

City of South Pasadena, California



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

CITY OF SOUTH PASADENA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

PREPARED BY: FINANCE DEPARTMENT

CITY OF SOUTH PASADENA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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CITY OF SOUTH PASADENA

FINANCE DEPARTMENT

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December 23, 2009

Honorable Mayor and Members of the City Council,

We proudly present to you the City of South Pasadena's Comprehensive Annual Financial Report (CAFR). This report consists of management's representations concerning the finances of the City of South Pasadena. It was prepared by the Finance Department with the assistance of the City's independent auditors, Lance, Soll & Lunghard, in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe that the data presented is complete and reliable in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of the City's various funds and account groups; and that all disclosures necessary to enable the reader to gain a good understanding of the City's financial activity have been included.

The City's financial statements have been audited by Lance, Soll & Lunghard, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of South Pasadena's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of South Pasadena

South Pasadena is located approximately six miles northeast of downtown Los Angeles, on the west side of the San Gabriel Valley between the cities of Pasadena, San Marino, Los Angeles and Alhambra and has a population of 25,832. Founded in 1874 by the Indiana Colony, the City encompasses 3.44 square miles and was incorporated as a General Law city of the State of California on March 2, 1888. South Pasadena is noted for its beautiful, historically significant homes on tree-lined streets, for its excellent public schools and for a small-town atmosphere in the midst of greater Los Angeles.

The City is a full-service general law city that operates under the Council-Manager form of government. The City Council consists of five members elected to four-year staggered terms of office. The Mayor is selected from the City Council members and serves a one-year term. The City's other elected officials are the City Treasurer and City Clerk, each of whom serves a four-year term of office.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sewer services; water utility; refuse collection; public improvements; planning and zoning; recreational activities and cultural events; library operations; and general administrative and support services.

The annual budget serves as the foundation of the City's financial planning and control. The City Council holds public hearings and adopts an annual budget resolution by July 1 of each fiscal year for all funds and account groups. The City Council may modify appropriations with majority approval. The budgets are adopted and presented on a basis consistent with generally accepted accounting principles.

Changes in budget appropriations at the fund level during the year must be approved by the City Council. The legal level of expenditures is controlled at the fund level, and appropriations lapse at the end of each fiscal year unless encumbered for re-appropriation by the City Council in the following fiscal year. Department heads may, without Council approval, amend individual line items within their departments, within the same fund and only within the maintenance and operations portions of the budget, without increasing total appropriations. The City Manager may, without Council approval, amend individual line items within any fund, and between divisions and programs, in the personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for that fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City of South Pasadena operates.

Local Economy. For FY 2008/09, the City of South Pasadena, the greater Los Angeles region and the State of California, all realized unfortunate reductions in revenues due to

the tumultuous economy. For the first time in many years, South Pasadena General Fund revenues show a decline compared to the previous year as the slowdown in the housing market, idleness in retail sales, and fluctuations in gas prices all impact the city's economic base.

Property taxes are the City's largest tax source and make up approximately half of the General Fund revenues. Property taxes have demonstrated several years of strong increases in growth in assessed values and in corresponding tax collections. Valuation of South Pasadena properties grew by an average of 7.74% over the five-year period ending at June 30, 2009. This is partially because the City's extremely high quality of life makes it a desirable place to live and work. Moreover, the City's proximity to commercial and cultural developments in greater Pasadena offers our residents distinct lifestyle advantages. While it appears possible that current widespread concern for declining housing sales prices and tightening credit markets may impact consumer spending in general in the shorter-term, assessed values and property taxes are expected to continue performing above the Los Angeles County average or Statewide average. Data also shows that South Pasadena retains 24% of all property tax levies within the City, while new cities receive only \$0.05 for every dollar of property tax collected within their city boundaries.

Sales taxes are following economic trends and show a decline in FY 2008/09. Sales tax fell by approximately 15.6% compared to the prior year, and is projected to decline again during FY 2009/10. Sales tax receipts have already fallen during the first four months of FY 2009/10, as all categories of sales have dropped. These numbers are similar to what the Los Angeles County and State are experiencing.

FY 2008/09 was also the first year in which the City collected an additional 3%, above the current 5%, Utility Users Tax (UUT). The additional 3% UUT brought in \$1,183,287, and was used to offset increased personnel and infrastructure expenses. Unfortunately, UUT also show a declining trend as utility users are making efforts to reduce their consumption of water, electricity, phone, etc.

Overall, South Pasadena continues to remain in satisfactory financial condition thanks to a relatively diverse and stable revenue base. Our core services, in spite of steady and progressive revenue losses to the State of California, have remained consistent. We estimate that the City of South Pasadena loses at least \$2 million in General Fund property tax revenue each year resulting from property tax revenue shifts that commenced in 1992/93. Taking matters into our own hands, the City has implemented the many findings of its various financial review committees, including a full allocation of costs between funds and a professional cost recovery/fee study in FY 2004/05. These changes have modestly impacted the General Fund bottom line.

Long-term financial planning In FY 2003/04, the City established a longer-range vision for its sewer system and water enterprise by adjusting charges for service to finance many necessary improvements. Review of these issues continued in FY 2008/09. In addition improvements to street related infrastructure are also being reviewed and considered.

In June 2009, the City Council approved water and sewer rate increases to expedite the restoration and rehabilitation of the aging water and sewer infrastructure within the City. Water rates were approved to increase by 15%, 15%, 14% and 11% for the next four consecutive years starting on July 1, 2009. Sewer rates were approved to increase by 15%, 15%, and 25% for the next three consecutive years starting on July 1, 2009. In addition, the City issued \$43.4 million of water revenue bonds to work on various reservoirs, water mains and transmission lines throughout the city.

Internal Controls The management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate account data is compiled for the preparation of financial statements, in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control structure should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and sound judgments by management.

Pension and other postemployment benefits The City provides its full-time employees retirement benefits through two defined benefit pension plans, one for its sworn police and fire safety employees, and one for its miscellaneous employees. These plans are part of the California Public Employee Retirement System (CalPERS). The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions, or a portion thereof, on their behalf and for their account. The City also provides employment and post-employment health benefits through PERS.

The City provides post-employment health benefits to its employees in accordance with agreements reached with the various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to the contribution limits established in the agreements with each respective bargaining unit. These payments are financed on a pay-as-you-go basis. As of June 30, 2009 the City was providing benefits to an average of 104 participants. Beginning with the annual financial report for fiscal year ending June 30, 2009, the City has also included information pertinent to the unfunded actuarially accrued liability resulting from this post-employment benefit in conformity with the requirements of Government Accounting Standards Board Statement number 45.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Pasadena for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of South Pasadena has received a Certificate of Achievement for the last 21 consecutive years (fiscal years ended 1987 through 2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and will again submit it to GFOA for award consideration.

The Certificate of Achievement award program conducted by the California Society of Municipal Finance Officers (CSMFO) was discontinued for prior recipients of the award beginning with reports for the fiscal year ended June 30, 2006 due to concerns with the duplication of administrative effort required for participation in the CSMFO and GFOA award programs. Accordingly, the City of South Pasadena did not submit an application for the CSMFO Certificate of Achievement program for the fiscal year ended June 30, 2008. Prior to discontinuation of the program, the City was awarded a Certificate for Outstanding Financial Reporting for its CAFR for nineteen consecutive years (fiscal years ended 1987 through 2005).

The preparation and publication of this report is made possible through the dedication of the entire Finance Department staff, and especially from David Batt, Assistant Finance Director. This report would also not have been possible without the leadership of the City Manager, John Davidson, and continued commitment from the City Council in conducting the financial operations and corresponding financial disclosures of the City in an open, public and transparent manner. Finally, thanks are again extended to the firm of Lance, Soll & Lunghard, who added many contributions to our internal control structure and improvements in our financial reporting.

Respectfully submitted,



Chu Thai
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Pasadena
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

David Sifuentes
Mayor

Dr. Richard D. Schneider
Mayor Pro Tempore

Michael A. Cacciotti
Council member

Philip C. Putnam
Council member

Mike Ten
Council member

ADMINISTRATION AND DEPARTMENT HEADS

City Manager and Executive Director of
South Pasadena Redevelopment Agency

John Davidson

Assistant City Manager

Sergio Gonzalez

City Clerk

Sally Kilby

City Treasurer

Victor Robinette

Director of Finance

Chu Thai

Director of Public Works

Matthew Sweeney

Director of Planning and Building

David Watkins

City Librarian

Steve Fjeldsted

Police Chief

Daniel Watson

Fire Chief

Gerald Wallace

Director of Community Services

Sheila Pautsch

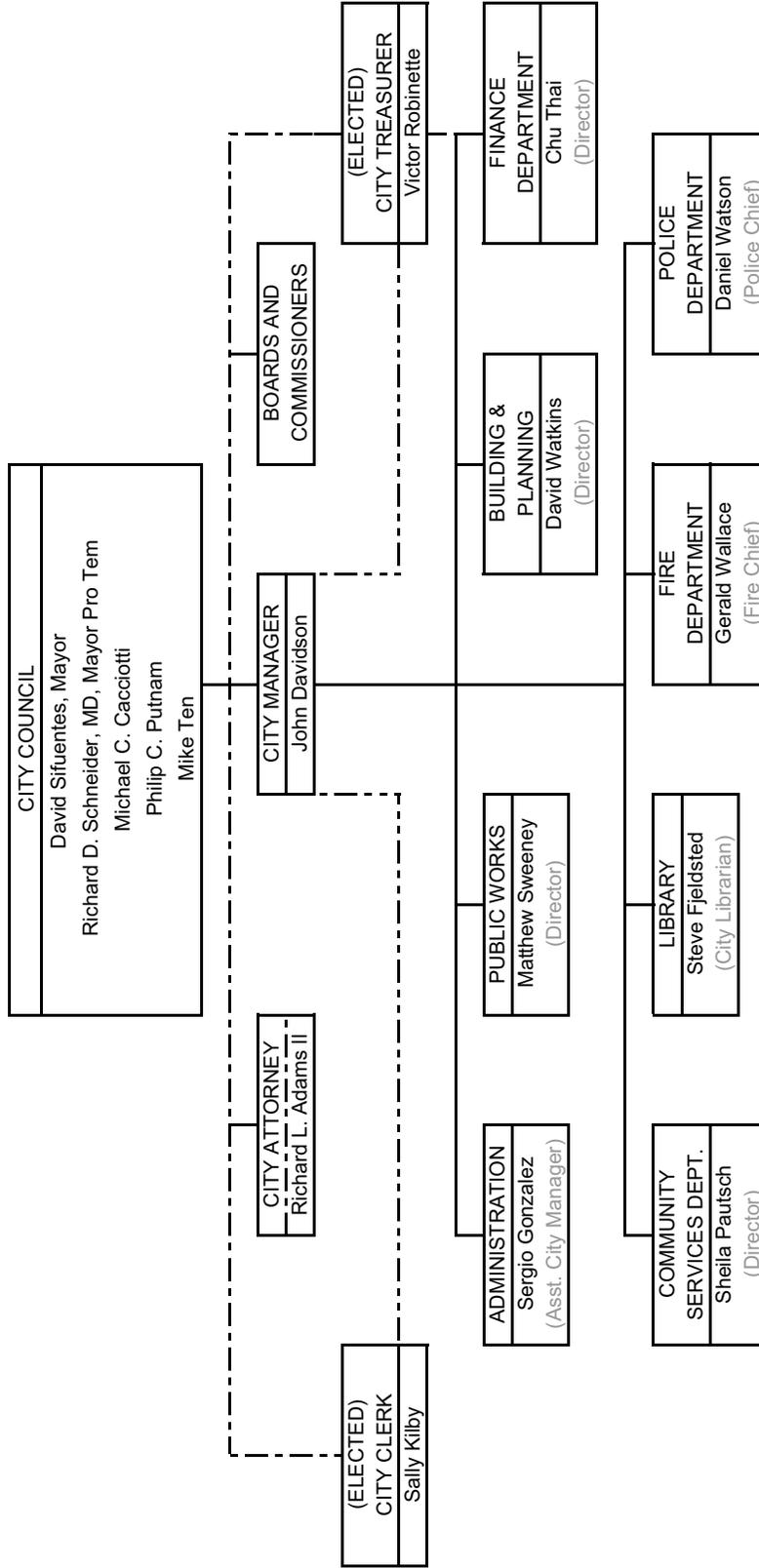
City Attorney

Richard L. Adams II

CITY OF SOUTH PASADENA

ORGANIZATIONAL CHART

2008 - 2009





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of South Pasadena, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Pasadena, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of South Pasadena's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Pasadena as of June 30, 2009. The respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the City of South Pasadena's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the Honorable Mayor and Members of the City Council
City of South Pasadena, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual fund statements, schedules and statistical tables are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Lance, Soll & Luyhard, LLP

December 9, 2009

Management's Discussion and Analysis

As management of the City of South Pasadena, we offer readers of the City of South Pasadena's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

(A) Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$81,154,604 (*net assets*). Of this amount, \$8,979,878 (*unrestricted net assets of governmental activities*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$185,801.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$17,886,862 an increase of \$2,512,694. Of this amount, \$8,025,429 or approximately 44.9% of total fund balances are available for spending at the City's discretion (*unreserved and undesignated fund balance*).
- The increase in the City's governmental funds reported combined fund balances was primarily the result of an overall excess of revenues of \$26,456,926 over expenditures of \$23,975,740.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$8,025,429, or 40.9% of total General Fund Expenditures.
- The City's net capital assets decreased \$609,022 from the prior year.
- The City's net long-term liabilities increased by \$43,510,731 or 376.1%. The increase was due primarily to the issuance in 2009 of \$43,405,000 in Water Revenue Bonds, and the recording of the City's liability for Other Post-Employment Benefits in the amount of \$1,551,462. Detailed information on these changes can be found in the Notes to the Financial Statements.

(B) Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South Pasadena is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, with the use of the accrual basis of accounting, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, planning, building and safety, recreation and debt service. The business-type activity of the City is its water enterprise.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Pasadena, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of South Pasadena maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund for the purposes of this report. Data from the other 33 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Pasadena adopts an annual appropriated budget for its General Fund and each of its special revenue funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget. The budgetary comparison statement for the General Fund is located in the basic financial statements; the budgetary comparison schedules for the nonmajor governmental funds are presented in the Additional Financial Information section of this report.

Proprietary funds. The City of South Pasadena maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water utility. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds together with information are presented immediately following the notes to the financial statements.

(C) Government-wide Financial Analysis.

Net assets may serve as a useful indicator of a government's financial position. In the case of the City of South Pasadena, assets exceeded liabilities by \$81,154,604 at the close of the most recent fiscal year. This represents less than a 1% change over the prior year; while revenues increased, expenditures increased also by the same percentage. By far the largest portion of the City's net assets, \$57,977,208 or 71.4% reflects its investment in non-liquid capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of South Pasadena Net Assets
As of June 30, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$21,358,797	\$18,953,744	\$51,831,101	\$9,373,431	\$73,189,898	\$28,327,175
Capital assets	58,243,554	59,240,252	9,789,714	9,402,038	68,033,268	68,642,290
Total assets	\$79,602,351	\$78,193,996	\$61,620,815	\$18,775,469	\$141,223,166	\$96,969,465
Long-term liabilities outstanding	\$4,668,861	\$3,226,243	\$50,309,289	\$8,241,176	\$54,978,150	\$11,467,419
Other liabilities	3,257,177	3,211,348	1,833,235	1,321,895	5,090,412	4,533,243
Total liabilities	\$7,926,038	\$6,437,591	\$52,142,524	\$9,563,071	\$60,068,562	\$16,000,662
Net assets:						
Invested in capital assets	\$56,086,968	\$59,638,269	\$1,890,240	\$2,791,280	\$57,977,208	\$62,429,549
Restricted	6,609,467	3,725,863	36,642,005	2,878,966	43,251,472	6,604,829
Unrestricted	8,979,878	8,392,273	\$(29,053,954)	3,542,152	(20,074,076)	11,934,425
Total Net Assets	\$71,676,313	\$71,756,405	\$9,478,291	\$9,212,398	\$81,154,604	\$80,968,803

The second largest portion of the City net assets of \$43,251,472 represents special revenue resources and bond proceeds that are subject to external restrictions on how they may be used. Unrestricted net assets show a deficit balance of \$20,074,076 which is a reflection of the debt that was issued in the Water Enterprise Fund for capital improvements.

