



CITY OF GLENDALE, CALIFORNIA  
REPORT TO THE:

Joint  City Council  Housing Authority  Successor Agency  Oversight Board   
Glendale Financing Authority

February 13, 2018

**AGENDA ITEM**

Financial Status Report – December 31, 2017

- 1) Motion to note and file the Financial Status Report for the FY 2017-18 second quarter ended December 31, 2017.
- 2) Resolution of appropriation approving \$492,611 in adjustments to the adopted FY 2017-18 Budget.

**COUNCIL ACTION**

Public Hearing  Ordinance  Consent Calendar  Action Item  Report Only

Approved for Feb 13, 2018 calendar

**ADMINISTRATIVE ACTION**

**Submitted by:**  
Robert Elliot, Director of Finance

**Prepared by:**  
Adrine Isayan, Deputy Director of Finance

Armen Harkalyan, Deputy Director of Finance

Jasmine Chilingarian, Sr. Revenue Analyst

Jason Jacobsen, Budget Analyst

**Approved by:**  
Yasmin K. Beers, Interim City Manager

**Reviewed By:**  
Michael J. Garcia, City Attorney

Michele Flynn, Assistant Director of Finance

Signature

## **RECOMMENDATION**

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It is recommended that the City Council approve the following:

- 1) Motion to note and file the Financial Status Reports for the FY 2017-18 second quarter ended December 31, 2017.
- 2) Resolution of appropriation approving \$492,611 in adjustments to the adopted FY 2017-18 Budget.

## **BACKGROUND/ANALYSIS**

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### **FY 2017-18 General Fund Second Quarter Results**

#### **Resources**

As of December 31, 2017, the City's General Fund has received revenues in the amount of \$73.4 million which represents 34.1% of the revised revenues as indicated in the table on the next page. In comparison to the same point last year, revenues have increased by approximately 0.27% or \$197 thousand. The adjustments noted at mid-year are attributable to a rise in property taxes, sales taxes, other taxes and a decrease in utility users taxes and fines & forfeitures categories. Finance staff has adjusted the initial revenue estimates as needed.

The increase in property taxes is due to continued demand by home buyers which, in turn, is mainly due to persistently low interest rates. The increase in sales taxes is reflective of the continued economic recovery and also based in part on the most recent projections from our tax consultants. Additionally, the other taxes and the licenses and permits categories have been adjusted upwards as well. The other taxes category includes the payments received from the host fees collected by the County Sanitation District for the use of the Scholl Canyon Landfill. Based on the districts reports, the usage and tonnage at the landfill has increased since last year and this trend will most likely continue through the end of this fiscal year. The increase in licenses and permits category is due to continued increase in issuance of permits and certain fee increases for FY 2017-18.

Additionally, adjustments were made to the Utility Users Taxes (UUT). The telecommunications and video UUT categories are not trending as forecasted and are on a verge of decline. This is mainly due to a shift in consumer behavior as most customers are switching from traditional phones and cable services to pre-paid and over the top (OTT) service providers such as SlingTV, Netflix, Hulu, etc., which are not taxed at this time. The fines & forfeiture category has been reduced as well, since the traffic citation revenues received from the County Courts have been in decline for the last several years and this trend will continue forward. Overall, the revenue estimates have been increased by approximately \$1.7 million for FY 2017-18.

The table provided on the next page shows the General Fund Resources as of December 31, 2017.

**General Fund**  
**Resources Budget to Actuals, December 31, 2017**  
(In Thousands)

	Adopted 17-18	Adjustments 17-18	Revised Resources	Actual Receipts	%
					Received
Property Taxes	\$ 56,229	\$ 1,200	\$ 57,429	\$ 13,685	23.8%
Sales Taxes	41,015	1,000	42,015	13,816	32.9%
UUT	30,054	(700)	29,354	12,844	43.8%
Occupancy & Other Taxes	14,859	600	15,459	5,291	34.2%
Licenses & Permits	9,597	130	9,727	5,299	54.5%
Revenue from Other Agencies	112	50	162	53	32.7%
Charges for Services	9,225	-	9,225	4,028	43.7%
Interfund Revenue	18,099	(500)	17,599	8,705	49.5%
Fines & Forfeitures	2,622	(100)	2,522	1,198	47.5%
Interest/Use of Money	4,045	-	4,045	2,442	60.4%
Misc & Non-Operating	1,456	-	1,456	550	37.8%
Transfer from Other Funds	21,310	-	21,310	575	2.7%
GSA Reimbursement	4,885	-	4,885	4,885	100.0%
<b>Total Revenue:</b>	<b>\$ 213,508</b>	<b>\$ 1,680</b>	<b>\$ 215,188</b>	<b>\$ 73,371</b>	<b>34.1%</b>
Use of Assigned Fund Balance	906	2,317	3,223	-	0.0%
Use of Unassigned Fund Balance	629	2,381	3,010	-	0.0%
<b>Total Resources:</b>	<b>\$ 215,043</b>	<b>\$ 6,378</b>	<b>\$ 221,421</b>	<b>\$ 73,371</b>	<b>33.1%</b>

