to Pasadena businesses, and more than 20.0 percent of the construction related payroll was satisfied by Pasadena residents;
- Planned and coordinated two outreach events to local businesses. The Robinson Park Project event was attended by more than 25 Pasadena businesses and 10 contractors. The second outreach event was conducted in partnership with JPL and NASA and was focused on local businesses, women-owned businesses and small businesses;

- Continued to reduce the number of printed checks by Accounts Payable and increased efficiencies by expanding e-payable solutions and electronic invoice tracking;
- Continued to invest approximately $603 million as of June 30, 2016 in accordance with the City's investment policy and strategy and achieved competitive returns on City's investment portfolio;
- Continued to implement the home-based business audit program by sharing data with the State Franchise Tax Board;
- Continued to implement AB990 Business License Tax audit program with the State Board of Equalization;
- Successfully reported required annual continuing disclosure reports to the investment community and information disseminating agents; assisted on activities related to the dissolution of PCDC;
- Provided cash handling and procurement training to various departments throughout the City;
- Successfully issued the 2016A Electric Revenue Refunding Bonds in the amount of $119,440,000, the 2016A Rose Bowl Refunding Lease Revenue Bonds in the amount of $21,865,000 and the 2017A Water Revenue Refunding Bonds in the amount of $15,530,000 (Par Amount).
- Took lead role on developing and implementing payroll and business license modules in the Tyler Munis Enterprise Resource Planning system;
- Completed printing and production of the Adopted Operating Budget, Budget In Brief, and CAFR documents within extremely short deadline constraints;
- Replaced obsolete, non-functional printing hardware with new, current-generation black and white and color digital printing systems and Oce Prismaprepare prepress software system; and;
- Established a strong working relationship with Pasadena Unified School District in support of Collaborate Pasadena work plan.

FISCAL YEAR 2018 ADOPTED BUDGET

Operating Budget

The FY 2018 Adopted Budget of $12,190,105 is approximately the same compared to the FY 2017 Revised Budget.

Personnel

A total of 67.25 FTEs are included in the FY 2018 Adopted Budget. This includes 1.00 eliminated FTE and the addition of 1.00 new FTE in Grants Accounting to better reflect departmental needs.

YEAR-OVER-YEAR BUDGET CHANGES

General Fund - 101

Personnel increased by approximately $130,000 due to salary, PERS, medical, and Workers' Compensation increases. Services and Supplies decreased by approximately $100,000 due to a decrease in Contract Services. Internal Services costs decreased approximately $12,000 as a result of reduced DoIT charges.

Printing Services Fund – 508

Personnel costs remain the same compared to the FY 2017 Revised Budget. Services and Supplies increased approximately $100,000 due to an increase in Outside Printing costs. Internal Services costs decreased approximately $60,000 as a result of reduced DoIT charges. Operating expenses decreased approximately $60,000 due to a reduction in depreciation expense.

FUTURE OUTLOOK

The Department of Finance will pro-actively work with City departments and the affiliated agencies (Pasadena Center Operating Company, Rose Bowl Operating Company, and Pasadena Community Access Corporation) when new projects emerge and major initiatives are undertaken. The Department is actively involved in legislation as it impacts local government revenue and finances. As new reporting requirements are introduced by the Governmental Accounting Standards Board

(GASB), state laws change, revenues continue to show only modest gains, and expenses continue to grow, the need for constant monitoring of the City's financial affairs will increase. Strong fiscal leadership and superior customer service are two key areas of focus in the Department. Department employees will continue to attend training offered by the City to enhance their skill set and the Department will continually strive to streamline processes to enhance customer service. Additionally, implementation of recommendations from the Department's operational audit and its strategic plan will help ensure that the upgrade of the City's financial and human resources systems are effective and efficient.

Actions that will be taken in FY 2018 as part of the Department's Work Accountability Plan include:

- Review and revise finance related procedures;
- Provide mandatory training to both internal Finance staff and other department staff on finance policies and procedures;
- Provide financial updates to the Finance Committee on an ongoing basis;
- Refine and implement the Cost Allocation Plan and Cost of Service Study to ensure cost recovery where appropriate.