The City's governmental current assets increased by \$2,405,053, due primarily to several large grants for capital improvements which were not expended during the fiscal year. The City's business-type current assets increased by \$42,457,670, due primarily to the issuance of \$43,405,000 in Water Revenue Bonds. The City reported a net decrease of \$609,022 in capital assets, resulting from a decrease of \$996,698 in governmental activities and a \$387,676 increase in the business-type activities. The increases are a result of completed capital projects and the decreases are primarily a result of losses due to a fire at the City's service facility.

The City's governmental restricted assets increased \$2,883,604 while the City's business-type restricted assets increased by \$33,763,039. The respective changes were a result of commitments for capital projects.

The City's net assets increased by \$185,801 during the current fiscal year, a less than 1% change over the prior year. Growth in overall assets was offset by an increase in long-term liabilities due primarily to \$43,405,000 in 2009 Water Revenue Bonds payable and the recording during this fiscal year of Other Post-Employment Benefits in the amount of \$1,551,462.

Governmental Activities

City of South Pasadena Changes in Net Assets As of June 30, 2009 and 2008

	Gov Activities	Gov Activities	Bus-Type Activities	Bus-Type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	\$4,909,665	\$5,325,082	\$4,549,062	\$4,543,192	\$9,458,727	\$9,868,274
Operating contributions and grants	795,063	993,258			795,063	993,258
Capital contributions and grants	1,868,187	560,884			1,868,187	560,884
General revenues:						
Property taxes	10,404,273	9,986,309			10,404,273	9,986,309
Other taxes	7,516,010	7,359,358			7,516,010	7,359,358
Intergovernmental	74,215	110,144			74,215	110,144
Use of Money & Property	658,997	921,232	227,528	370,557	886,525	1,291,789
Other	73,594	1,169,013	13,814	25,770	87,408	1,194,783
Total revenues	\$26,300,004	\$26,425,280	\$4,790,404	\$4,939,519	\$31,090,408	\$31,364,799
Expenses:						
General government	\$5,513,124	\$3,911,227			\$5,513,124	\$3,911,227
Public safety	11,525,403	9,875,234			11,525,403	9,875,234
Public works	5,482,505	4,655,996			5,482,505	4,655,996
Community Services	2,914,235	2,806,026			2,914,235	2,806,026
Community Development	839,568	997,287			839,568	997,287
Interest on long-term debt	136,769	143,423			136,769	143,423
Water			4,451,292	3,949,800	4,451,292	3,949,800
Total expenses	\$26,411,604	\$22,389,193	\$4,451,292	\$3,949,800	\$30,862,896	\$26,338,993
Increase in net assets	(\$111,600)	\$4,036,087	\$339,112	\$989,719	\$227,512	\$5,025,806
Net assets - July 1, 2008	71,756,405	68,725,993	9,212,398	8,231,395	80,968,803	76,957,388
Restatement of Net Assets	31,508	(1,005,675)	(73,219)	(8,716)	(41,711)	(1,014,391)
Net assets - June 30, 2009	\$71,676,313	\$71,756,405	\$9,478,291	\$9,212,398	\$81,154,604	\$80,968,803

Governmental activities net assets decreased by \$111,600. Key elements of the change in governmental activities net assets are as follows:

- Total taxes from governmental activities, increased by \$574,616 (3.3%) from the prior year.
- Property taxes are levied based on assessed values, although increases in the assessed values of properties that do not change ownership are generally limited to 2% annually. The real estate environment in FY 2009 remained relatively healthy, resulting in a \$417,964 (4.2%) increase.

- Sales taxes generally are a direct reflection of the general economy, and South Pasadena sales tax revenue decreased by \$678,973 (22.1%) in keeping with the general decline due to the recession, despite the City's mature tax bases, i.e. no big box stores, car dealerships, etc.
- Program revenues increased by \$693,691 or 10.1% primarily as a result of an increase in capital grant funding.
- Use of money and property decreased by \$262,235 (28.5%) during the year. This was primarily a result of substantial declines in interest rates.
- Governmental activities expense increased by \$4,022,411 or 18.0% during FY 2008, driven largely by labor and benefit costs and a more aggressive capital improvement program.

Business-type Activities

The City's proprietary fund (or enterprise fund) provides the same type of information found in the government-wide financial statements, but offers more detail in the form of a statement of cash flows. Assets restricted for capital improvements were \$36,642,005, an increase of \$33,763,039 due to the issuance of \$43,405,000 in Water Revenue Bonds. As a result of this debt issuance, unrestricted net assets of the fund at the end of the year show a deficit balance of \$29,053,954. Total net assets for these funds were \$9,478,291, an increase of \$265,893 (2.9%) over the prior year.

(D) Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,886,862 an increase of \$2,512,694 from the prior year. This increase is primarily the result of the City's careful control of expenditures.

Approximately 44.9% of fund balances constitute the unreserved and undesignated fund balance, which is available for spending at the City's discretion; an additional 31.6% represents unreserved fund balances reported in the Special Revenue and Capital Projects funds. The remainder of the fund balance is reserved to indicate that it is not available

for new spending because it: 1) has already been committed to liquidate contracts and purchase orders for the prior period (13.1%), and 2) represents net assets that are not available spendable resources (1.0%).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved and undesignated fund balance of the General Fund was \$8,025,429, while the total fund balance reached \$11,042,629. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance represents of 40.9% General Fund expenditures, while the total fund balance represents 56.3% of that same amount.

The fund balance of the City's General Fund increased by \$1,190,688 during the current fiscal year. This represents an increase of 12.1% in fund balance from FY 2008. Key factors in this increase are as follows:

- Tax revenues increased \$892,744 or 5.8%. The majority of tax revenues is reported in and benefits General Fund activities. The nature of the taxes and the reasons for the change in these revenue sources is the same as described earlier for governmental activities.
- Expenditures increased by \$1,537,737 or 8.5% primarily as a result of salary and benefit increases to the employees.

Other governmental funds' fund balances increased \$1,322,006 (23.9%) during FY 2008. This resulted primarily from an increase in capital grants.

General Fund Budgetary Highlights

The City adopts annual appropriated operating budgets for its governmental funds (General Fund, special revenue and capital projects funds) and reports the results of operations on a budgetary comparison basis. The City also uses annual financial plans as a management tool for its enterprise fund, although the City does not report the results of these funds on a budgetary comparison basis.

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues if available to allow for expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget for additional various programs.

The General Fund reflected a net total positive budget variance of \$2,726,081 (before transfers) when comparing actual amounts to the final budget for the current fiscal year. This budget variance reflects a negative variance in revenues of \$749,342 and a positive

variance in total expenditures of \$3,475,423. There were no significant budgetary variances between the final amended budget and actual results.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$58,243,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, vehicles, computer equipment, furniture, other equipment, and construction in progress.

Additional information on the City’s capital assets can be found in Note 4 in the Notes to Financial Statements section of this report.

Long-term debt. At the end of the current fiscal year, the City of South Pasadena had total debt outstanding related to governmental activities of \$4,668,861.

City of South Pasadena Long-Term Debt

	Governmental Activities	
	2009	2008
Employee compensated absences	761,227	688,226
Capital Leases	356,172	398,017
2000 Tax Allocation Bonds	2,000,000	2,075,000
Net OPEB Liability	1,551,462	0
Loan Payable	0	65,000
Total	4,668,861	3,226,243

The City’s long-term debt increased during the current fiscal year primarily due to recording the liability for Other Post-Employment Benefits.

Proprietary Fund Long-Term Debt

	Business-Type Activities	
	2009	2008
2004 Water Revenue Bonds	7,970,000	8,190,000
2009 Water Revenue Bonds	43,405,000	0
Compensated Absences	39,315	37,995
Unamortized Bond Premium (2004)	12,551	13,181
Unamortized Bond Discount (2009)	(1,117,577)	0
Total	50,309,289	8,241,176

Proprietary fund long-term debt increased by \$42,068,113 during the current fiscal year due primarily to the issuance of the 2009 Water Revenue Bonds. Further details on long-term debt can be found in Note 6 in the Notes to Financials Statements section of this report.

Economic Factors and Next Year's Budget

- The primary factor affecting cities throughout California and the City of South Pasadena in particular at this time is the State of California's budget crisis. In FY 2010 the State will borrow 8% of all city property taxes, to be repaid in 2013; for South Pasadena, this amounts to approximately \$800,943. However, the California Communities Joint Powers Authority has been established, which is issuing bonds to purchase the outstanding receivable and pay participating cities, including South Pasadena the full amount of the taxes due during the 2010 fiscal year. The State is also deferring payment of gasoline taxes for several months, and is attempting to take tax increment from redevelopment agencies, including South Pasadena in order to help fund school systems. The constitutionality of this latter action is being challenged, and it is not currently expected that the State will be permitted to proceed with the taking.
- There exists regional concern over housing values. This concern notwithstanding, South Pasadena's assessed property values and property tax collections remain stable. Assessed valuation increases of 1.7% and 5.81% have been realized in FY 2009 and FY 2008, respectively. Property tax revenue (39.3% of City-wide revenues for governmental activities) remains the primary foundation of general fund revenues.
- Increases in the contributions toward employee pensions through the California Public Employees Retirement System (PERS) remain a concern.

During the 2009 fiscal year, unrestricted fund balance in the General Fund remained substantial at \$8,025,429. While budgeting with the assumption that 2010 fiscal year General Fund revenues are expected to balance General Fund expenditures, the fiscal year 2010 Budget also includes \$11,930,000 for the first phase of much-needed capital improvements to the City's water systems, funded with proceeds from the 2009 Water Revenue Bond issue. It remains the intention of City management not to use other available fund balance reserves for purposes of meeting costs of operations.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of South Pasadena for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Chu Thai, Finance Director, cthai@ci.south-pasadena.ca.us, 626.403.7252, or by U.S. mail: Finance Department, 1414 Mission Street, South Pasadena, CA, 91030.

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CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 19,538,081	\$ 6,998,909	\$ 26,536,990
Receivables:			
Accounts	268,221	539,298	807,519
Taxes	799,747	-	799,747
Notes and loans	250,000	-	250,000
Accrued interest	33,174	22,911	56,085
Internal balances	(253,250)	253,250	-
Due from other governments	370,588	-	370,588
Inventories	152,650	196,551	349,201
Deferred charges	-	1,449,682	1,449,682
Restricted assets:			
Cash with fiscal agent	199,586	42,370,500	42,570,086
Capital assets not being depreciated	7,248,895	5,303,145	12,552,040
Capital assets, net of depreciation	50,994,659	4,486,569	55,481,228
Total Assets	79,602,351	61,620,815	141,223,166
Liabilities:			
Accounts payable	1,613,193	1,445,512	3,058,705
Accrued liabilities	370,129	28,604	398,733
Accrued interest	35,701	329,218	364,919
Unearned revenue	598,250	-	598,250
Deposits payable	620,242	29,901	650,143
Retentions payable	19,662	-	19,662
Noncurrent liabilities:			
Due within one year	630,015	228,932	858,947
Due in more than one year	4,038,846	50,080,357	54,119,203
Total Liabilities	7,926,038	52,142,524	60,068,562
Net Assets:			
Invested in capital assets, net of related debt	56,086,968	1,890,240	57,977,208
Restricted for:			
Community development	2,947,064	-	2,947,064
Public safety	317,843	-	317,843
Community services	1,190,668	-	1,190,668
Capital projects	1,954,306	36,642,005	38,596,311
Debt service	199,586	-	199,586
Unrestricted	8,979,878	(29,053,954)	(20,074,076)
Total Net Assets	\$ 71,676,313	\$ 9,478,291	\$ 81,154,604

CITY OF SOUTH PASADENA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,513,124	\$ 1,409,846	\$ 214,373	\$ -
Public safety	11,525,403	1,349,175	108,406	-
Community development	839,568	405,086	-	-
Community services	2,914,235	627,296	24,322	-
Public works	5,482,505	1,118,262	447,962	1,868,187
Interest on long-term debt	136,769	-	-	-
Total Governmental Activities	<u>26,411,604</u>	<u>4,909,665</u>	<u>795,063</u>	<u>1,868,187</u>
Business-Type Activities:				
Water	4,451,292	4,549,062	-	-
Total Business-Type Activities	<u>4,451,292</u>	<u>4,549,062</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 30,862,896</u>	<u>\$ 9,458,727</u>	<u>\$ 795,063</u>	<u>\$ 1,868,187</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Business licenses taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

**Total General Revenues, Contributions,
Special Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (3,888,905)	\$ -	\$ (3,888,905)
(10,067,822)	-	(10,067,822)
(434,482)	-	(434,482)
(2,262,617)	-	(2,262,617)
(2,048,094)	-	(2,048,094)
(136,769)	-	(136,769)
(18,838,689)	-	(18,838,689)
-	97,770	97,770
-	97,770	97,770
(18,838,689)	97,770	(18,740,919)
10,404,273	-	10,404,273
2,399,744	-	2,399,744
821,144	-	821,144
352,528	-	352,528
3,476,348	-	3,476,348
466,246	-	466,246
74,215	-	74,215
658,997	227,528	886,525
73,594	13,814	87,408
18,727,089	241,342	18,968,431
(111,600)	339,112	227,512
71,756,405	9,212,398	80,968,803
31,508	(73,219)	(41,711)
\$ 71,676,313	\$ 9,478,291	\$ 81,154,604

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CITY OF SOUTH PASADENA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Pooled cash and investments	\$ 10,917,926	\$ 8,620,155	\$ 19,538,081
Receivables:			
Accounts	229,421	38,800	268,221
Taxes	799,281	466	799,747
Notes and loans	250,000	-	250,000
Accrued interest	11,681	21,493	33,174
Due from other governments	-	370,588	370,588
Due from other funds	777,985	-	777,985
Inventories	152,650	-	152,650
Restricted assets:			
Cash and investments with fiscal agents	-	199,586	199,586
Total Assets	<u>\$ 13,138,944</u>	<u>\$ 9,251,088</u>	<u>\$ 22,390,032</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,091,373	\$ 521,820	\$ 1,613,193
Accrued liabilities	339,449	30,680	370,129
Deferred revenues	28,842	221,617	250,459
Unearned revenues	-	598,250	598,250
Deposits payable	616,989	3,253	620,242
Due to other funds	-	777,985	777,985
Advances from other funds	-	253,250	253,250
Retentions payable	19,662	-	19,662
Total Liabilities	<u>2,096,315</u>	<u>2,406,855</u>	<u>4,503,170</u>
Fund Balances:			
Reserved:			
Reserved for encumbrances	1,148,270	1,194,959	2,343,229
Reserved for notes and loans	250,000	-	250,000
Reserved for inventories	152,650	-	152,650
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	2,584,720	2,584,720
Capital projects funds	-	3,064,554	3,064,554
Designated for uninsured losses	401,000	-	401,000
Designated for equipment replacement	504,000	-	504,000
Designated for Arroyo Golf Course Facility	56,280	-	56,280
Designated for renewable energy sources	250,000	-	250,000
Designated for legal services	255,000	-	255,000
Undesignated	8,025,429	-	8,025,429
Total Fund Balances	<u>11,042,629</u>	<u>6,844,233</u>	<u>17,886,862</u>
Total Liabilities and Fund Balances	<u>\$ 13,138,944</u>	<u>\$ 9,251,088</u>	<u>\$ 22,390,032</u>

