

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012



City of South Pasadena, CA



CITY OF SOUTH PASADENA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY: FINANCE DEPARTMENT

CITY OF SOUTH PASADENA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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CITY OF SOUTH PASADENA

FINANCE DEPARTMENT

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January 31, 2013

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 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, 2012, 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, 2012, 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 2011/12, the City of South Pasadena, the greater Los Angeles region and the State of California, all continue to realize static revenues compared to several years back. South Pasadena General Fund revenues were flat compared to the previous year as the slowdown in the housing market, idleness in retail sales, and fluctuations in gas prices continue to 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. The City of South Pasadena experienced a net taxable value increase of 3.1% for the 2011/12 tax roll, which was slightly more than the increase experienced countywide at 1.4%. The assessed value increase between 2010/11 and 2011/12 was \$103 million. The change attributed to the 0.753% Proposition 13 inflation adjustment was \$24.4 million, which accounted for 24% of all growth experienced by the City. Property taxes have demonstrated several years of strong increases in growth in assessed values and in corresponding tax collections, 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. South Pasadena's 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 \$0.24 for every dollar of property tax collected within the City, while new cities receive only \$0.05 for every dollar of property tax collected within their city boundaries.

Fiscal Year 2011/12 was the fourth year in which the City collected an additional 3%, above the existing 5%, Utility Users Tax (UUT). The additional 3% UUT brought in \$1.3 million, and was used to offset increased personnel and infrastructure expenses. At the November 2011 local elections, the South Pasadena community voted to extend the UUT for ten years, while reducing the amount down to 7.5%. Utility Users Tax is the second largest revenue source for the General Fund, at \$3.6 million.

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 back in 2009. These changes have modestly maintained or improved the General Fund bottom line.

Long-term financial planning for infrastructure. Back in 2009, the City also established a long-range vision for its sewer system and water enterprise by adjusting charges for service to finance many necessary improvements. In June 2009, the City Council approved additional water and sewer rate adjustments to expedite the restoration and rehabilitation of the aging water and sewer infrastructure within the City. South Pasadena residents and business have realized double digit water and sewer rate increases annually in support of infrastructure repairs. In FY 2011/12, the City Council also voted to commit at least \$2.0 million annually towards the rehabilitation of city streets.

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 January 1, 2011, the City was providing benefits to an average of 95 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.

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.

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, 2011. 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 25 consecutive years (fiscal years ended 1987 through 2011). 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 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, Sergio Gonzalez, 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,

A handwritten signature in black ink, appearing to read 'Chu Thai', with a long horizontal flourish extending to the right.

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, 2011

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.



Linda C. Davidson

President

Jeffrey R. Enos

Executive Director

CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

Michael A. Cacciotti
Mayor

Philip C. Putnam
Mayor Pro Tempore

Robert S. Joe
Council member

Marina Khubesrian, M.D.
Council member

Richard D. Schneider, M.D.
Council member

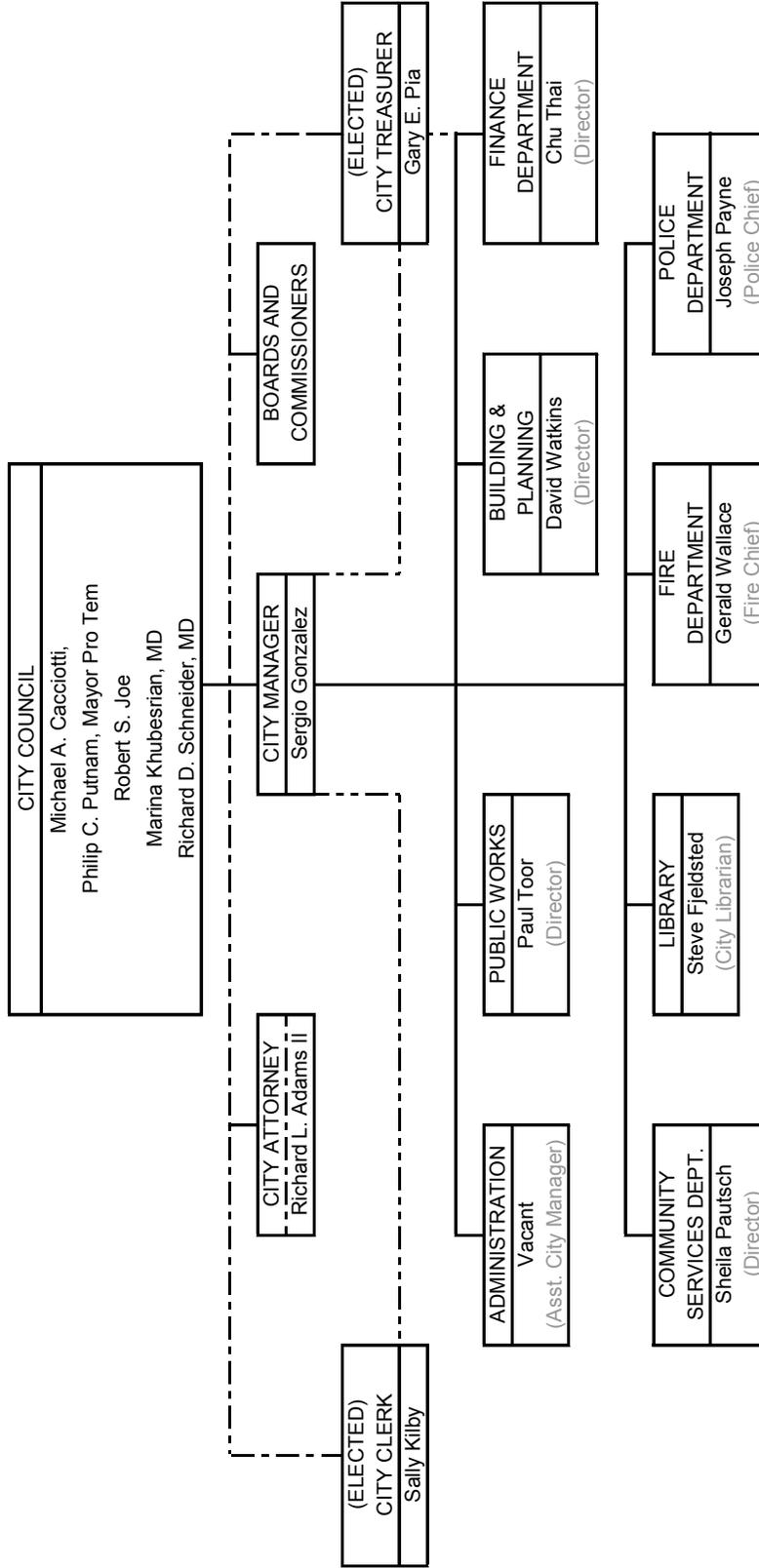
ADMINISTRATION AND DEPARTMENT HEADS

City Manager and Executive Director of South Pasadena Redevelopment Agency	Sergio Gonzalez
Assistant City Manager	Vacant
City Clerk	Sally Kilby
City Treasurer	Gary E. Pia
Director of Finance	Chu Thai
Director of Public Works	Paul Toor
Director of Planning and Building	David Watkins
City Librarian	Steve Fjeldsted
Police Chief	Joseph Payne
Fire Chief	Gerald Wallace
Director of Community Services	Sheila Pautsch
City Attorney	Richard L. Adams II

CITY OF SOUTH PASADENA

ORGANIZATIONAL CHART

2011 - 2012





CERTIFIED PUBLIC ACCOUNTANTS

- David E. Hale, CPA, CFP
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

Brandon W. Burrows, CPA, Retired

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of South Pasadena, California'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 the 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 opinion.

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, California, as of June 30, 2012, and 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.

We would like to draw the reader's attention to Note 13 – "Successor Agency Trust for Assets of Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2013, on our consideration of the City of South Pasadena, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Pasadena, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Solt & Lughard, LLP

Brea, California
January 25, 2013

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, 2012. 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 \$82,777,599 (*net assets*). Of this amount, \$5,143,951 (*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 \$773,697.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,461,712 a decrease of \$195,717. Of this amount, \$7,741,811 or approximately 57.5% of total fund balances are available for spending at the City's discretion (*unassigned fund balance*).
- While the City's governmental funds showed both an increase in revenues and decrease in expenditures from the prior year, the decrease in the City's governmental funds reported combined fund balances was the result primarily of recording the extraordinary loss on the dissolution of the Community Redevelopment Agency (See Note 13 in the Notes to the Financial Statements section of this report).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,757,341, or 55.6% of total General Fund Expenditures.
- The City's net capital assets increased \$2,423,979 from the prior year.

(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 activities of the City are its water, sewer and golf course enterprises.

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 33 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 and the Traffic Improvement Fund, which are considered to be a major funds for the purposes of this report. Data from the other 31 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 statements 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 enterprise funds to account for its water and sewer utilities, and the municipal golf course. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. The City of South Pasadena maintains one type of fiduciary fund, a private purpose trust fund. *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City uses one type of fiduciary fund, a private purpose trust fund, to account for the assets and liabilities of the former Community Redevelopment Agency.

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 \$82,777,599 at the close of the most recent fiscal year. This represents an increase of \$773,697 or 0.9% from the prior year, driven primarily by large-scale construction projects undertaken during the current year. By far the largest portion of the City's net assets, \$67,034,859 or 81% 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, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$18,947,227	\$19,175,034	\$43,770,525	\$44,697,257	\$62,717,752	\$63,872,291
Capital assets	62,444,801	62,842,985	20,354,334	17,832,171	83,099,135	80,675,156
Total assets	\$81,392,028	\$82,018,019	\$64,124,859	\$62,529,428	\$145,516,887	\$144,547,447
Long-term liabilities outstanding	\$9,524,992	\$7,716,878	\$49,727,182	\$49,948,764	\$59,252,174	\$57,665,642
Other liabilities	1,773,456	2,558,170	1,713,658	2,319,733	3,487,114	4,877,903
Total liabilities	\$11,298,448	\$10,275,048	\$51,440,840	\$52,268,497	\$62,739,288	\$62,543,545
Net assets:						
Invested in capital assets	\$62,226,846	\$60,741,741	\$4,808,013	\$4,550,204	\$67,034,859	\$65,291,945
Restricted	2,722,783	4,438,340	29,973,386	32,451,626	32,696,169	36,889,966
Unrestricted	5,143,951	6,562,890	(22,097,380)	(26,740,899)	(16,953,429)	(20,178,009)
Total Net Assets	\$70,093,580	\$71,742,971	\$12,684,019	\$10,260,931	\$82,777,599	\$82,003,902

The second largest portion of the City net assets of \$32,696,169 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 \$16,953,429 which is a reflection of the debt that was issued in the Water Enterprise Fund for capital improvements.

The City's governmental current assets decreased by \$227,807, and capital assets decreased by \$398,184 as several capital projects completed in prior years begin to depreciate. The City's business-type current assets decreased by \$926,732, due primarily to substantial increases in spending on infrastructure projects; capital assets show a corresponding increase of \$2,522,163. The City reported a net increase of \$2,423,979 in capital assets, as several large projects were completed, including increased spending on street improvement projects.

The City's governmental restricted assets decreased by \$1,715,557 due to the dissolution of the redevelopment agency, while the City's business-type restricted assets decreased by \$2,478,240 due to debt service and the expending of Water Bond proceeds for capital projects.

**City of South Pasadena Changes in Net Assets
As of June 30, 2012 and 2011**

	Gov Activities	Gov Activities	Bus-Type Activities	Bus-Type Activities	Total	Total
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$4,813,748	\$4,790,607	\$9,054,998	\$5,703,554	\$13,868,746	\$10,494,161
Operating contributions and grants	1,657,557	3,640,693			1,657,557	3,640,693
Capital contributions and grants	1,415,306	1,305,657			1,415,306	1,305,657
General revenues:						
Property taxes	10,557,651	10,667,838			10,557,651	10,667,838
Other taxes	8,252,408	8,008,919			8,252,408	8,008,919
Intergovernmental	13,267	150,390			13,267	150,390
Use of Money & Property	381,165	415,280	45,652	77,378	426,817	492,658
Other	104,245	165,462	10,901	13,103	115,146	178,565
Extraordinary items	(442,708)				(442,708)	
Total revenues	\$26,752,639	\$29,145,051	\$9,111,551	\$5,794,035	\$35,864,190	\$34,938,881
Expenses:						
General government	\$7,449,632	\$5,935,671			\$7,449,632	\$5,935,671
Public safety	11,596,854	10,939,183			11,596,854	10,939,183
Public works	5,306,742	4,863,335			5,306,742	4,863,335
Community Services	3,052,840	3,175,891			3,052,840	3,175,891
Community Development	948,777	911,718			948,777	911,718
Interest on long-term debt	47,185	125,032			47,185	125,032
Water			4,598,754	5,105,517	4,598,754	5,105,517
Sewer			1,104,098	715,395	1,104,098	715,395
Golf Course			985,611		985,611	
Total expenses	\$28,402,030	\$25,951,035	\$6,688,463	\$5,820,912	\$35,090,493	\$31,771,742
Increase in net assets	(\$1,649,391)	\$3,194,016	\$2,423,088	(\$26,877)	\$773,697	\$3,167,139
Net assets - July 1, 2011	71,742,971	68,548,955	10,260,931	8,923,803	82,003,902	77,472,758
Restatement of Net Assets				1,364,005		1,364,005
Net assets - June 30, 2012	\$70,093,580	\$71,742,971	\$12,684,019	\$10,260,931	\$82,777,599	\$82,003,902

Governmental Activities

Governmental activities net assets decrease by \$1,649,391. Key elements of the change in governmental activities net assets are as follows:

- The dissolution of the redevelopment agency resulted in a decrease of \$442,708 in governmental assets.
- Total taxes from governmental activities, increased by \$113,302 (0.7%) 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. While the real estate environment in FY 2012 continued to improve, property taxes decreased by \$110,187 (1.1%) due to the loss of tax increment from the former redevelopment agency.
- Sales taxes generally are a direct reflection of the general economy, and South Pasadena sales tax revenue increased by \$242,862 (8.9%). The City has a mature tax base, with no big box stores or car dealerships, etc.; the increase shows that the City has begun to emerge from the recession and is moving back towards pre-recession levels of sales volume.
- Program revenues decreased by \$1,850,346 or 19% primarily as a result of a decrease in capital grant funding.
- Investment earnings decreased by \$34,115 (8.2%) during the year. This was primarily a result of continuing substantial declines in interest rates.
- Governmental activities expense increased by \$2,450,995 or 9.4% during FY 2012, due primarily to recording the cumulative deposit payable to the California Joint Powers Insurance Authority for the City's general liability and workers' compensation coverage (See Note 7f).

