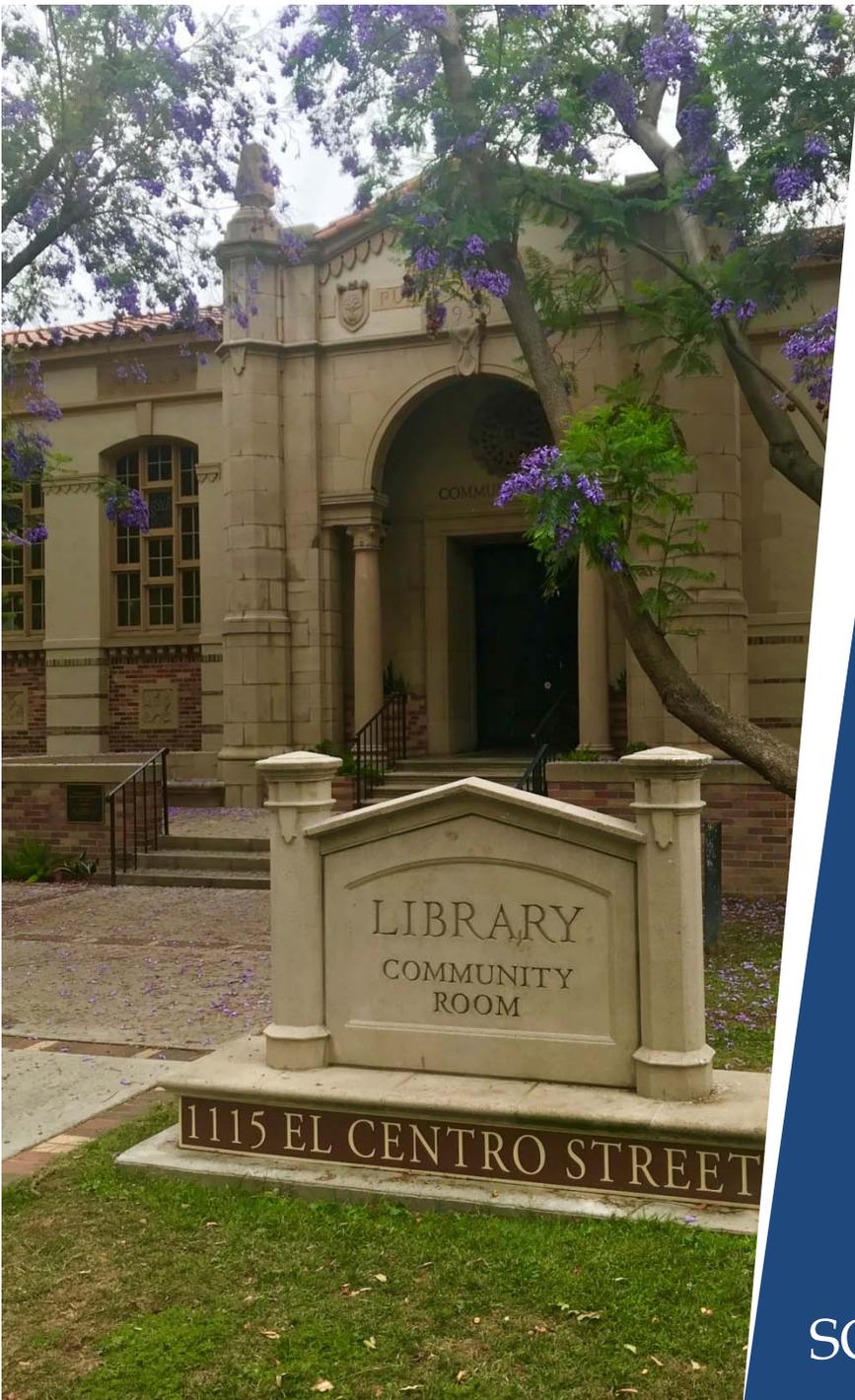


2017-18

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
SOUTH PASADENA

CITY OF SOUTH PASADENA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY: FINANCE DEPARTMENT

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CITY OF SOUTH PASADENA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2018**

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CITY OF SOUTH PASADENA

1414 MISSION STREET, SOUTH PASADENA, CA 91030

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June 20, 2019

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 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 Rogers, Anderson, Malody & Scott, LLP, 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, 2018, 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 unmodified opinion that the City of South Pasadena's financial statements for the fiscal year ended June 30, 2018, 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 25,992. 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 2017/18, the City of South Pasadena, the greater Los Angeles region and the State of California, have shown increasing revenues over the last several years as the region has recovered from the 2008 recession.