CITY OF SOUTH PASADENA

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Fund balances of governmental funds	\$ 17,886,862
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	58,243,554
Long-term liabilities that have not been included in the governmental fund activity:	
Long-term liabilities	(2,356,172)
Compensated Absences	(761,227)
Net OPEB Liability	(1,551,462)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds	(35,701)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity	<u>250,459</u>
Net assets of governmental activities	<u><u>\$ 71,676,313</u></u>

CITY OF SOUTH PASADENA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 16,268,799	\$ 1,420,632	\$ 17,689,431
Assessments	-	885,515	885,515
Licenses and permits	921,931	83,002	1,004,933
Intergovernmental	168,814	2,466,408	2,635,222
Charges for services	1,842,594	607,338	2,449,932
Use of money and property	512,792	146,205	658,997
Fines and forfeitures	701,894	-	701,894
Contributions	-	11,050	11,050
Miscellaneous	371,604	48,348	419,952
Total Revenues	<u>20,788,428</u>	<u>5,668,498</u>	<u>26,456,926</u>
Expenditures:			
Current:			
General government	3,206,796	686,283	3,893,079
Public safety	10,933,423	200,801	11,134,224
Community development	831,613	-	831,613
Community services	2,270,178	494,311	2,764,489
Public works	1,550,127	1,667,338	3,217,465
Capital outlay	764,512	1,048,292	1,812,804
Debt service:			
Principal retirement	41,845	140,000	181,845
Interest and fiscal charges	19,463	120,758	140,221
Total Expenditures	<u>19,617,957</u>	<u>4,357,783</u>	<u>23,975,740</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,170,471</u>	<u>1,310,715</u>	<u>2,481,186</u>
Other Financing Sources (Uses):			
Transfers in	7,097	18,661	25,758
Transfers out	(18,388)	(7,370)	(25,758)
Net Change in Fund Balances	<u>1,159,180</u>	<u>1,322,006</u>	<u>2,481,186</u>
Fund Balances, Beginning of Year, as previously reported	9,851,941	5,522,227	15,374,168
Restatements	31,508	-	31,508
Fund Balances, Beginning of Year, as restated	<u>9,883,449</u>	<u>5,522,227</u>	<u>15,405,676</u>
Fund Balances, End of Year	<u>\$ 11,042,629</u>	<u>\$ 6,844,233</u>	<u>\$ 17,886,862</u>

CITY OF SOUTH PASADENA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds	\$ 2,481,186
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(996,698)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	181,845
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period	3,452
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(73,001)
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, however in the statement of activities the expense is equal to the ARC	(1,551,462)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity	<u>(156,922)</u>
Change in net assets of governmental activities	<u>\$ (111,600)</u>

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,883,449	\$ 9,883,449	\$ 9,883,449	\$ -
Resources (Inflows):				
Taxes	17,219,000	17,219,000	16,268,799	(950,201)
Licenses and permits	830,200	830,200	921,931	91,731
Intergovernmental	376,000	376,000	168,814	(207,186)
Charges for services	2,073,350	1,749,150	1,842,594	93,444
Use of money and property	523,920	523,920	512,792	(11,128)
Fines and forfeitures	600,000	600,000	701,894	101,894
Miscellaneous	239,500	239,500	371,604	132,104
Transfers in	-	-	7,097	7,097
Amounts Available for Appropriation	31,745,419	31,421,219	30,678,974	(742,245)
Charges to Appropriation (Outflow):				
General government				
City council	52,666	59,066	47,729	11,337
City clerk	312,916	314,687	276,538	38,149
Elections	8,100	67,100	42,515	24,585
City manager	610,034	611,245	599,009	12,236
Personnel	152,900	152,900	131,096	21,804
Transportation planning	253,407	253,407	164,083	89,324
Legal services	235,000	235,000	321,998	(86,998)
Finance	421,719	424,176	419,184	4,992
City treasurer	10,292	10,292	10,318	(26)
Information services	181,130	181,130	170,815	10,315
Non-departmental	1,722,250	1,631,049	1,023,511	607,538
Public safety				
Police	6,731,850	6,790,632	7,151,512	(360,880)
Fire	3,813,582	3,813,930	3,781,911	32,019
Community development				
Community development	1,048,543	897,040	831,613	65,427
Parks and recreation				
Library	1,555,283	1,555,947	1,578,838	(22,891)
Senior center	174,662	175,545	168,465	7,080
Recreation	172,040	173,011	138,936	34,075
After-school day care	371,493	374,044	383,939	(9,895)
Public works				
Public works administration	706,766	776,429	477,354	299,075
Environmental services	283,090	283,443	214,633	68,810
Park maintenance	368,670	369,372	400,059	(30,687)
Facilities maintenance	568,742	630,585	458,081	172,504
Capital outlay	3,040,350	3,252,350	764,512	2,487,838
Debt service:				
Principal retirement	41,845	41,845	41,845	-
Interest and fiscal charges	19,155	19,155	19,463	(308)
Transfers out	-	-	18,388	(18,388)
Total Charges to Appropriations	22,856,485	23,093,380	19,636,345	3,457,035
Budgetary Fund Balance, June 30	\$ 8,888,934	\$ 8,327,839	\$ 11,042,629	\$ 2,714,790

CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds Water</u>
Assets:	
Current:	
Cash and investments	\$ 6,998,909
Receivables:	
Accounts	539,298
Accrued interest	22,911
Inventories	196,551
Deferred Charges	1,449,682
Restricted:	
Cash with fiscal agent	<u>42,370,500</u>
Total Current Assets	<u>51,577,851</u>
Noncurrent:	
Advances to other funds	253,250
Capital assets - net of accumulated depreciation	<u>9,789,714</u>
Total Noncurrent Assets	<u>10,042,964</u>
Total Assets	<u>\$ 61,620,815</u>
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 1,445,512
Accrued liabilities	28,604
Accrued interest	329,218
Deposits payable	29,901
Accrued compensated absences	3,932
Bonds, notes, and capital leases	<u>225,000</u>
Total Current Liabilities	<u>2,062,167</u>
Noncurrent:	
Accrued compensated absences	35,383
Bonds, notes, and capital leases	<u>50,044,974</u>
Total Noncurrent Liabilities	<u>50,080,357</u>
Total Liabilities	<u>52,142,524</u>
Net Assets:	
Invested in capital assets, net of related debt	1,890,240
Restricted for capital improvements	36,642,005
Unrestricted	<u>(29,053,954)</u>
Total Net Assets	<u>9,478,291</u>
Total Liabilities and Net Assets	<u>\$ 61,620,815</u>

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds Water</u>
Operating Revenues:	
Sales and service charges	\$ 4,549,062
Miscellaneous	13,814
	<hr/>
Total Operating Revenues	4,562,876
	<hr/>
Operating Expenses:	
Administration and general	562,501
Source of supply	985
Water distribution	892,518
Water production	2,226,695
Depreciation expense	116,317
	<hr/>
Total Operating Expenses	3,799,016
	<hr/>
Operating Income (Loss)	763,860
	<hr/>
Nonoperating Revenues (Expenses):	
Interest revenue	227,528
Interest expense	(652,276)
	<hr/>
Total Nonoperating Revenues (Expenses)	(424,748)
	<hr/>
Changes in Net Assets	339,112
	<hr/>
Net Assets:	
Beginning of Year, as previously reported	9,212,398
Restatements	(73,219)
	<hr/>
Beginning of Fiscal Year, as restated	9,139,179
	<hr/>
End of Fiscal Year	\$ 9,478,291
	<hr/> <hr/>

CITY OF SOUTH PASADENA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds Water
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 4,596,733
Cash paid to suppliers for goods and services	(2,856,258)
Cash paid to employees for services	(555,087)
	<u>1,185,388</u>
Net Cash Provided (Used) by Operating Activities	1,185,388
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital debt	42,284,344
Acquisition and construction of capital assets	(503,993)
Principal paid on capital debt	(220,000)
Interest paid on capital debt	(410,797)
Debt issuance costs	(1,279,719)
	<u>39,869,835</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	39,869,835
Cash Flows from Investing Activities:	
Interest received	<u>251,382</u>
Net Cash Provided (Used) by Investing Activities	251,382
Net Increase (Decrease) in Cash and Cash Equivalents	41,306,605
Cash and Cash Equivalents at Beginning of Year	<u>8,062,804</u>
Cash and Cash Equivalents at End of Year	\$ 49,369,409
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ 763,860</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	116,317
(Increase) decrease in accounts receivable	31,694
(Increase) decrease in inventories	(12,338)
Increase (decrease) in accounts payable	298,914
Increase (decrease) in accrued liabilities	6,094
Increase (decrease) in deposits payable	2,163
Increase (decrease) in retentions payable	(22,636)
Increase (decrease) in compensated absences	1,320
	<u>421,528</u>
Total Adjustments	421,528
Net Cash Provided (Used) by Operating Activities	\$ 1,185,388
Non-Cash Investing, Capital, and Financing Activities:	
Gain/(Loss) on disposition of capital assets	\$ (19,811)
Amortization of bond premium and cost of issuance	14,674

CITY OF SOUTH PASADENA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The accompanying basic financial statements of the City of South Pasadena (the City) include the financial activities of the City and the Community Redevelopment Agency of the City (the Agency).

City of South Pasadena

The City of South Pasadena was incorporated on March 2, 1888, under the general laws of the State of California. The City provides the full range of municipal services, including public safety (police and fire), streets, sanitation, refuse collection, sewer, water, parks and recreation, public improvements, planning and zoning, housing and community development and general administrative and support services.

Community Redevelopment Agency of the City of South Pasadena

The Agency was established in 1953 by the South Pasadena City Council, pursuant to the California state law. The purpose of the Agency is to eliminate deterioration of the community and promote economic revitalization within the City through the process of redevelopment.

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement Nos. 14 and 39. The City of South Pasadena is the primary governmental unit. The Agency is a component unit of the City. Component units are those entities which are financially accountable to the primary government, either because the component unit will provide financial benefit or impose a financial burden on the primary government. The specific criterion used in determining that the Agency is a component unit of the City is that the members of the City Council are the same as the members of the Agency's governing board and all administrative and operational matters are performed by the City's staff acting on behalf of the Agency. The activities of the Redevelopment Agency are included within the Capital Projects Fund. The Agency's financial statements have been issued under a separate cover and may be obtained from the City of South Pasadena City Hall.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days, with the exception of state gas tax which is 120 days, of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The Water Fund is used to account for the construction, operation and maintenance of the City-owned water system.

City of South Pasadena
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Governmental and Proprietary Funds.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans), or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.

Public Safety includes those activities which involve the protection of people and property.

Community Development includes those activities which involve the enhancing of the general quality of life.

Community Services includes activities such as administering the Senior Center, recreation classes and special events committees.

Public Works includes those activities that involve the maintenance and improvement of City streets, roads and park department development and maintenance.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories

Inventory consisting primarily of materials and supplies is held by the Water Enterprise Fund. Such goods are valued using the average-cost method applied on a first-in, first-out (FIFO) basis. Inventories reported in the City's General Fund are reported as assets and are offset by the corresponding reservations of fund balance to indicate that the inventory balance does not constitute "available expendable financial resources" even though they are a component of net current assets. Such General Fund materials and supplies are charged to inventories when purchased and treated as an expenditure when issued.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for non-infrastructure assets and \$25,000 for infrastructure assets (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported current and prior year's infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	10 - 25
Machinery and equipment	3 - 30
Vehicles	8
<u>Infrastructure</u>	<u>Years</u>
Sewer collection system	60
Storm drain system	60
Bridges	60
Hardscape	40
Parkways and medians	40
Pavement, curb & gutter and sidewalks	35
Streetlights	20
Electronic traffic control devices	20

Compensated Absences

It is the policy of the City to record the cost of annual vacation as accrued. Employees are 100% vested in accrued vacation after six months of employment. The entire compensated absence liability for the Enterprise Fund is accrued as earned in the Enterprise Fund. All accumulated compensated absence liability of governmental funds is accrued when incurred in the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured.

It is the policy of the City to pay sick leave as used; accordingly, the expenditures are recorded when paid. Sick leave does not vest with employees. Accordingly, employees do not receive a payout for unused sick leave upon termination, although employees do receive credit for unused sick leave upon retirement.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(996,698) difference are as follows:

Capital outlay	\$ 1,525,026
Depreciation expense	(2,490,713)
Loss from disposition of capital assets	<u>(31,011)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (996,698)</u>

Another element of that reconciliation states "the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." This transaction, however, has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$181,845 difference are as follows:

Principal repayments:	
Tax allocation bonds	\$ 75,000
Capital leases payable	41,845
Loan Payable	<u>65,000</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 181,845</u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Appropriations and Budgetary Control

Budgetary control is an essential element in governmental financial reporting. The City, a general law city in the State of California, does not legally require a budget. However, the City Council annually reviews and adopts a budget for the General, Special Revenue, Capital Projects and Enterprise Fund types. To facilitate a greater understanding of the City's operations, budget information for the General, Special Revenue and Capital Projects Funds is included in the accompanying basic financial statements. This detailed budget document is published and is a matter of public record. Each year, the City Manager submits his proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. The legal level of expenditures is controlled at the fund level and operating appropriations lapse at the end of each fiscal year. All budgeted amounts are reported on the same basis as the fund types and adopted on a basis consistent with accounting principles generally accepted in the United States of America. Changes in appropriations at the fund level during the year must be submitted by the City's departments for City Council review and approval. The City Manager may, without Council approval, amend individual line items within any fund and between divisions and programs, in personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for that fund. Department heads may, without Council approval, amend individual line items within any fund in the maintenance and operations portions of the budget without increasing total appropriations for that division. Budget revisions made during fiscal year 2009 were not significant.

The City did not adopt a budget for the following funds: CalTrans Gold Line Grant, Traffic Improvement, Gold Line Betterments, CTC Traffic Improvement Grant Fund, MTA Circular Bus Purchase Grant, State Prop 40 Bond Fund, State Park Bond, and CLEEP funds Accordingly, such information is not included in the financial statements.

b. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts-in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

c. Excess of expenditures over appropriations by department or function is as follows:

Fund	Expenditures	Appropriations	Excess
General fund:			
Legal services	\$ 321,998	\$ 235,000	\$ 86,998
City treasurer	10,318	10,292	26
Police	7,151,512	6,790,632	360,880
Library	1,578,838	1,555,947	22,891
After-school day care	383,939	374,044	9,895
Park maintenance	400,059	369,372	30,687
Interest and fiscal charges	19,463	19,155	308
Transfers out	18,388	-	18,388

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 2: Stewardship, Compliance and Accountability (Continued)

d. Deficit Fund Balance

The following funds contained deficit fund balances at June 30, 2009:

<u>Fund</u>	<u>Amount</u>
Nonmajor governmental funds:	
MTA Pedestrian Improvement	\$ 388,729
Proposition A	249,730
MTA Circulator Bus Purchase Grant	65,386
Mission Meridian Public Garage	111,777
County Park Bond	21,441
Homeland Security Grant	91,437

The City intends to fund these with future revenues, transfers, and reduction of expenditures/expenses in future years.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2009, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 19,737,667
Business-type activities	<u>49,369,409</u>
Total Cash and Investments	<u>\$ 69,107,076</u>

The City of South Pasadena maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

Deposits

At June 30, 2009, the carrying amount of the City's deposits was (\$17,428), and the bank balance was \$247,830. The \$265,258 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors.