Business-type Activities

The City's proprietary funds (or enterprise funds) provide 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 \$29,973,386, and unrestricted net assets of the fund at the end of the year show a deficit balance of \$22,097,380. Total net assets for these funds were \$12,684,019, an increase of \$2,423,088 (23.6%) over the prior year, primarily as a result of the establishment of the City's golf course operations as an enterprise fund, increases in the water and sewer charges and the completion of utility infrastructure projects.

(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 \$13,461,712 a decrease of \$195,717 from the prior year. This is primarily the result of increases in deferred revenues related to capital grants.

Approximately 57.5% of fund balances constitute the unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either restricted for projects undertaken in the Special Revenue Funds (20.2%), committed by City Council action for specific purposes (19.0%), or represents net assets that are nonspendable resources (3.3%).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11,757,341, while the total fund balance reached \$14,754,459. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 55.6% of General Fund expenditures, while the total fund balance represents 69.8% of that same amount.

The fund balance of the City's General Fund increased by \$1,221,959 during the current fiscal year. This represents an increase of 9.0% in fund balance from FY 2011. Key factors in this increase are as follows:

- Tax revenues increased \$337,673 or 2.0%. 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.
- While expenditures increased by \$1,593,930 or 8.1% over the prior year, this was due primarily to a reduction in capital outlay paid directly by the General Fund in FY 11; capital outlay expenditures increased by \$756,810 or 242.9% as more street construction projects were initiated.

Other governmental funds' fund balances decreased \$1,417,676 (1134.8%) from FY 2011. This was due primarily to recording the \$2,277,708 extraordinary loss on dissolution of the redevelopment agency.

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 funds, 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 various additional programs.

The General Fund reflected a net total favorable budget variance of \$1,634,816 (before transfers) when comparing actual amounts to the final budget for the current fiscal year. This budget variance reflects a favorable variance in revenues of \$698,368 and a favorable variance in total expenditures of \$936,448. The only significant budgetary variance between the final amended budget and actual results was in the area of capital outlay.

(E) Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$62,444,801 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, 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 \$9,524,992.

City of South Pasadena Long-Term Debt

	Governmental Activities	
	2012	2011
Employee compensated absences	767,126	774,137
Capital Leases	217,955	266,243
2000 Tax Allocation Bonds		1,835,000
Gen. Liability Deposit Payable	1,958,598	
Net OPEB Liability	6,581,313	4,841,498
Total	9,524,992	7,716,878

The City’s long-term debt increased during the current fiscal year primarily due to recording the General Liability Retrospective Deposit Payable to the California Joint Powers Insurance Authority and the increase in liability for Other Post-Employment Benefits. These increases were partially offset by the transfer of the former redevelopment agency’s debt to the City’s Successor Agency.

Proprietary Fund Long-Term Debt

	Business-Type Activities	
	2012	2011
2004 Water Revenue Bonds	\$7,265,000	\$7,510,000
2009 Water Revenue Bonds	43,405,000	43,405,000
Compensated Absences	53,264	66,161
Unamortized Bond Premium (2004)	10,661	11,291
Unamortized Bond Discount (2009)	(1,006,743)	(1,043,688)
Total	\$49,727,182	\$49,948,764

Proprietary fund long-term debt decreased by \$221,582 during the current fiscal year due primarily to debt service payments on the 2004 Water Revenue Bonds. Further details on long-term debt can be found in Note 7 in the Notes to Financials Statements section of this report.

(F) 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 legislation ordering the dissolution of redevelopment agencies. Pending review by the State Department of Finance, it is expected that the Successor Agency to the South Pasadena Community Redevelopment Agency will be required to return a total of \$955,824 in accumulated tax increment to the Los Angeles County Auditor-Controller. While the constitutionality of the statute dissolving these agencies was upheld by the California Supreme Court, other aspects of the implementing legislation are still being challenged, and further information on this issue can be found in Note 13. The State has also stopped distributing Motor Vehicle License fees to cities, and payments for certain mandates have been suspended as well.
- 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 3.1% and 1.8% have been realized in FY 2012 and FY 2011, respectively. Property tax revenue (39.7% 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) as well as the increasing unfunded liability for Other Post-Employment Benefits remain serious concerns. In order to begin addressing these issues, the South Pasadena City Council has already committed \$1,000,000 of the General Fund balance towards funding retiree benefits.

During the 2012 fiscal year, unassigned fund balance in the General Fund remained substantial at \$11,757,341. For the 2013 fiscal year General Fund expenditures are expected to exceed General Fund revenues by \$123,504. The fiscal year 2013 Budget also includes approximately \$15 million for much-needed capital improvements to the City's streets, sewer and water systems, the latter being funded with proceeds from the 2009 Water Revenue Bond issue. It remains the intention of City management not to use any 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, c thai@ci.south-pasadena.ca.us, 626.403.7252, or by U.S. mail: Finance Department, 1414 Mission Street, South Pasadena, CA, 91030.

CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 12,321,575	\$ 7,643,614	\$ 19,965,189
Receivables:			
Accounts	449,955	876,914	1,326,869
Taxes	1,447,519	-	1,447,519
Notes and loans	250,000	-	250,000
Accrued interest	3,679	3,840	7,519
Internal balances	410,000	(410,000)	-
Prepaid costs	-	8,000	8,000
Due from other governments	3,357,885	-	3,357,885
Inventories	183,637	252,027	435,664
Retrospective deposits	522,977	-	522,977
Deferred charges	-	1,268,533	1,268,533
Restricted assets:			
Cash with fiscal agent	-	33,827,597	33,827,597
Capital assets not being depreciated	6,759,483	14,350,600	21,110,083
Capital assets, net of depreciation	55,685,318	6,303,734	61,989,052
Total Assets	81,392,028	64,124,859	145,516,887
Liabilities:			
Accounts payable	682,034	993,102	1,675,136
Accrued liabilities	548,292	58,182	606,474
Accrued interest	10,189	604,200	614,389
Unearned revenue	93,947	-	93,947
Deposits payable	438,994	58,174	497,168
Noncurrent liabilities:			
Due within one year	744,947	304,934	1,049,881
Due in more than one year	8,780,045	49,422,248	58,202,293
Total Liabilities	11,298,448	51,440,840	62,739,288
Net Assets:			
Invested in capital assets, net of related debt	62,226,846	4,808,013	67,034,859
Restricted for:			
Community development projects	13,816	-	13,816
Public safety	187,608	-	187,608
Parks and recreation	532,360	-	532,360
Capital projects	1,988,999	29,973,386	31,962,385
Unrestricted	5,143,951	(22,097,380)	(16,953,429)
Total Net Assets	\$ 70,093,580	\$ 12,684,019	\$ 82,777,599

CITY OF SOUTH PASADENA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 7,449,632	\$ 1,489,846	\$ 43,838	\$ -
Public safety	11,596,854	899,536	779,399	-
Community development	948,777	548,532	618,435	-
Community services	3,052,840	772,898	30,937	-
Public works	5,306,742	1,102,936	184,948	1,415,306
Interest on long-term debt	47,185	-	-	-
Total Governmental Activities	28,402,030	4,813,748	1,657,557	1,415,306
Business-Type Activities:				
Water	4,598,754	6,903,816	-	-
Sewer	1,104,098	955,204	-	-
Arroyo Seco Golf Course	985,611	1,195,978	-	-
Total Business-Type Activities	6,688,463	9,054,998	-	-
Total Primary Government	\$ 35,090,493	\$ 13,868,746	\$ 1,657,557	\$ 1,415,306

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

**Extraordinary gain/(loss) on dissolution
of redevelopment agency (Note13)**

**Total General Revenues and
Extraordinary Items**

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

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

Governmental Activities	Business-Type Activities	Total
\$ (5,915,948)	\$ -	\$ (5,915,948)
(9,917,919)	-	(9,917,919)
218,190	-	218,190
(2,249,005)	-	(2,249,005)
(2,603,552)	-	(2,603,552)
(47,185)	-	(47,185)
(20,515,419)	-	(20,515,419)
-	2,305,062	2,305,062
-	(148,894)	(148,894)
-	210,367	210,367
-	2,366,535	2,366,535
(20,515,419)	2,366,535	(18,148,884)
10,557,651	-	10,557,651
2,956,964	-	2,956,964
814,766	-	814,766
347,096	-	347,096
3,642,824	-	3,642,824
490,758	-	490,758
13,267	-	13,267
381,165	45,652	426,817
104,245	10,901	115,146
(442,708)	-	(442,708)
18,866,028	56,553	18,922,581
(1,649,391)	2,423,088	773,697
71,742,971	10,260,931	82,003,902
\$ 70,093,580	\$ 12,684,019	\$ 82,777,599

CITY OF SOUTH PASADENA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General	Special Revenue Fund Traffic Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	\$ 9,548,978	\$ -	\$ 2,772,597	\$ 12,321,575
Receivables:				
Accounts	230,268	-	219,687	449,955
Taxes	1,447,519	-	-	1,447,519
Notes and loans	250,000	-	-	250,000
Accrued interest	2,698	-	981	3,679
Due from other governments	17,146	1,985,140	1,355,599	3,357,885
Due from other funds	4,813,153	-	-	4,813,153
Inventories	183,637	-	-	183,637
Retrospective deposits	522,977	-	-	522,977
Total Assets	\$ 17,016,376	\$ 1,985,140	\$ 4,348,864	\$ 23,350,380
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 594,821	\$ -	\$ 87,213	\$ 682,034
Accrued liabilities	520,659	-	27,633	548,292
Deferred revenues	707,443	1,985,140	1,029,665	3,722,248
Unearned revenues	-	-	93,947	93,947
Deposits payable	438,994	-	-	438,994
Due to other funds	-	1,874,625	2,528,528	4,403,153
Total Liabilities	2,261,917	3,859,765	3,766,986	9,888,668
Fund Balances:				
Nonspendable:				
Inventory	183,637	-	-	183,637
Notes and loans	250,000	-	-	250,000
Restricted for:				
Public safety	-	-	187,608	187,608
Parks and recreation	-	-	200,391	200,391
Public works	-	-	1,761,106	1,761,106
Capital Projects	-	-	559,862	559,862
Community development projects	-	-	13,816	13,816
Committed to:				
Arroyo Golf Course Facility	153,481	-	-	153,481
Equipment Replacement	504,000	-	-	504,000
Legal Reserve	255,000	-	-	255,000
Renewable Energy Sources	250,000	-	-	250,000
Retiree Medical Benefits	500,000	-	-	500,000
Retiree Pension Benefits	500,000	-	-	500,000
Self Insurance	401,000	-	-	401,000
Unassigned	11,757,341	(1,874,625)	(2,140,905)	7,741,811
Total Fund Balances	14,754,459	(1,874,625)	581,878	13,461,712
Total Liabilities and Fund Balances	\$ 17,016,376	\$ 1,985,140	\$ 4,348,864	\$ 23,350,380

CITY OF SOUTH PASADENA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund balances of governmental funds		\$	13,461,712
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.			62,444,801
Long-term debt and compensated absences that have not been included in the governmental fund activity:			
Capital lease payable	\$	(217,955)	
General liability retrospective deposit payable		(1,958,598)	
Compensated absences		<u>(767,126)</u>	(2,943,679)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.			(6,581,313)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.			(10,189)
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>3,722,248</u>
Net assets of governmental activities		\$	<u>70,093,580</u>

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Special Revenue Fund</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Traffic Improvement</u>	<u>Other Governmental Funds</u>	
Revenues:				
Taxes	\$ 17,043,575	\$ -	\$ 1,349,697	\$ 18,393,272
Assessments	-	-	888,619	888,619
Licenses and permits	920,947	-	23,733	944,680
Intergovernmental	666,077	618,426	1,624,874	2,909,377
Charges for services	2,178,715	-	43,436	2,222,151
Use of money and property	356,317	-	24,848	381,165
Fines and forfeitures	533,035	-	-	533,035
Contributions	-	-	11,285	11,285
Miscellaneous	663,111	-	38,884	701,995
Total Revenues	22,361,777	618,426	4,005,376	26,985,579
Expenditures:				
Current:				
General government	3,768,831	-	438,400	4,207,231
Public safety	11,009,427	-	207,832	11,217,259
Community development	955,648	-	-	955,648
Community services	2,460,615	-	455,024	2,915,639
Public works	1,598,922	-	1,425,824	3,024,746
Capital outlay	1,286,250	535,589	645,873	2,467,712
Debt service:				
Principal retirement	48,289	-	-	48,289
Interest and fiscal charges	13,019	-	54,045	67,064
Total Expenditures	21,141,001	535,589	3,226,998	24,903,588
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,220,776	82,837	778,378	2,081,991
Other Financing Sources (Uses):				
Transfers in	1,183	-	45,546	46,729
Transfers out	-	-	(46,729)	(46,729)
Total Other Financing Sources (Uses)	1,183	-	(1,183)	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	(2,277,708)	(2,277,708)
Net Change in Fund Balances	1,221,959	82,837	(1,500,513)	(195,717)
Fund Balances, Beginning of Year	13,532,500	(1,957,462)	2,082,391	13,657,429
Fund Balances, End of Year	\$ 14,754,459	\$ (1,874,625)	\$ 581,878	\$ 13,461,712

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, 2012**

Net change in fund balances - total governmental funds \$ (195,717)

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.

