

*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011*



City of South Pasadena, CA



CITY OF SOUTH PASADENA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011
PREPARED BY: FINANCE DEPARTMENT

CITY OF SOUTH PASADENA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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CITY OF SOUTH PASADENA

FINANCE DEPARTMENT

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December 23, 2011

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, 2011, 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, 2011, 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 2010/11, the City of South Pasadena, the greater Los Angeles region and the State of California, all continue to realize reduced 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 all impact the city's economic base.

Property taxes are the City's largest tax source and make up approximately half of the General Fund revenues. Property taxes have demonstrated several years of strong increases in growth in assessed values and in corresponding tax collections, 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. Valuation of South Pasadena properties grew by an average of 6.51% over the five-year period prior to FY 2010/11; for this year, General Fund property tax showed a

\$145,643 (1.9%) increase, which is stable compared to other cities within Los Angeles County. South Pasadena, 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.

FY 2010/11 was the third year in which the City collected an additional 3%, above the current 5%, Utility Users Tax (UUT). The additional 3% UUT brought in \$1,368,799, and was used to offset increased personnel and infrastructure expenses. The 3% UUT is set to expire in March 2013, and will be considered for voter approval for continuation at the November 2011 local elections. Utility Users Tax is the second largest revenue source for the General Fund.

Overall, South Pasadena continues to remain in satisfactory financial condition thanks to a relatively diverse and stable revenue base. Our core services, in spite of steady and progressive revenue losses to the State of California, have remained consistent. We estimate that the City of South Pasadena loses at least \$2 million in General Fund property tax revenue each year resulting from property tax revenue shifts that commenced in 1992/93. Taking matters into our own hands, the City has implemented the many findings of its various financial review committees, including a full allocation of costs between funds and a professional cost recovery/fee study in FY 2009/10. These changes have modestly maintained or improved the General Fund bottom line.

Long-term financial planning for infrastructure. In FY 2003/04, the City 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. Water rates were approved to increase by 15%, 15%, 14% and 11% each consecutive fiscal year. Sewer rates were approved to increase by 15%, 15%, and 25% for three consecutive years starting on July 1, 2009. On March of 2011, the City Council further increased the water rates to meet escalating expenses in the purchase of water. The City also issued \$43.4 million of water revenue bonds to work on various reservoirs, water mains and transmission lines throughout the city. In FY 2010/11, the City Council also committed at least \$1.2 million annually towards the rehabilitation of city streets.

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

Pension and other postemployment benefits The City provides its full-time employees retirement benefits through two defined benefit pension plans, one for its sworn police and fire safety employees, and one for its miscellaneous employees. These plans are part of the California Public Employee Retirement System (CalPERS). The City makes contributions to the plans

based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions, or a portion thereof, on their behalf and for their account. The City also provides employment and post-employment health benefits through PERS.

The City provides post-employment health benefits to its employees in accordance with agreements reached with the various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to the contribution limits established in the agreements with each respective bargaining unit. These payments are financed on a pay-as-you-go basis. As of 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.

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, 2010. 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 24 consecutive years (fiscal years ended 1987 through 2010). 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, John Davidson, and continued commitment from the City Council in conducting the financial operations and corresponding financial disclosures of the City in an open, public and transparent manner. Finally, thanks are again extended to the firm of Lance, Soll & Lunghard, who added many contributions to our internal control structure and improvements in our financial reporting.

Respectfully submitted,



Chu Thai
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Pasadena
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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. Davison

President

Jeffrey R. Enos

Executive Director

CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

Mike Ten
Mayor

Michael A. Cacciotti
Mayor Pro Tempore

Philip C. Putnam
Council member

Richard D. Schneider, M.D.
Council member

David Sifuentes
Council member

ADMINISTRATION AND DEPARTMENT HEADS

City Manager and Executive Director of
South Pasadena Redevelopment Agency

John Davidson

Assistant City Manager

Sergio Gonzalez

City Clerk

Sally Kilby

City Treasurer

Vacant

Director of Finance

Chu Thai

Director of Public Works

Shin Furukawa (Acting)

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

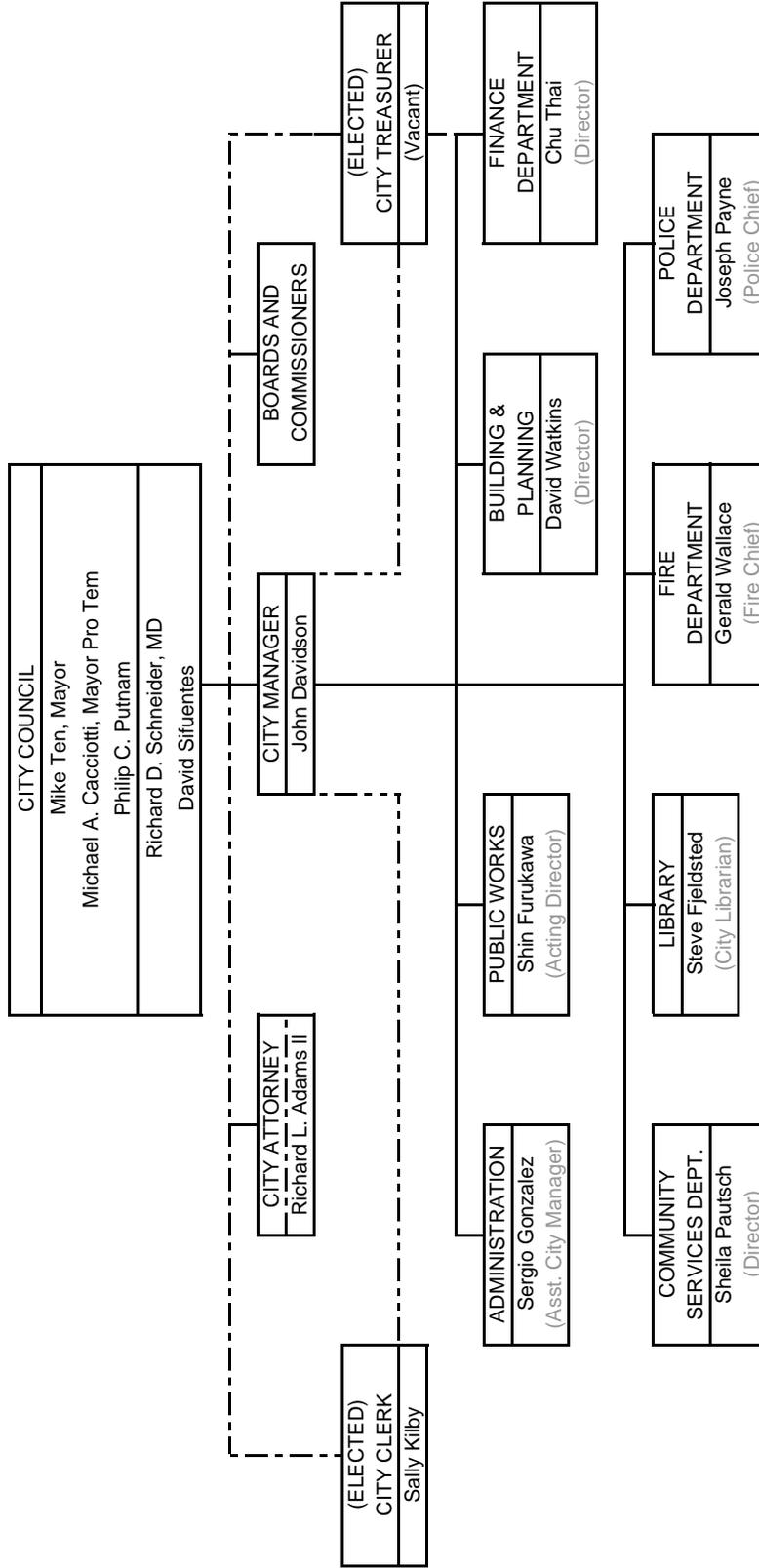
City Attorney

Richard L. Adams II

CITY OF SOUTH PASADENA

ORGANIZATIONAL CHART

2010 - 2011



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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Pasadena, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of South Pasadena's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Pasadena as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and the Traffic Improvement 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 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27, which dissolve redevelopment agencies effective October 1, 2011, and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of the City of South Pasadena's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

Accounting principles generally accepted in the United States of America require that the management's discussion 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. 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's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, 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 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 & Luyhard, LLP

Brea, California
December 23, 2011

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, 2011. 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 \$82,003,902 (*net assets*). Of this amount, \$6,562,890 (*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 \$4,531,144.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,657,429 a decrease of \$1,051,729. Of this amount, \$6,228,379 or approximately 45.6% of total fund balances are available for spending at the City's discretion (*unassigned fund balance*).
- The decrease in the City's governmental funds reported combined fund balances was primarily the result of decreases in grants received and significant increases in capital expenditures.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$10,541,790, or 53.9% of total General Fund Expenditures.
- The City's net capital assets increased \$8,919,953 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 and sewer 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 32 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 30 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. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

The combining statements referred to earlier in connection with nonmajor governmental funds 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 \$82,003,902 at the close of the most recent fiscal year. This represents an increase of \$4,531,144 or 5.8% 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, \$65,291,945 or 79.6% 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, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$19,175,034	\$17,660,054	\$44,697,257	\$49,835,346	\$63,872,291	\$67,495,400
Capital assets	62,842,985	59,574,447	17,832,171	12,180,756	80,675,156	71,755,203
Total assets	\$82,018,019	\$77,234,501	\$62,529,428	\$62,016,102	\$144,547,447	\$139,250,603
Long-term liabilities outstanding	\$7,716,878	\$6,184,524	\$49,948,764	\$50,137,196	\$57,665,642	\$56,321,720
Other liabilities	2,558,170	2,501,022	2,319,733	2,955,103	4,877,903	5,456,125
Total liabilities	\$10,275,048	\$8,685,546	\$52,268,497	\$53,092,299	\$62,543,545	\$61,777,845
Net assets:						
Invested in capital assets	\$60,741,741	\$57,541,752	\$4,550,204	\$1,276,626	\$65,291,945	\$58,818,378
Restricted	4,438,340	4,069,279	32,451,626	36,135,935	36,889,966	40,205,214
Unrestricted	6,562,890	6,937,924	(26,740,899)	(28,488,758)	(20,178,009)	(21,550,834)
Total Net Assets	\$71,742,971	\$68,548,955	\$10,260,931	\$8,923,803	\$82,003,902	\$77,472,758

The second largest portion of the City net assets of \$36,889,966 represents special revenue resources and bond proceeds that are subject to external restrictions on how they may be used.

Unrestricted net assets show a deficit balance of \$20,178,009 which is a reflection of the debt that was issued in the Water Enterprise Fund for capital improvements.

The City's governmental current assets increased by \$1,514,980, and capital assets increased by \$3,268,538 as several large grants for capital improvements received in prior years were expended. The City's business-type current assets decreased by \$5,138,089, due primarily to substantial increases in spending on infrastructure projects; capital assets show a corresponding increase of \$5,651,415. The City reported a net increase of \$8,919,953 in capital assets, as several large projects were completed, including increased spending on street improvement projects.

The City's governmental restricted net assets increased by \$369,061 while the City's business-type restricted net assets decreased by \$3,684,309 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, 2011 and 2010**

	Gov Activities	Gov Activities	Bus-Type Activities	Bus-Type Activities	Total	Total
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$4,790,607	\$4,374,919	\$5,703,554	\$4,927,289	\$10,494,161	\$9,302,208
Operating contributions and grants	3,640,693	1,246,435			3,640,693	1,246,435
Capital contributions and grants	1,305,657	820,447			1,305,657	820,447
General revenues:						
Property taxes	10,667,838	10,426,753			10,667,838	10,426,753
Other taxes	8,008,919	8,008,467			8,008,919	8,008,467
Intergovernmental	150,390	76,294			150,390	76,294
Use of Money & Property	415,280	517,079	77,378	681,532	492,658	1,198,611
Other	165,667	207,937	13,103	12,379	178,770	220,316
Transfers		(1,829,787)		1,829,787		
Total revenues	\$29,145,051	\$23,848,544	\$5,794,035	\$7,450,987	\$34,939,086	\$31,299,531
Expenses:						
General government	\$5,935,876	\$5,816,414			\$5,935,876	\$5,816,414
Public safety	10,939,183	11,589,395			10,939,183	11,589,395
Public works	4,863,335	5,484,601			4,863,335	5,484,601
Community Services	3,175,891	3,033,614			3,175,891	3,033,614
Community Development	911,718	920,339			911,718	920,339
Interest on long-term debt	125,032	131,539			125,032	131,539
Water			5,105,517	7,144,268	5,105,517	7,144,268
Sewer			715,395	861,207	715,395	861,207
Total expenses	\$25,951,035	\$26,975,902	\$5,820,912	\$8,005,475	\$31,771,947	\$34,981,377
Increase in net assets	\$3,194,016	(\$3,127,358)	(\$26,877)	(\$554,488)	\$3,167,139	(\$3,681,846)
Net assets - July 1, 2010	68,548,955	71,676,313	8,923,803	9,478,291	77,472,758	81,154,604
Restatement of Net Assets			1,364,005		1,364,005	
Net assets - June 30, 2010	\$71,742,971	\$68,548,955	\$10,260,931	\$8,923,803	\$82,003,902	\$77,472,758

Governmental Activities

Governmental activities net assets increased by \$3,194,016. Key elements of the change in governmental activities net assets are as follows:

- In the prior year, the establishment of the Sewer Enterprise Fund resulted in a transfer of assets of \$1,829,787 from governmental to business-type activities; there was no similar action in FY 2011.
- Total taxes from governmental activities, increased by \$241,537 (1.3%) from the prior year.
- Property taxes are levied based on assessed values, although increases in the assessed values of properties that do not change ownership are generally limited to 2% annually. The real estate environment in FY 2011 improved, resulting in a \$241,085 (2.3%) increase.
- Sales taxes generally are a direct reflection of the general economy, and South Pasadena sales tax revenue decreased by \$83,519 (0.3%); while the recession appears to have bottomed out for the City's mature tax bases, i.e. no big box stores, car dealerships, etc., extensive road reconstruction in the downtown area led to decreases in sales volumes for affected businesses.
- Program revenues increased by \$3,295,156 or 51.2% primarily as a result of an increase in capital grant funding.
- Investment earnings decreased by \$101,799 (19.7%) during the year. This was primarily a result of continuing substantial declines in interest rates.
- Governmental activities expense decreased by \$1,024,867 or 3.8% during FY 2011, driven largely by achieved savings in labor and benefit costs.