SUMMARY OF APPROPRIATIONS BY EXPENSE CATEGORY

(In Thousands)

Expenditure Category	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Personnel	$8,018	$8,197	$8,093	$8,230
Services & Supplies	1,429	1,491	1,491	1,485
Internal Service Charges	2,155	2,540	2,540	2,469
Operating Expense	98	71	71	7
Operating Transfers Out	92	0	0	0
Finance Total	**$11,793**	**$12,299**	**$12,195**	**$12,190**

SUMMARY OF APPROPRIATIONS BY DIVISION

(In Thousands)

Division	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Finance-Administration	$1,711	$1,544	$1,544	$1,404
Accounting & Analysis	3,925	3,798	3,798	3,815
Budget	446	753	753	746
Purchasing & Printing	2,896	2,798	2,695	2,794
Treasury/Cash Management	2,816	3,405	3,405	3,430
Finance Total	**$11,793**	**$12,299**	**$12,195**	**$12,190**

SUMMARY OF APPROPRIATIONS BY FUND

(In Thousands)

Fund	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
101 - General Fund	$9,244	$10,339	$10,236	$10,246
106 - New Years Day Genl Fund Events	1	0	0	0
203 - Health Fund	1	70	70	18
204 - Building Services Fund	47	83	83	79
219 - Community Develop Block Grant	69	83	83	61
220 - Rental Assistance Programs Fnd	30	22	22	28
223 - Supportive Housing Prog. (SHP)	0	0	0	34
226 - HOPWA Fund	2	12	12	3
237 - Low and Mod Inc Housing Asset	0	0	0	0
238 - Other Housing Funds	87	51	51	47
504 - Benefits and Insurance Fund	785	58	58	0
508 - Printing Services Fund	1,528	1,580	1,580	1,555
681 - Foothill Employ and Train Cons	0	0	0	118
Finance Total	**$11,793**	**$12,299**	**$12,195**	**$12,190**

SUMMARY OF FTEs BY DIVISION

Division	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Accounting & Analysis	22.00	24.00	24.00	24.00
Finance-Administration	6.00	6.00	6.00	6.00
Treasury/Cash Management	20.50	20.50	20.50	20.50
Budget	3.00	4.00	4.00	4.00
Purchasing & Printing	13.75	13.75	12..75	12.75
Finance Total	**65.25**	**68.25**	**67.25**	**67.25**

PERFORMANCE MEASURES			FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target
Purchasing & Printing Division						
Council Goal:	**Support and promote the quality of life and the local economy.**					
Objective:	Promote effective procurement operations and ensure City purchases are made efficiently and cost effectively .					
	1	Percentage of purchasing requisitions processed within 3 days of receipt.	N/A	98%	75%	50%
	2	Percent of bids disseminated electronically.	N/A	90%	100%	95%
	3	Number of contracts awarded to local businesses; or number of referrals that resulted in the hiring of a local individual.	N/A	700	304	600
	4	Number of contract opportunity notifications disseminated to local businesses.	N/A	3,000	3,351	8,000
	5	Number of community outreach meetings held to describe the Pasadena First Buy Local program.	10	7	2	3
	6	Percentage of salvage items process for pick up in 28 days	N/A	80%	60%	75%
	7	Number of bids to utilize electronic bidding.	N/A	25	24	15
	8	Number of weekly payrolls reviewed for Living Wage compliance.	N/A	6	0	6
	9	Number of businesses briefed on "Doing Business with the City" or participated in one-on-one meetings.	N/A	40	97	75
	10	Average number of bidders for formal bid packages.	N/A	2.5	2.1	2.0
NOTES						
(1)	Performance Measures 1-4 - complete FY 2016 data is not available.					
(2)	Performance Measure 3 - no data available yet for FY 2016 mid-year actual.					
Objective:	Promote procurement policy education.					
	1	Number of internal/external training classes conducted.	3	4	7	4
	2	Average number of attendees at each training class.	30	20	30	20
Objective:	Promote effective procurement operations and ensure City purchases are made efficiently and cost effectively.					
	1	Print shop cost per copy compared to industry average (print shop cost / industry average).	$.09 / $.09	$.09 / $.09	$.09 / $.09	$.09 / $.09
	2	Number of department outreach meetings conducted to inform customers of print shop capabilities.	5	3	6	5
Treasury and Cash Management Division						
Council Goal:	**Maintain fiscal responsibility and stability.**					
Objective:	Maximize investment returns in accordance with GAAP and GASB guidelines.					
	1	Average rate of return/effective yield (annualized) (total assets).	1.22%	1.00%	1.22%	1.20%
	2	Average rate of return of investment benchmarks - LAIF	0.55%	*see note*	0.74%	*see note*
	3	Average duration of investments compared to best practice recommendation of 2 years.	1.88 years	2.00 years	2.16 years	2.00 years