City of South Pasadena
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an “Agent of Depository” has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City’s investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Local Agency Investment Fund
- Certificates of Deposit (or time deposits, Fully insured by the FDIC)
- Securities of the U.S. Government
- Securities Issued by other Government Agencies (No options or like instruments)
- Callable Bonds and Notes

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer’s Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City’s investment policy limits investments in medium-term notes (MTN’s) to those rated “A” or better by a nationally recognized statistical rating organization. As of June 30, 2009, all MTN’s were rated “A” or better by Standard & Poors (S&P). At June 30, 2009, the City’s investments with money market mutual funds were rated “AAA” by S&P. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2009, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy does not impose restrictions on the percentage that the City can invest in a single type of investment. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2009, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It states that no investments shall have a maturity date of more than three years and no more than one third of the investment portfolio shall have a maturity longer than two and a half years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2009, the City had the following investments and original maturities:

	Remaining Investment Maturities					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	more than 5 years	
Local agency investment fund	\$ 16,408,784	\$ -	\$ -	\$ -	\$ -	\$ 16,408,784
Money market mutual funds	54,548	-	-	-	-	54,548
Corporate bonds	-	-	7,554,290	-	-	7,554,290
Certificates of deposits	1,966,180	-	570,616	-	-	2,536,796
Cash with Fiscal Agent:						
Investment agreement	-	-	22,102,125	500,000	11,842,500	34,444,625
Money market mutual funds	6,791,110	-	-	-	-	6,791,110
Local agency investment fund	1,334,351	-	-	-	-	1,334,351
	<u>\$ 26,554,973</u>	<u>\$ -</u>	<u>\$ 30,227,031</u>	<u>\$ 500,000</u>	<u>\$ 11,842,500</u>	<u>\$ 69,124,504</u>

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,103,538	\$ -	\$ -	\$ -	\$ 1,103,538
Construction-in-progress	7,629,820	338,152	-	(1,822,615)	6,145,357
Total Capital Assets, Not Being Depreciated	<u>8,733,358</u>	<u>338,152</u>	<u>-</u>	<u>(1,822,615)</u>	<u>7,248,895</u>
Capital assets, being depreciated:					
Buildings	9,892,594	68,992	-	3,379	9,964,965
Improvements other than buildings	1,542,281	277,773	52,098	26,579	1,794,535
Machinery, equipment and vehicles	6,326,283	450,062	117,438	-	6,658,907
Infrastructure	72,567,958	390,045	-	1,792,657	74,750,660
Total Capital Assets, Being Depreciated	<u>90,329,116</u>	<u>1,186,872</u>	<u>169,536</u>	<u>1,822,615</u>	<u>93,169,067</u>
Less accumulated depreciation:					
Buildings	4,767,057	199,125	-	-	4,966,182
Improvements other than buildings	852,833	38,933	52,098	-	839,668
Machinery, equipment and vehicles	4,290,625	382,379	86,427	-	4,586,577
Infrastructure	29,911,705	1,870,276	-	-	31,781,981
Total Accumulated Depreciation	<u>39,822,222</u>	<u>2,490,713</u>	<u>138,525</u>	<u>-</u>	<u>42,174,408</u>
Total Capital Assets, Being Depreciated, Net	<u>50,506,894</u>	<u>(1,303,841)</u>	<u>31,011</u>	<u>1,822,615</u>	<u>50,994,659</u>
Governmental Activities Capital Assets, Net	<u>\$ 59,240,252</u>	<u>\$ (965,689)</u>	<u>\$ 31,011</u>	<u>\$ -</u>	<u>\$ 58,243,554</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 43,451
Public safety	369,215
Community services	120,976
Public works	<u>1,957,071</u>
Total Governmental Activities	<u>\$ 2,490,713</u>

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 4: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 84,685	\$ -	\$ -	\$ 84,685
Construction-in-progress	4,831,679	386,781	-	5,218,460
Total Capital Assets, Not Being Depreciated	<u>4,916,364</u>	<u>386,781</u>	<u>-</u>	<u>5,303,145</u>
Capital assets, being depreciated:				
Buildings	4,124,961	-	19,811	4,105,150
Improvements other than buildings	3,506,335	25,707	-	3,532,042
Machinery, equipment & vehicles	515,719	111,316	60,045	566,990
Total Capital Assets, Being Depreciated	<u>8,147,015</u>	<u>137,023</u>	<u>79,856</u>	<u>8,204,182</u>
Less Accumulated Depreciation				
Buildings	330,610	71,079	-	401,689
Improvements other than buildings	2,956,548	30,997	-	2,987,545
Machinery, equipment & vehicles	374,183	14,241	60,045	328,379
Total Accumulated Depreciation	<u>3,661,341</u>	<u>116,317</u>	<u>60,045</u>	<u>3,717,613</u>
Total Capital Assets, Being Depreciated, Net	<u>4,485,674</u>	<u>20,706</u>	<u>19,811</u>	<u>4,486,569</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,402,038</u>	<u>\$ 407,487</u>	<u>\$ 19,811</u>	<u>\$ 9,789,714</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-Type Activities:	
Water	<u>\$ 116,317</u>

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due To/From Other Funds	
Funds	Due To Other Funds
<u>Due From Other Funds:</u>	<u>Nonmajor Funds</u>
General	<u>\$ 777,985</u>

The due from General Fund of \$777,985 to various nonmajor funds was a result of temporary deficit cash balances in those funds.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 5: Interfund Receivable, Payable and Transfers (Continued)

Advances To/From Other Funds

Funds	Advances To Other Funds Water Fund
Advances From Other Funds:	
Nonmajor funds	<u>\$ 253,250</u>

The City's Water Enterprise Fund advanced funds to the Downtown Project to fund redevelopment activities. Principal is being repaid from available tax increment revenue generated by the Agency's Downtown Project. Payment of interest by the Redevelopment Agency has been forgiven by the city council.

Transfers In/Out

Funds	Transfers Out		
	General	Nonmajor Funds	Total
Transfers In:			
General	\$ -	\$ 7,097	\$ 7,097
Nonmajor Funds	18,388	273	18,661
Total	<u>\$ 18,388</u>	<u>\$ 7,370</u>	<u>\$ 25,758</u>

All of the transfers were made to move excess revenues to the general fund and other non-major funds.

Note 6: Long-Term Debt

a. Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2009:

	Outstanding July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 688,226	\$ 664,635	\$ (591,634)	\$ 761,227	\$ 76,123
Capital Leases	398,017	-	(41,845)	356,172	43,892
2000 Tax Allocation Bonds	2,075,000	-	(75,000)	2,000,000	80,000
Loan Payable	65,000	-	(65,000)	-	-
Net OPEB liability	-	1,975,586	(424,124)	1,551,462	430,000
Total Governmental Funds	<u>\$ 3,226,243</u>	<u>\$ 2,640,221</u>	<u>\$ (1,197,603)</u>	<u>\$ 4,668,861</u>	<u>\$ 630,015</u>
Business-Type Activities:					
Compensated Absences	\$ 37,995	\$ 42,763	\$ (41,443)	\$ 39,315	\$ 3,932
2004 Water Revenue Bonds	8,190,000	-	(220,000)	7,970,000	225,000
2009 Water Revenue Bonds	-	43,405,000	-	43,405,000	-
Total Proprietary Funds	<u>\$ 8,227,995</u>	<u>\$ 43,447,763</u>	<u>\$ (261,443)</u>	51,414,315	<u>\$ 228,932</u>
Add: Unamortized bond premium(discount)				<u>(1,105,026)</u>	
Net Proprietary Funds				<u>\$ 50,309,289</u>	

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

b. Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The liability will be paid in future years as it becomes due by the General Fund.

c. Capital Lease

During fiscal year 2007–2008, the City entered into a \$495,173, ten-year equipment lease purchase agreement with Oshkosh Capital, for the purchase of a fire truck. The lease bears interest at a rate of 4.89%. The related asset has been capitalized in the government-wide financial statements in the equipment asset category. Amortization of the leased assets is included as part of depreciation expense. At June 30, 2009, the outstanding balance was \$356,172.

The annual requirements to amortize the capital lease as of June 30, 2009, including interest are as follows:

	Fire Truck Lease	
	Principal	Interest
2009 - 2010	\$ 43,892	\$ 17,417
2010 - 2011	46,038	15,271
2011 - 2012	48,289	13,019
2012 - 2013	50,650	10,658
2013 - 2014	53,127	8,181
2014 - 2019	114,176	8,441
Total	<u>\$ 356,172</u>	<u>\$ 72,987</u>

d. A description of individual issues of bonds (excluding defeased bonds) outstanding as of June 30, 2009, are as follows:

2000 Tax Allocation Bonds

In July 2000, the Agency issued \$2,600,000 in tax allocation bonds for the Downtown Revitalization Project No. 1, which mature annually from May 1, 2001 to May 1, 2025, in increasing amounts from \$55,000 to \$195,000, plus interest at 4.4% to 6.0%, payable semiannually on May 1 and November 1, commencing on November 1, 2000. Bonds are subject to redemption at the option of the Agency beginning May 1, 2010, at a price ranging from 102% to 100% of principal value. Debt service on the bonds is provided by incremental property tax revenues generated within the Downtown Redevelopment Project Area. At June 30, 2009, \$2,000,000 was outstanding.

The City has pledged a portion of future tax increment revenues to repay \$2,600,000 in tax allocation bonds issued in July of 2000. The bonds were issued to finance redevelopment activities within or of benefit to the project area. The bonds are payable solely from tax increment revenues. Tax increment revenues are projected to produce 147% of the debt services requirements over the life of the bonds. Total principal and interest requirements for the bonds is \$3,147,379 (\$2,075,000 principal, \$1,147,379 interest), payable semiannually through May 2025. For the current year, principal and interest paid and tax increment revenues received were \$195,758 and \$593,683.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest are as follows:

	2000 Tax Allocation Bonds	
	Principal	Interest
2009 - 2010	\$ 80,000	\$ 116,858
2010 - 2011	85,000	112,658
2011 - 2012	90,000	108,089
2012 - 2013	95,000	103,139
2013 - 2014	100,000	97,819
2014 - 2019	585,000	396,416
2019 - 2024	780,000	201,300
2024 - 2029	185,000	11,100
Total	<u>\$ 2,000,000</u>	<u>\$ 1,147,379</u>

2004 Water Revenue Bonds

In June 2004, the California Statewide Communities Development Authority issued \$56,880,000 Water and Wastewater Revenue Bonds, 2004 Series A. The City of South Pasadena's portion of the proceeds of the bonds is \$8,800,000. The bonds were issued to finance certain capital improvements to the City's water system and to construct two water storage reservoirs. The bonds are secured by pledges of a Capital Improvement Program surcharge which is collected from each water bill.

Bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

The bonds consisted of \$2,945,000 of serial bonds and \$5,855,000 of term bonds due October 1, 2029.

The serial bonds mature annually from October 1, 2004 to October 1, 2016, in increasing amounts from \$195,000 to \$310,000. The bonds bear interest at rates ranging from 1.5% to 5.0%. The term bonds mature on October 1, 2029, and carry an interest rate of 5.0%. Interest is payable semi-annually on April and October, commencing on October 1, 2004 and October 1, 2016, respectively.

The bonds are subject to optional redemption in whole or in part on or after October 1, 2013. On October 1, 2029, the bonds are subject to mandatory redemption which payments will become due. At June 30, 2009, \$7,970,000 was outstanding.

The City has pledged a portion of future Capital Improvement Program surcharge revenues to repay \$8,800,000 in Water and Wastewater Revenue bonds issued in June of 2004. Projections of future Capital Improvement Program surcharge revenues are not available. Total principal and interest requirements for the bonds is \$12,960,700 (\$7,970,000 principal, \$4,990,700 interest), payable semiannually through October 2029. For the current year, principal and interest paid and Capital Improvement Program surcharge revenues received were \$629,650 and \$1,375,500.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest are as follows:

	2004 Water Revenue Bonds	
	Principal	Interest
2009 - 2010	\$ 225,000	\$ 396,800
2010 - 2011	235,000	388,050
2011 - 2012	245,000	377,225
2012 - 2013	255,000	364,725
2013 - 2014	270,000	351,600
2014 - 2019	1,555,000	1,536,225
2019 - 2024	2,005,000	1,074,994
2024 - 2029	2,580,000	486,081
2029 - 2034	600,000	15,000
Total	<u>\$ 7,970,000</u>	<u>\$ 4,990,700</u>

2009 Water Revenue Bonds

In May 2009, the South Pasadena Public Financing Authority issued \$43,405,000 Water and Wastewater Revenue Bonds. The bonds were issued to finance certain capital improvements to the City's water system and to construct two water storage reservoirs. The bonds are secured by pledges of system net revenue as described in the official statement.

Bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

The bonds consisted of \$10,530,000 of serial bonds and \$32,875,000 of term bonds due October 1, 2039.

The serial bonds mature annually from October 1, 2013 to October 1, 2024, in increasing amounts from \$715,000 to \$1,090,000. The bonds bear interest at rates ranging from 3.000% to 4.625%. The term bonds mature on October 1, 2039, and carry interest rates ranging from 5.100% to 5.270%. Interest is payable semi-annually on April and October, commencing on October 1, 2013 and October 1, 2029, respectively.

The bonds are subject to optional redemption in whole or in part on or after October 1, 2019. On October 1, 2029, the bonds are subject to mandatory redemption which payments will become due. At June 30, 2009, \$43,405,000 was outstanding.

The City has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$88,434,813 (\$43,365,000 principal, \$45,069,813 interest), payable semiannually through October 2039. For the current year, principal and interest paid and system net revenue received were \$0 and \$991,388.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

	2009 Water Revenue Bonds	
	Principal	Interest
2009 - 2010	\$ -	\$ 1,761,575
2010 - 2011	-	2,045,700
2011 - 2012	-	2,045,700
2012 - 2013	-	2,045,700
2013 - 2014	715,000	2,034,975
2014 - 2019	3,955,000	9,819,263
2019 - 2024	4,770,000	9,010,069
2024 - 2029	6,030,000	7,765,456
2029 - 2034	10,455,000	5,791,875
2034 - 2039	14,190,000	2,667,250
2039 - 2044	3,290,000	82,250
Total	<u>\$ 43,405,000</u>	<u>\$ 45,069,813</u>

e. Loan Payable

In fiscal year 2006-2007, the City entered into an agreement with the City of Bradbury in which the City of Bradbury advanced \$65,000 in Proposition A funds to the City of South Pasadena. The loan was repaid in full in current year.

f. Net OPEB Liability

The City's policies relating to OPEB are described in Note 8 of the Notes to Financial Statements. The liability will be paid in future years as it becomes due by the General Fund.

IV. OTHER INFORMATION

Note 7: City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

The City of South Pasadena contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 21.521% for miscellaneous employees and 12.454% for safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 7: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Annual Pension Cost

For 2009, the City's annual pension cost of \$2,177,127 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administration expenses), (b) projected annual salary increases that vary by duration of the service and (c) 3% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 30 years.

Three-Year Trend Information for PERS
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/2007	\$ 1,360	100%
6/30/2008	2,173	100%
6/30/2009	2,177	100%

For fiscal year 2008-2009, the City of South Pasadena participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Note 8: Other Post-Employment Employee Benefits

The City provides certain other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan which provides health insurance for its retired employees according to the Personnel Rules and Regulations for each of the five employee groups. Benefit provisions are included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. Separate financial statements for the plan are not available.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 8: Other Post-Employment Employee Benefits (Continued)

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. A contribution of \$424,124 was made during the 2008-2009 fiscal year in current premiums.

As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 1,975,586
Adjustment to ARC	<u>-</u>
Annual OPEB Cost	1,975,586
Contributions made	<u>(424,124)</u>
(Decrease) increase in Net OPEB obligation	1,551,462
Net OPEB obligation liability June 30, 2008	<u>-</u>
Net OPEB obligation liability June 30, 2009	<u>1,551,462</u>

The contribution rate of 21% is based on the ARC of \$1,975,586, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a twenty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2008-2009, the City's annual OPEB cost (expense) of \$1,975,586 was equal to the ARC. Since this fiscal year is the transition year, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the current fiscal year, as presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 1,975,586	\$ 424,124	21%	\$ 1,551,462

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 8: Other Post-Employment Employee Benefits (Continued)

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll	Interest Rate
Actual	1/1/2009	\$ -	\$ 18,580,256	0.0%	\$ 9,393,343	198%	4.00%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 7.5% beginning January 1, 2009, and reduced by decrements to an ultimate rate of 4.5% after 68 years. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009, was 20 years. The number of active participants is 263.