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 \$32,451,626, and unrestricted net assets of the fund at the end of the year show a deficit balance of \$26,740,899. Total net assets for these funds were \$10,260,931, an increase of \$1,337,128 (15.0%) over the prior year, primarily as a result of major decreases in the cost of purchased water and associated operations, and a restatement of capitalized interest for construction 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 \$13,657,429 a decrease of \$1,051,729 from the prior year. This is primarily the result of decreases in capital grants and spending in Special Revenue Funds as projects were completed.

Approximately 45.6% 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 (32.5%), committed by City Council action for specific purposes (18.8%), or represents net assets that are nonspendable resources (3.1%).

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 \$10,541,790, while the total fund balance reached \$13,532,500. 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 53.9% of General Fund expenditures, while the total fund balance represents 69.2% of that same amount.

The fund balance of the City's General Fund increased by \$2,333,143 during the current fiscal year. This represents an increase of 20.8% in fund balance from FY 2010. Key factors in this increase are as follows:

- Tax revenues increased \$122,245 or 0.8%. The majority of tax revenues is reported in and benefits General Fund activities. The nature of the taxes and the reasons for the change in these revenue sources is the same as described earlier for governmental activities.
- Miscellaneous revenues increased by \$238,224 or 54.1%, due primarily to a large insurance reimbursement.
- Expenditures decreased by \$1,841,146 or 8.6% primarily as a result of employee salary and benefit savings, and a significant reduction in capital outlay paid directly by the General Fund.

Other governmental funds' fund balances decreased \$3,384,872 (96.5%) from FY 2010. This was due primarily to substantial expenditures for capital projects.

General Fund Budgetary Highlights

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

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

The General Fund reflected a net total favorable budget variance of \$3,422,763 (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 \$930,644 and a favorable variance in total expenditures of \$2,492,099. The only significant budgetary variance between the final amended budget and actual results was in the area of capital outlay.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$62,842,985 (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 \$7,716,878.

City of South Pasadena Long-Term Debt

	Governmental Activities	
	2011	2010
Employee compensated absences	774,137	878,169
Capital Leases	266,243	312,281
2000 Tax Allocation Bonds	1,835,000	1,920,000
Net OPEB Liability	4,841,498	3,074,074
Total	7,716,878	6,184,524

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

Proprietary Fund Long-Term Debt

	Business-Type Activities	
	2011	2010
2004 Water Revenue Bonds	7,510,000	7,745,000
2009 Water Revenue Bonds	43,405,000	43,405,000
Compensated Absences	66,161	55,907
Unamortized Bond Premium (2004)	11,291	11,921
Unamortized Bond Discount (2009)	(1,043,688)	(1,080,632)
Total	49,948,764	50,137,196

Proprietary fund long-term debt decreased by \$188,432 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 6 in the Notes to Financials Statements section of this report.

Economic Factors and Next Year's Budget

- The primary factor affecting cities throughout California and the City of South Pasadena in particular at this time is the State of California's budget crisis. In FY 2011 the State continued to take tax increment from redevelopment agencies, including \$44,493 from South Pasadena in order to help fund school systems. Additionally, the State has passed legislation ordering the dissolution of redevelopment agencies unless they pay over some of their increment to the State for the "privilege" of continuing operations. The constitutionality of these actions is 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 1.8% and 1.75% have been realized in FY 2011 and FY 2010, respectively. Property tax revenue (36.6% of City-wide revenues for governmental activities) remains the primary foundation of general fund revenues.
- Increases in the contributions toward employee pensions through the California Public Employees Retirement System (PERS) remain a concern.

During the 2011 fiscal year, unassigned fund balance in the General Fund remained substantial at \$10,541,790. For the 2012 fiscal year General Fund expenditures are expected to exceed General Fund revenues by \$229,459. The fiscal year 2012 Budget also includes \$14,320,027 for much-needed capital improvements to the City's water systems, funded with proceeds from the 2009 Water Revenue Bond issue. It remains the intention of City management not to use 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, cthai@ci.south-pasadena.ca.us, 626.403.7252, or by U.S. mail: Finance Department, 1414 Mission Street, South Pasadena, CA, 91030.

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CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 13,153,249	\$ 6,250,406	\$ 19,403,655
Receivables:			
Accounts	440,495	686,537	1,127,032
Taxes	1,200,959	-	1,200,959
Notes and loans	250,000	-	250,000
Accrued interest	4,817	3,435	8,252
Internal balances	360,000	(360,000)	-
Due from other governments	3,389,497	-	3,389,497
Inventories	176,430	197,852	374,282
Deferred charges	-	1,318,391	1,318,391
Restricted assets:			
Cash with fiscal agent	199,587	36,600,636	36,800,223
Capital assets not being depreciated	11,836,222	11,827,052	23,663,274
Capital assets, net of depreciation	51,006,763	6,005,119	57,011,882
Total Assets	82,018,019	62,529,428	144,547,447
Liabilities:			
Accounts payable	1,551,531	1,601,436	3,152,967
Accrued liabilities	439,453	55,486	494,939
Accrued interest	30,068	607,263	637,331
Unearned revenue	97,593	-	97,593
Deposits payable	439,525	55,548	495,073
Noncurrent liabilities:			
Due within one year	215,703	251,616	467,319
Due in more than one year	7,501,175	49,697,148	57,198,323
Total Liabilities	10,275,048	52,268,497	62,543,545
Net Assets:			
Invested in capital assets, net of related debt	60,741,741	4,550,204	65,291,945
Restricted for:			
Community development	1,959,276	-	1,959,276
Public safety	293,662	-	293,662
Community services	556,029	-	556,029
Capital projects	1,429,786	32,451,626	33,881,412
Debt service	199,587	-	199,587
Unrestricted	6,562,890	(26,740,899)	(20,178,009)
Total Net Assets	\$ 71,742,971	\$ 10,260,931	\$ 82,003,902

CITY OF SOUTH PASADENA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,935,876	\$ 1,472,338	\$ 51,115	\$ -
Public safety	10,939,183	860,609	437,544	-
Community development	911,718	530,395	505,547	-
Community services	3,175,891	805,608	46,012	-
Public works	4,863,335	1,121,657	2,600,475	1,305,657
Interest on long-term debt	125,032	-	-	-
Total Governmental Activities	25,951,035	4,790,607	3,640,693	1,305,657
Business-Type Activities:				
Water	5,105,517	4,943,874	-	-
Sewer	715,395	759,680	-	-
Total Business-Type Activities	5,820,912	5,703,554	-	-
Total Primary Government	\$ 31,771,947	\$ 10,494,161	\$ 3,640,693	\$ 1,305,657

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Utility users tax
- Other taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

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

Governmental Activities	Business-Type Activities	Total
\$ (4,412,423)	\$ -	\$ (4,412,423)
(9,641,030)	-	(9,641,030)
124,224	-	124,224
(2,324,271)	-	(2,324,271)
164,454	-	164,454
(125,032)	-	(125,032)
(16,214,078)	-	(16,214,078)
-	(161,643)	(161,643)
-	44,285	44,285
-	(117,358)	(117,358)
(16,214,078)	(117,358)	(16,331,436)
10,667,838	-	10,667,838
2,714,102	-	2,714,102
803,969	-	803,969
347,665	-	347,665
3,650,113	-	3,650,113
493,070	-	493,070
150,390	-	150,390
415,280	77,378	492,658
165,667	13,103	178,770
19,408,094	90,481	19,498,575
3,194,016	(26,877)	3,167,139
68,548,955	8,923,803	77,472,758
-	1,364,005	1,364,005
\$ 71,742,971	\$ 10,260,931	\$ 82,003,902

CITY OF SOUTH PASADENA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General	Special Revenue Fund Traffic Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	\$ 8,839,553	\$ -	\$ 4,313,696	\$ 13,153,249
Receivables:				
Accounts	399,357	-	41,138	440,495
Taxes	1,158,079	-	42,880	1,200,959
Notes and loans	250,000	-	-	250,000
Accrued interest	1,762	-	3,055	4,817
Due from other governments	86,114	2,067,977	1,235,406	3,389,497
Due from other funds	3,971,924	-	-	3,971,924
Inventories	176,430	-	-	176,430
Restricted assets:				
Cash and investments with fiscal agents	-	-	199,587	199,587
Total Assets	\$ 14,883,219	\$ 2,067,977	\$ 5,835,762	\$ 22,786,958
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 385,742	\$ 917,286	\$ 248,503	\$ 1,551,531
Accrued liabilities	412,177	-	27,276	439,453
Deferred revenues	114,775	2,067,977	806,751	2,989,503
Unearned revenues	-	-	97,593	97,593
Deposits payable	438,025	-	1,500	439,525
Due to other funds	-	1,040,176	2,571,748	3,611,924
Total Liabilities	1,350,719	4,025,439	3,753,371	9,129,529
Fund Balances:				
Nonspendable:				
Inventory	176,430	-	-	176,430
Notes and loans	250,000	-	-	250,000
Restricted for:				
Public safety	-	-	293,662	293,662
Parks and recreation	-	-	176,658	176,658
Public works	-	-	1,381,280	1,381,280
Capital Projects	-	-	427,877	427,877
Community development projects	-	-	1,959,276	1,959,276
Debt service	-	-	199,587	199,587
Committed to:				
Arroyo Golf Course Facility	186,280	-	-	186,280
Equipment Replacement	504,000	-	-	504,000
Legal Reserve	255,000	-	-	255,000
Renewable Energy Sources	218,000	-	-	218,000
Retiree Health Benefits	1,000,000	-	-	1,000,000
Self Insurance	401,000	-	-	401,000
Unassigned	10,541,790	(1,957,462)	(2,355,949)	6,228,379
Total Fund Balances	13,532,500	(1,957,462)	2,082,391	13,657,429
Total Liabilities and Fund Balances	\$ 14,883,219	\$ 2,067,977	\$ 5,835,762	\$ 22,786,958

CITY OF SOUTH PASADENA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund balances of governmental funds	\$ 13,657,429
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.	62,842,985
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(2,101,244)
Compensated Absences	(774,136)
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.	(4,841,498)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(30,068)
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>2,989,503</u>
Net assets of governmental activities	<u><u>\$ 71,742,971</u></u>

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Special Revenue Fund Traffic Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 16,705,902	\$ -	\$ 1,611,787	\$ 18,317,689
Assessments	-	-	885,387	885,387
Licenses and permits	929,111	-	71,877	1,000,988
Intergovernmental	682,676	-	1,890,143	2,572,819
Charges for services	2,096,541	-	48,048	2,144,589
Use of money and property	368,868	-	46,412	415,280
Fines and forfeitures	552,093	-	-	552,093
Contributions	-	-	15,637	15,637
Miscellaneous	678,882	-	55,023	733,905
Total Revenues	22,014,073	-	4,624,314	26,638,387
Expenditures:				
Current:				
General government	3,506,912	131	592,302	4,099,345
Public safety	10,570,547	-	37,465	10,608,012
Community development	913,862	-	-	913,862
Community services	2,527,861	-	497,028	3,024,889
Public works	1,437,141	-	1,368,864	2,806,005
Capital outlay	529,440	2,067,977	3,381,620	5,979,037
Debt service:				
Principal retirement	46,037	-	85,000	131,037
Interest and fiscal charges	15,271	-	112,658	127,929
Total Expenditures	19,547,071	2,068,108	6,074,937	27,690,116
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,467,002	(2,068,108)	(1,450,623)	(1,051,729)
Other Financing Sources (Uses):				
Transfers in	4,160	-	142,019	146,179
Transfers out	(138,019)	-	(8,160)	(146,179)
Total Other Financing Sources (Uses)	(133,859)	-	133,859	-
Net Change in Fund Balances	2,333,143	(2,068,108)	(1,316,764)	(1,051,729)
Fund Balances, Beginning of Year	11,199,357	110,646	3,399,155	14,709,158
Fund Balances, End of Year	\$ 13,532,500	\$ (1,957,462)	\$ 2,082,391	\$ 13,657,429