Property taxes are the City's largest tax source and make up approximately half of the General Fund revenues. The City of South Pasadena experienced a net taxable value increase of 6.0% for the 2017/18 tax roll, while Los Angeles County experienced an increase in assessed values of 7.0% over the prior year due to a strong rebound in residential real estate values. In the City of South Pasadena, assessed values increased by \$274 million over FY 2016/17. Property taxes have demonstrated consistent strong increases in growth in assessed values and in corresponding tax collections, partially because the City's extremely high quality of life makes it a desirable place to live and work. Moreover, the City's proximity to commercial and cultural developments in greater Pasadena offers our residents distinct lifestyle advantages. South Pasadena's assessed values and property taxes are expected to continue performing strongly as the general economy improves. Data also show 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.

The Utility Users Tax (UUT) is the second largest revenue source for the General Fund, at \$3.4 million. At the November 2018 local elections, the South Pasadena community voted to extend the UUT for four years, while retaining the amount at the current 7.5%.

Overall, South Pasadena continues to remain in satisfactory financial condition thanks to a relatively diverse and stable revenue base. Our core services have remained consistent despite certain revenue losses to the State as a result of the dissolution of redevelopment agencies. However, with the shifting of the former property tax increment back to affected taxing agencies, the City has been recovering some of this lost revenue.

Long-Term Financial Planning for Infrastructure. In 2009, the City established a long-range vision for its sewer and water enterprises by issuing bonds and adjusting charges for service to finance many critically needed improvements. Since then, the water and sewer rates needed for the restoration and rehabilitation of the aging water and sewer infrastructure have increased by over 100%. Since 2009, the City has spent approximately \$37.0 million upgrading the water system, and \$7.08 million upgrading the sewer system. The City expects to spend an additional \$10 million over the next two years on these projects. For the last five fiscal years, the City Council has also voted to commit at least \$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.

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 CAFR for the fiscal year ended June 30, 2017. 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 CAFR, 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 30 consecutive years (fiscal years ended 1987 through 2017). 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 Armine Trashian, Accounting Manager. This report would also not have been possible without the leadership of the City Manager, Stephanie DeWolfe, 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 extended to the firm of Rogers, Anderson, Malody & Scott, LLP, for their contributions towards improving our financial reporting.

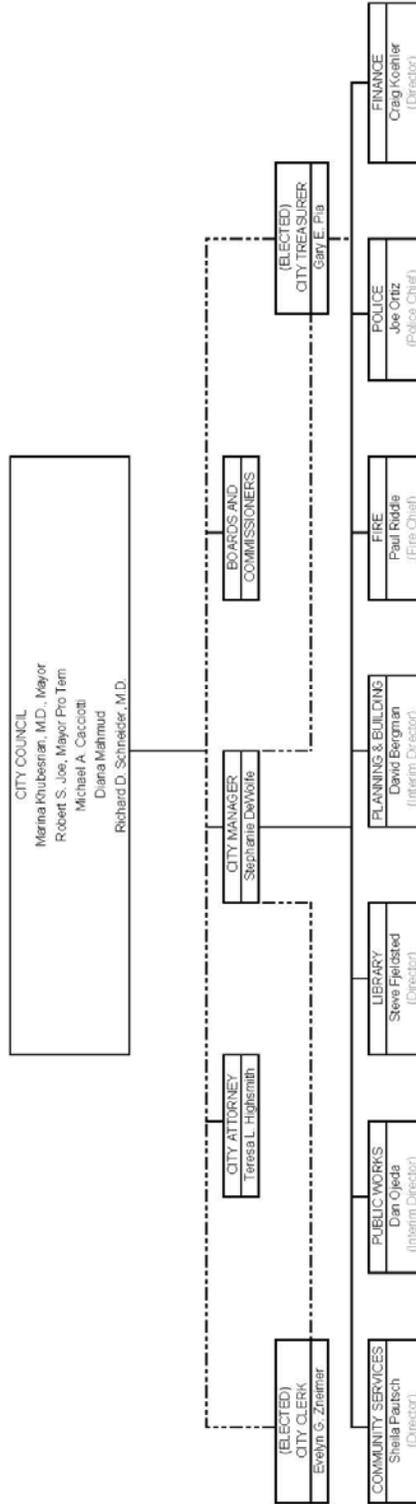
Respectfully submitted,



Craig Koehler
Finance Director

CITY OF SOUTH PASADENA ORGANIZATIONAL CHART

2017 - 2018



CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

Marina Khubesrian, M.D.
Mayor

Robert S. Joe
Mayor Pro Tempore

Michael A. Cacciotti
Councilmember

Diana Mahmud
Councilmember

Richard D. Schneider, M.D.
Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Stephanie DeWolfe
City Clerk	Evelyn G. Zneimer
City Treasurer	Gary E. Pia
City Attorney	Teresa L. Highsmith
Director of Finance	Craig Koehler
Director of Library, Arts, and Culture	Steve Fjeldsted
Police Chief	Joe Ortiz
Director of Community Services	Sheila Pautsch
Fire Chief	Paul Riddle
Interim Director of Public Works	Dan Ojeda
Interim Director of Planning and Building	David Bergman