**Expenditures**

Second quarter General Fund departmental expenditures are currently tracking near the 50% expended mark, as expected. Total General Fund expenditures as of December 31, 2017 are \$104.7 million (47.4%) compared to \$98.7 million (48.0%) at this time last year.

The Fire department is currently the only department tracking above the 50% expended mark, ending the quarter at 51.2%. This is mainly due to the department's response to the La Tuna Canyon Fire and the large number of mutual-aid responses that occurred during the first quarter. As shown below, the Fire and Police departments are each requesting budget adjustments for the City's portion of costs resulting from the La Tuna Canyon Fire. Fire department staff also anticipates a future request reflecting non-City costs (i.e. air support provided by the City of Los Angeles) to come at a later date this fiscal year. Reimbursements for mutual-aid are anticipated to be received approximately six months after the incident date. Community Services & Parks, having originally ended the first quarter slightly above the 25% mark due to various seasonal activities, is currently tracking at 49.0%. The Transfers category exceeded the 50% expended mark due to 100% of the Glendale Successor Agency (GSA) Loan Repayment being received within the first quarter. The transfer out of these funds reflects 20% of the GSA Loan Repayment going to the Low & Moderate Housing Fund. The table provided on the next page shows the General Fund Expenditures as of December 31, 2017.

**General Fund**  
**Expenditures Budget to Actuals, December 31, 2017**  
(In Thousands)

	Adopted 17-18	Adjustments 17-18*	Revised Budget	Actual Expended	%
					Expended
Administrative Services	\$ 5,000	\$ 231	\$ 5,231	\$ 2,258	43.2%
City Attorney	3,694	52	3,745	1,703	45.5%
City Clerk	1,426	20	1,446	388	26.8%
City Treasurer	751	87	838	374	44.6%
Community Development	16,174	2,422	18,596	7,209	38.8%
Comm. Services & Parks	12,388	506	12,894	6,312	49.0%
Fire	58,346	609	58,954	30,210	51.2%
Human Resources	2,997	41	3,038	1,294	42.6%
Innovation, Performance & Audit	1,253	11	1,265	425	33.6%
Library, Arts & Culture	10,536	730	11,267	5,131	45.5%
Management Services	4,376	200	4,576	2,039	44.6%
Police	80,621	278	80,899	38,973	48.2%
Public Works	14,900	355	15,256	6,686	43.8%
Transfers	2,580	343	2,923	1,650	56.4%
<b>Subtotal:</b>	<b>\$215,042</b>	<b>\$ 5,885</b>	<b>\$ 220,928</b>	<b>\$ 104,652</b>	<b>47.4%</b>
Pending Approval 2nd Qtr. Adj.	-	493	493	-	
<b>Total:</b>	<b>\$215,042</b>	<b>\$ 6,378</b>	<b>\$ 221,421</b>	<b>\$ 104,652</b>	<b>47.3%</b>

\*Includes Carryovers and Adjustments

**Fund Balance**

The City's beginning unassigned & charter reserve fund balance for FY 2017-18 was \$88.0 million, a reserve of 40.9%. Based on the FY 2017-18 adopted budget, expenditure and revenue budget adjustments to date, carryovers and pending second quarter adjustments, we anticipate the use of \$3.0 million in unassigned fund balance by the end of FY 2017-18. This will decrease the unassigned & charter reserve fund balance estimate to approximately \$85.0 million and decrease the reserve percentage to 39.5%. Assuming departmental budgets are 100% expended by fiscal year-end, and factoring in the deposit of \$26.5 million to the Section 115 PERS Stabilization Fund, the unassigned & charter reserve fund balance is expected to close the fiscal year at \$58.5 million, a reserve of 27.2%. This reserve remains within the revised, Council approved range of 25% to 35% adopted in July 2017. A summary of the projected unassigned & charter reserve fund balance for FY 2017-18 is provided on the next page.