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, 2011**

Net change in fund balances - total governmental funds \$ (1,051,729)

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. 3,268,538

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 131,037

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 2,897

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. 104,033

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. (1,767,424)

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. 2,506,664

Change in net assets of governmental activities \$ 3,194,016

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,199,357	\$ 11,199,357	\$ 11,199,357	\$ -
Resources (Inflows):				
Taxes	16,190,500	16,190,500	16,705,902	515,402
Licenses and permits	933,000	933,000	929,111	(3,889)
Intergovernmental	584,667	584,667	682,676	98,009
Charges for services	1,879,500	1,879,500	2,096,541	217,041
Use of money and property	495,520	495,520	368,868	(126,652)
Fines and forfeitures	620,000	620,000	552,093	(67,907)
Miscellaneous	380,222	380,222	678,882	298,660
Transfers in	-	-	4,160	4,160
Amounts Available for Appropriation	32,282,766	32,282,766	33,217,590	934,824
Charges to Appropriation (Outflow):				
General government				
City council	58,669	58,669	43,998	14,671
City clerk	351,367	351,367	313,807	37,560
Elections	1,200	1,200	722	478
City manager	878,397	878,397	829,260	49,137
Personnel	90,700	90,700	90,903	(203)
Transportation planning	275,000	294,338	124,971	169,367
Legal services	235,000	235,000	205,408	29,592
Finance	442,975	442,975	452,400	(9,425)
City treasurer	8,603	8,603	9,595	(992)
Information services	176,130	176,130	206,123	(29,993)
Non-departmental	1,282,727	1,306,057	1,229,725	76,332
Public safety				
Police	6,882,686	6,883,395	6,779,582	103,813
Fire	3,852,446	3,854,786	3,790,965	63,821
Community development				
Community development	901,797	905,997	913,862	(7,865)
Parks and recreation				
Library	1,606,209	1,606,209	1,586,023	20,186
Senior center	217,192	217,192	213,890	3,302
Recreation	162,485	218,825	193,778	25,047
After-school day care	459,338	459,338	534,170	(74,832)
Public works				
Public works administration	675,531	505,531	458,460	47,071
Environmental services	209,270	209,270	113,291	95,979
Park maintenance	356,205	411,205	309,038	102,167
Facilities maintenance	627,838	627,838	556,352	71,486
Capital outlay	1,264,000	2,235,148	529,440	1,705,708
Debt service:				
Principal retirement	61,000	61,000	46,037	14,963
Interest and fiscal charges	-	-	15,271	(15,271)
Transfers out	-	-	138,019	(138,019)
Total Charges to Appropriations	21,076,765	22,039,170	19,685,090	2,354,080
Budgetary Fund Balance, June 30	\$ 11,206,001	\$ 10,243,596	\$ 13,532,500	\$ 3,288,904

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON STATEMENT
 TRAFFIC IMPROVEMENT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 110,646	\$ 110,646	\$ 110,646	\$ -
Resources (Inflows):				
Intergovernmental	4,121,046	4,121,046	-	(4,121,046)
Amounts Available for Appropriations	4,231,692	4,231,692	110,646	(4,121,046)
Charges to Appropriation (Outflow):				
General government	-	-	131	(131)
Capital outlay	3,829,000	3,829,000	2,067,977	1,761,023
Total Charges to Appropriations	3,829,000	3,829,000	2,068,108	1,760,892
Budgetary Fund Balance, June 30	\$ 402,692	\$ 402,692	\$ (1,957,462)	\$ (2,360,154)

CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current:			
Cash and investments	\$ 5,741,784	\$ 508,622	\$ 6,250,406
Receivables:			
Accounts	677,733	8,804	686,537
Accrued interest	3,162	273	3,435
Inventories	197,852	-	197,852
Deferred Charges	1,318,391	-	1,318,391
Restricted:			
Cash with fiscal agent	36,600,636	-	36,600,636
Total Current Assets	44,539,558	517,699	45,057,257
Noncurrent:			
Capital assets - net of accumulated depreciation	16,230,352	1,601,819	17,832,171
Total Noncurrent Assets	16,230,352	1,601,819	17,832,171
Total Assets	\$ 60,769,910	\$ 2,119,518	\$ 62,889,428
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 1,543,369	\$ 58,067	\$ 1,601,436
Accrued liabilities	46,854	8,632	55,486
Accrued interest	607,263	-	607,263
Deposits payable	55,548	-	55,548
Due to other funds	-	360,000	360,000
Accrued compensated absences	6,263	353	6,616
Bonds, notes, and capital leases	245,000	-	245,000
Total Current Liabilities	2,504,297	427,052	2,931,349
Noncurrent:			
Accrued compensated absences	56,373	3,172	59,545
Bonds, notes, and capital leases	49,637,603	-	49,637,603
Total Noncurrent Liabilities	49,693,976	3,172	49,697,148
Total Liabilities	52,198,273	430,224	52,628,497
Net Assets:			
Invested in capital assets, net of related debt	2,948,385	1,601,819	4,550,204
Restricted for capital projects	32,451,626	-	32,451,626
Unrestricted	(26,828,374)	87,475	(26,740,899)
Total Net Assets	8,571,637	1,689,294	10,260,931
Total Liabilities and Net Assets	\$ 60,769,910	\$ 2,119,518	\$ 62,889,428

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating Revenues:			
Sales and service charges	\$ 4,943,874	\$ 759,680	\$ 5,703,554
Miscellaneous	13,035	68	13,103
Total Operating Revenues	4,956,909	759,748	5,716,657
Operating Expenses:			
Administration and general	639,732	320,292	960,024
Water Distribution	1,376,439	-	1,376,439
Water Production	2,565,020	-	2,565,020
Treatment	-	331,351	331,351
Depreciation expense	125,516	63,752	189,268
Total Operating Expenses	4,706,707	715,395	5,422,102
Operating Income (Loss)	250,202	44,353	294,555
Nonoperating Revenues (Expenses):			
Interest revenue	70,552	6,826	77,378
Interest expense	(398,810)	-	(398,810)
Total Nonoperating Revenues (Expenses)	(328,258)	6,826	(321,432)
Changes in Net Assets	\$ (78,056)	\$ 51,179	\$ (26,877)
Net Assets:			
Beginning of Year, as previously reported	\$ 7,285,688	\$ 1,638,115	\$ 8,923,803
Restatements	1,364,005	-	1,364,005
Beginning of Fiscal Year, as restated	8,649,693	1,638,115	10,287,808
Changes in Net Assets	(78,056)	51,179	(26,877)
End of Fiscal Year	\$ 8,571,637	\$ 1,689,294	\$ 10,260,931

CITY OF SOUTH PASADENA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 4,908,868	\$ 779,477	\$ 5,688,345
Cash paid to suppliers for goods and services	(4,473,331)	(457,151)	(4,930,482)
Cash paid to employees for services	(617,583)	(318,383)	(935,966)
Net Cash Provided (Used) by Operating Activities	(182,046)	3,943	(178,103)
Cash Flows from Non-Capital Financing Activities:			
Advance from other funds	253,250	-	253,250
Net Cash Provided (Used) by Non-Capital Financing Activities	253,250	-	253,250
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(4,241,132)	(235,546)	(4,476,678)
Principal paid on capital debt	(235,000)	-	(235,000)
Interest paid on capital debt	(314,988)	-	(314,988)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,791,120)	(235,546)	(5,026,666)
Cash Flows from Investing Activities:			
Interest received	73,736	6,951	80,687
Net Cash Provided (Used) by Investing Activities	73,736	6,951	80,687
Net Increase (Decrease) in Cash and Cash Equivalents	(4,646,180)	(224,652)	(4,870,832)
Cash and Cash Equivalents at Beginning of Year	46,988,600	733,274	47,721,874
Cash and Cash Equivalents at End of Year	\$ 42,342,420	\$ 508,622	\$ 42,851,042
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 250,202	\$ 44,353	\$ 294,555
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	125,516	63,752	189,268
(Increase) decrease in accounts receivable	(67,595)	19,729	(47,866)
(Increase) decrease in inventory	8,706	-	8,706
Increase (decrease) in accounts payable	(540,578)	(125,800)	(666,378)
Increase (decrease) in accrued liabilities	12,866	938	13,804
Increase (decrease) in deposits payable	19,554	-	19,554
Increase (decrease) in retention payable	-	-	-
Increase (decrease) in compensated absences	9,283	971	10,254
Total Adjustments	(432,248)	(40,410)	(472,658)
Net Cash Provided (Used) by Operating Activities	\$ (182,046)	\$ 3,943	\$ (178,103)

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 Redevelopment Agency are included within the Capital Projects Fund. The Agency's financial statements have been issued under a separate cover and may be obtained from the City of South Pasadena City Hall.

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, there was no activity for the fiscal year under review.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days 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 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.

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

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

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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	10 - 25
Machinery and equipment	3 - 30
Vehicles	8

<u>Infrastructure</u>	<u>Years</u>
Sewer collection system	60
Storm drain system	60
Bridges	60
Hardscape	40
Parkways and medians	40
Pavement, curb & gutter and sidewalks	35
Streetlights	20
Electronic traffic control devices	20

Compensated Absences

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

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

Long-Term Obligations

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

Fund Equity

In the fund financial statements, 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.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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 by 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.

e. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$3,268,538 difference are as follows:

Capital outlay	\$ 5,885,627
Depreciation expense	<u>(2,617,089)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,268,538</u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Another element of that reconciliation states that "the repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets." Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$131,037 difference are as follows:

Principal repayments:	
Tax allocation bonds	\$ 85,000
Capital leases payable	<u>46,037</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u><u>\$ 131,037</u></u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Appropriations and Budgetary Control

Budgetary control is an essential element in governmental financial reporting. The City, a general law city in the State of California, does not legally require a budget. However, the City Council annually reviews and adopts a budget for the General, Special Revenue, Capital Projects and Enterprise Fund types. To facilitate a greater understanding of the City's operations, budget information for the General, Special Revenue and Capital Projects Funds is included in the accompanying basic financial statements. This detailed budget document is published and is a matter of public record. Each year, the City Manager submits his proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. The legal level of expenditures is controlled at the fund level and operating appropriations lapse at the end of each fiscal year. All budgeted amounts are reported on the same basis as the fund types and adopted on a basis consistent with accounting principles generally accepted in the United States of America. Changes in appropriations at the fund level during the year must be submitted by the City's departments for City Council review and approval. The City Manager may, without Council approval, amend individual line items within any fund and between divisions and programs, in personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for that fund. Department heads may, without Council approval, amend individual line items within any fund in the maintenance and operations portions of the budget without increasing total appropriations for that division. Budget revisions made during fiscal year 2011 were not significant.

The City did not adopt a budget for the following funds: Gold Line Betterments, Mission Oaks Parking, ARRA Grant Fund and SGVCOG Grand Fund. Accordingly, such information is not included in the financial statements.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Note 2: Stewardship, Compliance and Accountability (Continued)

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.

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"	\$ 312,565	\$ 295,698	\$ 16,867
CTC Traffic Improvement Grant	500,657	393,971	106,686
Clean Air Act	64,422	58,034	6,388
Mission Meridian Public Parking	31,378	27,600	3,778
County Park Bond	19,234	13,600	5,634
Public Library Grant	11,602	9,000	2,602
Homeland Security Grant	48,001	709	47,292
99 Pasadena Avenue	1,159,526	1,135,710	23,816
State Police Grant	32,125	-	32,125
CDBG	279,629	101,748	177,881
Bike and Pedestrian Path	11,140	-	11,140

d. Deficit Fund Balance

The following funds contained deficit fund balances at June 30, 2011:

Fund	Amount
Major governmental funds:	
Traffic Improvement	\$ (1,957,462)
Nonmajor governmental funds:	
MTA Pedestrian Improvement	(589,172)
Proposition "A"	(230,865)
Clean Air Act	(357,467)
Mission Oaks Parking	(2,913)
Mission Meridian Public Garage	(165,068)
County Park Bond	(57,744)
Homeland Security Grant	(313,751)
ARRA Grant	(466,398)
Safe Routes to School	(172,440)
SGVCOG Grant	(131)

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, 2011, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 13,352,836
Business-type activities	<u>42,851,042</u>
Total Cash and Investments	<u>\$ 56,203,878</u>

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

Deposits

At June 30, 2011, the carrying amount of the City's deposits was \$4,838,727 and the bank balance was \$5,760,380. The \$921,653 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.

