CITY OF SOUTH PASADENA
FINANCE COMMISSION

MINUTES
REGULAR MEETING
THURSDAY, JULY 23, 2026, AT 6:30 p.m.

CALL TO ORDER:
The Meeting of the South Pasadena Finance Commission was called to order by Chair Stanton-Trehan, on Thursday, July 23, 2026, at the Amedee O. "Dick" Richard Jr. Council Chambers, 1424 Mission Street, South Pasadena.

ROLL CALL:

PRESENT	Chair	Nevin Stanton-Trehan
	Vice-Chair	Cynthia Quade
	Commissioner	Y-Le Ho
	Commissioner	Renee Rubin
ABSENT	Commissioner	Peter Giulioni Jr.

Tatiana Fernandez, Management Analyst, announced a quorum.

DIGNITARIES AND CITY STAFF PRESENT:

Councilmember Janet Braun and Nick Kimball, Assistant City Manager/CFO, were present at Roll Call.

PUBLIC COMMENT

1. **PUBLIC COMMENT– GENERAL (NON-AGENDA ITEMS)**

   In-Person Comments: None

   Zoom Comments: None

CONSENT CALENDAR OPPORTUNITY TO COMMENT ON CONSENT

Item No. 4 was pulled by Assistant City Manager/CFO.

A motion by Vice-Chair Quade, seconded by Commissioner Rubin, to approve the consent calendar except Item No. 4. The motion was approved by the following roll call:

AYES:	Commissioners Ho, Rubin, Vice-Chair Quade, Chair Stanton-Trehan
NOES:	None
ABSENT:	Commissioner Giulioni

2. RECEIVE AND FILE MINUTES FROM THE REGULAR MEETING ON MAY 14, 2026

Recommendation:
It is recommended that the Commission approve the minutes of the Special Finance Commission meeting held on May 14, 2026.

A motion was made to approve the recommendation on the Consent Calendar.

3. RECEIVE AND FILE THE TREASURER'S REPORT FOR THE MONTH ENDING MAY 31, 2026

Recommendation:
It is recommended that the Finance Commission accept the Treasurer's Report for the month ending May 31, 2026, for information purposes only.

A motion was made to approve the recommendation on the Consent Calendar.

4. RECEIVE AND FILE THE MONTHLY BUDGET REPORT FOR THE MONTH ENDING MAY 31, 2026

Recommendation:
It is recommended that the Finance Commission receive and file the monthly budget report through May 31, 2026.

Assistant City Manager/CFO provided a brief update on the Monthly Budget Report for the period ending May 31, 2026. The report was updated to reflect budget adjustments made during the year when the Human Resources Department separated from Finance as a standalone department, and to provide an overview of the quarterly sales tax analysis provided by HDL Companies (HDL) as an attachment.

Expenditures are running slightly below budget targets, and the City anticipates finishing the fiscal year modestly under budget on the expenditure side. Revenues are tracking on budget. Some revenues collected in July through September will be accrued back to Fiscal Year 2025-2026, and full accounting will be provided in the year-end closing report.

Regarding the quarterly sales tax report provided by HDL, the City's top sales tax revenue sources are restaurants, the county-wide internet sales pool, and fuel stations, reflecting the City's primarily food-based local economy.

During discussion, the commission asked about capital expenditures seeming under budget. The Assistant City Manager/CFO explained that capital spending is significantly below budget due to encumbrances for the IT project and consultants for the implementation of the Customer Success Center, which are funded in the current fiscal year but will be expended in FY 2026-2027 as the project is implemented.

The Commission asked about the City's cash and investment position and whether surplus funds might be invested. July is the City's highest cash outflow month, with approximately $15 million in obligations due, which include the annual CalPERS pension prepayment of approximately $6 million and annual insurance premiums of approximately $3.5 million. The City aims to remain highly liquid through July, August, and September, and the investment of surplus cash will be reviewed once the cash position stabilizes in the fall.

A motion by Vice-Chair Quade, seconded by Commissioner Ho to approve Item No. 4. The motion was approved by the following roll call vote:

AYES:	Commissioners Ho, Rubin, Vice-Chair Quade, Chair Stanton-Trehan
NOES:	None
ABSENT:	Commissioner Giulioni

ACTION/DISCUSSION

5. DISCUSSION REGARDING YEAR-END CLOSING PROCESS AND AUDIT SCHEDULE

Recommendation:
It is recommended that the Finance Commission receive and file this informational report as it relates to the City's year-end closing process and audit schedule for Fiscal Year 2025-26.