Capital outlay	\$ 2,391,700	
Depreciation	(2,760,157)	
Gain/(loss) on sale of capital assets	<u>(29,727)</u>	(398,184)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Lease repayments	48,289	
General liability retrospective deposit payable	<u>(1,958,598)</u>	(1,910,309)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 19,879

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. 7,010

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (1,739,815)

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. 732,745

Extraordinary gains and losses relating to long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. 1,835,000

Change in net assets of governmental activities \$ (1,649,391)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 13,532,500	\$ 13,532,500	\$ 13,532,500	\$ -
Resources (Inflows):				
Taxes	16,777,100	16,777,100	17,043,575	266,475
Licenses and permits	943,000	943,000	920,947	(22,053)
Intergovernmental	653,689	653,689	666,077	12,388
Charges for services	1,946,900	1,946,900	2,178,715	231,815
Use of money and property	476,520	476,520	356,317	(120,203)
Fines and forfeitures	555,000	555,000	533,035	(21,965)
Miscellaneous	311,200	311,200	663,111	351,911
Transfers in	-	-	1,183	1,183
Amounts Available for Appropriation	35,195,909	35,195,909	35,895,460	699,551
Charges to Appropriation (Outflow):				
General government				
City council	50,231	50,231	50,334	(103)
City clerk	351,241	411,241	330,305	80,936
Elections	139,850	139,850	76,053	63,797
City manager	896,384	896,384	835,975	60,409
Personnel	101,700	101,700	120,874	(19,174)
Transportation planning	272,000	272,000	90,078	181,922
Legal services	235,000	235,000	254,903	(19,903)
Finance	448,839	448,839	421,567	27,272
City treasurer	8,722	8,722	5,157	3,565
Information services	266,630	266,630	205,970	60,660
Non-departmental	1,527,589	1,502,790	1,377,615	125,175
Public safety				
Police	6,896,720	6,896,720	6,994,271	(97,551)
Fire	4,078,116	4,078,116	4,015,156	62,960
Community development				
Community development	935,630	970,013	955,648	14,365
Parks and recreation				
Library	1,528,146	1,528,146	1,539,704	(11,558)
Senior center	216,468	216,468	238,123	(21,655)
Recreation	209,714	209,714	200,565	9,149
After-school day care	440,328	440,328	482,223	(41,895)
Public works				
Public works administration	482,540	482,540	347,271	135,269
Environmental services	184,635	184,635	115,051	69,584
Park maintenance	350,853	350,853	406,469	(55,616)
Facilities maintenance	627,284	627,284	730,131	(102,847)
Capital outlay	1,551,250	1,698,245	1,286,250	411,995
Debt service:				
Principal retirement	61,000	61,000	48,289	12,711
Interest and fiscal charges	-	-	13,019	(13,019)
Total Charges to Appropriations	21,860,870	22,077,449	21,141,001	936,448
Budgetary Fund Balance, June 30	\$ 13,335,039	\$ 13,118,460	\$ 14,754,459	\$ 1,635,999

CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Arroyo Seco Golf Course	Total
Assets:				
Current:				
Cash and investments	\$ 7,185,016	\$ 206,231	\$ 252,367	\$ 7,643,614
Receivables:				
Accounts	859,134	17,780	-	876,914
Accrued interest	3,723	117	-	3,840
Prepaid costs	-	-	8,000	8,000
Inventories	252,027	-	-	252,027
Deferred Charges	1,268,533	-	-	1,268,533
Restricted:				
Cash with fiscal agent	33,827,597	-	-	33,827,597
Total Current Assets	43,396,030	224,128	260,367	43,880,525
Noncurrent:				
Capital assets - net of accumulated depreciation	18,929,233	1,725,101	-	20,654,334
Total Noncurrent Assets	18,929,233	1,725,101	-	20,654,334
Total Assets	\$ 62,325,263	\$ 1,949,229	\$ 260,367	\$ 64,534,859
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 963,048	\$ 30,054	\$ -	\$ 993,102
Accrued liabilities	46,948	11,234	-	58,182
Accrued interest	604,200	-	-	604,200
Deposits payable	58,174	-	-	58,174
Due to other funds	-	360,000	50,000	410,000
Accrued compensated absences	45,300	4,634	-	49,934
Bonds, notes, and capital leases	255,000	-	-	255,000
Total Current Liabilities	1,972,670	405,922	50,000	2,428,592
Noncurrent:				
Accrued compensated absences	3,265	65	-	3,330
Bonds, notes, and capital leases	49,418,918	-	-	49,418,918
Total Noncurrent Liabilities	49,422,183	65	-	49,422,248
Total Liabilities	51,394,853	405,987	50,000	51,850,840
Net Assets:				
Invested in capital assets, net of related debt	3,082,912	1,725,101	-	4,808,013
Restricted for capital projects	29,973,386	-	-	29,973,386
Unrestricted	(22,125,888)	(181,859)	210,367	(22,097,380)
Total Net Assets	10,930,410	1,543,242	210,367	12,684,019
Total Liabilities and Net Assets	\$ 62,325,263	\$ 1,949,229	\$ 260,367	\$ 64,534,859

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			Total
	Water	Sewer	Arroyo Seco Golf Course	
Operating Revenues:				
Sales and service charges	\$ 6,899,639	\$ 955,204	\$ 1,195,978	\$ 9,050,821
Miscellaneous	10,901	-	-	10,901
Total Operating Revenues	6,910,540	955,204	1,195,978	9,061,722
Operating Expenses:				
Administration and general	635,398	326,334	985,611	1,947,343
Water Distribution	1,106,808	-	-	1,106,808
Water Production	2,343,681	-	-	2,343,681
Treatment	-	706,451	-	706,451
Depreciation expense	125,207	71,313	-	196,520
Total Operating Expenses	4,211,094	1,104,098	985,611	6,300,803
Operating Income (Loss)	2,699,446	(148,894)	210,367	2,760,919
Nonoperating Revenues (Expenses):				
Interest revenue	42,810	2,842	-	45,652
Interest expense	(387,660)	-	-	(387,660)
Gain (loss) on disposal of capital assets	4,177	-	-	4,177
Total Nonoperating Revenues (Expenses)	(340,673)	2,842	-	(337,831)
Changes in Net Assets	2,358,773	(146,052)	210,367	2,423,088
Net Assets:				
Beginning of Year	8,571,637	1,689,294	-	10,260,931
End of Fiscal Year	\$ 10,930,410	\$ 1,543,242	\$ 210,367	\$ 12,684,019

CITY OF SOUTH PASADENA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Arroyo Seco Golf Course	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 6,731,765	\$ 946,228	\$ 1,195,978	\$ 8,873,971
Cash paid to suppliers for goods and services	(4,084,985)	(734,464)	-	(4,819,449)
Cash paid to employees for services	(649,375)	(322,558)	(993,611)	(1,965,544)
Net Cash Provided (Used) by Operating Activities	1,997,405	(110,794)	202,367	2,088,978
Cash Flows from Non-Capital Financing Activities:				
Due to other funds	-	-	50,000	50,000
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	50,000	50,000
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,824,088)	(194,595)	-	(3,018,683)
Principal paid on capital debt	(245,000)	-	-	(245,000)
Interest paid on capital debt	(304,550)	-	-	(304,550)
Proceeds from sales of capital assets	4,177	-	-	4,177
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,369,461)	(194,595)	-	(3,564,056)
Cash Flows from Investing Activities:				
Interest received	42,249	2,998	-	45,247
Net Cash Provided (Used) by Investing Activities	42,249	2,998	-	45,247
Net Increase (Decrease) in Cash and Cash Equivalents	(1,329,807)	(302,391)	252,367	(1,379,831)
Cash and Cash Equivalents at Beginning of Year	42,342,420	508,622	-	42,851,042
Cash and Cash Equivalents at End of Year	\$ 41,012,613	\$ 206,231	\$ 252,367	\$ 41,471,211
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,699,446	\$ (148,894)	\$ 210,367	\$ 2,760,919
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	125,207	71,313	-	196,520
(Increase) decrease in accounts receivable	(181,401)	(8,976)	-	(190,377)
(Increase) decrease in prepaid expense	-	-	(8,000)	(8,000)
(Increase) decrease in inventory	(54,175)	-	-	(54,175)
Increase (decrease) in accounts payable	(580,321)	(28,013)	-	(608,334)
Increase (decrease) in accrued liabilities	94	2,602	-	2,696
Increase (decrease) in deposits payable	2,626	-	-	2,626
Increase (decrease) in compensated absences	(14,071)	1,174	-	(12,897)
Total Adjustments	(702,041)	38,100	(8,000)	(671,941)
Net Cash Provided (Used) by Operating Activities	\$ 1,997,405	\$ (110,794)	\$ 202,367	\$ 2,088,978

Non-Cash Investing, Capital, and Financing Activities:
There was no non-cash transactions during the fiscal year.

CITY OF SOUTH PASADENA

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:	
Pooled cash and investments	\$ 2,060,558
Receivables:	
Accounts	1,053
Accrued interest	1,778
Restricted assets:	
Cash and investments with fiscal agents	<u>199,584</u>
Total Assets	<u>2,262,973</u>
Liabilities:	
Accounts payable	2,983
Accrued liabilities	5,376
Accrued interest	16,817
Deposits payable	1,500
Long-term liabilities:	
Due in one year	95,000
Due in more than one year	<u>1,650,000</u>
Total Liabilities	<u>1,771,676</u>
Net Assets:	
Held in trust for other purposes	<u>491,297</u>
Total Net Assets	<u><u>\$ 491,297</u></u>

CITY OF SOUTH PASADENA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Private- Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 222,929
Interest and change in fair value of investments	<u>9,888</u>
Total Additions	<u>232,817</u>
Deductions:	
Benefits	14,372
Administrative expenses	78,824
Contractual services	20,170
Interest expense	<u>70,862</u>
Total Deductions	<u>184,228</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	<u>442,708</u>
Changes in Net Assets	491,297
Net Assets - Beginning of the Year	<u>-</u>
Net Assets - End of the Year	<u>\$ 491,297</u>

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of South Pasadena, California (the City) and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Government's operation, so data from these units are combined herein. The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement Nos. 14 and 39 and were as follows:

1. The members of the City Council also act as the governing body of the Community Redevelopment Agency of the City of South Pasadena (the Agency) and the City of South Pasadena Housing Authority (the Authority).
2. The City, Agency and Authority are financially interdependent. The City makes loans to the Agency for use on redevelopment projects. Property tax revenues of the Agency are used to repay loans from the City.
3. The Agency and Authorities are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Agency and the Authority each year.

The City of South Pasadena was incorporated on March 2, 1888, under the general laws of the State of California. The City provides a 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.

Blended Component Units

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 activities of the Community Redevelopment Agency are included within the Capital Projects Fund. The Community Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 13 for more information on the dissolution.

City of South Pasadena Housing Authority - The Authority was established pursuant to California Housing Authorities Law (Health and Safety Code Sections 34200 et seq.) on April 6, 2011. The purpose of the Housing Authority is to provide safe and sanitary housing opportunities for South Pasadena residents. Although the Housing Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Housing Authority. Separate financial statements of the Housing Authority are not prepared. Additionally, the Housing Authority took over the housing activities from the former Community Redevelopment Agency due to its dissolution on January 31, 2012.

Note 1: Summary of Significant Accounting Policies (Continued)

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. All fiduciary activities are reported only in the fund financial 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.

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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 Traffic Improvement Fund is to account for the resources used for the acquisition, construction, or improvement of street improvement projects and the accumulation of funds from granting agencies.

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.

The Sewer Fund is used to account for the construction, operation and maintenance of the City sewer system.

The Arroyo Seco Golf Course Fund is used to account for the operation of the City municipal golf course.

Additionally, the City reports the following fund types:

The Private Purpose Trust Fund accounts for the assets and liabilities of the former community redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former community redevelopment agency are paid in full and assets have been liquidated.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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."

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution of the City Council.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, with Resolution No. 7152, authorized the Finance Director to assign fund balance amounts for specific purposes.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The City Council adopts and amends committed and assigned fund balance amounts for specific purposes through a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

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 operation portions of the budget without increasing total appropriations for that division. Budget revisions made during fiscal year 2012 were not significant.

The City did not adopt a budget for the following funds: Traffic Improvement, ISTE/METRO, Gold Line Betterments, CTC Traffic Improvement Grant, Gold Line Mitigation, Mission Oaks Parking, SGVCOG Grant Fund, Public Education, and MSRC Grant. 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. 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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 2: Stewardship, Compliance and Accountability (Continued)

c. Excess of expenditures over appropriations

Excess of expenditures over appropriations at the fund level were as follows:

Fund	Expenditures	Appropriations	Excess
Special Revenue Funds			
Proposition "A"	\$ 204,369	\$ 166,079	\$ 38,290
Street Lighting	923,665	878,325	45,340
Mission Meridian Public Garage	32,008	30,797	1,211
County Park Bond	24,249	16,600	7,649
CDBG	146,206	96,927	49,279
Homeland Security Grant	273,247	57,000	216,247

d. Deficit Fund Balance

The following funds contained deficit fund balances at June 30, 2012:

Fund	Amount
Major governmental funds:	
Traffic Improvement	\$ 1,874,625
Nonmajor governmental funds:	
MTA Pedestrian Improvement	642,665
Proposition "A"	42,350
Mission Oaks Parking	3,259
Mission Meridian Public Garage	197,076
County Park Bond	81,993
C.D.B.G.	2,782
Homeland Security Grant	75,915
ARRA Grant	472,074
Safe Routes to School	172,440
SGVCOF Grant	391
MSRC Grant	449,960

The City intends to fund these deficits 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, 2012, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	
Cash and investments	\$ 12,321,575
Business-type activities	
Cash and investments	7,643,614
Cash with fiscal agent	33,827,597
Fiduciary activities*	
Cash and investments	2,060,558
Cash with fiscal agent	<u>199,584</u>
Total Cash and Investments	<u>\$ 56,052,928</u>

*As a result of the dissolution of the community redevelopment agency, assets of the former community redevelopment agency were transferred to the Successor Agency. See Note 13 for additional information.

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, 2012, the carrying amount of the City's deposits was \$4,829,002 and the bank balance was \$5,256,413. The \$427,411 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.

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.

Note 3: Cash and Investments (Continued)

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, 2012, all MTN's were rated "AAA" by Standard & Poors (S&P). At June 30, 2012, 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.

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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 3: Cash and Investments (Continued)

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, 2012, none of the City's deposits or investments were exposed to custodial credit risk.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporary covered by this provision.