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

Note 3: Cash and Investments (Continued)

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, 2011, all MTN's were rated "AAA" by Standard & Poors (S&P). At June 30, 2011, 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.

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.-guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

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

As of June 30, 2011, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy does not impose restrictions on the percentage that the City can invest in a single type of investment. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2011, 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, 2011, 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	\$ 6,905,682	\$ -	\$ -	\$ -	\$ 6,905,682
Money market mutual funds	91,917	-	-	-	91,917
Corporate bonds	3,809,222	1,876,670	-	-	5,685,892
Certificates of deposits	577,767	55,171	1,248,499	-	1,881,437
Cash with Fiscal Agent:					
Money market mutual funds	5,290,529	-	-	-	5,290,529
Investment agreement	2,893,795	-	28,256,496	359,403	31,509,694
	<u>\$ 19,568,912</u>	<u>\$ 1,931,841</u>	<u>\$ 29,504,995</u>	<u>\$ 359,403</u>	<u>\$ 51,365,151</u>

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2011, 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	8,476,008	3,926,941	-	(2,683,242)	9,719,707
Total Capital Assets, Not Being Depreciated	10,592,523	3,926,941	-	(2,683,242)	11,836,222
Capital assets, being depreciated:					
Buildings	10,340,923	12,699	-	-	10,353,622
Improvements other than buildings	1,825,392	23,543	-	18,270	1,867,205
Machinery, equipment and vehicles	7,018,845	105,454	-	445,988	7,570,287
Infrastructure	72,157,406	1,816,990	-	2,218,984	76,193,380
Total Capital Assets, Being Depreciated	91,342,566	1,958,686	-	2,683,242	95,984,494
Less accumulated depreciation:					
Buildings	5,169,242	203,319	-	-	5,372,561
Improvements other than buildings	862,074	24,144	-	-	886,218
Machinery, equipment and vehicles	4,657,434	420,512	-	-	5,077,946
Infrastructure	31,671,892	1,969,114	-	-	33,641,006
Total Accumulated Depreciation	42,360,642	2,617,089	-	-	44,977,731
Total Capital Assets, Being Depreciated, Net	48,981,924	(658,403)	-	2,683,242	51,006,763
Governmental Activities Capital Assets, Net	\$ 59,574,447	\$ 3,268,538	\$ -	\$ -	\$ 62,842,985

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

Governmental Activities:	
General government	\$ 23,914
Public safety	380,811
Community Service	143,312
Public works	2,069,052
Total Governmental Activities	\$ 2,617,089

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4: Capital Assets (Continued)

	Beginning Balance	Adjustments*	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:							
Capital assets, not being depreciated:							
Land	\$ 84,685	\$ -	\$ 84,685	\$ -	\$ -	\$ -	\$ 84,685
Construction-in-progress	6,187,925	1,364,005	7,551,930	4,190,790	-	(353)	11,742,367
Total Capital Assets, Not Being Depreciated	6,272,610	1,364,005	7,636,615	4,190,790	-	(353)	11,827,052
Capital assets, being depreciated:							
Buildings	4,105,150	-	4,105,150	-	-	-	4,105,150
Improvements other than buildings	3,624,114	-	3,624,114	49,504	-	-	3,673,618
Infrastructure	3,433,114	-	3,433,114	216,577	-	353	3,650,044
Machinery, equipment & vehicles	979,809	-	979,809	19,808	-	-	999,617
Total Capital Assets, Being Depreciated	12,142,187	-	12,142,187	285,889	-	353	12,428,429
Less Accumulated Depreciation							
Buildings	473,163	-	473,163	71,476	-	-	544,639
Improvements other than buildings	3,020,399	-	3,020,399	32,209	-	-	3,052,608
Infrastructure	2,092,519	-	2,092,519	43,613	-	-	2,136,132
Machinery, equipment & vehicles	647,960	-	647,960	41,971	-	-	689,931
Total Accumulated Depreciation	6,234,041	-	6,234,041	189,269	-	-	6,423,310
Total Capital Assets, Being Depreciated, Net	5,908,146	-	5,908,146	96,620	-	353	6,005,119
Business-Type Activities Capital Assets, Net	<u>\$ 12,180,756</u>	<u>\$ 1,364,005</u>	<u>\$ 13,544,761</u>	<u>\$ 4,287,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,832,171</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	\$ 125,517
Sewer	63,752
Total Business-Type Activities	<u>\$ 189,269</u>

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due To/From Other Funds

Due From Other Funds	Due To Other Funds			Total
	Traffic Improvement	Nonmajor Funds	Sewer Enterprise	
General Fund	<u>\$ 1,040,176</u>	<u>\$ 2,571,748</u>	<u>\$ 360,000</u>	<u>\$ 3,971,924</u>

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

The due from General Fund of \$3,611,924 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

	Transfers Out		
	General	Nonmajor Funds	Total
Transfers In			
General Fund	\$ -	\$ 4,160	\$ 4,160
Nonmajor Funds	138,019	4,000	142,019
Total	<u>\$ 138,019</u>	<u>\$ 8,160</u>	<u>\$ 146,179</u>

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

Note 6: 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, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 878,169	\$ 666,045	\$ (770,078)	\$ 774,136	\$ 77,414
Capital Leases	312,281	-	(46,037)	266,244	48,289
2000 Tax Allocation Bonds	1,920,000	-	(85,000)	1,835,000	90,000
Net OPEB liability	3,074,074	2,297,432	(530,008)	4,841,498	-
Total Governmental Funds	<u>\$ 6,184,524</u>	<u>\$ 2,963,477</u>	<u>\$ (1,431,123)</u>	<u>\$ 7,716,878</u>	<u>\$ 215,703</u>
Business-Type Activities:					
Compensated Absences	\$ 55,907	\$ 64,417	\$ (54,163)	\$ 66,161	\$ 6,616
2004 Water Revenue Bonds	7,745,000	-	(235,000)	7,510,000	245,000
2009 Water Revenue Bonds	43,405,000	-	-	43,405,000	-
Total Proprietary Funds	<u>\$ 51,205,907</u>	<u>\$ 64,417</u>	<u>\$ (289,163)</u>	50,981,161	<u>\$ 251,616</u>
Add: Unamortized bond premium(discount)				<u>(1,032,397)</u>	
Net Proprietary Funds				<u>\$ 49,948,764</u>	

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.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 6: Long-Term Debt (Continued)

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, 2011, the outstanding balance was \$266,244.

The annual requirements to amortize the capital lease as of June 30, 2011, including interest are as follows:

	Fire Truck Lease	
	Principal	Interest
2011-2012	\$ 48,289	\$ 13,019
2012-2013	50,650	10,658
2013-2014	53,127	8,181
2014-2015	55,725	5,583
2015-2016	58,453	2,858
Total	<u>\$ 266,244</u>	<u>\$ 40,299</u>

- d.** A description of individual issues of bonds (excluding defeased bonds) outstanding as of June 30, 2011, are as follows:

2000 Tax Allocation Bonds

In July 2000, the Agency issued \$2,600,000 in tax allocation bonds for the Downtown Revitalization Project No. 1, which mature annually from May 1, 2001 to May 1, 2025, in increasing amounts from \$55,000 to \$195,000, plus interest at 4.4% to 6.0%, payable semiannually on May 1 and November 1, commencing on November 1, 2000. Bonds are subject to redemption at the option of the Agency beginning May 1, 2010, at a price ranging from 102% to 100% of principal value. Debt service on the bonds is provided by incremental property tax revenues generated within the Downtown Redevelopment Project Area. At June 30, 2011, \$1,835,000 was outstanding.

The City has pledged a portion of future tax increment revenues to repay \$2,600,000 in tax allocation bonds issued in July of 2000. The bonds were issued to finance redevelopment activities within or of benefit to the project area. The bonds are payable solely from tax increment revenues. Tax increment revenues are projected to produce 147% of the debt services requirements over the life of the bonds. Total principal and interest requirements for the bonds is \$2,752,863 (\$1,835,000 principal, \$917,863 interest), payable semiannually through May 2025. For the current year, principal and interest paid and tax increment revenues received were \$197,658 and \$609,490 respectively.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest are as follows:

	2000 Tax Allocation Bonds	
	Principal	Interest
2011-2012	\$ 90,000	\$ 108,089
2012-2013	95,000	103,139
2013-2014	100,000	97,819
2014-2015	105,000	92,119
2015-2016	110,000	86,081
2016-2021	655,000	325,616
2021-2025	680,000	105,000
Total	<u>\$ 1,835,000</u>	<u>\$ 917,863</u>

2004 Water Revenue Bonds

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

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

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

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

The bonds are subject to optional redemption in whole or in part on or after October 1, 2013. On October 1, 2029, the bonds are subject to mandatory redemption when payments will become due. At June 30, 2011, \$7,510,000 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 \$11,715,850 (\$7,510,000 principal, \$4,205,850 interest), payable semiannually through October 2029. For the current year, principal and interest paid were \$623,050.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest are as follows:

	2004 Water Revenue Bonds	
	Principal	Interest
2011-2012	\$ 245,000	\$ 377,225
2012-2013	255,000	364,725
2013-2014	270,000	351,600
2014-2015	280,000	337,850
2015-2016	295,000	323,475
2017-2021	1,720,000	1,367,425
2022-2026	2,220,000	853,925
2027-2031	2,225,000	229,625
Total	<u>\$ 7,510,000</u>	<u>\$ 4,205,850</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, 2011, \$43,405,000 was outstanding.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 6: 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 \$84,667,538 (\$43,405,000 principal, \$41,262,538 interest), payable semiannually through October 2039. For the current year, principal and interest paid and system net revenue received were \$2,045,700 and \$1,002,415 respectively.

	2009 Water Revenue Bonds	
	Principal	Interest
2011 - 2012	\$ -	\$ 2,045,700
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 - 2021	4,235,000	9,538,769
2021 - 2026	5,220,000	8,570,919
2026 - 2031	7,290,000	7,117,750
2031 - 2036	12,215,000	4,644,125
2036 - 2041	12,225,000	1,260,875
Total	<u>\$ 43,405,000</u>	<u>\$ 41,262,538</u>

e. Net OPEB Liability

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

IV. OTHER INFORMATION

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

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 22.036% for miscellaneous employees and 13.514% for safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Annual Pension Cost

For 2011, the City's annual pension cost of \$2,325,045 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method.

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

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 2,177	100%
6/30/2010	2,438	100%
6/30/2011	2,325	100%

For fiscal year 2010-2011, the City of South Pasadena participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Note 8: Other Post-Employment 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 \$530,008 was made during the 2010-2011 fiscal year for current premiums.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 8: 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	22,483
Adjustment to ARC	<u>(246,180)</u>
Annual OPEB Cost	2,297,432
Contributions made	<u>530,008</u>
(Decrease) increase in Net OPEB obligation	1,767,424
Net OPEB obligation liability June 30, 2009	<u>3,074,074</u>
Net OPEB obligation liability June 30, 2010	<u>\$ 4,841,498</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 2010-11 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)
6/30/2009	\$ 1,975,586	\$ 424,124	21%	\$ 1,551,462
6/30/2010	1,979,700	457,088	23%	3,074,424
6/30/2011	2,297,432	530,008	23%	4,841,498

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.

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

Note 8: 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, 2011, was 20 years. At January 1, 2011, the number of active participants was 145 and the number of retirees receiving benefits was 95.

Note 9: Self-Insurance Program

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

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee Self-Insurance Programs of the Authority

A revised cost allocation methodology was introduced in 2010-11, however it retains many elements of the previous cost allocation methodology. 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 9: Self Insurance (Continued)

b. Self-Insurance Programs of the Authority

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 \$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 to \$50 million are paid under a reinsurance contract subject to a 40% deductible. Costs of covered claims from \$2 million to \$10 million are paid under two reinsurance contracts subject to a 40% deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$15 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 \$25 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence.

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 \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

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 2010-11.

CITY OF SOUTH PASADENA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 9: 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 \$39,678,855. 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 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.

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 2010-11.

Note 10: Contingencies

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

Note 11: Fund Balance and Net Assets Restatements

Beginning fund balance in the Water enterprise fund and beginning net assets of the business-type activities have restated by \$1,364,005 to capitalize prior year interest on construction in progress funded with the 2009 Water Revenue Bonds.

Note 12: Transaction with the State of California

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010, the Sacramento Superior Court upheld the legislation.

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and made in the amount of \$44,493 using available resources in the Project Fund.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 13: California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27 gives redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State in the estimated amount of \$225,250 by January 15, 2012, to avoid dissolution.

Note 14: Subsequent Event

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 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.