Note 9: Self-Insurance Program

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

City of South Pasadena is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

b. Self-Insurance Programs of the Authority

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 9: Self-Insurance Program (Continued)

coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

Workers' Compensation

City of South Pasadena also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

c. Purchased Insurance

Property Insurance

City of South Pasadena participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of South Pasadena property is currently insured according to a schedule of covered property submitted by City of South Pasadena to the Authority. City of South Pasadena property currently has all-risk property insurance protection in the amount of \$36,139,996. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 9: Self-Insurance Program (Continued)

Crime Insurance

City of South Pasadena purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

d. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

e. Rights and Responsibilities

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; automobile liability and accident claims, injuries to employees (workers' compensation); and natural disasters.

Note 10: Contingencies

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City beyond that already accrued for in the basic financial statements. Additionally, City management believes that sufficient resources are available to the City to cover any potential losses, should an unfavorable outcome materialize.

Note 11: Fund Equity and Net Assets

Beginning fund balance has been restated as follows:

Major governmental funds:

General Fund

To correct prior year revenues not accrued	\$ 61,144
To correct prior year accounts receivable	(26,620)
To record revenues related to prior years in the correct fund	(12,268)
To correct prior year payroll liability	9,252
Total fund balance restatements	<u>31,508</u>

Business-type activities:

Water Fund

To write off receivables for collections in the prior year	(73,219)
Total business-type activities	<u>(73,219)</u>

Total net asset restatements	<u>\$ (41,711)</u>
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City of South Pasadena
Notes to Financial Statements (Continued)

Note 12: Subsequent Events

SERAF Tax Increment Revenue Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) and which is to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal year 2009-2010 and 2010-2011, will amount to approximately \$215,897 and \$44,449, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

Local Government Revenues Withheld by the State of California

On July 24, 2009 the legislation approved the "borrowing" of up to 8 percent of the local property tax under Proposition 1A (2004). The City is a participant in the Proposition 1A Securitization Program offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of Counties. California Communities sold bonds on November 10, 2009 securitizing the future payments by the State and remit the proceeds of the bonds to the local governments who opt to participate in the program. The purchase price paid on the sale of the City's receivable is 100% or \$800,943. Participants of the Securitization program have no obligation on the bonds and no credit exposure to the State. Distribution of the proceeds to the participants is expected 50% on January 15, 2010 and 50% on May 3, 2010.

Land Purchases

Subsequent to June 30, 2009, South Pasadena Redevelopment Agency purchased land back from Decoma LLC on 8/19/2009. Decoma LLC originally purchased the land from the RDA to develop the property into a low income development.

Special Revenue Funds

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than Capital Projects Funds) that are legally restricted to expenditures for specified purposes. Funds included are:

MTA Pedestrian Improvement - To account or MTA grants used for the Fair Oaks / Mission pedestrian improvement projects which include pedestrian accessibility widen bikeways, landscaping, lighting modification and aesthetics.

CALTRANS Gold Line Parking - to account for State funds used for the Gold Line/Blue line parking structure project.

Traffic Improvement Fund - to account for grant funds used for traffic congestion improvements on Fair Oaks Street and our other busiest intersections.

Proposition "A" - to account for all revenues and expenditures associated with the .5% sales tax approved by Proposition A in 1980. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

Proposition "C" - to account for all revenues and expenditures associated with the .5% sales tax approved by Proposition C in 1990. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

ISTEA/ Metro Fund - to account for project funds received from the federal government for restoration and paving projects.

Gold Line Betterments Fund - to account for Grant funds used for the Gold Line Station improvements.

Sewer - to account for the provision of sewer construction, maintenance and operation services to residents of the City.

CTC Traffic Improvement Grant - to account for State grant funds used for traffic congestion improvements.

Street Lighting/Landscaping - to account for the costs associated with the City's street lighting and median landscaping programs. These costs are deemed to benefit all property owners who are assessed their proportionate share of the costs. These assessments are placed on the property tax bill and collected and remitted to the City by the County of Los Angeles.

Clean Air Act - to account for all revenues and expenditures associated with AB2766. All revenues and expenditures of this fund must be expended for air quality improvement projects as established by the South Coast Air Quality Management District.

Parking and Business Improvement - to account for taxes collected by the City from business licensees for the purpose of promoting retail business activities.

MTA Circulator Bus Purchase Grant Fund - to account for Grant Funds to fund the purchase of circulator gold link buses or trolleys.

Gold Line Mitigation – to account for revenues relating to potential settlement funds from the Construction Authority and the resulting construction related expenditures.

Special Revenue Funds **(Continued)**

Mission Oaks Parking - to account for assessments from members of the Mission Oaks Parking district expended for parking improvements.

Mission Meridian Public Garage - to account for revenues and expenditures relating to the city's share of the general operation of the Mission Meridian Public Garage.

State Gas Tax - to account for all state gas tax related revenues and expenditures, including street repair, reconstruction and maintenance. State law requires these gasoline taxes to be used to maintain the City's street and highway system.

State Prop 40 Bond - to account for State Prop 40 funds used for the improvements in park landscape architecture.

County Park Bond Fund - to account for Prop A Safe Neighborhood Park Propositions of 1992 and 1996 County Park Bond funds used for park playground and picnic area improvements.

State Park Bond Fund - to account for State park bond funds (Prop 12) used for the improvements in park playground and restrooms.

Bike and Pedestrian Paths - to account for SCAG administered local transportation funds of the County, TDA Article 3 used for the improvement of the City's bike and pedestrian pathways.

Capital Growth Requirement - to account for fees paid to the City for building development to be applied towards the costs of public facilities improvements.

CDBG - to account for Community Development Block Grants used for various CDBG projects in the City.

Asset Forfeiture - to account for proceeds received from forfeiture in narcotics investigations allocated for law enforcement activities.

Federal Police Grant - to account for the Local Law Enforcement Block Grant funds used to underwrite projects that reduce crime and improve public safety in the City.

CLEEP - to account for the California Law Enforcement Equipment Program grant used for the acquisition of high technology equipment in Public Safety.

Public Library Grant - to account for State PLF allocations used to fund the purchase of updated computers and equipment.

Proposition 1B Street and Road Improvements (200) – to account for resources originating with the November 2006 voter-approved measure that enabled the State of California to issue \$19.9 billion in bonds for highway safety, traffic reduction, port security and air quality.

State Police Grant - to account for State COPS funds restricted for enhancing front line police operations

Homeland Security (274) – to account for Homeland Security grants from the Federal Government for local preparedness.

Park Impact Fees (275) – to account for impact fees collected for development to address increased use of City's park facilities.

99 Pasadena Avenue (290) – to account for the proceeds of the sale of City owned land.

Capital Projects Funds

Capital Projects Funds - to account for financial resources to be used for the acquisition or construction of major capital facilities. Funds included are:

Community Redevelopment Agency Capital Projects Fund – To account for the costs associated with the implementation of separate redevelopment projects and required 20% set aside of tax increment revenues for low and moderate income housing.

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>Special Revenue Funds</u>			
	<u>MTA Pedestrian Improvement</u>	<u>Caltrans Gold Line Grant</u>	<u>Traffic Improvement</u>	<u>Proposition "A"</u>
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 110,740	\$ -
Receivables:				
Accounts	-	-	-	147
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	221,617	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 221,617</u>	<u>\$ -</u>	<u>\$ 110,740</u>	<u>\$ 147</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 50,110	\$ -	\$ -	\$ 29,195
Accrued liabilities	-	-	-	7,779
Deferred revenues	221,617	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	338,619	-	-	212,903
Advances from other funds	-	-	-	-
Total Liabilities	<u>610,346</u>	<u>-</u>	<u>-</u>	<u>249,877</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(388,729)	-	110,740	(249,730)
Total Fund Balances	<u>(388,729)</u>	<u>-</u>	<u>110,740</u>	<u>(249,730)</u>
Total Liabilities and Fund Balances	<u>\$ 221,617</u>	<u>\$ -</u>	<u>\$ 110,740</u>	<u>\$ 147</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Proposition "C"	ISTEA/METRO	Gold Line Betterments	Sewer
Assets:				
Pooled cash and investments	\$ 381,440	\$ 337,905	\$ 14,913	\$ 428,054
Receivables:				
Accounts	-	-	-	9,391
Taxes	-	-	-	-
Accrued interest	1,273	-	-	1,475
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 382,713	\$ 337,905	\$ 14,913	\$ 438,920
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 31,733	\$ -	\$ -	\$ 80,633
Accrued liabilities	3,988	-	-	6,250
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	35,721	-	-	86,883
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	109,284
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	346,992	337,905	14,913	242,753
Total Fund Balances	346,992	337,905	14,913	352,037
Total Liabilities and Fund Balances	\$ 382,713	\$ 337,905	\$ 14,913	\$ 438,920

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds			
	CTC Traffic Improvement Grant	Street Lighting	Clean Air Act	Parking and Business Improvement
Assets:				
Pooled cash and investments	\$ 640,823	\$ 171,130	\$ 25,417	\$ 76,446
Receivables:				
Accounts	-	28,924	-	-
Taxes	-	-	-	-
Accrued interest	-	-	72	-
Due from other governments	-	-	58,063	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 640,823	\$ 200,054	\$ 83,552	\$ 76,446
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 70,371	\$ -	\$ 264
Accrued liabilities	-	2,951	-	-
Deferred revenues	-	-	-	-
Unearned revenues	598,250	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	598,250	73,322	-	264
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	68,661	53,597	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	42,573	58,071	29,955	76,182
Total Fund Balances	42,573	126,732	83,552	76,182
Total Liabilities and Fund Balances	\$ 640,823	\$ 200,054	\$ 83,552	\$ 76,446

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	MTA Circulator Bus Purchase Grant	Gold Line Mitigation	Mission Oaks Parking	Mission Meridian Public Garage
Assets:				
Pooled cash and investments	\$ -	\$ 281,385	\$ 2,146	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	7	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 281,385	\$ 2,153	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 2,620	\$ 1,920	\$ 1,779
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	65,386	-	-	109,998
Advances from other funds	-	-	-	-
Total Liabilities	65,386	2,620	1,920	111,777
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	75,418	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(65,386)	203,347	233	(111,777)
Total Fund Balances	(65,386)	278,765	233	(111,777)
Total Liabilities and Fund Balances	\$ -	\$ 281,385	\$ 2,153	\$ -

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds			
	State Gas Tax	State Prop 40 Bond	County Park Bond	State Park Bond
Assets:				
Pooled cash and investments	\$ 534,812	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	1,530	-	-	-
Due from other governments	52,056	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 588,398	\$ -	\$ -	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 7,339	\$ -	\$ 13,899	\$ -
Accrued liabilities	6,602	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	7,542	-
Advances from other funds	-	-	-	-
Total Liabilities	13,941	-	21,441	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	60,458	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	513,999	-	(21,441)	-
Total Fund Balances	574,457	-	(21,441)	-
Total Liabilities and Fund Balances	\$ 588,398	\$ -	\$ -	\$ -

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Bike and Pedestrian Paths	Capital Growth Requirements	C.D.B.G.	Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 23,405	\$ 204,074	\$ -	\$ 20,045
Receivables:				
Accounts	-	-	74	-
Taxes	-	-	-	-
Accrued interest	62	663	-	67
Due from other governments	-	-	37,462	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 23,467	\$ 204,737	\$ 37,536	\$ 20,112
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 17,553	\$ 61,598	\$ 15,757	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	3,253	-
Due to other funds	-	-	18,526	-
Advances from other funds	-	-	-	-
Total Liabilities	17,553	61,598	37,536	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	32,950	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	5,914	110,189	-	20,112
Total Fund Balances	5,914	143,139	-	20,112
Total Liabilities and Fund Balances	\$ 23,467	\$ 204,737	\$ 37,536	\$ 20,112

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	<u>Special Revenue Funds</u>			
	<u>Federal Police Grants</u>	<u>CLEEP</u>	<u>Public Library Grant</u>	<u>Prop 1B Local Return</u>
Assets:				
Pooled cash and investments	\$ 3,999	\$ 4,851	\$ 11,754	\$ 753,840
Receivables:				
Accounts	-	-	264	-
Taxes	-	-	-	-
Accrued interest	13	16	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 4,012</u>	<u>\$ 4,867</u>	<u>\$ 12,018</u>	<u>\$ 753,840</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 5,233	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,233</u>	<u>-</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	757,279
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	4,012	4,867	6,785	(3,439)
Total Fund Balances	<u>4,012</u>	<u>4,867</u>	<u>6,785</u>	<u>753,840</u>
Total Liabilities and Fund Balances	<u>\$ 4,012</u>	<u>\$ 4,867</u>	<u>\$ 12,018</u>	<u>\$ 753,840</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	<u>State Police Grant</u>	<u>Homeland Security Grant</u>	<u>Park Impact Fees</u>	<u>99 Pasadena Avenue</u>
Assets:				
Pooled cash and investments	\$ 238,067	\$ -	\$ 83,068	\$ 1,159,366
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	765	-	-	3,900
Due from other governments	1,390	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 240,222</u>	<u>\$ -</u>	<u>\$ 83,068</u>	<u>\$ 1,163,266</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 62,110	\$ 66,426	\$ 17	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	25,011	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>62,110</u>	<u>91,437</u>	<u>17</u>	<u>-</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	37,312	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for low and moderate housing	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	140,800	(91,437)	83,051	1,163,266
Total Fund Balances	<u>178,112</u>	<u>(91,437)</u>	<u>83,051</u>	<u>1,163,266</u>
Total Liabilities and Fund Balances	<u>\$ 240,222</u>	<u>\$ -</u>	<u>\$ 83,068</u>	<u>\$ 1,163,266</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	<u>Capital Projects Funds</u>	
	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
Assets:		
Pooled cash and investments	\$ 3,112,475	\$ 8,620,155
Receivables:		
Accounts	-	38,800
Taxes	466	466
Accrued interest	11,650	21,493
Due from other governments	-	370,588
Restricted assets:		
Cash and investments with fiscal agents	199,586	199,586
Total Assets	<u>\$ 3,324,177</u>	<u>\$ 9,251,088</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 3,263	\$ 521,820
Accrued liabilities	3,110	30,680
Deferred revenues	-	221,617
Unearned revenues	-	598,250
Deposits payable	-	3,253
Due to other funds	-	777,985
Advances from other funds	253,250	253,250
Total Liabilities	<u>259,623</u>	<u>2,406,855</u>
Fund Balances:		
Reserved:		
Reserved for encumbrances	-	1,194,959
Unreserved:		
Designated for capital improvement projects	2,315,250	2,315,250
Designated for low and moderate housing	549,718	549,718
Designated for debt service	199,586	199,586
Undesignated	-	2,584,720
Total Fund Balances	<u>3,064,554</u>	<u>6,844,233</u>
Total Liabilities and Fund Balances	<u>\$ 3,324,177</u>	<u>\$ 9,251,088</u>