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, 2012, 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, 2012, 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	
Local agency investment fund	\$ 11,058,884	\$ -	\$ -	\$ -	\$ 11,058,884
Money market mutual funds	4,900,861	-	-	-	4,900,861
Certificates of deposits	1,237,000	-	-	-	1,237,000
Cash with Fiscal Agent:					
Money market mutual funds	19,027,181	-	-	-	19,027,181
Investment agreement	15,000,000	-	-	-	15,000,000
	<u>\$ 51,223,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,223,926</u>

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,116,515	\$ -	\$ -	\$ -	\$ 2,116,515
Construction-in-progress	9,719,707	2,003,750	-	(7,080,489)	4,642,968
Total Capital Assets, Not Being Depreciated	11,836,222	2,003,750	-	(7,080,489)	6,759,483
Capital assets, being depreciated:					
Buildings	10,353,622	18,004	-	75,805	10,447,431
Improvements other than buildings	1,867,205	-	-	-	1,867,205
Machinery, equipment and vehicles	7,570,287	369,946	29,727	-	7,910,506
Infrastructure	76,193,380	-	-	7,004,684	83,198,064
Total Capital Assets, Being Depreciated	95,984,494	387,950	29,727	7,080,489	103,423,206
Less accumulated depreciation:					
Buildings	5,372,561	203,654	-	-	5,576,215
Improvements other than buildings	886,218	23,232	-	-	909,450
Machinery, equipment and vehicles	5,077,946	378,858	-	-	5,456,804
Infrastructure	33,641,006	2,154,413	-	-	35,795,419
Total Accumulated Depreciation	44,977,731	2,760,157	-	-	47,737,888
Total Capital Assets, Being Depreciated, Net	51,006,763	(2,372,207)	29,727	7,080,489	55,685,318
Governmental Activities Capital Assets, Net	\$ 62,842,985	\$ (368,457)	\$ 29,727	\$ -	\$ 62,444,801

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

Governmental Activities:	
General government	\$ 24,692
Public safety	366,502
Community Service	139,933
Public works	2,229,030
Total Governmental Activities	\$ 2,760,157

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 4: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 84,685	\$ -	\$ -	\$ -	\$ 84,685
Construction-in-progress	11,742,367	2,997,813	-	(474,265)	14,265,915
Total Capital Assets, Not Being Depreciated	11,827,052	2,997,813	-	(474,265)	14,350,600
Capital assets, being depreciated:					
Buildings	4,105,150	-	-	-	4,105,150
Improvements other than buildings	3,673,618	-	-	270,082	3,943,700
Infrastructure	3,650,044	-	-	204,183	3,854,227
Machinery, equipment & vehicles	999,617	20,870	51,363	-	969,124
Total Capital Assets, Being Depreciated	12,428,429	20,870	51,363	474,265	12,872,201
Less Accumulated Depreciation					
Buildings	544,639	71,476	-	-	616,115
Improvements other than buildings	3,052,608	32,210	-	-	3,084,818
Infrastructure	2,136,132	50,966	-	-	2,187,098
Machinery, equipment & vehicles	689,931	41,868	51,363	-	680,436
Total Accumulated Depreciation	6,423,310	196,520	51,363	-	6,568,467
Total Capital Assets, Being Depreciated, Net	6,005,119	(175,650)	-	474,265	6,303,734
Business-Type Activities Capital Assets, Net	<u>\$ 17,832,171</u>	<u>\$ 2,822,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,654,334</u>

* Adjustment was made to capitalize interest on a construction project funded through bond proceeds.

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

Business-Type Activities:	
Water	\$ 125,207
Sewer	71,313
Total Business-Type Activities	<u>\$ 196,520</u>

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due To/From Other Funds

	Due To Other Funds				Total
	Traffic Improvement	Nonmajor Funds	Sewer	Arroyo Seco Golf Course	
Due From Other Funds General Fund	<u>\$ 1,874,625</u>	<u>\$ 2,528,528</u>	<u>\$ 360,000</u>	<u>\$ 50,000</u>	<u>\$ 4,813,153</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

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

The due from General Fund of \$4,453,153 to the Traffic Improvement Fund and various nonmajor funds was a result of temporary cash deficit balances in those funds. The amount due to the General Fund from the Sewer Enterprise Fund of \$360,000 was for the completion of sewer capital projects.

Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>
	Nonmajor Funds
General Fund	\$ 1,183
Nonmajor Funds	<u>45,546</u>
Total	<u>\$ 46,729</u>

Transfers in/out were made to reimburse expenditures between funds.

Note 6: Retrospective Deposits

Workers' compensation retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective deposit refund in the amount of \$522,977.

During the payment deferral period, members with a retrospective refund balance will receive a portion of the balance as a credit against other charges on the annual contribution invoice. For the 2011-12 coverage year, the refund amount will be 25%. The percentage to be refunded in future years will be set on an annual basis by the Executive Committee of CJPIA. Once the payment deferral period has concluded in each program, subsequent retrospective refund adjustments will be applied in full (100%) as a credit on the annual contribution invoice.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt

a. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Transfer to Successor Agency*	Balance June 30, 2012	Due Within One Year
Governmental Activities:						
Compensated Absences	\$ 774,136	\$ 693,722	\$ (700,732)	\$ -	\$ 767,126	\$ 694,387
Capital Leases	266,244	-	(48,289)	-	217,955	50,560
2000 Tax Allocation Bonds	1,835,000	-	-	(1,835,000)	-	-
General Liability Retrospective						
Deposit Payable	-	1,958,598	-	-	1,958,598	-
Net OPEB liability	4,841,498	1,739,815	-	-	6,581,313	-
Total Governmental Funds	\$ 7,716,878	\$ 4,392,135	\$ (749,021)	\$ (1,835,000)	\$ 9,524,992	\$ 744,947
Business-Type Activities:						
Compensated Absences	\$ 66,161	\$ 49,004	\$ (61,901)	\$ -	\$ 53,264	\$ 49,934
2004 Water Revenue Bonds	7,510,000	-	(245,000)	-	7,265,000	255,000
2009 Water Revenue Bonds	43,405,000	-	-	-	43,405,000	-
Total Proprietary Funds	\$ 50,981,161	\$ 49,004	\$ (306,901)	\$ -	50,723,264	\$ 304,934
Add: Unamortized bond premium(discount)					(996,082)	
Net Proprietary Funds					\$ 49,727,182	

* As a result of the dissolution of the community redevelopment agency, indebtedness of the former community redevelopment agency was transferred to the Successor Agency. See Note 13 for disclosures for indebtedness.

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, 2012, the outstanding balance was \$217,955.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**Note 7: Long-Term Debt (Continued)**

The annual requirements to amortize the capital lease as of June 30, 2012, including interest are as follows:

	<u>Total</u>
2012-2013	\$ 61,308
2013-2014	61,308
2014-2015	61,308
2015-2016	<u>61,311</u>
Net Minimum Lease Payments	245,235
Less Amount Representing Interest	<u>27,280</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 217,955</u></u>

d. Revenue Bonds

A description of individual issues of bonds (excluding defeased bonds) outstanding as of June 30, 2012, are as follows:

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 when payments will become due. At June 30, 2012, \$7,265,000 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 \$11,093,625 (\$7,265,000 principal, \$3,828,625 interest), payable semiannually through October 2029. For the current year, principal and interest paid were \$622,225.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	2004 Water Revenue Bonds	
	Principal	Interest
2012-2013	\$ 255,000	\$ 364,725
2013-2014	270,000	351,600
2014-2015	280,000	337,850
2015-2016	295,000	323,475
2016-2017	310,000	308,350
2017-2022	1,810,000	1,275,150
2022-2027	2,335,000	736,225
2027-2032	1,710,000	131,250
Total	<u>\$ 7,265,000</u>	<u>\$ 3,828,625</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, 2012, \$43,405,000 was outstanding.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

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 \$84,621,838 (\$43,405,000 principal, \$39,216,838 interest), payable semiannually through October 2039. For the current year, principal and interest paid and system net revenue received were \$2,045,700 and \$2,699,466, respectively.

	2009 Water Revenue Bonds	
	Principal	Interest
2012-2013	\$ -	\$ 2,045,700
2013-2014	715,000	2,034,975
2014-2015	740,000	2,013,150
2015-2016	765,000	1,990,575
2016-2017	790,000	1,966,263
2017-2022	4,395,000	9,378,431
2022-2027	5,470,000	8,321,494
2027-2032	8,295,000	6,728,125
2032-2037	12,840,000	4,017,750
2037-2039	9,395,000	720,375
Total	<u>\$ 43,405,000</u>	<u>\$ 39,216,838</u>

e. Net OPEB Liability

The City's policies relating to OPEB are described in Note 9 of the Notes to Financial Statements. The liability will be paid in future years by the General Fund as it becomes due.

f. CJPIA Retrospective Deposit Liability

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in these balances. The City at June 30, 2012 had a retrospective deposit due of \$1,958,598.

Optional Payment Plans

When retrospective deposit payments resume as indicated above, members will have the opportunity to select from a variety of optional payment plans. Discounts under the incentive plan are available to members choosing to voluntarily accelerate payment during the deferral period. The City has chosen not to voluntarily accelerate payment at this time.

Note 7: Long-Term Debt (Continued)

After the deferral period, members choosing from among the optional payment plans will be subject to a moderate annual fee. The fee is intended to provide a means for the Authority to recover otherwise foregone investment earnings and to serve as a minor disincentive for the selection of longer financing terms.

Retrospective Balances will Change Annually

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development. Accordingly, some members who chose to pay off their balance in full may be required to pay additional retrospective deposits in the future based on the outcome of actual claim development reflected in subsequent retrospective deposit computations. Conversely, if claim development is favorable then subsequent retrospective adjustments could potentially result in refunds to the member.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org.

IV. OTHER INFORMATION

Note 8: 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 5% (7% for Safety Employees) of the contributions required of City employees on their behalf and for their account. Every employee is required to contribute 2%. The City is required to contribute at an actuarially determined rate; the current rate is 14.154% for miscellaneous employees and 21.387% for safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Annual Pension Cost

For 2012, the City's annual pension cost of \$2,544,377 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. This method included the assumption of 2.75% inflation.

Fiscal Year	Required Contributions	Percentage Contributed
6/30/2010	\$ 2,438	100%
6/30/2011	2,325	100%
6/30/2012	2,544	100%

For fiscal year 2011-2012, 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 9: Other Post-Employment Benefits

The City provides certain other post-employment 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.

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 \$529,083 was made during the 2011-2012 fiscal year for current premiums.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 9: Other Post-Employment Employee Benefits (Continued)

As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual OPEB Cost and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 2,521,129
Interest on net OPEB obligation	36,311
Adjustment to ARC	<u>(288,542)</u>
Annual OPEB Cost	2,268,898
Contributions made	<u>529,083</u>
(Decrease) increase in Net OPEB obligation	1,739,815
Net OPEB obligation liability June 30, 2011	<u>4,841,498</u>
Net OPEB obligation liability June 30, 2012	<u><u>\$ 6,581,313</u></u>

The contribution rate of 21% is based on the ARC of \$2,521,129, 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)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011-12 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 1,979,700	\$ 457,088	23%	\$ 3,074,424
6/30/2011	2,297,432	530,008	23%	4,841,498
6/30/2012	2,268,898	529,083	23%	6,581,313

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.

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. The plan was implemented in fiscal year 2008-2009 and an actuarial valuation was performed during that year. A subsequent actuarial valuation was performed for fiscal year 2010-2011.

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll
1/1/2009	\$ -	\$ 18,580,256	0.0%	\$ 9,393,343	198%
1/1/2011	-	22,197,057	0.0%	10,565,270	210%

Note 9: Other Post-Employment Employee Benefits (Continued)

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, 2011, 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, 2012, was 20 years. At January 1, 2011, the number of active participants was 145 and the number of retirees receiving benefits was 95.

Note 10: Self-Insurance Program

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

The City of South Pasadena is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 123 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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Note 10: Self-Insurance Program (Continued)

General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Note 10: Self Insurance (Continued)

c. Purchased Insurance

Property Insurance

The 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 the City of South Pasadena to the Authority. City of South Pasadena property currently has all-risk property insurance protection in the amount of \$84,221,987. 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 retrospective adjustments.

Crime Insurance

The City of 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 retrospective adjustments.

Pollution Legal Liability Insurance

The City of South Pasadena participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of South Pasadena. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-2012.

Note 11: Commitments and 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.

The following material construction commitment existed at June 30, 2012:

Due to the occurrence of several spills from the City's sanitary sewer system, the Regional Water Quality Control Board, Los Angeles Region and the state Attorney General commenced proceedings against the City for violations of the state's general waste discharge requirements. Following negotiations, a proposed settlement of the matter has been approved by the City Council on November 16, 2011 and is being processed for

Note 11: Commitments and Contingencies (Continued)

consideration by the Regional Board with a recommendation by the Attorney General's office to agree to the settlement. The settlement is embodied in a proposed Consent Judgment which provides for the payment by the City of fines and attorneys fees in an amount of \$275,000 less the costs of an asset management system to be installed for the City's use. The settlement also requires the City to complete repairs to its sanitary sewer system over a 10-year period and implement specified system maintenance programs. The total estimated cost of repairs is \$11.4 million. These requirements will be monitored through an open court proceeding and, if not met, the City could be subjected to further monetary penalties capped at \$900,000. That cap will be reduced periodically when stages of compliance are reached. The Attorney General will initiate a court proceeding to provide for the entry of the Consent Judgment with a case title of *People of the State of California ex rel. Regional Water Quality Control Board, Los Angeles Region v. the City of South Pasadena*.

The payment by the City of fines and attorneys fees in an amount of \$275,000 less the costs of an asset management system to be installed for the City's use will be incurred in the Sewer Fund during the 2012 fiscal year. The cost of repairs that is estimated to be \$11.4 million will be capitalized as infrastructure as the repairs are completed over the next 10 years.

Reversal of Transfers of Assets:

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a community redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. In March 2011, the Community Redevelopment Agency repaid advances totaling \$253,250 to the Water Fund. This transaction has not been reviewed by the California State Controller as of the date of this report and the reversal of this transaction is not reflected in these financial statements. Upon the Controller's review, any assets, if applicable, would be transferred to the Successor Agency in accordance with the order.