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"	ISTEA/METRO
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 375,235	\$ 8,692
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	200	-
Due from other governments	200,443	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 200,443	\$ -	\$ 375,435	\$ 8,692
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 91,698	\$ 8,848	\$ 1,794	\$ -
Accrued liabilities	-	5,171	7,068	-
Deferred revenues	200,443	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	497,474	216,846	-	-
Total Liabilities	789,615	230,865	8,862	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	366,573	-
Capital Projects	-	-	-	8,692
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	(589,172)	(230,865)	-	-
Total Fund Balances	(589,172)	(230,865)	366,573	8,692
Total Liabilities and Fund Balances	\$ 200,443	\$ -	\$ 375,435	\$ 8,692

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Gold Line Betterments	CTC Traffic Improvement Grant	Street Lighting	Clean Air Act
Assets:				
Pooled cash and investments	\$ 14,913	\$ 205,258	\$ 146,536	\$ -
Receivables:				
Accounts	-	-	41,138	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	6,062
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 14,913	\$ 205,258	\$ 187,674	\$ 6,062
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 65,171	\$ 51,926	\$ -
Accrued liabilities	-	-	1,955	-
Deferred revenues	-	-	-	-
Unearned revenues	-	97,593	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	363,529
Total Liabilities	-	162,764	53,881	363,529
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	133,793	-
Capital Projects	14,913	42,494	-	-
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(357,467)
Total Fund Balances	14,913	42,494	133,793	(357,467)
Total Liabilities and Fund Balances	\$ 14,913	\$ 205,258	\$ 187,674	\$ 6,062

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	Parking and Business Improvement	Gold Line Mitigation	Mission Oaks Parking	Meridian Public Garage
Assets:				
Pooled cash and investments	\$ 84,998	\$ 210,270	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 84,998	\$ 210,270	\$ -	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 92	\$ -	\$ 44	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	2,869	165,068
Total Liabilities	92	-	2,913	165,068
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital Projects	84,906	210,270	-	-
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	(2,913)	(165,068)
Total Fund Balances	84,906	210,270	(2,913)	(165,068)
Total Liabilities and Fund Balances	\$ 84,998	\$ 210,270	\$ -	\$ -

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	State Gas Tax	County Park Bond	Bike and Pedestrian Paths	Capital Growth Requirements
Assets:				
Pooled cash and investments	\$ 427,032	\$ -	\$ -	\$ 7,160
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	185	-	-	-
Due from other governments	79,698	-	23,938	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 506,915	\$ -	\$ 23,938	\$ 7,160
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,053	\$ 1,893	\$ -	\$ -
Accrued liabilities	9,610	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	55,851	11,140	-
Total Liabilities	11,663	57,744	11,140	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	495,252	-	-	-
Capital Projects	-	-	12,798	7,160
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	(57,744)	-	-
Total Fund Balances	495,252	(57,744)	12,798	7,160
Total Liabilities and Fund Balances	\$ 506,915	\$ -	\$ 23,938	\$ 7,160

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

Special Revenue Funds

	C.D.B.G.	Asset Forfeiture	Federal Police Grants	CLEEP
Assets:				
Pooled cash and investments	\$ -	\$ 21,029	\$ -	\$ 5,089
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	11	-	3
Due from other governments	14,569	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 14,569	\$ 21,040	\$ -	\$ 5,092
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	14,569	-	-	-
Total Liabilities	14,569	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	21,040	-	5,092
Community services	-	-	-	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	21,040	-	5,092
Total Liabilities and Fund Balances	\$ 14,569	\$ 21,040	\$ -	\$ 5,092

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Public Library Grant	State Police Grant	Homeland Security Grant	Park Impact Fees
Assets:				
Pooled cash and investments	\$ 14,874	\$ 269,413	\$ -	\$ 170,213
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	138	-	-
Due from other governments	-	12,706	1,973	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 14,874	\$ 282,257	\$ 1,973	\$ 170,213
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 8,429	\$ 14,727	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	315,724	-
Total Liabilities	8,429	14,727	315,724	-
Fund Balances:				
Restricted for:				
Public safety	-	267,530	-	-
Community services	6,445	-	-	170,213
Public works	-	-	-	-
Capital Projects	-	-	-	-
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	(313,751)	-
Total Fund Balances	6,445	267,530	(313,751)	170,213
Total Liabilities and Fund Balances	\$ 14,874	\$ 282,257	\$ 1,973	\$ 170,213

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	99 Pasadena Avenue	ARRA Grant	Measure R	Safe Routes to School
Assets:				
Pooled cash and investments	\$ 46,619	\$ -	\$ 385,469	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	25	-	193	-
Due from other governments	-	756,000	-	139,910
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 46,644	\$ 756,000	\$ 385,662	\$ 139,910
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	466,398	-	139,910
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	756,000	-	172,440
Total Liabilities	-	1,222,398	-	312,350
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	385,662	-
Capital Projects	46,644	-	-	-
Community development projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	(466,398)	-	(172,440)
Total Fund Balances	46,644	(466,398)	385,662	(172,440)
Total Liabilities and Fund Balances	\$ 46,644	\$ 756,000	\$ 385,662	\$ 139,910

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	
	<u>SGVCOG Grant Fund</u>	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
Assets:			
Pooled cash and investments	\$ -	\$ 1,920,896	\$ 4,313,696
Receivables:			
Accounts	-	-	41,138
Taxes	-	42,880	42,880
Accrued interest	-	2,300	3,055
Due from other governments	107	-	1,235,406
Restricted assets:			
Cash and investments with fiscal agents	-	199,587	199,587
Total Assets	\$ 107	\$ 2,165,663	\$ 5,835,762
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 1,828	\$ 248,503
Accrued liabilities	-	3,472	27,276
Deferred revenues	-	-	806,751
Unearned revenues	-	-	97,593
Deposits payable	-	1,500	1,500
Due to other funds	238	-	2,571,748
Total Liabilities	238	6,800	3,753,371
Fund Balances:			
Restricted for:			
Public safety	-	-	293,662
Community services	-	-	176,658
Public works	-	-	1,381,280
Capital Projects	-	-	427,877
Community development projects	-	1,959,276	1,959,276
Debt service	-	199,587	199,587
Unassigned	(131)	-	(2,355,949)
Total Fund Balances	(131)	2,158,863	2,082,391
Total Liabilities and Fund Balances	\$ 107	\$ 2,165,663	\$ 5,835,762

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"	ISTEA/METRO
Revenues:				
Taxes	\$ -	\$ 350,129	\$ 290,172	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	4,493	-	-
Use of money and property	-	-	4,644	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	354,622	294,816	-
Expenditures:				
Current:				
General government	-	73,952	79,002	-
Public safety	-	-	-	-
Community services	-	238,613	198,164	-
Public works	-	-	-	-
Capital outlay	200,443	-	15,093	329,213
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	200,443	312,565	292,259	329,213
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,443)	42,057	2,557	(329,213)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(200,443)	42,057	2,557	(329,213)
Fund Balances, Beginning of Year	(388,729)	(272,922)	364,016	337,905
Fund Balances, End of Year	\$ (589,172)	\$ (230,865)	\$ 366,573	\$ 8,692

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011**

(Continued)

	Special Revenue Funds			
	Gold Line Betterments	CTC Traffic Improvement Grant	Street Lighting	Clean Air Act
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	885,387	-
Licenses and permits	-	-	-	-
Intergovernmental	-	500,657	-	56,246
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Contributions	-	-	15,637	-
Miscellaneous	-	-	25,456	-
Total Revenues	-	500,657	926,480	56,246
Expenditures:				
Current:				
General government	-	213	-	5,949
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	881,055	3,983
Capital outlay	-	500,444	23,338	54,490
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	500,657	904,393	64,422
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	22,087	(8,176)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	22,087	(8,176)
Fund Balances, Beginning of Year	14,913	42,494	111,706	(349,291)
Fund Balances, End of Year	\$ 14,913	\$ 42,494	\$ 133,793	\$ (357,467)

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Parking and Business Improvement	Gold Line Mitigation	Mission Oaks Parking	Mission Meridian Public Garage
Revenues:				
Taxes	\$ 145,383	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	205	-	-
Total Revenues	145,383	205	-	-
Expenditures:				
Current:				
General government	124,777	-	-	31,378
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	518	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	124,777	-	518	31,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,606	205	(518)	(31,378)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	20,606	205	(518)	(31,378)
Fund Balances, Beginning of Year	64,300	210,065	(2,395)	(133,690)
Fund Balances, End of Year	\$ 84,906	\$ 210,270	\$ (2,913)	\$ (165,068)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	<u>Special Revenue Funds</u>			
	<u>State Gas Tax</u>	<u>County Park Bond</u>	<u>Bike and Pedestrian Paths</u>	<u>Capital Growth Requirements</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	643,699	-	23,938	-
Charges for services	-	-	-	43,555
Use of money and property	3,697	-	-	16
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	647,396	-	23,938	43,571
Expenditures:				
Current:				
General government	-	-	11,140	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	458,887	19,234	-	-
Capital outlay	16,992	-	-	26,500
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	475,879	19,234	11,140	26,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	171,517	(19,234)	12,798	17,071
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(4,000)	-	-	-
Total Other Financing Sources (Uses)	(4,000)	-	-	-
Net Change in Fund Balances	167,517	(19,234)	12,798	17,071
Fund Balances, Beginning of Year	327,735	(38,510)	-	(9,911)
Fund Balances, End of Year	\$ 495,252	\$ (57,744)	\$ 12,798	\$ 7,160

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	C.D.B.G.	Asset Forfeiture	Federal Police Grants	CLEEP
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	258,107	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	255	13	62
Contributions	-	-	-	-
Miscellaneous	21,522	-	-	-
Total Revenues	279,629	255	13	62
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	48,648	-	-	-
Public works	-	-	-	-
Capital outlay	230,980	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	279,628	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	255	13	62
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1)	-	(4,159)	-
Total Other Financing Sources (Uses)	(1)	-	(4,159)	-
Net Change in Fund Balances	-	255	(4,146)	62
Fund Balances, Beginning of Year	-	20,785	4,146	5,030
Fund Balances, End of Year	\$ -	\$ 21,040	\$ -	\$ 5,092

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Public Library Grant	State Police Grant	Homeland Security Grant	Park Impact Fees
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	71,877
Intergovernmental	8,853	100,000	3,934	-
Charges for services	-	-	-	-
Use of money and property	-	2,699	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	8,853	102,699	3,934	71,877
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	35,125	2,340	-
Community services	11,602	-	-	-
Public works	-	-	-	5,187
Capital outlay	-	-	45,661	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	11,602	35,125	48,001	5,187
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,749)	67,574	(44,067)	66,690
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,749)	67,574	(44,067)	66,690
Fund Balances, Beginning of Year	9,194	199,956	(269,684)	103,523
Fund Balances, End of Year	\$ 6,445	\$ 267,530	\$ (313,751)	\$ 170,213

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>99 Pasadena Avenue</u>	<u>ARRA Grant</u>	<u>Measure R</u>	<u>Safe Routes to School</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 216,613	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	294,602	-	-
Charges for services	-	-	-	-
Use of money and property	3,997	-	3,312	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	3,997	294,602	219,925	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	1,159,526	761,000	-	17,940
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,159,526	761,000	-	17,940
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,155,529)	(466,398)	219,925	(17,940)
Other Financing Sources (Uses):				
Transfers in	142,000	19	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	142,000	19	-	-
Net Change in Fund Balances	(1,013,529)	(466,379)	219,925	(17,940)
Fund Balances, Beginning of Year	1,060,173	(19)	165,737	(154,500)
Fund Balances, End of Year	\$ 46,644	\$ (466,398)	\$ 385,662	\$ (172,440)

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	
	<u>SGVCOG Grant Fund</u>	<u>Community Redevelopment Agency</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ 609,490	\$ 1,611,787
Assessments	-	-	885,387
Licenses and permits	-	-	71,877
Intergovernmental	107	-	1,890,143
Charges for services	-	-	48,048
Use of money and property	-	27,717	46,412
Contributions	-	-	15,637
Miscellaneous	-	7,840	55,023
Total Revenues	107	645,047	4,624,314
Expenditures:			
Current:			
General government	237	265,654	592,302
Public safety	-	-	37,465
Community services	1	-	497,028
Public works	-	-	1,368,864
Capital outlay	-	-	3,381,620
Debt service:			
Principal retirement	-	85,000	85,000
Interest and fiscal charges	-	112,658	112,658
Total Expenditures	238	463,312	6,074,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131)	181,735	(1,450,623)
Other Financing Sources (Uses):			
Transfers in	-	-	142,019
Transfers out	-	-	(8,160)
Total Other Financing Sources (Uses)	-	-	133,859
Net Change in Fund Balances	(131)	181,735	(1,316,764)
Fund Balances, Beginning of Year	-	1,977,128	3,399,155
Fund Balances, End of Year	\$ (131)	\$ 2,158,863	\$ 2,082,391