**General Fund  
Projected Fund Balance, June 30, 2018  
(In Thousands)**

	<b>Unassigned &amp; Charter Reserve</b>	<b>% of Budget *</b>
<b>Beginning Fund Balance, 7/01/2017</b>	\$ 87,997	40.9%
Projected Revised Use of Fund Balance, 6/30/2018	(3,010)	
<b>Projected Ending Fund Balance, 6/30/2018</b>	<b>\$ 84,987</b>	<b>39.5%</b>
FY 2017-18 Deposit to PERS Stabilization Fund	(26,500)	
<b>Final Ending Fund Balance, 6/30/2018</b>	<b>\$ 58,487</b>	<b>27.2%</b>

\*The reserve % calculation is based on the FY 2017-18 General Fund adopted appropriation of \$215.0 million. Current policy is a floor of 25% with a target of 35% which was adopted as of July 2017.

**Authorized Full-Time Positions**

The authorized salaried, full-time position count for FY 2017-18 remains unchanged at 1,587 with 879 positions assigned to the General Fund. No changes are being proposed to the authorized position count at this time. The table below provides a summary of the authorized, full-time salaried position count.

**Authorized Full-Time Salaried Positions**

	Adopted 2016-17	Revised 2016-17	Adopted 2017-18
All Funds	1,579.0	1,584.0	1,587.0
General Fund	866.0	867.2	879.0

**FISCAL IMPACT**

Staff is proposing \$492,611 in adjustments to the adopted FY 2017-18 Budget. A description of each adjustment is presented below:

**1) General Fund:**

- a) The Community Development department is requesting \$29,931 in funding from the General Fund Undesignated Fund Balance for furniture and equipment upgrades to workstations located in the Building and Safety Division.
- b) The Community Services and Parks department is requesting \$50,000 in funding from the General Fund Undesignated Fund Balance for hourly wages in the Park Services Division.
- c) The Fire department is requesting \$282,687 in funding from the General Fund Undesignated Fund Balance for the City's portion of the costs resulting from the La Tuna Canyon Fire.

- d) The Police department is requesting \$105,993 in funding from the General Fund Undesignated Fund Balance for costs resulting from the La Tuna Canyon Fire.
- e) The Public Works department is requesting \$24,000 in funding from the General Fund Undesignated Fund Balance for annual maintenance and testing related to the Railroad Crossings Quiet Zone Project.

**ALTERNATIVES**

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Alternative 1: The City Council may approve

- 1) Motion to note and file the Financial Status Report for the FY 2017-18 second quarter ended December 31, 2017.
- 2) Resolution of appropriation approving \$492,611 in adjustments to the adopted FY 2017-18 Budget.

Alternative 2: The City Council may consider any other alternative not proposed by staff.

**CAMPAIGN DISCLOSURE**

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Not applicable.

**EXHIBITS**

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Not applicable.

**MOTION**

Moved by Council Member \_\_\_\_\_,

Seconded by Council Member \_\_\_\_\_,

that the financial status report for the fiscal year 2017-18 second quarter financial report for the period ended December 31, 2017, and the comments by the Council members considered on February 13, 2018, are hereby deemed noted and filed.

Vote as follows:

Ayes:

Noes:

Absent:

Abstain:

MOTION ADOPTED BY THE GLENDALE CITY COUNCIL AT THE  
REGULAR MEETING HELD ON \_\_\_\_\_

APPROVED AS TO FORM

  
CITY ATTORNEY

DATE 2/13/18

**RESOLUTION NO. \_\_\_\_\_**  
**RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE**  
**MAKING AN APPROPRIATION**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE:

SECTION 1: That the sum of \$492,611 in adjustments to the adopted FY 2017-18 Budget is hereby appropriated and/or transferred from the following accounts to the following accounts:

	Accounts	Description	From	To
1)	25300-101-000	Undesignated Fund Balance, General Fund	\$ 29,931	
	45150-101-183	Furniture & Equipment, General Fund, Building & Safety		\$ 29,931
2)	25300-101-000	Undesignated Fund Balance, General Fund	\$ 50,000	
	41300-101-602-5150	Hourly Wages, General Fund, Parks, Parks Yard Administration		\$ 50,000
3)	25300-101-000	Undesignated Fund Balance, General Fund	\$ 282,687	
	41200-101-402	Overtime, General Fund, Fire Administration		\$ 217,578
	41610-101-402	Vacation & Comp Time, General Fund, Fire Administration		\$ 563
	41611-101-402	Sick Leave, General Fund, Fire Administration		\$ 608
	41612-101-402	Post-Employment Benefits, General Fund, Fire Administration		\$ 34
	41700-101-402	Other Benefits, General Fund, Fire Administration		\$ 16
	41800-101-402	Life Insurance, General Fund, Fire Administration		\$ 121
	41900-101-402	Disability Insurance, General Fund, Fire Administration		\$ 139
	42000-101-402	Vision Insurance, General Fund, Fire Administration		\$ 44
	42100-101-402	Medical Insurance, General Fund, Fire Administration		\$ 11,591
	42200-101-402	Dental Insurance, General Fund, Fire Administration		\$ 916
	42300-101-402	Unemployment Insurance, General Fund, Fire Administration		\$ 130
	42400-101-402	Compensation Insurance, General Fund, Fire Administration		\$ 40,051
	42500-101-402	Medicare, General Fund, Fire Administration		\$ 3,038



	Accounts	Description	From	To
	44750-101-402	Liability Insurance, General Fund, Fire Administration		\$ 5,864
	47000-101-403	Miscellaneous, General Fund, Fire Operations		\$ 162
	46900-101-425	Business Meetings, General Fund, Emergency Services		\$ 1,832
4)	25300-101-000	Undesignated Fund Balance, General Fund	\$ 105,993	
	41200-101-302-6215	Overtime, General Fund, Police Operation, Admin-SSD		\$ 83,313
	41300-101-302-6215	Hourly Wages, General Fund, Police Operation, Admin-SSD		\$ 333
	41610-101-302-6215	Vacation & Comp Time, General Fund, Police Operation, Admin-SSD		\$ 33
	41611-101-302-6215	Sick Leave, General Fund, Police Operation, Admin-SSD		\$ 35
	41612-101-302-6215	Post-Employment Benefits, General Fund, Police Operation, Admin-SSD		\$ 2
	41700-101-302-6215	Other Benefits, General Fund, Police Operation, Admin-SSD		\$ 5
	41800-101-302-6215	Life Insurance, General Fund, Police Operation, Admin-SSD		\$ 38
	41900-101-302-6215	Disability Insurance, General Fund, Police Operation, Admin-SSD		\$ 45
	42000-101-302-6215	Vision Insurance, General Fund, Police Operation, Admin-SSD		\$ 17
	42100-101-302-6215	Medical Insurance, General Fund, Police Operation, Admin-SSD		\$ 3,539
	42200-101-302-6215	Dental Insurance, General Fund, Police Operation, Admin-SSD		\$ 257
	42300-101-302-6215	Unemployment Insurance, General Fund, Police Operation, Admin-SSD		\$ 49
	42400-101-302-6215	Compensation Insurance, General Fund, Police Operation, Admin-SSD		\$ 14,876
	42500-101-302-6215	Medicare, General Fund, Police Operation, Admin-SSD		\$ 1,152
	42700-101-302-6215	PERS Retirement, General Fund, Police Operation, Admin-SSD		\$ 89
	42701-101-302-6215	PERS Cost Sharing, General Fund, Police Operation, Admin-SSD		\$ (13)
	44750-101-302-6215	Liability Insurance, General Fund, Police Operation, Admin-SSD		\$ 2,223
5)	25300-101-000	Undesignated Fund Balance, General Fund	\$ 24,000	
	43110-101-552	Contractual Services, General Fund, Traffic Engineering		\$ 24,000

To appropriate funding for the second quarter budget adjustments to the adopted FY 2017-18 Budget.

SECTION 2: The Director of Finance is authorized to make such other revisions, individual appropriation line-items, changes in summaries, fund totals, grand totals, and other portions of the budget document as necessary to reflect and implement the changes specified in this resolution.

SECTION 3: The City Clerk shall certify to the adoption of this Resolution.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk



CITY OF GLENDALE

DATE 2/1/2018

APPROVED AS TO FINANCIAL  
PROVISION FOR \$ 492,611

*Michele Flynn*  
\_\_\_\_\_  
Director of Finance

*Bob Elliott*

STATE OF CALIFORNIA)  
COUNTY OF LOS ANGELES) SS  
CITY OF GLENDALE)

I, Ardashes Kassakhian, City Clerk of the City of Glendale, do hereby certify that the foregoing Resolution No. \_\_\_\_\_ was adopted by the Council of the City of Glendale, California, at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2018, and that the same was adopted by the following vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM

*Michael J. Garcia*  
\_\_\_\_\_  
CITY ATTORNEY

DATE 2/8/18