Note 12: Fund Balance and Net Assets Restatements

Beginning fund balance in the Clean Air Act fund and MSRC Grant fund have restated by \$440,100 due to the Air Quality Management District requiring that the City separate their AQMD revenues and expenditures from their sources of revenue in the prior years.

Note 13: Successor Agency Trust For Assets of Former Community Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of South Pasadena that previously had reported a community redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a community redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 4, 2012, the City Council elected to become the Successor Agency for the former community redevelopment agency in accordance with the Bill as part of City resolution number 7205.

**Note 13: Successor Agency Trust For Assets of Former Community Redevelopment Agency
(Continued)**

After enactment of the law, which occurred on June 28, 2011, community redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former community redevelopment agency until all enforceable obligations of the prior community redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between community redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former community redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all community redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the community redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved community redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former community redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 13: Successor Agency Trust For Assets of Former Community Redevelopment Agency (Continued)

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net assets of the Successory Agency Trust Fund	\$ 2,277,708
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>(1,835,000)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ 442,708</u>

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 2,060,558
Cash and investments with fiscal agent	<u>199,584</u>
	<u>\$ 2,260,142</u>

b. Long-Term Debt

The following debt was transferred from the Community Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution.

The following is a summary of changes in long-term debt for year ended June 30, 2012:

	Balance June 30, 2011	Transfers from the Former RDA	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Fiduciary Funds:						
2000 Tax Allocation Bond	\$ -	\$ 1,835,000	\$ -	\$ (90,000)	\$ 1,745,000	\$ 95,000

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2012, follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

**Note 13: Successor Agency Trust For Assets of Former Community Redevelopment Agency
 (Continued)**

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, 2012, \$1,745,000 was outstanding.

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the community redevelopment agency, property taxes allocated to community redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved community redevelopment agency. Total principal and interest remaining on the debt is \$2,554,774 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved community redevelopment agency was \$274,353 and the debt service obligation on the bonds was \$198,089.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	2000 Tax Allocation Bonds	
	Principal	Interest
2012-2013	\$ 95,000	\$ 103,139
2013-2014	100,000	97,819
2014-2015	105,000	92,119
2015-2016	110,000	86,081
2016-2017	115,000	79,701
2017-2022	695,000	286,715
2022-2027	525,000	64,200
Total	<u>\$ 1,745,000</u>	<u>\$ 809,774</u>

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

**Note 13: Successor Agency Trust For Assets of Former Community Redevelopment Agency
(Continued)**

c. Insurance

The Successor Agency is covered under the City of South Pasadena's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 10.

d. Commitments and Contingencies

At June 30, 2012, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

e. Subsequent Events

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to community redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Community Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report the payment in July 2012 was made in the amount of \$3,506. In addition, the Low-Moderate Income Housing Due Diligence Review resulted in an amount due of \$3,714 and the other Community Redevelopment Funds Due Diligence Review resulted in an amount due of \$952,110, neither of which have been confirmed by the Department of Finance.

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CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>MTA Pedestrian Improvement</u>	<u>Proposition "A"</u>	<u>Proposition "C"</u>	<u>ISTEA/METRO</u>
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 340,901	\$ 8,692
Receivables:				
Accounts	-	125	-	-
Accrued interest	-	-	179	-
Due from other governments	253,936	-	-	-
Total Assets	<u>\$ 253,936</u>	<u>\$ 125</u>	<u>\$ 341,080</u>	<u>\$ 8,692</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 1,263	\$ 2,258	\$ -
Accrued liabilities	-	5,393	7,892	-
Deferred revenues	253,936	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	642,665	35,819	-	-
Total Liabilities	<u>896,601</u>	<u>42,475</u>	<u>10,150</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	330,930	-
Capital Projects	-	-	-	8,692
Community development projects	-	-	-	-
Unassigned	<u>(642,665)</u>	<u>(42,350)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(642,665)</u>	<u>(42,350)</u>	<u>330,930</u>	<u>8,692</u>
Total Liabilities and Fund Balances	<u>\$ 253,936</u>	<u>\$ 125</u>	<u>\$ 341,080</u>	<u>\$ 8,692</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	<u>Special Revenue Funds</u>			
	<u>Gold Line Betterments</u>	<u>CTC Traffic Improvement Grant</u>	<u>Street Lighting</u>	<u>Clean Air Act</u>
Assets:				
Pooled cash and investments	\$ 14,913	\$ 182,012	\$ 128,201	\$ 107,015
Receivables:				
Accounts	-	-	45,334	-
Accrued interest	-	-	-	54
Due from other governments	-	87	-	7,955
Total Assets	<u>\$ 14,913</u>	<u>\$ 182,099</u>	<u>\$ 173,535</u>	<u>\$ 115,024</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 49,152	\$ -
Accrued liabilities	-	-	4,159	-
Deferred revenues	-	-	-	-
Unearned revenues	-	93,947	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>93,947</u>	<u>53,311</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	120,224	-
Capital Projects	14,913	88,152	-	115,024
Community development projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>14,913</u>	<u>88,152</u>	<u>120,224</u>	<u>115,024</u>
Total Liabilities and Fund Balances	<u>\$ 14,913</u>	<u>\$ 182,099</u>	<u>\$ 173,535</u>	<u>\$ 115,024</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Parking and Business Improvement	Gold Line Mitigation	Mission Oaks Parking	Mission Meridian Public Garage
Assets:				
Pooled cash and investments	\$ 91,120	\$ 209,685	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 91,120	\$ 209,685	\$ -	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 23	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	3,236	197,076
Total Liabilities	-	-	3,259	197,076
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital Projects	91,120	209,685	-	-
Community development projects	-	-	-	-
Unassigned	-	-	(3,259)	(197,076)
Total Fund Balances	91,120	209,685	(3,259)	(197,076)
Total Liabilities and Fund Balances	\$ 91,120	\$ 209,685	\$ -	\$ -

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	State Gas Tax	County Park Bond	Bike and Pedestrian Paths	Capital Growth Requirements
Assets:				
Pooled cash and investments	\$ 663,865	\$ -	\$ -	\$ 31,222
Receivables:				
Accounts	-	-	-	-
Accrued interest	323	-	3	15
Due from other governments	75,534	-	15,721	-
Total Assets	\$ 739,722	\$ -	\$ 15,724	\$ 31,237
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 16,787	\$ 4,007	\$ 4,100	\$ -
Accrued liabilities	10,189	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	77,986	10,585	-
Total Liabilities	26,976	81,993	14,685	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	712,746	-	-	-
Capital Projects	-	-	1,039	31,237
Community development projects	-	-	-	-
Unassigned	-	(81,993)	-	-
Total Fund Balances	712,746	(81,993)	1,039	31,237
Total Liabilities and Fund Balances	\$ 739,722	\$ -	\$ 15,724	\$ 31,237

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>C.D.B.G.</u>	<u>Asset Forfeiture</u>	<u>CLEEP</u>	<u>Public Library Grant</u>
Assets:				
Pooled cash and investments	\$ -	\$ 21,161	\$ 5,121	\$ 6,445
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	11	3	-
Due from other governments	26,880	-	-	-
Total Assets	<u>\$ 26,880</u>	<u>\$ 21,172</u>	<u>\$ 5,124</u>	<u>\$ 6,445</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,783	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	26,879	-	-	-
Total Liabilities	<u>29,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public safety	-	21,172	5,124	-
Community services	-	-	-	6,445
Public works	-	-	-	-
Capital Projects	-	-	-	-
Community development projects	-	-	-	-
Unassigned	<u>(2,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(2,782)</u>	<u>21,172</u>	<u>5,124</u>	<u>6,445</u>
Total Liabilities and Fund Balances	<u>\$ 26,880</u>	<u>\$ 21,172</u>	<u>\$ 5,124</u>	<u>\$ 6,445</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	<u>Special Revenue Funds</u>			
	<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	\$ 162,380	\$ -	\$ 193,946	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	96	-	-	-
Due from other governments	-	242,293	-	-
Total Assets	<u>\$ 162,476</u>	<u>\$ 242,293</u>	<u>\$ 193,946</u>	<u>\$ -</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,164	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	318,208	-	-
Total Liabilities	<u>1,164</u>	<u>318,208</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public safety	161,312	-	-	-
Community services	-	-	193,946	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Community development projects	-	-	-	-
Unassigned	<u>-</u>	<u>(75,915)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>161,312</u>	<u>(75,915)</u>	<u>193,946</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 162,476</u>	<u>\$ 242,293</u>	<u>\$ 193,946</u>	<u>\$ -</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>ARRA Grant</u>	<u>Measure R</u>	<u>Safe Routes to School</u>	<u>SGVCOG Grant Fund</u>
Assets:				
Pooled cash and investments	\$ -	\$ 596,909	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	297	-	-
Due from other governments	593,283	-	139,910	-
Total Assets	<u>\$ 593,283</u>	<u>\$ 597,206</u>	<u>\$ 139,910</u>	<u>\$ -</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,676	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	466,398	-	139,910	-
Unearned revenues	-	-	-	-
Due to other funds	593,283	-	172,440	391
Total Liabilities	<u>1,065,357</u>	<u>-</u>	<u>312,350</u>	<u>391</u>
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	597,206	-	-
Capital Projects	-	-	-	-
Community development projects	-	-	-	-
Unassigned	<u>(472,074)</u>	<u>-</u>	<u>(172,440)</u>	<u>(391)</u>
Total Fund Balances	<u>(472,074)</u>	<u>597,206</u>	<u>(172,440)</u>	<u>(391)</u>
Total Liabilities and Fund Balances	<u>\$ 593,283</u>	<u>\$ 597,206</u>	<u>\$ 139,910</u>	<u>\$ -</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Public Education	MSRC Grant Fund	Community Redevelopment Agency	
Assets:				
Pooled cash and investments	\$ 9,009	\$ -	\$ -	\$ 2,772,597
Receivables:				
Accounts	4,807	169,421	-	219,687
Accrued interest	-	-	-	981
Due from other governments	-	-	-	1,355,599
Total Assets	\$ 13,816	\$ 169,421	\$ -	\$ 4,348,864
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 87,213
Accrued liabilities	-	-	-	27,633
Deferred revenues	-	169,421	-	1,029,665
Unearned revenues	-	-	-	93,947
Due to other funds	-	449,960	-	2,528,528
Total Liabilities	-	619,381	-	3,766,986
Fund Balances:				
Restricted for:				
Public safety	-	-	-	187,608
Community services	-	-	-	200,391
Public works	-	-	-	1,761,106
Capital Projects	-	-	-	559,862
Community development projects	13,816	-	-	13,816
Unassigned	-	(449,960)	-	(2,140,905)
Total Fund Balances	13,816	(449,960)	-	581,878
Total Liabilities and Fund Balances	\$ 13,816	\$ 169,421	\$ -	\$ 4,348,864

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"	ISTEA/METRO
Revenues:				
Taxes	\$ -	\$ 378,198	\$ 314,175	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	5,646	-	-
Use of money and property	-	-	2,348	-
Contributions	-	-	-	-
Miscellaneous	-	9,040	-	-
Total Revenues	-	392,884	316,523	-
Expenditures:				
Current:				
General government	-	57,571	89,943	-
Public safety	-	-	-	-
Community services	-	146,798	262,223	-
Public works	-	-	-	-
Capital outlay	53,493	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	53,493	204,369	352,166	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,493)	188,515	(35,643)	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	(53,493)	188,515	(35,643)	-
Fund Balances, Beginning of Year	(589,172)	(230,865)	366,573	8,692
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(589,172)	(230,865)	366,573	8,692
Fund Balances, End of Year	\$ (642,665)	\$ (42,350)	\$ 330,930	\$ 8,692

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Gold Line Betterments	CTC Traffic Improvement Grant	Street Lighting	Clean Air Act
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	888,619	-
Licenses and permits	-	-	-	-
Intergovernmental	-	3,759	-	32,338
Charges for services	-	-	-	-
Use of money and property	-	-	-	53
Contributions	-	-	11,285	-
Miscellaneous	-	-	10,192	-
Total Revenues	-	3,759	910,096	32,391
Expenditures:				
Current:				
General government	-	156	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	910,896	-
Capital outlay	-	3,491	12,769	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	3,647	923,665	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	112	(13,569)	32,391
Other Financing Sources (Uses):				
Transfers in	-	45,546	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	45,546	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	-	45,658	(13,569)	32,391
Fund Balances, Beginning of Year	14,913	42,494	133,793	(357,467)
Restatements	-	-	-	440,100
Fund Balances, Beginning of Year, as Restated	14,913	42,494	133,793	82,633
Fund Balances, End of Year	\$ 14,913	\$ 88,152	\$ 120,224	\$ 115,024

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Parking and Business Improvement	Gold Line Mitigation	Mission Oaks Parking	Mission Meridian Public Garage
Revenues:				
Taxes	\$ 149,214	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	149,214	-	-	-
Expenditures:				
Current:				
General government	143,000	-	-	32,008
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	346	-
Capital outlay	-	585	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	143,000	585	346	32,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,214	(585)	(346)	(32,008)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	6,214	(585)	(346)	(32,008)
Fund Balances, Beginning of Year	84,906	210,270	(2,913)	(165,068)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	84,906	210,270	(2,913)	(165,068)
Fund Balances, End of Year	\$ 91,120	\$ 209,685	\$ (3,259)	\$ (197,076)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	State Gas Tax	County Park Bond	Bike and Pedestrian Paths	Capital Growth Requirements
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	722,179	-	2,923	-
Charges for services	-	-	-	23,974
Use of money and property	3,394	-	2	103
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	725,573	-	2,925	24,077
Expenditures:				
Current:				
General government	-	-	38	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	478,585	24,249	-	-
Capital outlay	29,494	-	14,646	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	508,079	24,249	14,684	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	217,494	(24,249)	(11,759)	24,077
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	217,494	(24,249)	(11,759)	24,077
Fund Balances, Beginning of Year	495,252	(57,744)	12,798	7,160
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	495,252	(57,744)	12,798	7,160
Fund Balances, End of Year	\$ 712,746	\$ (81,993)	\$ 1,039	\$ 31,237