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CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MTA PEDESTRIAN IMPROVEMENT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (388,729)	\$ (388,729)	\$ (388,729)	\$ -
Resources (Inflows):				
Intergovernmental	155,906	155,906	-	(155,906)
Amounts Available for Appropriations	(232,823)	(232,823)	(388,729)	(155,906)
Charges to Appropriation (Outflow):				
Capital outlay	306,800	306,800	200,443	106,357
Total Charges to Appropriations	306,800	306,800	200,443	106,357
Budgetary Fund Balance, June 30	\$ (539,623)	\$ (539,623)	\$ (589,172)	\$ (49,549)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION "A"
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (272,922)	\$ (272,922)	\$ (272,922)	\$ -
Resources (Inflows):				
Taxes	348,144	348,144	350,129	1,985
Charges for services	3,700	3,700	4,493	793
Miscellaneous	1,000	1,000	-	(1,000)
Amounts Available for Appropriations	79,922	79,922	81,700	1,778
Charges to Appropriation (Outflow):				
General government	57,469	57,469	73,952	(16,483)
Community services	238,229	238,229	238,613	(384)
Total Charges to Appropriations	295,698	295,698	312,565	(16,867)
Budgetary Fund Balance, June 30	\$ (215,776)	\$ (215,776)	\$ (230,865)	\$ (15,089)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION "C"
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 364,016	\$ 364,016	\$ 364,016	\$ -
Resources (Inflows):				
Taxes	288,126	288,126	290,172	2,046
Use of money and property	8,400	8,400	4,644	(3,756)
Amounts Available for Appropriations	660,542	660,542	658,832	(1,710)
Charges to Appropriation (Outflow):				
General government	157,675	157,675	79,002	78,673
Community services	201,509	201,509	198,164	3,345
Capital outlay	-	80,000	15,093	64,907
Total Charges to Appropriations	359,184	439,184	292,259	146,925
Budgetary Fund Balance, June 30	\$ 301,358	\$ 221,358	\$ 366,573	\$ 145,215

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ISTE/METRO
 YEAR ENDED JUNE 30, 2011

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

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CTC TRAFFIC IMPROVEMENT GRANT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,494	\$ 42,494	\$ 42,494	\$ -
Resources (Inflows):				
Intergovernmental	-	-	500,657	500,657
Amounts Available for Appropriations	42,494	42,494	543,151	500,657
Charges to Appropriation (Outflow):				
General government	-	-	213	(213)
Capital outlay	-	393,971	500,444	(106,473)
Total Charges to Appropriations	-	393,971	500,657	(106,686)
Budgetary Fund Balance, June 30	\$ 42,494	\$ (351,477)	\$ 42,494	\$ 393,971

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 111,706	\$ 111,706	\$ 111,706	\$ -
Resources (Inflows):				
Assessments	885,000	885,000	885,387	387
Contributions	-	-	15,637	15,637
Miscellaneous	10,000	10,000	25,456	15,456
Amounts Available for Appropriations	1,006,706	1,006,706	1,038,186	31,480
Charges to Appropriation (Outflow):				
Public works	901,413	929,605	881,055	48,550
Capital outlay	24,000	24,000	23,338	662
Total Charges to Appropriations	925,413	953,605	904,393	49,212
Budgetary Fund Balance, June 30	\$ 81,293	\$ 53,101	\$ 133,793	\$ 80,692

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CLEAN AIR ACT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (349,291)	\$ (349,291)	\$ (349,291)	\$ -
Resources (Inflows):				
Intergovernmental	418,821	418,821	56,246	(362,575)
Use of money and property	1,000	1,000	-	(1,000)
Amounts Available for Appropriations	70,530	70,530	(293,045)	(363,575)
Charges to Appropriation (Outflow):				
General government	5,940	5,940	5,949	(9)
Public works	-	-	3,983	(3,983)
Capital outlay	-	52,094	54,490	(2,396)
Total Charges to Appropriations	5,940	58,034	64,422	(6,388)
Budgetary Fund Balance, June 30	\$ 64,590	\$ 12,496	\$ (357,467)	\$ (369,963)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARKING AND BUSINESS IMPROVEMENT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 64,300	\$ 64,300	\$ 64,300	\$ -
Resources (Inflows):				
Taxes	141,000	141,000	145,383	4,383
Amounts Available for Appropriations	205,300	205,300	209,683	4,383
Charges to Appropriation (Outflow):				
General government	129,000	130,670	124,777	5,893
Total Charges to Appropriations	129,000	130,670	124,777	5,893
Budgetary Fund Balance, June 30	\$ 76,300	\$ 74,630	\$ 84,906	\$ 10,276

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 GOLD LINE MITIGATION
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 210,065	\$ 210,065	\$ 210,065	\$ -
Resources (Inflows):				
Miscellaneous	-	-	205	205
Amounts Available for Appropriations	210,065	210,065	210,270	205
Charges to Appropriation (Outflow):				
Capital outlay	-	130,718	-	130,718
Total Charges to Appropriations	-	130,718	-	130,718
Budgetary Fund Balance, June 30	\$ 210,065	\$ 79,347	\$ 210,270	\$ 130,923

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
MISSION MERIDIAN PUBLIC GARAGE
YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (133,690)	\$ (133,690)	\$ (133,690)	\$ -
Amounts Available for Appropriations	(133,690)	(133,690)	(133,690)	-
Charges to Appropriation (Outflow):				
General government	27,600	27,600	31,378	(3,778)
Total Charges to Appropriations	27,600	27,600	31,378	(3,778)
Budgetary Fund Balance, June 30	\$ (161,290)	\$ (161,290)	\$ (165,068)	\$ (3,778)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 327,735	\$ 327,735	\$ 327,735	\$ -
Resources (Inflows):				
Intergovernmental	667,458	667,458	643,699	(23,759)
Use of money and property	9,900	9,900	3,697	(6,203)
Amounts Available for Appropriations	1,005,093	1,005,093	975,131	(29,962)
Charges to Appropriation (Outflow):				
Public works	485,469	485,469	458,887	26,582
Capital outlay	91,000	317,035	16,992	300,043
Transfers out	-	-	4,000	(4,000)
Total Charges to Appropriations	576,469	802,504	479,879	322,625
Budgetary Fund Balance, June 30	\$ 428,624	\$ 202,589	\$ 495,252	\$ 292,663

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 COUNTY PARK BOND
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (38,510)	\$ (38,510)	\$ (38,510)	\$ -
Resources (Inflows):				
Intergovernmental	24,000	24,000	-	(24,000)
Amounts Available for Appropriations	(14,510)	(14,510)	(38,510)	(24,000)
Charges to Appropriation (Outflow):				
Public works	13,600	13,600	19,234	(5,634)
Total Charges to Appropriations	13,600	13,600	19,234	(5,634)
Budgetary Fund Balance, June 30	\$ (28,110)	\$ (28,110)	\$ (57,744)	\$ (29,634)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 BIKE AND PEDESTRIAN PATHS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	10,409	10,409	23,938	13,529
Use of money and property	500	500	-	(500)
Amounts Available for Appropriations	10,909	10,909	23,938	13,029
Charges to Appropriation (Outflow):				
General government	-	-	11,140	(11,140)
Total Charges to Appropriations	-	-	11,140	(11,140)
Budgetary Fund Balance, June 30	\$ 10,909	\$ 10,909	\$ 12,798	\$ 1,889

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CAPITAL GROWTH REQUIREMENTS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (9,911)	\$ (9,911)	\$ (9,911)	\$ -
Resources (Inflows):				
Charges for services	13,500	13,500	43,555	30,055
Use of money and property	5,300	5,300	16	(5,284)
Amounts Available for Appropriations	8,889	8,889	33,660	24,771
Charges to Appropriation (Outflow):				
Capital outlay	-	65,000	26,500	38,500
Total Charges to Appropriations	-	65,000	26,500	38,500
Budgetary Fund Balance, June 30	\$ 8,889	\$ (56,111)	\$ 7,160	\$ 63,271

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 C.D.B.G.
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	43,898	43,898	258,107	214,209
Miscellaneous	-	-	21,522	21,522
Amounts Available for Appropriations	43,898	43,898	279,629	235,731
Charges to Appropriation (Outflow):				
Community services	43,898	43,898	48,648	(4,750)
Capital outlay	-	57,850	230,980	(173,130)
Transfers out	-	-	1	(1)
Total Charges to Appropriations	43,898	101,748	279,629	(177,881)
Budgetary Fund Balance, June 30	\$ -	\$ (57,850)	\$ -	\$ 57,850

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,785	\$ 20,785	\$ 20,785	\$ -
Resources (Inflows):				
Use of money and property	500	500	255	(245)
Amounts Available for Appropriations	21,285	21,285	21,040	(245)
Budgetary Fund Balance, June 30	\$ 21,285	\$ 21,285	\$ 21,040	\$ (245)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 FEDERAL POLICE GRANTS
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,146	\$ 4,146	\$ 4,146	\$ -
Resources (Inflows):				
Use of money and property	100	100	13	(87)
Amounts Available for Appropriations	4,246	4,246	4,159	(87)
Charges to Appropriation (Outflow):				
Transfers out	-	-	4,159	(4,159)
Total Charges to Appropriations	-	-	4,159	(4,159)
Budgetary Fund Balance, June 30	\$ 4,246	\$ 4,246	\$ -	\$ (4,246)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CLEEP
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,030	\$ 5,030	\$ 5,030	\$ -
Resources (Inflows):				
Use of money and property	100	100	62	(38)
Amounts Available for Appropriations	5,130	5,130	5,092	(38)
Budgetary Fund Balance, June 30	\$ 5,130	\$ 5,130	\$ 5,092	\$ (38)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC LIBRARY GRANT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,194	\$ 9,194	\$ 9,194	\$ -
Resources (Inflows):				
Intergovernmental	9,000	9,000	8,853	(147)
Amounts Available for Appropriations	18,194	18,194	18,047	(147)
Charges to Appropriation (Outflow):				
Community services	9,000	9,000	11,602	(2,602)
Total Charges to Appropriations	9,000	9,000	11,602	(2,602)
Budgetary Fund Balance, June 30	\$ 9,194	\$ 9,194	\$ 6,445	\$ (2,749)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE POLICE GRANT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 199,956	\$ 199,956	\$ 199,956	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	5,400	5,400	2,699	(2,701)
Amounts Available for Appropriations	305,356	305,356	302,655	(2,701)
Charges to Appropriation (Outflow):				
Public safety	-	-	35,125	(35,125)
Total Charges to Appropriations	-	-	35,125	(35,125)
Budgetary Fund Balance, June 30	\$ 305,356	\$ 305,356	\$ 267,530	\$ (37,826)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 HOMELAND SECURITY GRANT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (269,684)	\$ (269,684)	\$ (269,684)	\$ -
Resources (Inflows):				
Intergovernmental	271,000	271,000	3,934	(267,066)
Amounts Available for Appropriations	1,316	1,316	(265,750)	(267,066)
Charges to Appropriation (Outflow):				
Public safety	-	-	2,340	(2,340)
Capital outlay	-	709	45,661	(44,952)
Total Charges to Appropriations	-	709	48,001	(47,292)
Budgetary Fund Balance, June 30	\$ 1,316	\$ 607	\$ (313,751)	\$ (314,358)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARK IMPACT FEES
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 103,523	\$ 103,523	\$ 103,523	\$ -
Resources (Inflows):				
Licenses and permits	27,000	27,000	71,877	44,877
Amounts Available for Appropriations	130,523	130,523	175,400	44,877
Charges to Appropriation (Outflow):				
Public works	-	9,370	5,187	4,183
Total Charges to Appropriations	-	9,370	5,187	4,183
Budgetary Fund Balance, June 30	\$ 130,523	\$ 121,153	\$ 170,213	\$ 49,060

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 99 PASADENA AVENUE
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,060,173	\$ 1,060,173	\$ 1,060,173	\$ -
Resources (Inflows):				
Use of money and property	28,400	28,400	3,997	(24,403)
Transfers in	-	-	142,000	142,000
Amounts Available for Appropriations	1,088,573	1,088,573	1,206,170	117,597
Charges to Appropriation (Outflow):				
Capital outlay	-	1,135,710	1,159,526	(23,816)
Total Charges to Appropriations	-	1,135,710	1,159,526	(23,816)
Budgetary Fund Balance, June 30	\$ 1,088,573	\$ (47,137)	\$ 46,644	\$ 93,781

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MEASURE R
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 165,737	\$ 165,737	\$ 165,737	\$ -
Resources (Inflows):				
Taxes	216,593	216,593	216,613	20
Use of money and property	350	350	3,312	2,962
Amounts Available for Appropriation	382,680	382,680	385,662	2,982
Charges to Appropriation (Outflow):				
Capital outlay	170,000	170,000	-	170,000
Total Charges to Appropriations	170,000	170,000	-	170,000
Budgetary Fund Balance, June 30	\$ 212,680	\$ 212,680	\$ 385,662	\$ 172,982

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 SAFE ROUTES TO SCHOOL
 YEAR ENDED JUNE 30, 2011

	<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	\$ (154,500)	\$ (154,500)	\$ (154,500)	\$ -
Resources (Inflows):				
Intergovernmental	225,000	225,000	-	(225,000)
Amounts Available for Appropriation	70,500	70,500	(154,500)	(225,000)
Charges to Appropriation (Outflow):				
Capital outlay	-	70,500	17,940	52,560
Total Charges to Appropriations	-	70,500	17,940	52,560
Budgetary Fund Balance, June 30	\$ 70,500	\$ -	\$ (172,440)	\$ (172,440)