PERFORMANCE MEASURES		FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target
NOTE					
(1)	Future market rate and interest rate cannot be determined at this time. Please see the quarterly investment reports for more comprehensive performance measures for City investments.				
Objective:	Maximize effectiveness of customer service.				
1	Average percentage of survey results for overall customer service ranked "Good" or better.	100%	100%	100%	100%
2	Average time for resolution of complaints.	1 business day	1 business day	1 business day	1 business day
3	Average time for response to customer who left message.	1 business day	1 business day	1 business day	1 business day
4	Average wait time for counter customer service.	3 minutes	2 minutes	3 minutes	2 minutes
5	Average wait time for telephone customers.	1 minute	1 minute	1 minute	1 minute
6	Average response time for customers who mail in payments.	1 business day	1 business day	1 business day	1 business day
7	Percentage of cash management procedures that are documented.	90%	100%	90%	100%
8	Number of training sessions provided to departments on cash management procedures.	8	8	4	8
9	Percentage of municipal services staff crossed-trained.	80%	100%	80%	100%
10	Average time to respond to public records requests.	10 days	10 days	10 days	10 days

NOTES

(1) Performance Measure 1 - Customer Service Survey completed manually by customers.

(2) Performance Measure 2 - Most complaints are resolved by reprinting a receipt, researching an account, or resolving a bus pass issue. As a result, wait time is minimal

(3) Performance Measure 3 - Phone messages are retrieved throughout the day and calls are returned by the end of the day.

(4) Performance Measure 4 - Quadrant Cashiering Systems is used to create a detailed report that shows what time a transaction started. Reviewing camera feed also determines wait time.

(5) Performance Measure 5 - Most telephone calls come from internal customers and, due to staff shortfall, most calls go directly to voicemail.

Objective:	Maintain effectiveness of customer service.				
1	Average percentage of survey results for overall customer service ranked "Good" or better.	100%	100%	100%	100%
2	Average time for resolution of complaints.	2 business day	2 business days	2 business days	2 business days
3	Average time for response to customers who left message.	1 business day	1 business day	1 business day	1 business day
4	Average wait time for counter customer service.	3 minutes	3 minutes	4 minutes	3 minutes
5	Average wait time for telephone customers.	3 minutes	2 minutes	3-4 minutes	2 minutes
6	Average response time for customers who mail in correspondence (applications).	1 business day	1 business day	2-3 business days	1 business day
7	Average response time for customers who mail in payment (renewals)	1 business day	1 business day	2-3 business days	1 business day

NOTE

(1) Differences (example 2 minutes vs. 3 minutes) between wait time for cashiering functions and business licensing functions are due to the extensive nature of the questions which require more time spent with each customer.

PERFORMANCE MEASURES			FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target
Budget Division						
Council Goal:	**Maintain fiscal responsibility and stability.**					
Objective:	City leaders are well informed to make sound financial decisions.					
	1	Number of department programs analyzed with improvement recommendations reported to the applicable department head and Director of Finance.	2	3	2	2
	2	Percentage of budget procedures documented.	100%	100%	100%	100%
	3	Number of budget training sessions provided to departments.	3	4	0	4
	4	Number of days after formal budget adoption for document to be completed and on-line.	47	50	N/A	50
	5	Number of monthly Department Analyst meetings.	(New)	(New)	5	12

NOTE
(1) Performance Measure 5 – The Department Analyst meetings are conducted for the purpose of providing City staff with additional information and instruction regarding finance policies and procedures, thereby enhancing departmental fiscal management practices city-wide.

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