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue Funds</u>			
	<u>C.D.B.G.</u>	<u>Asset Forfeiture</u>	<u>CLEEP</u>	<u>Public Library Grant</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	123,772	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	132	32	-
Contributions	-	-	-	-
Miscellaneous	19,652	-	-	-
Total Revenues	143,424	132	32	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	45,859	-	-	-
Public works	-	-	-	-
Capital outlay	100,347	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	146,206	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,782)	132	32	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	(2,782)	132	32	-
Fund Balances, Beginning of Year	-	21,040	5,092	6,445
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	-	21,040	5,092	6,445
Fund Balances, End of Year	\$ (2,782)	\$ 21,172	\$ 5,124	\$ 6,445

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	State Police Grant	Homeland Security Grant	Park Impact Fees	99 Pasadena Avenue
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	23,733	-
Intergovernmental	100,000	511,083	-	-
Charges for services	-	-	-	-
Use of money and property	1,614	-	-	85
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	101,614	511,083	23,733	85
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	207,832	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	273,247	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	207,832	273,247	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,218)	237,836	23,733	85
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(46,729)
Total Other Financing Sources (Uses)	-	-	-	(46,729)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	(106,218)	237,836	23,733	(46,644)
Fund Balances, Beginning of Year	267,530	(313,751)	170,213	46,644
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	267,530	(313,751)	170,213	46,644
Fund Balances, End of Year	\$ 161,312	\$ (75,915)	\$ 193,946	\$ -

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	ARRA Grant	Measure R	Safe Routes to School	SGVCOG Grant Fund
Revenues:				
Taxes	\$ -	\$ 233,757	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	126,884	-	-	1,936
Charges for services	-	-	-	-
Use of money and property	-	3,028	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	126,884	236,785	-	1,936
Expenditures:				
Current:				
General government	-	-	-	164
Public safety	-	-	-	-
Community services	-	-	-	144
Public works	-	-	-	1,888
Capital outlay	132,560	25,241	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	132,560	25,241	-	2,196
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,676)	211,544	-	(260)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	-	-
Net Change in Fund Balances	(5,676)	211,544	-	(260)
Fund Balances, Beginning of Year	(466,398)	385,662	(172,440)	(131)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(466,398)	385,662	(172,440)	(131)
Fund Balances, End of Year	\$ (472,074)	\$ 597,206	\$ (172,440)	\$ (391)

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	Public Education	MSRC Grant Fund	Community Redevelopment Agency	
Revenues:				
Taxes	\$ -	\$ -	\$ 274,353	\$ 1,349,697
Assessments	-	-	-	888,619
Licenses and permits	-	-	-	23,733
Intergovernmental	-	-	-	1,624,874
Charges for services	13,816	-	-	43,436
Use of money and property	-	-	14,057	24,848
Contributions	-	-	-	11,285
Miscellaneous	-	-	-	38,884
Total Revenues	13,816	-	288,410	4,005,376
Expenditures:				
Current:				
General government	-	-	115,520	438,400
Public safety	-	-	-	207,832
Community services	-	-	-	455,024
Public works	-	9,860	-	1,425,824
Capital outlay	-	-	-	645,873
Debt service:				
Interest and fiscal charges	-	-	54,045	54,045
Total Expenditures	-	9,860	169,565	3,226,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,816	(9,860)	118,845	778,378
Other Financing Sources (Uses):				
Transfers in	-	-	-	45,546
Transfers out	-	-	-	(46,729)
Total Other Financing Sources (Uses)	-	-	-	(1,183)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 13)	-	-	(2,277,708)	(2,277,708)
Net Change in Fund Balances	13,816	(9,860)	(2,158,863)	(1,500,513)
Fund Balances, Beginning of Year	-	-	2,158,863	2,082,391
Restatements	-	(440,100)	-	-
Fund Balances, Beginning of Year, as Restated	-	(440,100)	2,158,863	2,082,391
Fund Balances, End of Year	\$ 13,816	\$ (449,960)	\$ -	\$ 581,878

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MTA PEDESTRIAN IMPROVEMENT
 YEAR ENDED JUNE 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (589,172)	\$ (589,172)	\$ (589,172)	\$ -
Resources (Inflows):				
Intergovernmental	155,906	155,906	-	(155,906)
Amounts Available for Appropriations	(433,266)	(433,266)	(589,172)	(155,906)
Charges to Appropriation (Outflow):				
Capital outlay	-	-	53,493	(53,493)
Total Charges to Appropriations	-	-	53,493	(53,493)
Budgetary Fund Balance, June 30	\$ (433,266)	\$ (433,266)	\$ (642,665)	\$ (209,399)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION "A"
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (230,865)	\$ (230,865)	\$ (230,865)	\$ -
Resources (Inflows):				
Taxes	348,144	348,144	378,198	30,054
Charges for services	3,700	3,700	5,646	1,946
Miscellaneous	1,000	1,000	9,040	8,040
Amounts Available for Appropriations	121,979	121,979	162,019	40,040
Charges to Appropriation (Outflow):				
General government	38,070	38,070	57,571	(19,501)
Community services	128,009	128,009	146,798	(18,789)
Total Charges to Appropriations	166,079	166,079	204,369	(38,290)
Budgetary Fund Balance, June 30	\$ (44,100)	\$ (44,100)	\$ (42,350)	\$ 1,750

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION "C"
 YEAR ENDED JUNE 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 366,573	\$ 366,573	\$ 366,573	\$ -
Resources (Inflows):				
Taxes	288,126	288,126	314,175	26,049
Use of money and property	8,400	8,400	2,348	(6,052)
Amounts Available for Appropriations	663,099	663,099	683,096	19,997
Charges to Appropriation (Outflow):				
General government	101,939	101,939	89,943	11,996
Community services	258,956	258,956	262,223	(3,267)
Capital outlay	100,000	100,000	-	100,000
Total Charges to Appropriations	460,895	460,895	352,166	108,729
Budgetary Fund Balance, June 30	\$ 202,204	\$ 202,204	\$ 330,930	\$ 128,726

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 133,793	\$ 133,793	\$ 133,793	\$ -
Resources (Inflows):				
Assessments	885,000	885,000	888,619	3,619
Contributions	-	-	11,285	11,285
Miscellaneous	10,000	10,000	10,192	192
Amounts Available for Appropriations	1,028,793	1,028,793	1,043,889	15,096
Charges to Appropriation (Outflow):				
Public works	861,325	861,325	910,896	(49,571)
Capital outlay	17,000	17,000	12,769	4,231
Total Charges to Appropriations	878,325	878,325	923,665	(45,340)
Budgetary Fund Balance, June 30	\$ 150,468	\$ 150,468	\$ 120,224	\$ (30,244)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CLEAN AIR ACT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 82,633	\$ 82,633	\$ 82,633	\$ -
Resources (Inflows):				
Intergovernmental	180,000	180,000	32,338	(147,662)
Use of money and property	1,000	1,000	53	(947)
Amounts Available for Appropriations	263,633	263,633	115,024	(148,609)
Charges to Appropriation (Outflow):				
General government	13,600	13,600	-	13,600
Capital outlay	73,000	73,000	-	73,000
Total Charges to Appropriations	86,600	86,600	-	86,600
Budgetary Fund Balance, June 30	\$ 177,033	\$ 177,033	\$ 115,024	\$ (62,009)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARKING AND BUSINESS IMPROVEMENT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 84,906	\$ 84,906	\$ 84,906	\$ -
Resources (Inflows):				
Taxes	141,000	141,000	149,214	8,214
Amounts Available for Appropriations	225,906	225,906	234,120	8,214
Charges to Appropriation (Outflow):				
General government	173,000	173,000	143,000	30,000
Total Charges to Appropriations	173,000	173,000	143,000	30,000
Budgetary Fund Balance, June 30	\$ 52,906	\$ 52,906	\$ 91,120	\$ 38,214

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
MISSION MERIDIAN PUBLIC GARAGE
YEAR ENDED JUNE 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (165,068)	\$ (165,068)	\$ (165,068)	\$ -
Resources (Inflows):				
Amounts Available for Appropriations	(165,068)	(165,068)	(165,068)	-
Charges to Appropriation (Outflow):				
General government	30,797	30,797	32,008	(1,211)
Total Charges to Appropriations	30,797	30,797	32,008	(1,211)
Budgetary Fund Balance, June 30	\$ (195,865)	\$ (195,865)	\$ (197,076)	\$ (1,211)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 495,252	\$ 495,252	\$ 495,252	\$ -
Resources (Inflows):				
Intergovernmental	667,458	667,458	722,179	54,721
Use of money and property	6,500	6,500	3,394	(3,106)
Amounts Available for Appropriations	1,169,210	1,169,210	1,220,825	51,615
Charges to Appropriation (Outflow):				
Public works	529,665	529,665	478,585	51,080
Capital outlay	128,000	128,000	29,494	98,506
Total Charges to Appropriations	657,665	657,665	508,079	149,586
Budgetary Fund Balance, June 30	\$ 511,545	\$ 511,545	\$ 712,746	\$ 201,201

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 COUNTY PARK BOND
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (57,744)	\$ (57,744)	\$ (57,744)	\$ -
Resources (Inflows):				
Intergovernmental	16,600	16,600	-	(16,600)
Amounts Available for Appropriations	(41,144)	(41,144)	(57,744)	(16,600)
Charges to Appropriation (Outflow):				
Public works	16,600	16,600	24,249	(7,649)
Total Charges to Appropriations	16,600	16,600	24,249	(7,649)
Budgetary Fund Balance, June 30	\$ (57,744)	\$ (57,744)	\$ (81,993)	\$ (24,249)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 BIKE AND PEDESTRIAN PATHS
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,798	\$ 12,798	\$ 12,798	\$ -
Resources (Inflows):				
Intergovernmental	12,486	12,486	2,923	(9,563)
Use of money and property	500	500	2	(498)
Amounts Available for Appropriations	25,784	25,784	15,723	(10,061)
Charges to Appropriation (Outflow):				
General government	-	-	38	(38)
Capital outlay	36,000	36,000	14,646	21,354
Total Charges to Appropriations	36,000	36,000	14,684	21,316
Budgetary Fund Balance, June 30	\$ (10,216)	\$ (10,216)	\$ 1,039	\$ 11,255

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CAPITAL GROWTH REQUIREMENTS
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,160	\$ 7,160	\$ 7,160	\$ -
Resources (Inflows):				
Charges for services	13,500	13,500	23,974	10,474
Use of money and property	5,300	5,300	103	(5,197)
Amounts Available for Appropriations	25,960	25,960	31,237	5,277
Budgetary Fund Balance, June 30	\$ 25,960	\$ 25,960	\$ 31,237	\$ 5,277

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 C.D.B.G.
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	96,927	96,927	123,772	26,845
Miscellaneous	-	-	19,652	19,652
Amounts Available for Appropriations	96,927	96,927	143,424	46,497
Charges to Appropriation (Outflow):				
Community services	41,927	41,927	45,859	(3,932)
Capital outlay	55,000	55,000	100,347	(45,347)
Total Charges to Appropriations	96,927	96,927	146,206	(49,279)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (2,782)	\$ (2,782)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,040	\$ 21,040	\$ 21,040	\$ -
Resources (Inflows):				
Use of money and property	500	500	132	(368)
Amounts Available for Appropriations	21,540	21,540	21,172	(368)
Budgetary Fund Balance, June 30	\$ 21,540	\$ 21,540	\$ 21,172	\$ (368)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CLEEP
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,092	\$ 5,092	\$ 5,092	\$ -
Resources (Inflows):				
Use of money and property	100	100	32	(68)
Amounts Available for Appropriations	5,192	5,192	5,124	(68)
Budgetary Fund Balance, June 30	\$ 5,192	\$ 5,192	\$ 5,124	\$ (68)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC LIBRARY GRANT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,445	\$ 6,445	\$ 6,445	\$ -
Resources (Inflows):				
Intergovernmental	9,000	9,000	-	(9,000)
Amounts Available for Appropriations	15,445	15,445	6,445	(9,000)
Charges to Appropriation (Outflow):				
Community services	9,000	9,000	-	9,000
Total Charges to Appropriations	9,000	9,000	-	9,000
Budgetary Fund Balance, June 30	\$ 6,445	\$ 6,445	\$ 6,445	\$ -

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE POLICE GRANT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 267,530	\$ 267,530	\$ 267,530	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	5,400	5,400	1,614	(3,786)
Amounts Available for Appropriations	372,930	372,930	369,144	(3,786)
Charges to Appropriation (Outflow):				
Public safety	-	-	207,832	(207,832)
Total Charges to Appropriations	-	-	207,832	(207,832)
Budgetary Fund Balance, June 30	\$ 372,930	\$ 372,930	\$ 161,312	\$ (211,618)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 HOMELAND SECURITY GRANT
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (313,751)	\$ (313,751)	\$ (313,751)	\$ -
Resources (Inflows):				
Intergovernmental	271,000	271,000	511,083	240,083
Amounts Available for Appropriations	(42,751)	(42,751)	197,332	240,083
Charges to Appropriation (Outflow):				
Capital outlay	57,000	57,000	273,247	(216,247)
Total Charges to Appropriations	57,000	57,000	273,247	(216,247)
Budgetary Fund Balance, June 30	\$ (99,751)	\$ (99,751)	\$ (75,915)	\$ 23,836

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARK IMPACT FEES
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 170,213	\$ 170,213	\$ 170,213	\$ -
Resources (Inflows):				
Licenses and permits	27,000	27,000	23,733	(3,267)
Amounts Available for Appropriations	197,213	197,213	193,946	(3,267)
Charges to Appropriation (Outflow):				
Public works	9,370	9,370	-	9,370
Total Charges to Appropriations	9,370	9,370	-	9,370
Budgetary Fund Balance, June 30	\$ 187,843	\$ 187,843	\$ 193,946	\$ 6,103