CITY OF SOUTH PASADENA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,977,128	\$ 1,977,128	\$ 1,977,128	\$ -
Resources (Inflows):				
Taxes	593,683	593,683	609,490	15,807
Use of money and property	77,600	77,600	27,717	(49,883)
Miscellaneous	-	-	7,840	7,840
Amounts Available for Appropriation	2,648,411	2,648,411	2,622,175	(26,236)
Charges to Appropriation (Outflow):				
General government	503,892	515,206	265,654	249,552
Debt service:				
Principal retirement	85,000	85,000	85,000	-
Interest and fiscal charges	112,658	112,658	112,658	-
Total Charges to Appropriations	701,550	712,864	463,312	249,552
Budgetary Fund Balance, June 30	\$ 1,946,861	\$ 1,935,547	\$ 2,158,863	\$ 223,316

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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CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Government activities								
Invested in capital assets, net of related debt	\$ 53,712,779	\$ 52,586,854	\$ 53,938,246	\$ 57,875,243	\$ 59,638,269	\$ 56,086,968	\$ 57,541,752	\$ 60,741,741
Restricted	3,134,933	2,985,309	3,700,356	4,454,617	3,725,863	6,609,467	4,069,279	4,438,340
Unrestricted	3,109,784	2,866,719	3,351,709	6,396,133	8,392,273	8,979,878	6,937,924	6,562,890
Total governmental activities net assets	\$ 59,957,496	\$ 58,438,882	\$ 60,990,311	\$ 68,725,993	\$ 71,756,405	\$ 71,676,313	\$ 68,548,955	\$ 71,742,971
Business-type activities								
Invested in capital assets, net of related debt	\$ 2,084,629	\$ 3,290,506	\$ 3,042,921	\$ 3,263,489	\$ 2,791,280	\$ 1,890,240	\$ 1,276,626	\$ 4,550,204
Restricted	-	769,344	1,391,957	2,136,719	2,878,966	36,642,005	36,135,935	32,451,626
Unrestricted	4,323,054	2,952,479	3,319,590	2,831,187	3,542,152	(29,053,954)	(28,488,758)	(26,740,899)
Total business-type activities net assets	\$ 6,407,683	\$ 7,012,329	\$ 7,754,468	\$ 8,231,395	\$ 9,212,398	\$ 9,478,291	\$ 8,923,803	\$ 10,260,931
Primary government								
Invested in capital assets, net of related debt	55,797,408	55,877,360	56,981,167	61,138,732	62,429,549	57,977,208	58,818,378	65,291,945
Restricted	3,134,933	3,754,653	5,092,313	6,591,336	6,604,829	43,251,472	40,205,214	36,889,966
Unrestricted	7,432,838	5,819,198	6,671,299	9,227,320	11,934,425	(20,074,076)	(21,550,834)	(20,178,009)
Total primary government activities net assets	\$ 66,365,179	\$ 65,451,211	\$ 68,744,779	\$ 76,957,388	\$ 80,968,803	\$ 81,154,604	\$ 77,472,758	\$ 82,003,902

CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities:								
General government	\$ 4,539,884	\$ 5,238,131	\$ 4,623,433	\$ 4,401,369	\$ 3,911,227	\$ 5,513,124	\$ 5,816,414	\$ 5,935,671
Public safety	8,926,614	9,631,689	9,823,747	9,779,691	9,875,234	11,525,403	11,589,395	10,939,183
Community development	763,683	786,021	770,006	883,972	997,287	839,568	920,339	911,718
Community Services	2,183,071	2,426,270	2,446,291	2,523,119	2,806,026	2,914,235	3,033,614	3,175,891
Public works	3,672,143	4,351,990	4,804,715	4,876,678	4,655,996	5,482,505	5,484,601	4,863,335
Interest on long-term debt	146,641	178,245	172,698	149,359	143,423	136,769	131,539	125,032
Total Governmental Activities expenses	20,232,036	22,612,346	22,640,890	22,614,188	22,389,193	26,411,604	26,975,902	25,950,830
Business-Type Activities:								
Water utility	2,558,200	3,607,186	4,160,990	3,908,439	3,949,800	4,451,292	7,144,268	5,105,517
Sewer utility	-	-	-	-	-	-	861,207	715,395
Total Business-Type Activities Expenses	2,558,200	3,607,186	4,160,990	3,908,439	3,949,800	4,451,292	8,005,475	5,820,912
Total Primary Government Expenses	\$ 22,790,236	\$ 26,219,532	\$ 26,801,880	\$ 26,522,627	\$ 26,338,993	\$ 30,862,896	\$ 34,981,377	\$ 31,771,742
Program Revenues								
Governmental Activities:								
Charges for services:								
General government	\$ 1,054,576	\$ 1,108,740	\$ 1,238,045	\$ 1,358,711	\$ 1,457,911	\$ 1,409,846	\$ 1,319,410	\$ 1,472,338
Public safety	550,729	579,762	589,211	569,946	1,306,513	1,349,175	840,207	860,609
Community development	579,502	715,107	715,970	598,718	801,200	405,086	446,050	530,395
Community Services	691,141	683,576	686,560	690,544	514,523	627,296	672,765	805,608
Public works	1,503,901	1,146,864	1,119,950	1,079,883	1,244,935	1,118,262	1,096,487	1,121,657
Total Charges for Services	4,379,849	4,234,049	4,349,736	4,297,802	5,325,082	4,909,665	4,374,919	4,790,607
Operating Contributions and Grants:								
General government	1,108,032	787,784	1,397,311	500,002	150,998	214,373	\$ 71,059	\$ 51,115
Public safety	249,686	746,820	987,107	2,422,944	175,552	108,406	478,495	437,544
Community development	-	-	-	-	-	-	457,670	505,547
Community Services	95,308	55,596	53,013	63,472	127,136	24,322	29,449	46,012
Public works	119,812	167,641	131,107	122,292	539,572	447,962	209,762	2,600,475
Total Operating Contributions and Grants	1,572,838	1,757,841	2,568,538	3,108,710	993,258	795,063	1,246,435	3,640,693
Capital Contributions and Grants:								
Public safety	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	47,516	-	-	-
Public works	1,561,750	1,259,811	2,536,724	2,712,135	513,368	1,868,187	820,447	1,305,657
Total Capital Contributions and Grants	1,561,750	1,259,811	2,536,724	2,712,135	560,884	1,868,187	820,447	1,305,657
Total Governmental Activities Program Revenue	7,514,437	7,251,701	9,454,998	10,118,647	6,879,224	7,572,915	6,441,801	9,736,957
Business-Type Activities:								
Charges for services:								
Water utility	3,217,446	3,902,977	4,442,966	4,687,499	4,543,192	4,549,062	4,270,244	4,943,874
Sewer utility	-	-	-	-	-	-	657,045	759,680
Total Business-Type Activities Program Revenues	3,217,446	3,902,977	4,442,966	4,687,499	4,543,192	4,549,062	4,927,289	5,703,554
Total Primary Government Program Revenues	\$ 10,731,883	\$ 11,154,678	\$ 13,897,964	\$ 14,806,146	\$ 11,422,416	\$ 12,121,977	\$ 11,369,090	\$ 15,440,511
Net (Expense)/Revenue								
Governmental Activities	\$ (12,717,599)	\$ (15,360,645)	\$ (13,185,892)	\$ (12,495,541)	\$ (15,509,969)	\$ (18,838,689)	\$ (20,534,101)	\$ (16,213,873)
Business-Type Activities	659,246	295,791	281,976	779,060	593,392	97,770	(3,078,186)	(117,358)
Total primary Government Net Expense	\$ (12,058,353)	\$ (15,064,854)	\$ (12,903,916)	\$ (11,716,481)	\$ (14,916,577)	\$ (18,740,919)	\$ (23,612,287)	\$ (16,331,231)

CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Charges in Net Assets								
Governmental Activities:								
Taxes:								
Property taxes, levied for general purpose	\$ 5,878,748	\$ 6,152,773	\$ 8,367,587	\$ 9,116,431	\$ 9,986,309	\$ 10,404,273	\$ 10,426,753	\$ 10,667,838
Sales taxes	2,388,269	2,572,929	2,890,126	2,911,037	3,078,717	2,399,744	2,797,621	2,714,102
Franchise taxes	624,327	671,111	717,624	769,549	777,675	821,144	777,843	803,969
Business licenses taxes	257,799	273,432	323,055	334,840	344,497	352,528	323,307	347,665
Other taxes	1,988,990	2,113,733	2,104,870	2,379,845	3,158,469	3,942,594	4,109,696	4,143,183
Motor Vehicle In Lieu	1,167,965	2,034,071	88,757	171,499	110,144	74,215	76,294	150,390
Use of money and property	439,308	489,121	619,237	839,529	921,232	658,997	517,079	415,280
Gain on sale of assets	(63,817)	-	-	-	1,100,000	-	-	-
Other	97,564	154,813	646,065	127,106	69,013	73,594	207,937	165,462
Transfers	-	-	-	-	-	-	(1,829,787)	-
Total Governmental Activities	12,779,153	14,461,983	15,757,321	16,649,836	19,546,056	18,727,089	17,406,743	19,407,889
Business-Type Activities:								
Use of money and property	48,131	211,678	369,399	401,925	370,557	227,528	681,532	77,378
Gain on sale of assets	-	-	-	-	11,075	-	-	-
Other	54,526	97,177	90,764	54,042	14,695	13,814	12,379	13,103
Transfers	-	-	-	-	-	-	1,829,787	-
Total Business-Type Activities	102,657	308,855	460,163	455,967	396,327	241,342	2,523,698	90,481
Total Primary Government	\$ 12,881,810	\$ 14,770,838	\$ 16,217,484	\$ 17,105,803	\$ 19,942,383	\$ 18,968,431	\$ 19,930,441	\$ 19,498,370
Changes in Net Assets								
Governmental Activities	\$ 61,554	\$ (898,662)	\$ 2,571,429	\$ 4,154,295	\$ 4,036,087	\$ (111,600)	\$ (3,127,358)	\$ 3,194,016
Business-Type Activities	761,903	604,646	742,139	1,235,027	989,719	339,112	(554,488)	(26,877)
Total Primary Government	\$ 823,457	\$ (294,016)	\$ 3,313,568	\$ 5,389,322	\$ 5,025,806	\$ 227,512	\$ (3,681,846)	\$ 3,167,139

CITY OF SOUTH PASADENA

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 455,087	\$ 542,341	\$ 645,341	\$ 397,742	\$ 292,562	\$ 1,550,920	\$ 947,588	\$ -
Unreserved	3,414,972	3,459,743	4,489,626	6,351,164	9,559,379	9,491,709	10,251,769	-
Nonspendable	-	-	-	-	-	-	-	426,430
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	2,564,280
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	10,541,790
Total General Fund	\$ 3,870,059	\$ 4,002,084	\$ 5,134,967	\$ 6,748,906	\$ 9,851,941	\$ 11,042,629	\$ 11,199,357	\$ 13,532,500
All Other Governmental Funds								
Reserved	\$ 266,517	\$ 293,809	\$ 2,456,501	\$ 1,537,309	\$ 254,778	\$ 1,194,959	\$ 420,227	\$ -
Unreserved:								
Unreserved, reported in nonmajor,								
Special revenue funds	1,321,075	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	2,512,672	2,012,312	941,127	1,260,671	1,480,465	-	-	-
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	4,438,340
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(2,355,949)
Total all other Governmental Funds	\$ 4,100,264	\$ 4,382,395	\$ 4,269,095	\$ 3,867,948	\$ 5,522,227	\$ 6,844,233	\$ 3,509,801	\$ 2,082,391