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CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			
	MTA Pedestrian Improvement	Caltrans Gold Line Grant	Traffic Improvement	Proposition "A"
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 372,491
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	582,076	-	219,479	-
Charges for services	-	-	-	2,766
Use of money and property	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	10,631
Total Revenues	582,076	-	219,479	385,888
Expenditures:				
Current:				
General government	-	-	-	188,438
Public safety	-	-	-	-
Community services	-	-	-	295,437
Public works	-	-	-	-
Capital outlay	360,459	-	-	-
Debt service:				
Principal retirement	-	-	-	65,000
Interest and fiscal charges	-	-	-	-
Total Expenditures	360,459	-	-	548,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	221,617	-	219,479	(162,987)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(273)	-	-
Total Other Financing Sources (Uses)	-	(273)	-	-
Net Change in Fund Balances	221,617	(273)	219,479	(162,987)
Fund Balances, Beginning of Year	(610,346)	273	(108,739)	(86,743)
Fund Balances, End of Year	\$ (388,729)	\$ -	\$ 110,740	\$ (249,730)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Proposition "C"	ISTEA/METRO	Gold Line Betterments	Sewer
Revenues:				
Taxes	\$ 310,057	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	329,213	-	-
Charges for services	-	-	-	555,371
Use of money and property	8,226	-	-	9,989
Contributions	-	-	-	-
Miscellaneous	-	-	-	960
Total Revenues	318,283	329,213	-	566,320
Expenditures:				
Current:				
General government	34,106	-	-	-
Public safety	-	-	-	-
Community services	159,809	-	-	-
Public works	-	-	-	388,235
Capital outlay	29,586	2,150	-	164,074
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	223,501	2,150	-	552,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,782	327,063	-	14,011
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	94,782	327,063	-	14,011
Fund Balances, Beginning of Year	252,210	10,842	14,913	338,026
Fund Balances, End of Year	\$ 346,992	\$ 337,905	\$ 14,913	\$ 352,037

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			
	CTC Traffic Improvement Grant	Street Lighting	Clean Air Act	Parking and Business Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 144,401
Assessments	-	885,515	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	79,964	-
Charges for services	-	-	-	-
Use of money and property	-	-	1,062	-
Contributions	-	11,050	-	-
Miscellaneous	-	22,662	-	-
Total Revenues	-	919,227	81,026	144,401
Expenditures:				
Current:				
General government	-	-	8,071	146,858
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	844,601	-	-
Capital outlay	-	8,800	120,721	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	853,401	128,792	146,858
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	65,826	(47,766)	(2,457)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	65,826	(47,766)	(2,457)
Fund Balances, Beginning of Year	42,573	60,906	131,318	78,639
Fund Balances, End of Year	\$ 42,573	\$ 126,732	\$ 83,552	\$ 76,182

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	MTA Circulator Bus Purchase Grant	Gold Line Mitigation	Mission Oaks Parking	Mission Meridian Public Garage
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	13,549
Use of money and property	-	-	24	-
Contributions	-	-	-	-
Miscellaneous	-	-	9,595	10
Total Revenues	-	-	9,619	13,559
Expenditures:				
Current:				
General government	-	-	-	74,494
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	7,094	-
Capital outlay	41,250	30,576	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	41,250	30,576	7,094	74,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,250)	(30,576)	2,525	(60,935)
Other Financing Sources (Uses):				
Transfers in	-	-	-	273
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	273
Net Change in Fund Balances	(41,250)	(30,576)	2,525	(60,662)
Fund Balances, Beginning of Year	(24,136)	309,341	(2,292)	(51,115)
Fund Balances, End of Year	\$ (65,386)	\$ 278,765	\$ 233	\$ (111,777)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			
	State Gas Tax	State Prop 40 Bond	County Park Bond	State Park Bond
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	638,419	-	-	-
Charges for services	-	-	-	-
Use of money and property	9,424	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	647,843	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	406,071	-	21,337	-
Capital outlay	80	-	13,404	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	406,151	-	34,741	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	241,692	-	(34,741)	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	18,388
Transfers out	-	(7,097)	-	-
Total Other Financing Sources (Uses)	-	(7,097)	-	18,388
Net Change in Fund Balances	241,692	(7,097)	(34,741)	18,388
Fund Balances, Beginning of Year	332,765	7,097	13,300	(18,388)
Fund Balances, End of Year	\$ 574,457	\$ -	\$ (21,441)	\$ -

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Bike and Pedestrian Paths	Capital Growth Requirements	C.D.B.G.	Asset Forfeiture
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	5,958	-	135,229	2,964
Charges for services	-	35,652	-	-
Use of money and property	506	5,271	-	464
Contributions	-	-	-	-
Miscellaneous	-	-	4,490	-
Total Revenues	6,464	40,923	139,719	3,428
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	30,613	-
Public works	-	-	-	-
Capital outlay	-	132,251	99,512	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	132,251	130,125	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,464	(91,328)	9,594	3,428
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	6,464	(91,328)	9,594	3,428
Fund Balances, Beginning of Year	(550)	234,467	(9,594)	16,684
Fund Balances, End of Year	\$ 5,914	\$ 143,139	\$ -	\$ 20,112

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			
	Federal Police Grants	CLEEP	Public Library Grant	Prop 1B Local Return
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	8,782	383,908
Charges for services	-	-	-	-
Use of money and property	96	116	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	96	116	8,782	383,908
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	8,452	-
Public works	-	-	-	-
Capital outlay	-	-	-	45,429
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	8,452	45,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	96	116	330	338,479
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	96	116	330	338,479
Fund Balances, Beginning of Year	3,916	4,751	6,455	415,361
Fund Balances, End of Year	\$ 4,012	\$ 4,867	\$ 6,785	\$ 753,840

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	State Police Grant	Homeland Security Grant	Park Impact Fees	99 Pasadena Avenue
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	83,002	-
Intergovernmental	76,390	4,026	-	-
Charges for services	-	-	-	-
Use of money and property	5,288	-	-	28,036
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	81,678	4,026	83,002	28,036
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	105,338	95,463	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	105,338	95,463	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,660)	(91,437)	83,002	28,036
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(23,660)	(91,437)	83,002	28,036
Fund Balances, Beginning of Year	201,772	-	49	1,135,230
Fund Balances, End of Year	\$ 178,112	\$ (91,437)	\$ 83,051	\$ 1,163,266

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	<u>Capital Projects Funds</u>	
	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ 593,683	\$ 1,420,632
Assessments	-	885,515
Licenses and permits	-	83,002
Intergovernmental	-	2,466,408
Charges for services	-	607,338
Use of money and property	77,703	146,205
Contributions	-	11,050
Miscellaneous	-	48,348
Total Revenues	671,386	5,668,498
Expenditures:		
Current:		
General government	234,316	686,283
Public safety	-	200,801
Community services	-	494,311
Public works	-	1,667,338
Capital outlay	-	1,048,292
Debt service:		
Principal retirement	75,000	140,000
Interest and fiscal charges	120,758	120,758
Total Expenditures	430,074	4,357,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	241,312	1,310,715
Other Financing Sources (Uses):		
Transfers in	-	18,661
Transfers out	-	(7,370)
Total Other Financing Sources (Uses)	-	11,291
Net Change in Fund Balances	241,312	1,322,006
Fund Balances, Beginning of Year	2,823,242	5,522,227
Fund Balances, End of Year	\$ 3,064,554	\$ 6,844,233

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
MTA PEDESTRIAN IMPROVEMENT
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (610,346)	\$ (610,346)	\$ (610,346)	\$ -
Resources (Inflows):				
Intergovernmental	300,000	300,000	582,076	282,076
Amounts Available for Appropriation	(310,346)	(310,346)	(28,270)	282,076
Charges to Appropriation (Outflow):				
Capital outlay	52,964	52,964	360,459	(307,495)
Total Charges to Appropriations	52,964	52,964	360,459	(307,495)
Budgetary Fund Balance, June 30	\$ (363,310)	\$ (363,310)	\$ (388,729)	\$ (25,419)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION "A"
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (86,743)	\$ (86,743)	\$ (86,743)	\$ -
Resources (Inflows):				
Taxes	490,000	490,000	372,491	(117,509)
Charges for services	3,600	3,600	2,766	(834)
Miscellaneous	12,500	12,500	10,631	(1,869)
Amounts Available for Appropriation	419,357	419,357	299,145	(120,212)
Charges to Appropriation (Outflow)				
General government	173,363	173,362	188,438	(15,076)
Parks and recreation	302,317	302,316	295,437	6,879
Debt service:				
Principal retirement	65,000	65,000	65,000	-
Total Charges to Appropriations	540,680	540,678	548,875	(8,197)
Budgetary Fund Balance, June 30	\$ (121,323)	\$ (121,321)	\$ (249,730)	\$ (128,409)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION "C"
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 252,210	\$ 252,210	\$ 252,210	\$ -
Resources (Inflows):				
Taxes	370,000	370,000	310,057	(59,943)
Use of money and property	5,000	5,000	8,226	3,226
Amounts Available for Appropriation	627,210	627,210	570,493	(56,717)
Charges to Appropriation (Outflow):				
General government	38,984	38,983	34,106	4,877
Parks and recreation	168,611	168,610	159,809	8,801
Capital outlay	380,000	380,000	29,586	350,414
Total Charges to Appropriations	587,595	587,593	223,501	364,092
Budgetary Fund Balance, June 30	\$ 39,615	\$ 39,617	\$ 346,992	\$ 307,375

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ISTE/METRO
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,842	\$ 10,842	\$ 10,842	\$ -
Resources (Inflows):				
Intergovernmental	-	-	329,213	329,213
Amounts Available for Appropriation	10,842	10,842	340,055	329,213
Charges to Appropriation (Outflow):				
Capital outlay	10,842	10,842	2,150	8,692
Total Charges to Appropriations	10,842	10,842	2,150	8,692
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 337,905	\$ 337,905

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
SEWER
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 338,026	\$ 338,026	\$ 338,026	\$ -
Resources (Inflows):				
Charges for services	582,000	582,000	555,371	(26,629)
Use of money and property	15,000	15,000	9,989	(5,011)
Miscellaneous	-	-	960	960
Amounts Available for Appropriation	935,026	935,026	904,346	(30,680)
Charges to Appropriation (Outflow):				
Public works	608,173	608,171	388,235	219,936
Capital outlay	325,000	325,000	164,074	160,926
Total Charges to Appropriations	933,173	933,171	552,309	380,862
Budgetary Fund Balance, June 30	\$ 1,853	\$ 1,855	\$ 352,037	\$ 350,182

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 60,906	\$ 60,906	\$ 60,906	\$ -
Resources (Inflows):				
Assessments	900,000	900,000	885,515	(14,485)
Contributions	-	-	11,050	11,050
Miscellaneous	7,500	7,500	22,662	15,162
Amounts Available for Appropriation	968,406	968,406	980,133	11,727
Charges to Appropriation (Outflow):				
Public works	970,044	970,044	844,601	125,443
Capital outlay	25,000	25,000	8,800	16,200
Total Charges to Appropriations	995,044	995,044	853,401	141,643
Budgetary Fund Balance, June 30	\$ (26,638)	\$ (26,638)	\$ 126,732	\$ 153,370

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CLEAN AIR ACT
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 131,318	\$ 131,318	\$ 131,318	\$ -
Resources (Inflows):				
Intergovernmental	31,000	31,000	79,964	48,964
Use of money and property	2,000	2,000	1,062	(938)
Amounts Available for Appropriation	164,318	164,318	212,344	48,026
Charges to Appropriation (Outflow):				
General government	6,200	6,200	8,071	(1,871)
Capital outlay	-	120,721	120,721	-
Total Charges to Appropriations	6,200	126,921	128,792	(1,871)
Budgetary Fund Balance, June 30	\$ 158,118	\$ 37,397	\$ 83,552	\$ 46,155

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
PARKING AND BUSINESS IMPROVEMENT
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 78,639	\$ 78,639	\$ 78,639	\$ -
Resources (Inflows):				
Taxes	133,000	133,000	144,401	11,401
Amounts Available for Appropriation	211,639	211,639	223,040	11,401
Charges to Appropriation (Outflow):				
General government	132,500	139,500	146,858	(7,358)
Total Charges to Appropriations	132,500	139,500	146,858	(7,358)
Budgetary Fund Balance, June 30	\$ 79,139	\$ 72,139	\$ 76,182	\$ 4,043

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 GOLD LINE MITIGATION
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 309,341	\$ 309,341	\$ 309,341	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	309,341	309,341	309,341	-
Charges to Appropriation (Outflow):				
Capital outlay	190,000	190,000	30,576	159,424
Total Charges to Appropriations	190,000	190,000	30,576	159,424
Budgetary Fund Balance, June 30	\$ 119,341	\$ 119,341	\$ 278,765	\$ 159,424

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
MISSION OAKS PARKING
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (2,292)	\$ (2,292)	\$ (2,292)	\$ -
Resources (Inflows):				
Use of money and property	100	100	24	(76)
Miscellaneous	2,000	2,000	9,595	7,595
Amounts Available for Appropriation	(192)	(192)	7,327	7,519
Charges to Appropriation (Outflow):				
Public works	7,000	7,000	7,094	(94)
Total Charges to Appropriations	7,000	7,000	7,094	(94)
Budgetary Fund Balance, June 30	\$ (7,192)	\$ (7,192)	\$ 233	\$ 7,425

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
MISSION MERIDIAN PUBLIC GARAGE
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (51,115)	\$ (51,115)	\$ (51,115)	\$ -
Resources (Inflows):				
Charges for services	6,000	6,000	13,549	7,549
Miscellaneous	-	-	10	10
Transfers in	-	-	273	273
Amounts Available for Appropriation	(45,115)	(45,115)	(37,283)	7,832
Charges to Appropriation (Outflow):				
General government	70,000	70,000	74,494	(4,494)
Total Charges to Appropriations	70,000	70,000	74,494	(4,494)
Budgetary Fund Balance, June 30	\$ (115,115)	\$ (115,115)	\$ (111,777)	\$ 3,338

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 332,765	\$ 332,765	\$ 332,765	\$ -
Resources (Inflows):				
Intergovernmental	496,000	496,000	638,419	142,419
Use of money and property	75,000	75,000	9,424	(65,576)
Amounts Available for Appropriation	903,765	903,765	980,608	76,843
Charges to Appropriation (Outflow):				
Public works	499,140	499,139	406,071	93,068
Capital outlay	320,000	320,000	80	319,920
Total Charges to Appropriations	819,140	819,139	406,151	412,988
Budgetary Fund Balance, June 30	\$ 84,625	\$ 84,626	\$ 574,457	\$ 489,831

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 COUNTY PARK BOND
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,300	\$ 13,300	\$ 13,300	\$ -
Resources (Inflows):				
Intergovernmental	48,000	48,000	-	(48,000)
Amounts Available for Appropriation	61,300	61,300	13,300	(48,000)
Charges to Appropriation (Outflow):				
Public works	22,700	22,700	21,337	1,363
Capital outlay	25,000	25,000	13,404	11,596
Total Charges to Appropriations	47,700	47,700	34,741	12,959
Budgetary Fund Balance, June 30	\$ 13,600	\$ 13,600	\$ (21,441)	\$ (35,041)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
BIKE AND PEDESTRIAN PATHS
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (550)	\$ (550)	\$ (550)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	5,958	5,958
Use of money and property	500	500	506	6
Amounts Available for Appropriation	(50)	(50)	5,914	5,964
Budgetary Fund Balance, June 30	\$ (50)	\$ (50)	\$ 5,914	\$ 5,964

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL GROWTH REQUIREMENTS
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 234,467	\$ 234,467	\$ 234,467	\$ -
Resources (Inflows):				
Charges for services	124,400	124,400	35,652	(88,748)
Use of money and property	3,000	3,000	5,271	2,271
Amounts Available for Appropriation	361,867	361,867	275,390	(86,477)
Charges to Appropriation (Outflow):				
Capital outlay	242,000	242,000	132,251	109,749
Total Charges to Appropriations	242,000	242,000	132,251	109,749
Budgetary Fund Balance, June 30	\$ 119,867	\$ 119,867	\$ 143,139	\$ 23,272

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE

C.D.B.G.

YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (9,594)	\$ (9,594)	\$ (9,594)	\$ -
Resources (Inflows):				
Intergovernmental	148,241	234,190	135,229	(98,961)
Miscellaneous	26,160	26,160	4,490	(21,670)
Amounts Available for Appropriation	164,807	250,756	130,125	(120,631)
Charges to Appropriation (Outflow):				
Parks and recreation	81,160	81,160	30,613	50,547
Capital outlay	93,241	179,190	99,512	79,678
Total Charges to Appropriations	174,401	260,350	130,125	130,225
Budgetary Fund Balance, June 30	\$ (9,594)	\$ (9,594)	\$ -	\$ 9,594

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 16,684	\$ 16,684	\$ 16,684	\$ -
Resources (Inflows):				
Intergovernmental	-	-	2,964	2,964
Use of money and property	400	400	464	64
Amounts Available for Appropriation	17,084	17,084	20,112	3,028
Budgetary Fund Balance, June 30	\$ 17,084	\$ 17,084	\$ 20,112	\$ 3,028

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
FEDERAL POLICE GRANTS
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,916	\$ 3,916	\$ 3,916	\$ -
Resources (Inflows):				
Use of money and property	100	100	96	(4)
Amounts Available for Appropriation	4,016	4,016	4,012	(4)
Budgetary Fund Balance, June 30	\$ 4,016	\$ 4,016	\$ 4,012	\$ (4)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC LIBRARY GRANT
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,455	\$ 6,455	\$ 6,455	\$ -
Resources (Inflows):				
Intergovernmental	10,000	10,000	8,782	(1,218)
Amounts Available for Appropriation	16,455	16,455	15,237	(1,218)
Charges to Appropriation (Outflow):				
Parks and recreation	10,000	10,000	8,452	1,548
Total Charges to Appropriations	10,000	10,000	8,452	1,548
Budgetary Fund Balance, June 30	\$ 6,455	\$ 6,455	\$ 6,785	\$ 330

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
PROP 1B LOCAL RETURN
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 415,361	\$ 415,361	\$ 415,361	\$ -
Resources (Inflows):				
Intergovernmental	393,000	393,000	383,908	(9,092)
Amounts Available for Appropriation	808,361	808,361	799,269	(9,092)
Charges to Appropriation (Outflow):				
Capital outlay	808,335	808,335	45,429	762,906
Total Charges to Appropriations	808,335	808,335	45,429	762,906
Budgetary Fund Balance, June 30	\$ 26	\$ 26	\$ 753,840	\$ 753,814

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE POLICE GRANT
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 201,772	\$ 201,772	\$ 201,772	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	76,390	(23,610)
Use of money and property	2,000	2,000	5,288	3,288
Amounts Available for Appropriation	303,772	303,772	283,450	(20,322)
Charges to Appropriation (Outflow):				
Public safety	-	62,608	105,338	(42,730)
Total Charges to Appropriations	-	62,608	105,338	(42,730)
Budgetary Fund Balance, June 30	\$ 303,772	\$ 241,164	\$ 178,112	\$ (63,052)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
HOMELAND SECURITY GRANT
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	-	4,026	4,026
Amounts Available for Appropriation	-	-	4,026	4,026
Charges to Appropriation (Outflow):				
Public safety	-	25,011	95,463	(70,452)
Total Charges to Appropriations	-	25,011	95,463	(70,452)
Budgetary Fund Balance, June 30	\$ -	\$ (25,011)	\$ (91,437)	\$ (66,426)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARK IMPACT FEES
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 49	\$ 49	\$ 49	\$ -
Resources (Inflows):				
Licenses and permits	266,000	266,000	83,002	(182,998)
Amounts Available for Appropriation	266,049	266,049	83,051	(182,998)
Budgetary Fund Balance, June 30	\$ 266,049	\$ 266,049	\$ 83,051	\$ (182,998)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 99 PASADENA AVENUE
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,135,230	\$ 1,135,230	\$ 1,135,230	\$ -
Resources (Inflows):				
Use of money and property	40,000	40,000	28,036	(11,964)
Amounts Available for Appropriation	1,175,230	1,175,230	1,163,266	(11,964)
Budgetary Fund Balance, June 30	\$ 1,175,230	\$ 1,175,230	\$ 1,163,266	\$ (11,964)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,823,242	\$ 2,823,242	\$ 2,823,242	\$ -
Resources (Inflows):				
Taxes	505,000	505,000	593,683	88,683
Use of money and property	83,972	83,972	77,703	(6,269)
Amounts Available for Appropriation	3,412,214	3,412,214	3,494,628	82,414
Charges to Appropriation (Outflow):				
General government	415,324	415,326	234,316	181,010
Debt service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	121,526	121,526	120,758	768
Total Charges to Appropriations	611,850	611,852	430,074	181,778
Budgetary Fund Balance, June 30	\$ 2,800,364	\$ 2,800,362	\$ 3,064,554	\$ 264,192

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Statistical Section

This part of the City of South Pasadena's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

CITY OF SOUTH PASADENA

Net Assets by Component
Last Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Government activities						
Invested in capital assets, net of related debt	\$ 53,712,779	\$ 52,586,854	\$ 53,938,246	\$ 57,875,243	\$ 59,638,269	\$ 56,086,968
Restricted	3,134,933	2,985,309	3,700,356	4,454,617	3,725,863	6,609,467
Unrestricted	3,109,784	2,866,719	3,351,709	6,396,133	8,392,273	8,979,878
Total governmental activities net assets	\$ 59,957,496	\$ 58,438,882	\$ 60,990,311	\$ 68,725,993	\$ 71,756,405	\$ 71,676,313
Business-type activities						
Invested in capital assets, net of related debt	\$ 2,084,629	\$ 3,290,506	\$ 3,042,921	\$ 3,263,489	\$ 2,791,280	\$ 1,890,240
Restricted	-	769,344	1,391,957	2,136,719	2,878,966	36,642,005
Unrestricted	4,323,054	2,952,479	3,319,590	2,831,187	3,542,152	(29,053,954)
Total business-type activities net assets	\$ 6,407,683	\$ 7,012,329	\$ 7,754,468	\$ 8,231,395	\$ 9,212,398	\$ 9,478,291
Primary government						
Invested in capital assets, net of related debt	\$ 55,797,408	\$ 55,877,360	\$ 56,981,167	\$ 61,138,732	\$ 62,429,549	\$ 57,977,208
Restricted	3,134,933	3,754,653	5,092,313	6,591,336	6,604,829	43,251,472
Unrestricted	7,432,838	5,819,198	6,671,299	9,227,320	11,934,425	(20,074,076)
Total primary government activities net assets	\$ 66,365,179	\$ 65,451,211	\$ 68,744,779	\$ 76,957,388	\$ 80,968,803	\$ 81,154,604

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CITY OF SOUTH PASADENA

**Changes in Net Assets
Last Six Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental Activities:						
General government	\$ 4,539,884	\$ 5,238,131	\$ 4,623,433	\$ 4,401,369	\$ 3,911,227	\$ 5,513,124
Public safety	8,926,614	9,631,689	9,823,747	9,779,691	9,875,234	11,525,403
Community development	763,683	786,021	770,006	883,972	997,287	839,568
Community Services	2,183,071	2,426,270	2,446,291	2,523,119	2,806,026	2,914,235
Public works	3,672,143	4,351,990	4,804,715	4,876,678	4,655,996	5,482,505
Interest on long-term debt	146,641	178,245	172,698	149,359	143,423	136,769
Total Governmental Activities expenses	20,232,036	22,612,346	22,640,890	22,614,188	22,389,193	26,411,604
Business-Type Activities:						
Water utility	2,558,200	3,607,186	4,160,990	3,908,439	3,949,800	4,451,292
Total Business-Type Activities Expenses	2,558,200	3,607,186	4,160,990	3,908,439	3,949,800	4,451,292
Total Primary Government Expenses	\$ 22,790,236	\$ 26,219,532	\$ 26,801,880	\$ 26,522,627	\$ 26,338,993	\$ 30,862,896
Program Revenues						
Governmental Activities:						
Charges for services:						
General government	\$ 1,054,576	\$ 1,108,740	\$ 1,238,045	\$ 1,358,711	\$ 1,457,911	\$ 1,409,846
Public safety	550,729	579,762	589,211	569,946	1,306,513	1,349,175
Community development	579,502	715,107	715,970	598,718	801,200	405,086
Community Services	691,141	683,576	686,560	690,544	514,523	627,296
Public works	1,503,901	1,146,864	1,119,950	1,079,883	1,244,935	1,118,262
Total Charges for Services	4,379,849	4,234,049	4,349,736	4,297,802	5,325,082	4,909,665
Operating Contributions and Grants:						
General government	1,108,032	787,784	1,397,311	500,002	150,998	214,373
Public safety	249,686	746,820	987,107	2,422,944	175,552	108,406
Community Services	95,308	55,596	53,013	63,472	127,136	24,322
Public works	119,812	167,641	131,107	122,292	539,572	447,962
Total Operating Contributions and Grants	1,572,838	1,757,841	2,568,538	3,108,710	993,258	795,063
Capital Contributions and Grants:						
Community Services	-	-	-	-	47,516	-
Public works	1,561,750	1,259,811	2,536,724	2,712,135	513,368	1,868,187
Total Capital Contributions and Grants	1,561,750	1,259,811	2,536,724	2,712,135	560,884	1,868,187
Total Governmental Activities Program Revenue	7,514,437	7,251,701	9,454,998	10,118,647	6,879,224	7,572,915
Business-Type Activities:						
Charges for services:						
Water utility	3,217,446	3,902,977	4,442,966	4,687,499	4,543,192	4,549,062
Total Business-Type Activities Program Revenues	3,217,446	3,902,977	4,442,966	4,687,499	4,543,192	4,549,062
Total Primary Government Program Revenues	\$ 7,597,295	\$ 8,137,026	\$ 8,792,702	\$ 14,806,146	\$ 11,422,416	\$ 12,121,977
Net (Expense)/Revenue						
Governmental Activities	\$ (12,717,599)	\$ (15,360,645)	\$ (13,185,892)	\$ (12,495,541)	\$ (15,509,969)	\$ (18,838,689)
Business-Type Activities	659,246	295,791	281,976	779,060	593,392	97,770
Total primary Government Net Expense	\$ (12,058,353)	\$ (15,064,854)	\$ (12,903,916)	\$ (11,716,481)	\$ (14,916,577)	\$ (18,740,919)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
General Revenues and Other Charges in Net Assets						
Governmental Activities:						
Taxes:						
Property taxes, levied for general purpose	\$ 5,878,748	\$ 6,152,773	\$ 8,367,587	\$ 9,116,431	\$ 9,986,309	\$ 10,404,273
Sales taxes	2,388,269	2,572,929	2,890,126	2,911,037	3,078,717	2,399,744
Franchise taxes	624,327	671,111	717,624	769,549	777,675	821,144
Business licenses taxes	257,799	273,432	323,055	334,840	344,497	352,528
Other taxes	1,988,990	2,113,733	2,104,870	2,250,281	3,158,469	3,942,594
Motor Vehicle In Lieu	1,167,965	2,034,071	88,757	129,564	110,144	74,215
Use of money and property	439,308	489,121	619,237	839,529	921,232	658,997
Gain on sale of assets	(63,817)	-	-	-	1,100,000	-
Other	97,564	154,813	646,065	127,106	69,013	73,594
Total Governmental Activities	12,779,153	14,461,983	15,757,321	16,649,836	19,546,056	18,727,089
Business-Type Activities:						
Use of money and property	48,131	211,678	369,399	401,925	370,557	227,528
Gain on sale of assets	-	-	-	-	11,075	-
Other	54,526	97,177	90,764	54,042	14,695	13,814
Total Business-Type Activities	102,657	308,855	460,163	455,967	396,327	241,342
Total Primary Government	\$ 12,881,810	\$ 14,770,838	\$ 16,217,484	\$ 17,105,803	\$ 19,942,383	\$ 18,968,431
Changes in Net Assets						
Governmental Activities	\$ 61,554	\$ (898,662)	\$ 2,571,429	\$ 4,154,295	\$ 4,036,087	\$ (111,600)
Business-Type Activities	761,903	604,646	742,139	1,235,027	989,719	339,112
Total Primary Government	\$ 823,457	\$ (294,016)	\$ 3,313,568	\$ 5,389,322	\$ 5,025,806	\$ 227,512

CITY OF SOUTH PASADENA

**Fund Balances of Governmental Funds
Last Seven Fiscal Years
(Modified Accrual Basis Of Accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 368,202	\$ 455,087	\$ 542,341	\$ 645,341	\$ 397,742	\$ 292,562	\$ 1,550,920
Unreserved	3,100,339	3,414,972	3,459,743	4,489,626	6,351,164	9,559,379	9,491,709
Total General Fund	<u>\$3,468,541</u>	<u>\$3,870,059</u>	<u>\$ 4,002,084</u>	<u>\$ 5,134,967</u>	<u>\$ 6,748,906</u>	<u>\$ 9,851,941</u>	<u>\$ 11,042,629</u>
All Other Governmental Funds							
Reserved	\$ 755,491	\$ 266,517	\$ 293,809	\$ 2,456,501	\$ 1,537,309	\$ 254,778	\$ 1,194,959
Unreserved:							
Unreserved, reported in nonmajor,							
Special revenue funds	1,223,747	1,321,075	1,440,330	205,647	384,352	3,056,391	2,584,720
Capital Projects funds	-	-	-	-	-	-	3,064,554
Designated for:							
Low & moderate housing	-	-	436,976	463,776	488,506	530,096	-
Debt service	-	-	198,968	202,044	197,110	200,497	-
Undesignated	<u>2,191,930</u>	<u>2,512,672</u>	<u>2,012,312</u>	<u>941,127</u>	<u>1,260,671</u>	<u>1,480,465</u>	<u>-</u>
Total all other Governmental Funds	<u>\$4,171,168</u>	<u>\$4,100,264</u>	<u>\$ 4,382,395</u>	<u>\$ 4,269,095</u>	<u>\$ 3,867,948</u>	<u>\$ 5,522,227</u>	<u>\$ 6,844,233</u>

The City of South Pasadena has elected to show the last seven years of data for this schedule as the City implemented GASB 34 in 2003.

CITY OF SOUTH PASADENA

**Changes In Fund Balances Of Governmental Funds
Last Seven Fiscal Years
(Modified Accrual Basis Of Accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues:							
Taxes	\$ 10,130,600	\$ 10,880,019	\$ 11,449,664	\$ 13,972,117	\$ 15,166,586	\$ 16,850,652	\$ 17,689,431
Assessments	1,106,389	1,113,278	1,097,970	1,068,561	1,133,914	895,773	885,515
Licenses and permits	646,955	750,566	791,522	842,947	876,297	893,237	1,004,933
Intergovernmental	6,601,782	3,237,991	3,996,994	3,584,136	5,089,034	2,288,858	2,635,222
Charges for services	1,949,856	2,386,005	2,649,613	2,683,695	2,398,566	2,822,380	2,449,932
Use of money and property	438,050	439,308	509,282	642,950	868,349	921,232	658,997
Fines and forfeitures	303,814	561,435	544,883	603,086	643,055	636,668	701,894
Contributions	-	-	-	14,053	20,114	19,005	11,050
Miscellaneous	294,677	548,180	790,231	1,231,214	543,280	579,812	419,952
Total revenues	21,472,123	19,916,782	21,830,159	24,642,759	26,739,195	25,907,617	26,456,926
Expenditures:							
Current:							
General government	3,293,781	3,950,276	4,427,679	4,467,746	4,188,718	3,855,522	3,893,079
Public safety	7,416,733	8,808,933	9,496,581	9,703,634	9,727,416	10,670,808	11,134,224
Community development	870,779	769,466	781,903	766,775	880,902	1,005,406	831,613
Community services	2,049,272	2,029,889	2,270,982	2,299,564	2,507,378	2,679,273	2,764,489
Public works	2,248,896	2,501,017	2,511,989	2,721,530	2,777,051	2,852,322	3,217,465
Capital outlay	4,897,143	1,280,203	1,634,550	3,790,870	5,609,950	1,169,533	1,812,804
Debt service:							
Principal retirement	105,140	104,110	109,826	112,359	127,262	114,894	181,845
Interest and fiscal charges	149,612	142,274	179,240	177,557	128,516	145,997	140,221
Total expenses	21,031,356	19,586,168	21,412,750	24,040,035	25,947,193	22,493,755	23,975,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	440,767	330,614	417,409	602,724	792,002	3,413,862	2,481,186
Other financing sources (uses):							
Transfers in	-	10,032	96,541	-	18,000	42,573	25,758
Transfers out	-	(10,032)	(96,541)	-	(18,000)	(42,573)	(25,758)
Proceed from sale of capital assets	-	-	-	-	-	1,100,000	-
Capital leases	15,105	-	-	-	495,173	-	-
Notes and loans issued	-	-	-	-	65,000	-	-
Total other financing sources (uses)	15,105	-	-	-	560,173	1,100,000	-
Net change in fund balances / net assets	\$ 455,872	\$ 330,614	\$ 417,409	\$ 602,724	\$ 1,352,175	\$ 4,513,862	\$ 2,481,186
Debt service as a percentage of noncapital expenditures	1.6%	1.3%	1.5%	1.4%	1.3%	1.3%	1.5%

The City of South Pasadena has elected to show the last seven years of data for this schedule as the City implemented GASB 34 in 2003.