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 99 PASADENA AVENUE
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 46,644	\$ 46,644	\$ 46,644	\$ -
Resources (Inflows):				
Use of money and property	28,400	28,400	85	(28,315)
Amounts Available for Appropriations	75,044	75,044	46,729	(28,315)
Charges to Appropriation (Outflow):				
Transfers out	-	-	46,729	(46,729)
Total Charges to Appropriations	-	-	46,729	(46,729)
Budgetary Fund Balance, June 30	\$ 75,044	\$ 75,044	\$ -	\$ (75,044)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ARRA GRANT
 YEAR ENDED JUNE 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (466,398)	\$ (466,398)	\$ (466,398)	\$ -
Resources (Inflows):				
Intergovernmental	897,000	897,000	126,884	(770,116)
Amounts Available for Appropriations	430,602	430,602	(339,514)	(770,116)
Charges to Appropriation (Outflow):				
Capital outlay	136,000	136,000	132,560	3,440
Total Charges to Appropriations	136,000	136,000	132,560	3,440
Budgetary Fund Balance, June 30	\$ 294,602	\$ 294,602	\$ (472,074)	\$ (766,676)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MEASURE R
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 385,662	\$ 385,662	\$ 385,662	\$ -
Resources (Inflows):				
Taxes	221,613	221,613	233,757	12,144
Use of money and property	5,000	5,000	3,028	(1,972)
Amounts Available for Appropriation	612,275	612,275	622,447	10,172
Charges to Appropriation (Outflow):				
Capital outlay	455,000	455,000	25,241	429,759
Total Charges to Appropriations	455,000	455,000	25,241	429,759
Budgetary Fund Balance, June 30	\$ 157,275	\$ 157,275	\$ 597,206	\$ 439,931

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 SAFE ROUTES TO SCHOOL
 YEAR ENDED JUNE 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (172,440)	\$ (172,440)	\$ (172,440)	\$ -
Resources (Inflows):				
Intergovernmental	225,000	225,000	-	(225,000)
Amounts Available for Appropriation	52,560	52,560	(172,440)	(225,000)
Budgetary Fund Balance, June 30	\$ 52,560	\$ 52,560	\$ (172,440)	\$ (225,000)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY REDEVELOPMENT AGENCY
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,158,863	\$ 2,158,863	\$ 2,158,863	\$ -
Resources (Inflows):				
Taxes	474,946	474,946	274,353	(200,593)
Use of money and property	23,000	23,000	14,057	(8,943)
Amounts Available for Appropriation	2,656,809	2,656,809	2,447,273	(209,536)
Charges to Appropriation (Outflow):				
General government	394,367	394,367	115,520	278,847
Debt service:				
Principal retirement	68,000	68,000	-	68,000
Interest and fiscal charges	90,126	90,126	54,045	36,081
Extraordinary gain/(loss) on dissolution of RDA	-	-	2,277,708	(2,277,708)
Total Charges to Appropriations	552,493	552,493	2,447,273	(1,894,780)
Budgetary Fund Balance, June 30	\$ 2,104,316	\$ 2,104,316	\$ -	\$ (2,104,316)

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.*

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Financial Trends

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CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Government activities								
Invested in capital assets, net of related debt	\$ 52,586,854	\$ 53,938,246	\$ 57,875,243	\$ 59,638,269	\$ 56,086,968	\$ 57,541,752	\$ 60,741,741	\$ 62,226,846
Restricted	2,985,309	3,700,356	4,454,617	3,725,863	6,609,467	4,069,279	4,438,340	2,722,783
Unrestricted	2,866,719	3,351,709	6,396,133	8,392,273	8,979,878	6,937,924	6,562,890	5,143,951
Total governmental activities net assets	\$ 58,438,882	\$ 60,990,311	\$ 68,725,993	\$ 71,756,405	\$ 71,676,313	\$ 68,548,955	\$ 71,742,971	\$ 70,093,580
Business-type activities								
Invested in capital assets, net of related debt	\$ 3,290,506	\$ 3,042,921	\$ 3,263,489	\$ 2,791,280	\$ 1,890,240	\$ 1,276,626	\$ 4,550,204	\$ 4,808,013
Restricted	769,344	1,391,957	2,136,719	2,878,966	36,642,005	36,135,935	32,451,626	29,973,386
Unrestricted	2,952,479	3,319,590	2,831,187	3,542,152	(29,053,954)	(28,488,758)	(26,740,899)	(22,097,380)
Total business-type activities net assets	\$ 7,012,329	\$ 7,754,468	\$ 8,231,395	\$ 9,212,398	\$ 9,478,291	\$ 8,923,803	\$ 10,260,931	\$ 12,684,019
Primary government								
Invested in capital assets, net of related debt	55,877,360	56,981,167	61,138,732	62,429,549	57,977,208	58,818,378	65,291,945	67,034,859
Restricted	3,754,653	5,092,313	6,591,336	6,604,829	43,251,472	40,205,214	36,889,966	32,696,169
Unrestricted	5,819,198	6,671,299	9,227,320	11,934,425	(20,074,076)	(21,550,834)	(20,178,009)	(16,953,429)
Total primary government activities net assets	\$ 65,451,211	\$ 68,744,779	\$ 76,957,388	\$ 80,968,803	\$ 81,154,604	\$ 77,472,758	\$ 82,003,902	\$ 82,777,599

CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental Activities:								
General government	\$ 5,238,131	\$ 4,623,433	\$ 4,401,369	\$ 3,911,227	\$ 5,513,124	\$ 5,816,414	\$ 5,935,671	\$ 7,449,632
Public safety	9,631,689	9,823,747	9,779,691	9,875,234	11,525,403	11,589,395	10,939,183	11,596,854
Community development	786,021	770,006	883,972	997,287	839,568	920,339	911,718	948,777
Community Services	2,426,270	2,446,291	2,523,119	2,806,026	2,914,235	3,033,614	3,175,891	3,052,840
Public works	4,351,990	4,804,715	4,876,678	4,655,996	5,482,505	5,484,601	4,863,335	5,306,742
Interest on long-term debt	178,245	172,698	149,359	143,423	136,769	131,539	125,032	47,185
Total Governmental Activities expenses	22,612,346	22,640,890	22,614,188	22,389,193	26,411,604	26,975,902	25,950,830	28,402,030
Business-Type Activities:								
Water utility	3,607,186	4,160,990	3,908,439	3,949,800	4,451,292	7,144,268	5,105,517	4,598,754
Sewer utility	-	-	-	-	-	861,207	715,395	1,104,098
Arroyo Seco Golf Course	-	-	-	-	-	-	-	985,611
Total Business-Type Activities Expenses	3,607,186	4,160,990	3,908,439	3,949,800	4,451,292	8,005,475	5,820,912	6,688,463
Total Primary Government Expenses	\$ 26,219,532	\$ 26,801,880	\$ 26,522,627	\$ 26,338,993	\$ 30,862,896	\$ 34,981,377	\$ 31,771,742	\$ 35,090,493
Program Revenues								
Governmental Activities:								
Charges for services:								
General government	\$ 1,108,740	\$ 1,238,045	\$ 1,358,711	\$ 1,457,911	\$ 1,409,846	\$ 1,319,410	\$ 1,472,338	\$ 1,489,846
Public safety	579,762	589,211	569,946	1,306,513	1,349,175	840,207	860,609	899,536
Community development	715,107	715,970	598,718	801,200	405,086	446,050	530,395	548,532
Community Services	683,576	686,560	690,544	514,523	627,296	672,765	805,608	772,898
Public works	1,146,864	1,119,950	1,079,883	1,244,935	1,118,262	1,096,487	1,121,657	1,102,936
Total Charges for Services	4,234,049	4,349,736	4,297,802	5,325,082	4,909,665	4,374,919	4,790,607	4,813,748
Operating Contributions and Grants:								
General government	787,784	1,397,311	500,002	150,998	214,373	71,059	51,115	43,838
Public safety	746,820	987,107	2,422,944	175,552	108,406	478,495	437,544	779,399
Community development	-	-	-	-	-	457,670	505,547	618,435
Community Services	55,596	53,013	63,472	127,136	24,322	29,449	46,012	30,937
Public works	167,641	131,107	122,292	539,572	447,962	209,762	2,600,475	184,948
Total Operating Contributions and Grants	1,757,841	2,568,538	3,108,710	993,258	795,063	1,246,435	3,640,693	1,657,557
Capital Contributions and Grants:								
Community Services	-	-	-	47,516	-	-	-	-
Public works	1,259,811	2,536,724	2,712,135	513,368	1,868,187	820,447	1,305,657	1,415,306
Total Capital Contributions and Grants	1,259,811	2,536,724	2,712,135	560,884	1,868,187	820,447	1,305,657	1,415,306
Total Governmental Activities Program Revenue	7,251,701	9,454,998	10,118,647	6,879,224	7,572,915	6,441,801	9,736,957	7,886,611
Business-Type Activities:								
Charges for services:								
Water utility	3,902,977	4,442,966	4,687,499	4,543,192	4,549,062	4,270,244	4,943,874	6,903,816
Sewer utility	-	-	-	-	-	657,045	759,680	955,204
Arroyo Seco Golf Course	-	-	-	-	-	-	-	1,195,978
Total Business-Type Activities Program Revenues	3,902,977	4,442,966	4,687,499	4,543,192	4,549,062	4,927,289	5,703,554	9,054,998
Total Primary Government Program Revenues	\$ 11,154,678	\$ 13,897,964	\$ 14,806,146	\$ 11,422,416	\$ 12,121,977	\$ 11,369,090	\$ 15,440,511	\$ 16,941,609
Net (Expense)/Revenue								
Governmental Activities	\$ (15,360,645)	\$ (13,185,892)	\$ (12,495,541)	\$ (15,509,969)	\$ (18,838,689)	\$ (20,534,101)	\$ (16,213,873)	\$ (20,515,419)
Business-Type Activities	295,791	281,976	779,060	593,392	97,770	(3,078,186)	(117,358)	2,366,535
Total primary Government Net Expense	\$ (15,064,854)	\$ (12,903,916)	\$ (11,716,481)	\$ (14,916,577)	\$ (18,740,919)	\$ (23,612,287)	\$ (16,331,231)	\$ (18,148,884)

CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Charges in Net Assets								
Governmental Activities:								
Taxes:								
Property taxes, levied for general purpose	\$ 6,152,773	\$ 8,367,587	\$ 9,116,431	\$ 9,986,309	\$ 10,404,273	\$ 10,426,753	\$ 10,667,838	\$ 10,557,651
Sales taxes	2,572,929	2,890,126	2,911,037	3,078,717	2,399,744	2,797,621	2,714,102	2,956,964
Franchise taxes	671,111	717,624	769,549	777,675	821,144	777,843	803,969	814,766
Business licenses taxes	273,432	323,055	334,840	344,497	352,528	323,307	347,665	347,096
Other taxes	2,113,733	2,104,870	2,379,845	3,158,469	3,942,594	4,109,696	4,143,183	4,133,582
Motor Vehicle In Lieu - Unrestricted	2,034,071	88,757	171,499	110,144	74,215	76,294	150,390	13,267
Use of money and property	489,121	619,237	839,529	921,232	658,997	517,079	415,280	381,165
Gain on sale of assets	-	-	-	1,100,000	-	-	-	-
Other	154,813	646,065	127,106	69,013	73,594	207,937	165,462	104,245
Transfers	-	-	-	-	-	(1,829,787)	-	-
Extraordinary gain/loss on dissolution of RDA	-	-	-	-	-	-	-	(442,708)
Total Governmental Activities	14,461,983	15,757,321	16,649,836	19,546,056	18,727,089	17,406,743	19,407,889	18,866,028
Business-Type Activities:								
Use of money and property	211,678	369,399	401,925	370,557	227,528	681,532	77,378	45,652
Gain on sale of assets	-	-	-	11,075	-	-	-	-
Other	97,177	90,764	54,042	14,695	13,814	12,379	13,103	10,901
Transfers	-	-	-	-	-	1,829,787	-	-
Total Business-Type Activities	308,855	460,163	455,967	396,327	241,342	2,523,698	90,481	56,553
Total Primary Government	\$ 14,770,838	\$ 16,217,484	\$ 17,105,803	\$ 19,942,383	\$ 18,968,431	\$ 19,930,441	\$ 19,498,370	\$ 18,922,581
Changes in Net Assets								
Governmental Activities	\$ (898,662)	\$ 2,571,429	\$ 4,154,295	\$ 4,036,087	\$ (111,600)	\$ (3,127,358)	\$ 3,194,016	\$ (1,649,391)
Business-Type Activities	604,646	742,139	1,235,027	989,719	339,112	(554,488)	(26,877)	2,423,088
Total Primary Government	\$ (294,016)	\$ 3,313,568	\$ 5,389,322	\$ 5,025,806	\$ 227,512	\$ (3,681,846)	\$ 3,167,139	\$ 773,697

CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved	\$ 542,341	\$ 645,341	\$ 397,742	\$ 292,562	\$ 1,550,920	\$ 947,588	\$ -	\$ -
Unreserved	3,459,743	4,489,626	6,351,164	9,559,379	9,491,709	10,251,769	-	-
Nonspendable	-	-	-	-	-	-	426,430	433,637
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	2,564,280	2,563,481
Unassigned	-	-	-	-	-	-	10,541,790	11,757,341
Total General Fund	<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>	<u>\$ 11,199,357</u>	<u>\$ 13,532,500</u>	<u>\$ 14,754,459</u>
All Other Governmental Funds								
Reserved	\$ 293,809	\$ 2,456,501	\$ 1,537,309	\$ 254,778	\$ 1,194,959	\$ 420,227	\$ -	\$ -
Unreserved:								
Unreserved, reported in nonmajor,								
Special revenue funds	1,440,330	205,647	384,352	3,056,391	2,584,720	1,112,446	-	-
Capital Projects funds	-	-	-	-	3,064,554	1,977,128	-	-
Designated for:								
Low & moderate housing	436,976	463,776	488,506	530,096	-	-	-	-
Debt service	198,968	202,044	197,110	200,497	-	-	-	-
Undesignated	2,012,312	941,127	1,260,671	1,480,465	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	4,438,340	2,722,783
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(2,355,949)	(4,015,530)
Total all other Governmental Funds	<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>	<u>\$ 3,509,801</u>	<u>\$ 2,082,391</u>	<u>\$ (1,292,747)</u>

The City of South Pasadena has elected to show the last eight 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 Eight Fiscal Years
(Modified Accrual Basis Of Accounting)**