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							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:								
Taxes	\$ 10,880,019	\$ 11,449,664	\$ 13,972,117	\$ 15,166,586	\$ 16,850,652	\$ 17,689,431	\$ 18,037,383	\$ 18,317,689
Assessments	1,113,278	1,097,970	1,068,561	1,133,914	895,773	885,515	883,681	885,387
Licenses and permits	750,566	791,522	842,947	876,297	893,237	1,004,933	934,708	1,000,988
Intergovernmental	3,237,991	3,996,994	3,584,136	5,089,034	2,288,858	2,635,222	1,942,882	2,572,819
Charges for services	2,386,005	2,649,613	2,683,695	2,398,566	2,822,380	2,449,932	1,982,863	2,144,589
Use of money and property	439,308	509,282	642,950	868,349	921,232	658,997	517,079	415,280
Fines and forfeitures	561,435	544,883	603,086	643,055	636,668	701,894	629,280	552,093
Contributions	-	-	14,053	20,114	19,005	11,050	10,050	15,637
Miscellaneous	548,180	790,231	1,231,214	543,280	579,812	419,952	508,025	733,700
Total revenues	19,916,782	21,830,159	24,642,759	26,739,195	25,907,617	26,456,926	25,445,951	26,638,182
Expenditures:								
Current:								
General government	3,950,276	4,427,679	4,467,746	4,188,718	3,855,522	3,893,079	4,220,337	4,099,345
Public safety	8,808,933	9,496,581	9,703,634	9,727,416	10,670,808	11,134,224	11,147,779	10,608,012
Community development	769,466	781,903	766,775	880,902	1,005,406	831,613	919,697	913,862
Community services	2,029,889	2,270,982	2,299,564	2,507,378	2,679,273	2,764,489	2,887,103	3,024,889
Public works	2,501,017	2,511,989	2,721,530	2,777,051	2,852,322	3,217,465	3,297,647	2,806,005
Capital outlay	1,280,203	1,634,550	3,790,870	5,609,950	1,169,533	1,812,804	5,540,889	5,978,832
Debt service:								
Principal retirement	104,110	109,826	112,359	127,262	114,894	181,845	123,891	131,037
Interest and fiscal charges	142,274	179,240	177,557	128,516	145,997	140,221	134,275	127,929
Total expenses	19,586,168	21,412,750	24,040,035	25,947,193	22,493,755	23,975,740	28,271,618	27,689,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	330,614	417,409	602,724	792,002	3,413,862	2,481,186	(2,825,667)	(1,051,729)
Other financing sources (uses):								
Transfers in	10,032	96,541	-	18,000	42,573	25,758	24,136	146,179
Transfers out	(10,032)	(96,541)	-	(18,000)	(42,573)	(25,758)	(376,173)	(146,179)
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)	-
Net change in fund balances / net assets	\$ 330,614	\$ 417,409	\$ 602,724	\$ 1,352,175	\$ 4,513,862	\$ 2,481,186	\$ (3,177,704)	\$ (1,051,729)
Debt service as a percentage of noncapital expenditures	1.3%	1.5%	1.4%	1.3%	1.3%	1.4%	1.1%	1.2%

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

**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>
2002	\$ 1,667,313	\$ 151,345	\$ 110,090	\$ (11,430)	\$ 1,917,318	0.241%	N/A	N/A
2003	1,783,248	157,091	109,963	(19,275)	2,031,027	0.241%	N/A	N/A
2004	1,930,016	168,874	117,217	(13,863)	2,202,244	0.241%	N/A	N/A
2005	2,087,821	177,629	118,885	(20,516)	2,363,819	0.241%	N/A	N/A
2006	2,262,942	189,286	132,004	(28,647)	2,555,585	0.241%	N/A	N/A
2007	2,478,782	207,724	130,527	(27,756)	2,789,277	0.241%	N/A	N/A
2008	2,690,867	211,373	133,651	(30,013)	3,005,878	0.241%	N/A	N/A
2009	2,850,768	217,653	141,106	(29,101)	3,180,426	0.240%	N/A	N/A
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

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
	2002	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096
2003	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2004	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2005	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2006	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2007	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2008	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2009	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
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

Fiscal Year	Overlapping Rates								Total
	School District	Upper San Gabriel Valley Municipal Water District	Voter Approved					Pasadena Community College District	
			South Pasadena Unified School District	Los Angeles County Flood Control	Upper San Gabriel Valley Municipal Water District	Detention Facilities			
2002	0.1712	0.0005	0.0673	0.0011	0.0077	0.0011	-	1.0772	
2003	0.1712	0.0005	0.0676	0.0009	0.0067	0.0010	-	1.0762	
2004	0.1712	0.0005	0.1105	0.0005	0.0061	0.0010	0.0068	1.1248	
2005	0.1712	0.0005	0.1041	0.0002	0.0058	0.0009	0.0088	1.1199	
2006	0.1712	0.0005	0.0957	0.0001	0.0052	0.0008	0.0041	1.1058	
2007	0.1712	0.0005	0.0897	0.0001	0.0047	0.0007	0.0208	1.1159	
2008	0.1712	0.0005	0.0860	-	0.0045	-	0.0197	1.1104	
2009	0.1712	0.0005	0.0860	-	0.0043	-	0.0174	1.1078	
2010	0.1712	0.0005	0.0884	-	0.0043	-	0.0230	1.1158	
2011	0.1712	0.0005	0.1105	-	0.0037	-	0.0199	1.1341	

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

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

CITY OF SOUTH PASADENA

Principal Property Tax Payers,
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Combined Taxable Value (1)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Combined Taxable Value (1)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
H and O Fair Oaks Partners	\$ 16,258,271	1	0.49%	\$ 13,931,397	1	0.73%
Mt. Olive Sepulveda LP	10,534,349	2	0.32%	-		
99 Pasadena Avenue LLC	9,786,106	3	0.30%	-		
Time Warner Entertainment Advance	9,417,501	4	0.29%			
Golden Oaks Investment LP	9,129,578	5	0.28%	-		
NNC Terraces at South Pasadena LLC	9,007,941	6	0.27%	-		
California Empire LP	8,768,869	7	0.27%	7,490,880	2	0.39%
Richard Wagner Trust	8,115,561	8	0.25%	6,604,178	5	0.34%
HP III Limited	7,628,332	9	0.23%	6,541,836	6	0.34%
Jerry B. and Roberta L. Furrey Trust	7,556,480	10	0.23%	5,860,599	7	0.31%
Andrew J. Cherng Trust	-		-	7,257,927	3	0.38%
Safeway Stores	-		-	6,838,727	4	0.36%
Hilbert Properties II	-		-	5,824,339	8	0.30%
Young Properties	-		-	5,736,363	9	0.30%
Thomas W. and Mary S. Redfern Trust	-		-	5,702,350	10	0.30%
Total	\$ 96,202,988		2.93%	\$ 71,788,596		3.75%

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
2002	\$ 4,602,846	\$ 4,494,678	97.6%	\$ 29,821	\$ 4,524,499	98.3%
2003	4,729,803	4,656,978	98.5%	25,961	4,682,939	99.0%
2004	4,855,643	4,760,451	98.0%	77,643	4,838,094	99.6%
2005	5,241,559	4,807,080	91.7%	157,836	4,964,916	94.7%
2006	5,700,244	5,288,176	92.8%	117,615	5,405,791	94.8%
2007	6,257,208	5,882,613	94.0%	99,287	5,981,900	95.6%
2008	6,756,257	6,561,803	97.1%	4,193	6,565,996	97.2%
2009	7,153,748	7,054,454	98.6%	5,987	7,060,441	98.7%
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%

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

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			
2004	\$ 2,350,000	\$ -	\$ -	\$ 8,880,000	\$ 11,230,000	1.31%	445
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

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, 2011**

Fiscal Year 2010-11 Assessed Valuation : \$2,939,439,461 After Deducting \$354,487,454 Redevelopment increment.

<u>Overlapping Debt:</u>	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/10</u>
Metropolitan Water District	\$ 107,259,876	0.346%	\$ 371,119
Pasadena Area Community College District 2002 Ser A	1,925,000	5.539%	106,626
Pasadena Area Community College District 2002 Ser D	52,000,000	5.539%	2,880,280
Pasadena Area Community College District 2006 Ser B	48,955,000	5.539%	2,711,617
Pasadena Area Community College District 2006 Ser C	12,302,327	5.539%	681,426
Total Overlapping Tax and Assessment Debt			<u>\$ 6,751,068</u>
<u>Direct Debt:</u>			
South Pasadena Unified 96 Ser A	\$ 3,360,000	100.000%	\$ 3,360,000
South Pasadena Unified DS 95 Ser B	3,774,877	100.000%	3,774,877
South Pasadena Unified SD DS 95 S-C	7,458,518	100.000%	7,458,518
South Pasadena USD SD DS 95 Ser D	1,663,221	100.000%	1,663,221
South Pasadena USD DS 2002 S-03 A	28,944,680	100.000%	28,944,680
Total Direct and Overlapping General Fund Obligation Debt			<u>\$ 45,201,296</u>
COMBINED TOTAL DEBT			<u>\$ 51,952,364 (2)</u>

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

Note:

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

Debt to Assessed Valuation Ratios :

Direct Debt	1.54%
Overlapping Debt	0.23%
Total Debt	1.77%

CITY OF SOUTH PASADENA

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

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 3,293,927
Debt limit (15% of assessed value)	494,089
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>\$ 494,089</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Limit</u>	<u>Total net debt Applicable to the Limit as a Percentage of Debt limit</u>
2002	287,598	-	287,598	0.00%
2003	304,654	-	304,654	0.00%
2004	330,337	-	330,337	0.00%
2005	354,573	-	354,573	0.00%
2006	383,338	-	383,338	0.00%
2007	418,392	-	418,392	0.00%
2008	450,882	-	450,882	0.00%
2009	477,064	-	477,064	0.00%
2010	485,378	-	485,375	0.00%
2011	494,089	-	494,089	0.00%

CITY OF SOUTH PASADENA

**Pledged-Revenue Coverage
Last Seven 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

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

The Water Revenue bonds were issued in 2004 and 2009

Source: City of South Pasadena Finance Department.

CITY OF SOUTH PASADENA

**Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income * (2) <i>(thousands of dollars)</i>	Per Capita * Personal Income (2)	Unemployment Rate (3)
2000	24,661	815,885	33,084	2.7%
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%

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>2010-2011</u>			<u>2001-2002 *</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	147	1	3.89%			
The Vons Companies	160	2	4.23%			
Mission Hospice	107	3	2.83%			
Bristol Farms	104	4	2.75%			
WNC Insurance Services, Inc.	85	5	2.25%			
Trader Joe's	84	6	2.22%			
Stargate Films, Inc.	75	7	1.98%			
Orchard Supply Hardware	69	8	1.83%			
Institute for the Redesign of Learning	62	9	1.64%			
Ralph's Grocery Co.	60	10	1.59%			
	<u>953</u>		<u>16.39%</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Function/Program</u>										
General government										
Legislative	7	7	8	7	7	7	7	8	8	8
City Manager	5	5	6	7	7	7	7	8	8	10
Finance	7	7	7	9	8	9	8	8	8	8
Public Safety	74	75	80	81	81	81	81	81	81	88
Community Development	5	5	6	6	6	7	7	6	6	7
Community Services	17	17	34	34	36	38	39	39	39	59
Public Works	20	20	20	16	16	16	22	22	22	18
Water Utility	8	8	8	14	14	14	9	9	9	12
Total	143	144	169	174	175	179	180	181	181	209

Source: South Pasadena Finance Department

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

CITY OF SOUTH PASADENA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Building permits issued	544	551	578	311	381	381	318	282	326	380
Building inspections conducted	2,125	2,310	2,355	1,888	2,154	2,154	2,230	2,152	2,113	2,158
Refuse collection										
Refuse collected (tons per day)	N/A	N/A	N/A	N/A	79.3	79.3	79.3	89.0	92.0	90.0
Recyclables collected (tons per day)	N/A	N/A	N/A	N/A	32.6	32.6	36.0	40.0	38.0	38.0
Other public works										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	0.9	0.7	0.0	0.2	0.8	2.5
Potholes repaired *	N/A	N/A	N/A	N/A	545	450	340	480	520	580
Water										
New connections	N/A	N/A	N/A	N/A	18	20	16	18	18	10
Water main breaks	N/A	N/A	N/A	4	9	10	13	12	4	9
Average daily consumption (million gallons)	N/A	N/A	N/A	N/A	4.52	4.85	4.52	4.47	4.20	3.80
Peak daily consumption (million gallons)	N/A	N/A	N/A	N/A	6.65	6.96	6.96	6.10	6.09	5.50
Fire Department										
Total number of emergency calls responded to	1,992	2,028	2,017	1,902	1,620	1,807	1,785	1,850	1,780	1,760
Total number of fire inspections	N/A	N/A	360	317	480	480	480	470	254	229
Police Department										
Arrest stats	1,093	1,051	1,113	1,127	1,392	1,392	1,540	1,546	2,056	1,096
Traffic citations	N/A	3,734	4,136	4,101	5,762	1,858	6,669	7,641	8,216	4,734
Parking citations	N/A	9,145	16,117	14,401	13,308	11,387	14,806	12,800	10,967	9,314
Community Services										
Facility rentals	31	21	36	29	36	34	40	45	58	54
Recreation classes	175	174	188	212	207	246	248	181	180	237

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>2002</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>
Other public works										
Streets (miles)	55	55	55	59	59	55	55	55	55	55
Traffic signals	N/A	N/A	N/A	N/A	30	30	30	30	31	31
Parks and recreation										
Parks	5	5	5	6	6	6	6	6	6	6
Acreage	85	85	85	86	89	89	89	89	89	89
Playgrounds	N/A	N/A	N/A	N/A	4	4	4	4	4	4
Baseball/softball diamonds	N/A	N/A	N/A	N/A	5	5	6	6	6	6
Soccer/football fields	N/A	N/A	N/A	N/A	4	4	4	4	4	4
Community centers	N/A	N/A	N/A	N/A	4	4	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	N/A	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.