CITY OF SOUTH PASADENA

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years**
(in thousands of dollars)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value^a</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2000	1,475,059	138,637	99,709	(14,851)	1,698,554	0.241%	N/A	N/A
2001	1,569,274	144,395	106,400	(15,643)	1,804,426	0.241%	N/A	N/A
2002	1,667,313	151,345	110,090	(11,430)	1,917,318	0.241%	N/A	N/A
2003	1,783,248	157,091	109,963	(19,275)	2,031,027	0.241%	N/A	N/A
2004	1,930,016	168,874	117,217	(13,863)	2,202,244	0.241%	N/A	N/A
2005	2,087,821	177,629	118,885	(20,516)	2,363,819	0.241%	N/A	N/A
2006	2,262,942	189,286	132,004	(28,647)	2,555,585	0.241%	N/A	N/A
2007	2,478,782	207,724	130,527	(27,756)	2,789,277	0.241%	N/A	N/A
2008	2,690,867	211,373	133,651	(30,013)	3,005,878	0.241%	N/A	N/A
2009	2,850,768	217,653	141,106	(29,101)	3,180,426	0.240%	N/A	N/A

Source: County of Los Angeles Auditor-Controller and HDL Coren & Cone.

Note: ^aEstimated Actual Taxable Value is not available.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%).

CITY OF SOUTH PASADENA

**Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates				
	General Basic Tax Levy	Total Direct Rate	Los Angeles County (1)	Educational Revenue Augmentation Fun	Los Angeles County Fire FfW	Los Angeles County Flood Control	Community College
	2000	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096
2001	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2002	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2003	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2004	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2005	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2006	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2007	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2008	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2009	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320

Fiscal Year	Overlapping Rates								
	School District	Upper San Gabriel Valley Municipal Water District	Voter Approved					Pasadena Community College District	Total
			South Pasadena Unified School District	Los Angeles County Flood Control	Upper San Gabriel Valley Municipal Water District	Detention Facilities			
2000	0.1712	0.0005	0.0629	0.0018	0.0089	0.0014	-	1.0750	
2001	0.1712	0.0005	0.0643	0.0016	0.0088	0.0013	-	1.0760	
2002	0.1712	0.0005	0.0673	0.0011	0.0077	0.0011	-	1.0772	
2003	0.1712	0.0005	0.0676	0.0009	0.0067	0.0010	-	1.0762	
2004	0.1712	0.0005	0.1105	0.0005	0.0061	0.0010	0.0068	1.1248	
2005	0.1712	0.0005	0.1041	0.0002	0.0058	0.0009	0.0088	1.1199	
2006	0.1712	0.0005	0.0957	0.0001	0.0052	0.0008	0.0041	1.1058	
2007	0.1712	0.0005	0.0897	0.0001	0.0047	0.0007	0.0208	1.1159	
2008	0.1712	0.0005	0.0860	-	0.0045	-	0.0197	1.1104	
2009	0.1712	0.0005	0.0860	-	0.0043	-	0.0174	1.1078	

Source: County of Los Angeles Auditor-Controller and HDL Coren and Cone.

(1) - The following were included in Los Angeles County; Childrens Institutional Tuition Fund, County Sanitation District No. 16, County School Services, Development Center, and LA County General

CITY OF SOUTH PASADENA

Principal Property Tax Payers,
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2009</u>			<u>2000</u>		
	<u>Combined Taxable Value (1)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Combined Taxable Value (1)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
H and O Fair Oaks Partners	\$ 15,977,350	1	0.50%	\$ 13,568,793	1	0.80%
Mt. Olive Sepulveda LP	10,352,427	2	0.33%	-		0.00%
Golden Oaks Investment LP	8,972,190	3	0.28%	-		0.00%
NNC Terraces at South Pasadena LLC	8,853,309	4	0.28%	-		0.00%
California Empire LP	8,593,435	5	0.27%	7,185,400	3	0.42%
Kan Investment Limited	8,585,305	6	0.27%	-		0.00%
CCCC Growth Fund LLC	7,923,397	7	0.25%	-		0.00%
HP III Limited	7,497,385	8	0.24%	6,289,740.00	6	0.37%
Jerry B. and Roberta L. Furrey Trust	7,426,076	9	0.23%	5,326,570.00	8	0.31%
Safeway Stores	7,247,537	10	0.23%	-		0.00%
Von's Company	-		-	7,452,906	2	0.44%
Andrew J. Cherng Trust	-		-	6,976,100	4	0.41%
Braewood Estate Partnership	-		-	6,580,701	5	0.39%
Pasadena Industrial Associates	-		-	5,366,618	7	0.32%
Time Warner Entertainment Advance	-		-	5,163,839	9	0.30%
Young Properties	-		-	4,993,617	10	0.29%
Total	\$ 91,428,411		2.87%	\$ 68,904,284		4.06%

Source: (1) HDL Coren & Cone and Los Angeles County Assessor.

CITY OF SOUTH PASADENA

**Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	4,072,985	3,826,047	93.9%	(27,553)	3,798,494	93.3%
2001	4,287,879	4,079,596	95.1%	(10,207)	4,069,389	94.9%
2002	4,602,846	4,494,678	97.6%	29,821	4,524,499	98.3%
2003	4,729,803	4,656,978	98.5%	25,961	4,682,939	99.0%
2004	4,855,643	4,760,451	98.0%	77,643	4,838,094	99.6%
2005	5,241,559	4,807,080	91.7%	157,836	4,964,916	94.7%
2006	5,700,244	5,288,176	92.8%	117,615	5,405,791	94.8%
2007	6,257,208	5,882,613	94.0%	99,287	5,981,900	95.6%
2008	6,756,257	6,561,803	97.1%	4,193	6,565,996	97.2%
2009	7,153,748	7,054,454	98.6%	5,987	7,060,441	98.7%

Sources: Los Angeles County Tax Collector and City of South Pasadena, Finance Division.

CITY OF SOUTH PASADENA

Ratios of Outstanding Debt by Type,
Last Six Fiscal Years

Fiscal Year	Government Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Tax Allocation Bonds	Capital Leases	Loans	Water Revenue Bonds			
2004	2,350,000	-	-	8,880,000	11,230,000	2.63%	445
2005	2,285,000	-	-	8,800,000	11,085,000	2.44%	434
2006	2,220,000	-	-	8,685,000	10,905,000	2.26%	423
2007	2,150,000	437,911	65,000	8,400,000	11,052,911	2.15%	431
2008	2,075,000	398,017	65,000	8,190,000	10,728,017	1.99%	417
2009	2,000,000	356,172	-	51,375,000	53,731,172	N/A	2,081

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Demographic and Economic Statistics schedule for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF SOUTH PASADENA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2009**

Fiscal Year 2008-09 Assessed Valuation : \$2,835,668,560 After Deducting \$344,757,897 Redevelopment increment.

<u>Overlapping Debt:</u>	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/08</u>
Metropolitan Water District	\$ 137,096,151	0.329%	\$ 450,877
Pasadena Area Community College District 2002 Ser A	3,715,000	5.486%	203,817
Pasadena Area Community College District 2006 Ser B	581,980,000	5.486%	31,929,241
Pasadena Area Community College District 2006 Ser C	20,763,399	5.486%	1,139,145
Total Overlapping Tax and Assessment Debt			<u>\$ 33,723,080</u>
<u>Direct Debt:</u>			
South Pasadena Unified 96 Ser A	\$ 3,840,000	100.000%	\$ 3,840,000
South Pasadena Unified DS 95 Ser B	5,099,877	100.000%	5,099,877
South Pasadena Unified SD DS 95 S-C	8,230,015	100.000%	8,230,015
South Pasadena USD SD DS 95 Ser D	1,755,890	100.000%	1,755,890
South Pasadena USD DS 2002 S-03 A	19,945,000	100.000%	19,945,000
Total Direct and Overlapping General Fund Obligation Debt			<u>\$ 38,870,782</u>
COMBINED TOTAL DEBT			<u>\$ 72,593,862 (2)</u>

Source: HDL Coren & Cone and Los Angeles County Assessor.

Note:

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Debt to Assessed Valuation Ratios :

Direct Debt	1.37%
Overlapping Debt	1.19%
Total Debt	2.56%

CITY OF SOUTH PASADENA

**Legal Debt Margin Information,
Last Ten Fiscal Years**
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 3,180,426
Debt limit (15% of assessed value)	477,064
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 477,064</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Limit</u>	<u>Total net debt Applicable to the Limit as a Percentage of Debt limit</u>
2000	254,783	-	254,783	0.00%
2001	270,664	-	270,664	0.00%
2002	287,598	-	287,598	0.00%
2003	304,654	-	304,654	0.00%
2004	330,337	-	330,337	0.00%
2005	354,573	-	354,573	0.00%
2006	383,338	-	383,338	0.00%
2007	418,392	-	418,392	0.00%
2008	450,882	-	450,882	0.00%
2009	477,064	-	477,064	0.00%

CITY OF SOUTH PASADENA

**Pledged-Revenue Coverage
Last Five Fiscal Years
(in thousands)**

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	3,903	3,170	733	-	432	1.70
2006	4,443	3,727	716	195	434	1.14
2007	4,687	3,379	1,308	205	433	2.05
2008	4,543	3,446	1,097	210	414	1.76
2009	4,549	3,683	866	220	635	1.01

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

The Water Revenue bonds were issued in 2004 and 2009

Source: City of South Pasadena Finance Department.

CITY OF SOUTH PASADENA

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income * (2) <i>(thousands of dollars)</i>	Per Capita * Personal Income (2)	Unemployment Rate (3)
2000	25,997	385,053	31,045	2.6%
2001	24,820	403,519	32,152	2.7%
2002	24,952	412,753	32,522	3.5%
2003	25,226	427,041	33,318	3.6%
2004	25,519	453,902	35,188	3.4%
2005	25,789	482,011	37,411	2.6%
2006	25,674	513,123	39,880	2.2%
2007	25,708	539,163	41,875	2.4%
2008	25,824	N/A	N/A	3.4%
2009	25,832	N/A	N/A	6.3%

* NOTE: This is the data of the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area.
The data for the City is not available.

Sources: (1) State of California Department of Finance
(2) U.S. Department of Commerce Bureau of Economic Analysis
(3) State of California Economic Development Department

CITY OF SOUTH PASADENA

**Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2008-09</u>			<u>1999-00 *</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
The Vons Companies	185	1	4.97%			
So. Pasadena Convalescent Hospital	159	2	4.27%			
Bristol Farms	135	3	3.63%			
WNC Insurance Services, Inc.	101	4	2.71%			
Abbott Diagnostics Div. Abbott Labs	78	5	2.10%			
Trader Joe's	77	6	2.07%			
Mission Hospice	69	7	1.85%			
Ralph's Grocery Co.	65	8	1.75%			
Orchard Supply Hardware	63	9	1.69%			
Stargate Films, Inc.	62	10	1.67%			
	<u>994</u>		<u>26.71%</u>	<u>0</u>		<u>0.00%</u>

* Information not available.

Source: South Pasadena Finance Department/Business License

CITY OF SOUTH PASADENA

**Full-time-Equivalent City Government Employees by Function/Program
Last Six Fiscal Years**

	<u>As of 06/30/09</u>	<u>As of 06/30/08</u>	<u>As of 06/30/07</u>	<u>As of 06/30/06</u>	<u>As of 06/30/05</u>	<u>As of 06/30/04</u>
<u>Function/Program</u>						
General government						
Legislative	8	7	7	7	7	7
City Manager	8	7	7	7	7	7
Finance	8	8	9	8	9	8
Public Safety	81	81	81	81	81	78
Community Development	6	7	7	6	6	6
Community Services	39	39	38	36	34	34
Public Works	22	22	16	16	16	16
Water Utility	9	9	14	14	14	14
Total	<u>181</u>	<u>181</u>	<u>179</u>	<u>175</u>	<u>174</u>	<u>170</u>

The City of South Pasadena has elected to show the last six years of data for this schedule as the information prior is not available.

Source: South Pasadena Finance Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF SOUTH PASADENA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Building permits issued	522	535	544	551	578	311	381	381	318	282
Building inspections conducted	2,223	2,083	2,125	2,310	2,355	1,888	2,154	2,154	2,230	2,152
Refuse collection										
Refuse collected (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	79.3	79.3	79.3	N/A
Recyclables collected (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	32.6	32.6	36.0	N/A
Other public works										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	N/A	0.9	0.7	0.0	0.2
Potholes repaired ***	N/A	N/A	N/A	N/A	N/A	N/A	545	450	340	480
Water										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	18	20	16	18
Water main breaks	N/A	N/A	N/A	N/A	N/A	4	9	10	13	12
Average daily consumption (million gallons)	N/A	N/A	N/A	N/A	N/A	N/A	4.52	4.85	4.52	4.47
Peak daily consumption (million gallons)	N/A	N/A	N/A	N/A	N/A	N/A	6.65	6.96	6.96	6.10
Fire Department										
Total number of emergency calls responded in a year	N/A	1,691	1,992	2,028	2,017	1,902	1,620	1,807	1,785	1,850
Total number of fire inspections in a year	N/A	N/A	N/A	N/A	360	317	480	480	480	470
Police Department										
Arrest stats **	627	804	1,093	1,051	1,113	1,127	1,392	1,392	1,540	1,546
Traffic citations	N/A	N/A	N/A	3,734	4,136	4,101	5,762	1,858	6,669	7,641
Parking citations	N/A	N/A	N/A	9,145	16,117	14,401	13,308	11,387	14,806	12,800
Community Services										
Facility rentals	N/A	N/A	31	21	36	29	36	34	40	45
Recreation classes	N/A	N/A	175	174	188	212	207	246	248	181

NOTE:

*** Based on average sized potholes and cold patch purchased.

** Data is kept on a calendar year basis.

Sources: Various city departments.

CITY OF SOUTH PASADENA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Other public works										
Streets (miles)	55	55	55	55	55	59	59	55	55	55
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	30	30	30	30
Parks and recreation										
Parks	5	5	5	5	5	6	6	6	6	6
Acreage	85	85	85	85	85	86	89	89	89	89
Playgrounds	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4	4
Baseball/softball diamonds	N/A	N/A	N/A	N/A	N/A	N/A	5	5	6	6
Soccer/football fields	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4	4
Community centers	N/A	N/A	N/A	N/A	N/A	N/A	4	4	5	5
Water										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	165	165	165	165
Storage capacity (million gallons)	13	13	13	13	13	13	13	13	13	13
Sewage System										
Sanitary sewers (miles)	55	55	55	55	55	55	55	55	55	55
Storm sewers (miles)	2	2	2	2	2	2	2	2	2	2

Notes: No capital asset indicators are available for the general government.

Sources: Various city departments.