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:								
Taxes	\$ 11,449,664	\$ 13,972,117	\$ 15,166,586	\$ 16,850,652	\$ 17,689,431	\$ 18,037,383	\$ 18,317,689	\$ 18,393,272
Assessments	1,097,970	1,068,561	1,133,914	895,773	885,515	883,681	885,387	888,619
Licenses and permits	791,522	842,947	876,297	893,237	1,004,933	934,708	1,000,988	944,680
Intergovernmental	3,996,994	3,584,136	5,089,034	2,288,858	2,635,222	1,942,882	2,572,819	2,909,377
Charges for services	2,649,613	2,683,695	2,398,566	2,822,380	2,449,932	1,982,863	2,144,589	2,222,151
Use of money and property	509,282	642,950	868,349	921,232	658,997	517,079	415,280	381,165
Fines and forfeitures	544,883	603,086	643,055	636,668	701,894	629,280	552,093	533,035
Contributions	-	14,053	20,114	19,005	11,050	10,050	15,637	11,285
Miscellaneous	790,231	1,231,214	543,280	579,812	419,952	508,025	733,700	701,995
Total revenues	21,830,159	24,642,759	26,739,195	25,907,617	26,456,926	25,445,951	26,638,182	26,985,579
Expenditures:								
Current:								
General government	4,427,679	4,467,746	4,188,718	3,855,522	3,893,079	4,220,337	4,099,345	4,207,231
Public safety	9,496,581	9,703,634	9,727,416	10,670,808	11,134,224	11,147,779	10,608,012	11,217,259
Community development	781,903	766,775	880,902	1,005,406	831,613	919,697	913,862	955,648
Community services	2,270,982	2,299,564	2,507,378	2,679,273	2,764,489	2,887,103	3,024,889	2,915,639
Public works	2,511,989	2,721,530	2,777,051	2,852,322	3,217,465	3,297,647	2,806,005	3,024,746
Capital outlay	1,634,550	3,790,870	5,609,950	1,169,533	1,812,804	5,540,889	5,978,832	2,467,712
Debt service:								
Principal retirement	109,826	112,359	127,262	114,894	181,845	123,891	131,037	48,289
Interest and fiscal charges	179,240	177,557	128,516	145,997	140,221	134,275	127,929	67,064
Total expenses	21,412,750	24,040,035	25,947,193	22,493,755	23,975,740	28,271,618	27,689,911	24,903,588
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	417,409	602,724	792,002	3,413,862	2,481,186	(2,825,667)	(1,051,729)	2,081,991
Other financing sources (uses):								
Transfers in	96,541	-	18,000	42,573	25,758	24,136	146,179	46,729
Transfers out	(96,541)	-	(18,000)	(42,573)	(25,758)	(376,173)	(146,179)	(46,729)
Proceed from sale of capital assets	-	-	-	1,100,000	-	-	-	-
Proceed from sale of capital assets	-	-	-	1,100,000	-	-	-	-
Capital leases	-	-	495,173	-	-	-	-	-
Notes and loans issued	-	-	65,000	-	-	-	-	-
Total other financing sources (uses)	-	-	560,173	1,100,000	-	(352,037)	-	-
Extraordinary gain/(loss) on dissolution 'of redevelopment agency								
	-	-	-	-	-	-	-	(2,277,708)
Net change in fund balances / net assets	\$ 417,409	\$ 602,724	\$ 1,352,175	\$ 4,513,862	\$ 2,481,186	\$ (3,177,704)	\$ (1,051,729)	\$ (195,717)
Debt service as a percentage of noncapital expenditures								
	1.5%	1.4%	1.3%	1.3%	1.4%	1.1%	1.2%	0.5%

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

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Revenue Capacity

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>
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
2010	2,899,484	224,824	142,474	(30,931)	3,235,851	0.240%	N/A	N/A
2011	2,972,102	228,851	125,651	(32,678)	3,293,926	0.240%	N/A	N/A
2012	3,049,558	236,648	143,771	(32,852)	3,397,125	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
	2003	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096
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
2010	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2011	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2012	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			
2003	0.1712	0.0005	0.0676	0.0009	0.0067	0.0010	-	1.3174	
2004	0.1712	0.0005	0.1105	0.0005	0.0061	0.0010	0.0068	1.3661	
2005	0.1712	0.0005	0.1041	0.0002	0.0058	0.0009	0.0088	1.3611	
2006	0.1712	0.0005	0.0957	0.0001	0.0052	0.0008	0.0041	1.3471	
2007	0.1712	0.0005	0.0897	0.0001	0.0047	0.0007	0.0208	1.3571	
2008	0.1712	0.0005	0.0860	-	0.0045	-	0.0197	1.3516	
2009	0.1712	0.0005	0.0860	-	0.0043	-	0.0174	1.3478	
2010	0.1712	0.0005	0.0884	-	0.0043	-	0.0230	1.3558	
2011	0.1712	0.0005	0.1105	-	0.0037	-	0.0199	1.3741	
2012	0.1712	0.0005	0.1058	-	0.0037	-	0.0196	1.3691	

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

Taxpayer	2012			2003		
	Combined Taxable Value (1)	Rank	Percentage of Total City Taxable Assessed Value	Combined Taxable Value (1)	Rank	Percentage of Total City Taxable Assessed Value
H and O Fair Oaks Partners	\$ 16,380,695	1	0.48%	\$ 14,210,358	1	0.70%
99 Pasadena Avenue LLC	10,959,793	2	0.32%	-	-	-
Casa De General LLC	10,613,629	3	0.31%	-	-	-
Golden Oaks Investment LP	9,198,168	4	0.27%	-	-	-
NNC Terraces at South Pasadena LLC	9,075,329	5	0.27%	-	-	-
California Empire LP	8,834,896	6	0.26%	7,640,697	2	0.38%
Kan Investment Limited LLC	8,802,033	7	0.26%	-	-	-
Time Warner Entertainment	8,341,024	8	0.25%	-	-	-
Richard Wagner Trust	8,176,668	9	0.24%	6,670,398	5	0.33%
HP III Limited	7,685,398	10	0.23%	6,671,676	4	0.33%
Andrew J. And Peggy T. Cherng Trust	-	-	-	7,403,081	3	0.36%
Jerry B. And Roberta L. Furrey Trust	-	-	-	6,470,630	6	0.32%
Pasadena Industrial Associates	-	-	-	5,994,625	7	0.30%
Hilbert Properties II	-	-	-	5,872,575	8	0.29%
Young Properties	-	-	-	5,851,088	9	0.29%
Thomas W. and Mary S. Redfern Trust	-	-	-	5,816,283	10	0.29%
Total	\$ 98,067,633		2.89%	\$ 72,601,411		3.59%

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
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%
2010	7,261,945	7,237,513	99.7%	(12,883)	7,224,630	99.5%
2011	7,422,229	7,375,394	99.4%	(6,476)	7,368,918	99.3%
2012	7,669,207	7,570,264	98.7%	(17,918)	7,552,346	98.5%

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

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Debt Capacity

CITY OF SOUTH PASADENA

Ratios of Outstanding Debt by Type,
Last Eight 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			
2005	\$ 2,285,000	\$ -	\$ -	\$ 8,800,000	\$ 11,085,000	1.21%	436
2006	2,220,000	-	-	8,685,000	10,905,000	1.13%	426
2007	2,150,000	437,911	65,000	8,400,000	11,052,911	1.07%	432
2008	2,075,000	398,017	65,000	8,190,000	10,728,017	0.99%	419
2009	2,000,000	356,172	-	51,375,000	53,731,172	4.93%	2,099
2010	1,920,000	312,281	-	51,150,000	53,382,281	5.02%	2,074
2011	1,835,000	266,243	-	50,915,000	53,016,243	4.60%	2,048
2012	-	217,955	-	50,670,000	50,887,955	4.17%	1,978

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

CITY OF SOUTH PASADENA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2012**

Fiscal Year 2011-12 Assessed Valuation : \$3,031,018,369 After Deducting \$366,106,938 Redevelopment increment.

<u>Overlapping Debt:</u>	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/12</u>
Metropolitan Water District	\$ 94,031,705	0.351%	\$ 330,155
Pasadena Area Community College District 2002 Ser A	980,000	5.561%	54,501
Pasadena Area Community College District 2002 Ser D	51,910,000	5.649%	2,910,145
Pasadena Area Community College District 2006 Ser B	47,560,000	5.561%	2,644,947
Pasadena Area Community College District 2006 Ser C	8,660,106	5.561%	481,613
Total Overlapping Tax and Assessment Debt			<u>\$ 6,421,361</u>
<u>Direct Debt:</u>			
South Pasadena Unified 96 Ser A	\$ 3,100,000	100.000%	\$ 3,100,000
South Pasadena Unified DS 95 Ser B	3,069,877	100.000%	3,069,877
South Pasadena Unified SD DS 95 S-C	7,034,339	100.000%	7,034,339
South Pasadena USD SD DS 95 Ser D	1,623,445	100.000%	1,623,445
South Pasadena USD DS 2002 S-03 A	9,204,680	100.000%	9,204,680
Total Direct and Overlapping General Fund Obligation Debt			<u>\$ 24,032,341</u>
COMBINED TOTAL DEBT			<u>\$ 30,453,702 (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	0.79%
Overlapping Debt	0.21%
Total Debt	1.00%

CITY OF SOUTH PASADENA

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

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 3,397,125
Debt limit (15% of assessed value)	509,569
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>\$ 509,569</u></u>

Fiscal Year	Debt Limit	Total net debt Applicable to Limit	Legal Debt Limit	Total net debt Applicable to the Limit as a Percentage of Debt limit
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%
2010	485,378	-	485,375	0.00%
2011	494,089	-	494,089	0.00%
2012	509,569	-	509,569	0.00%

CITY OF SOUTH PASADENA

**Pledged-Revenue Coverage
Last Eight 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	4,563	3,683	880	220	635	1.03
2010	4,283	4,490	(207)	225	2,158	(0.09)
2011	4,956	2,581	2,375	235	2,439	0.89
2012	6,911	4,086	2,825	245	2,423	1.06

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.

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Demographic and Economic Information

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)
2001	24,977	\$ 829,668	\$ 33,217	3.3%
2002	25,224	860,347	34,108	3.4%
2003	25,441	914,963	35,964	3.2%
2004	25,606	966,725	37,754	2.6%
2005	25,578	1,033,688	40,413	2.3%
2006	25,576	1,078,809	42,181	2.4%
2007	25,604	1,090,450	42,589	3.6%
2008	25,737	1,063,171	41,309	5.8%
2010	25,881	1,152,274	44,522	6.3%
2011	25,725	1,220,780	47,455	6.1%

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

CITY OF SOUTH PASADENA

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

<u>Employer</u>	<u>2011-2012</u>			<u>2002-2003 *</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>
So. Pasadena Convalescent Hospital	146	1	4.00%			
Mission Hospice	134	2	3.67%			
Bristol Farms	102	3	2.79%			
The Vons Companies	95	4	2.60%			
WNC Insurance Services, Inc.	88	5	2.41%			
Trader Joe's	75	6	2.05%			
Ralph's Grocery Co.	70	7	1.92%			
Institute for the Redesign of Learning	68	8	1.86%			
Stargate Films, Inc.	66	9	1.81%			
Orchard Supply Hardware	60	10	1.64%			
	<u>904</u>		<u>15.55%</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 Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Function/Program</u>										
General government										
Legislative	7	8	7	7	7	7	8	8	8	8
City Manager	5	6	7	7	7	7	8	8	10	10
Finance	7	7	9	8	9	8	8	8	8	8
Public Safety	75	80	81	81	81	81	81	81	88	81
Community Development	5	6	6	6	7	7	6	6	7	6
Community Services	17	34	34	36	38	39	39	39	59	39
Public Works	20	20	16	16	16	22	22	22	18	19
Water Utility	8	8	14	14	14	9	9	9	12	11
Total	144	169	174	175	179	180	182	182	210	182

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.

Operating Information

CITY OF SOUTH PASADENA

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Building permits issued	551	578	311	381	381	318	282	326	380	342
Building inspections conducted	2,310	2,355	1,888	2,154	2,154	2,230	2,152	2,113	2,158	2,376
Refuse collection										
Refuse collected (tons per day)	N/A	N/A	N/A	79	79.3	79.3	89.0	92.0	90.0	90.0
Recyclables collected (tons per day)	N/A	N/A	N/A	33	32.6	36.0	40.0	38.0	38.0	38.0
Other public works										
Street resurfacing (miles)	N/A	N/A	N/A	1	0.7	0.0	0.2	0.8	2.5	2.0
Potholes repaired *	N/A	N/A	N/A	545	450	340	480	520	580	1,600
Water										
New connections	N/A	N/A	N/A	18	20	16	18	18	10	9
Water main breaks	N/A	N/A	4	9	10	13	12	4	9	5
Average daily consumption (million gallons)	N/A	N/A	N/A	5	4.85	4.52	4.47	4.20	3.80	3.95
Peak daily consumption (million gallons)	N/A	N/A	N/A	7	6.96	6.96	6.10	6.09	5.50	5.50
Fire Department										
Total number of emergency calls responded to	2,028	2,017	1,902	1,620	1,807	1,785	1,850	1,780	1,760	1,664
Total number of fire inspections	N/A	360	317	480	480	480	470	254	229	544
Police Department										
Arrest stats	1,051	1,113	1,127	1,392	1,392	1,540	1,546	2,056	1,096	1,159
Traffic citations	3,734	4,136	4,101	5,762	1,858	6,669	7,641	8,216	4,734	3,468
Parking citations	9,145	16,117	14,401	13,308	11,387	14,806	12,800	10,967	9,314	9,629
Community Services										
Facility rentals	21	36	29	36	34	40	45	58	54	60
Recreation classes	174	188	212	207	246	248	181	180	237	419

NOTE:

* Based on average sized potholes and cold patch purchased.

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other public works										
Streets (miles)	55	55	59	59	55	55	55	55	55	55
Traffic signals	N/A	N/A	N/A	30	30	30	30	31	31	31
Parks and recreation										
Parks	5	5	6	6	6	6	6	6	6	6
Acreage	85	85	86	89	89	89	89	89	89	89
Playgrounds	N/A	N/A	N/A	4	4	4	4	4	4	4
Baseball/softball diamonds	N/A	N/A	N/A	5	5	6	6	6	6	6
Soccer/football fields	N/A	N/A	N/A	4	4	4	4	4	4	4
Community centers	N/A	N/A	N/A	4	4	5	5	5	5	5
Water										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	N/A	N/A	N/A	165	165	165	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.

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