The City performs a "soft close" each month as part of its regular accounting cycle, and the year-end is a "hard close." At year-end, all transactions are recorded, and the audit can begin. No additional postings can be made to that fiscal year. Any subsequent adjustments are recorded as restatements in the following year. The City has 60 days after June 30 to review and post all transactions to the correct fiscal year, making the year-end process more involved than a standard monthly close.

There are seven primary areas of year-end activity, distinguishing between work performed throughout the year and tasks that can only be completed at fiscal year-end:

- Revenue and Expenditure Accruals: At year-end, staff perform an accrual cutoff review by tracing invoices and receipts processed in July and August to confirm they are recorded in the correct fiscal year.
- Bank Reconciliations and Investment Valuations: Monthly bank and investment reconciliations are carried out throughout the year. At year-end, the fair value mark-to-market measurement of the City's investment portfolio is required under GAAP, which is calculated as of June 30.
- Capital Assets: At year-end, staff reconciles the full capital asset sub-ledger to the general ledger, confirms physical inventory counts of parts and materials on hand, and finalizes depreciation and useful life schedules for the annual financial statements.
- Debt Service and Long-Term Liabilities: At year-end, staff records the full long-term liability for compensated absences, valued at each employee's year-end hourly rate, as well as pension, retiree health (OPEB), workers' compensation, and general liability liabilities, based on independent actuarial valuations performed annually or biennially.
- Payroll and Benefits: At year-end, staff records the net pension liability and OPEB obligation based on the most current actuarial reports.
- Period Close and Hard Close: The final financial statements reflect the cumulative activity of Periods 1 through 13. At year-end, the "hard close" locks

all 12 accounting periods. If the auditor identifies adjustments, those are recorded in Period 13, keeping the 12 monthly periods clean.

- Audit Preparation: Staff prepares the “Prepared by Client” (PBC) schedules covering all major balance sheet and income statement line items, investment valuations, and actuarial entries.

The Fiscal Year 2025-2026 Audit Timeline:

- May 2026: Interim audit procedures are completed.
- July – August 2026: Departments complete closing activities.
- August – September 2026: Audit schedule and PBC documentation are finalized by the Finance Department.
- September – October 2026: Auditor on-site fieldwork.
- November 2026: Draft financial statements are prepared.
- December 2026: The goal is to present to the Finance Commission and City Council before submitting the final ACFR for the Certificate of Achievement in Financial Reporting to GFOA.

GFOA has a hard deadline to submit the ACFR by December 31. The goal is to present the ACFR in December to the Commission and City Council, but it is subject to change, mainly due to a shift in the audit timeline. If there are schedule delays, this may push the ACFR presentation to January, consistent with prior years.

A commissioner asked whether staff maintains a real-time tracker of year-end adjustments to monitor budget variances. Finance staff maintains a comprehensive closing checklist and noted that July is primarily a month of follow-up. During this month, departments submit final invoices, inventory data, and other year-end inputs, which require monitoring and follow-up by the Finance team. The year-end position typically emerges by late August. In September, the Accounting Manager/Controller may be able to provide an update on the audit status.

The Commission was advised that budget reports for July and August will be less meaningful than typical monthly reports due to the volume of accrual reversals, journal entries between fiscal years, and other year-end adjustments that create unusual activity in the early months of the new fiscal year. The June budget report will be delayed and is not expected to be available until the September meeting.

COMMUNICATIONS

6. CITY COUNCIL LIAISON COMMUNICATIONS

Councilmember Braun suggested two future agenda topics for Commission consideration: (1) a presentation on the City's Other Post-Employment Benefits

(OPEB) liability and where those obligations currently stand; and (2) an overview of the City's outstanding debt, including a discussion of the potential refunding of the City's water bond.

7. STAFF LIAISON COMMUNICATIONS

None

8. COMMISSIONER COMMUNICATIONS

Vice Chair Quade thanked the Finance Department team for the quality of the budget reports and expressed appreciation for the Commission's ongoing educational approach to agenda topics. Chair Stanton-Trehan echoed these remarks, congratulating the leadership team for the significant progress in financial transparency, budget management, and departmental culture over the past several years, noting that the Commission operates with a high degree of confidence in leadership and communication.

ADJOURNMENT

There being no further matters, Chair Stanton-Trehan adjourned the meeting at 7:04 p.m. to Thursday, July 23, 2026, at the City Council Chamber.