Government Finance Officers Association

**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, 2017

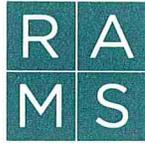
Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

DIRECTORS

Jenny Liu, CPA, MST

MANAGERS / STAFF

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Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA
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Certified Public Accountants

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Quality Center*

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Audit Quality Center*

California Society of
Certified Public Accountants

The Honorable City Council
of the City of South Pasadena
South Pasadena, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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 (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1, the City adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as noted 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.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019 on our consideration of the City of South Pasadena's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of South Pasadena's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
June 20, 2019

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CITY OF SOUTH PASADENA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 \$77,650,459. Unrestricted net position in an amount of (\$18,172,491) is primarily due to the City recording the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, and information about the fiduciary net position of the City's CalPERS plans per GASB Statements No. 68 and 71 and 75.
- The City's total net position increased by \$4,953,247.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$24,149,604 a decrease of \$494,660. Of this amount, \$10,308,576 or approximately 43% of total fund balances are available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,182,760, or 37% of the total General Fund Expenditures.
- The City's net investment in capital assets increased \$6,255,524 from the prior fiscal 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 position* presents information on all of the City's assets, deferred outflows/inflows of resources, and liabilities, with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of South Pasadena is improving or deteriorating.

CITY OF SOUTH PASADENA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

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

The City of South Pasadena maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund for the purposes of this report. Data from the other 29 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.

CITY OF SOUTH PASADENA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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 non-major governmental funds are presented in the Additional Financial Information section of this report.

Proprietary funds. The City of South Pasadena maintains two types of proprietary funds: enterprise fund and internal service fund. The enterprise fund is 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 the operations for its water and sewer utilities, and the municipal golf course. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is used to accumulate and allocate costs internally among the City's functions for general liability and workers' compensation insurance. Because the internal service operations benefit both governmental and business-type functions, they have been proportionally allocated and included within the governmental and business-like activities in the government-wide financial statements. Individual fund data for the internal service fund is provided in the form of combining statements in this report.

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

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

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

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

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

(C) Government-wide Financial Analysis.

Net position 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 \$77,650,459 at the close of the most recent fiscal year. This represents an increase of \$4,953,247 or 7% from the prior year, primarily due to a decrease in construction in progress relating to the Sewer Project, offset by an increase in net pension liability and the 2012 State Loan Payable. The proceeds from the 2012 State Loan Payable are used by the City for its rehabilitation and replacement of the City's sewer infrastructure. The City must expend its own funds prior to drawing on the accessible loan. Capital Assets are by far the largest portion of the City's net position; \$88,332,492 or 114% 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.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 27,717,339	\$ 27,260,514	\$ 14,274,295	\$ 14,784,133	\$ 41,991,634	\$ 42,044,647
Capital assets	62,806,755	59,774,372	74,217,620	70,811,859	137,024,375	130,586,231
Total assets	90,524,094	87,034,886	88,491,915	85,595,992	179,016,009	172,630,878
Deferred outflow of resources	9,923,516	7,031,413	6,640,100	6,712,800	16,563,616	13,744,213
Long-term liabilities	48,591,497	37,867,757	58,327,986	57,391,243	106,919,483	95,259,000
Other liabilities	3,273,859	2,174,739	3,668,754	5,217,584	6,942,613	7,392,323
Total liabilities	51,865,356	40,042,496	61,996,740	62,608,827	113,862,096	102,651,323
Deferred inflow of resources	3,649,673	3,051,477	417,397	220,528	4,067,070	3,272,005
Net investment in capital assets	62,806,755	59,774,372	25,525,737	22,302,873	88,332,492	82,077,245
Restricted	6,336,084	6,328,022	1,154,374	2,998,161	7,490,458	9,326,183
Unrestricted	(24,210,258)	(15,130,068)	6,037,767	4,178,403	(18,172,491)	(10,951,665)
Total net position	\$ 44,932,581	\$ 50,972,326	\$ 32,717,878	\$ 29,479,437	\$ 77,650,459	\$ 80,451,763

The second portion of the City net position of \$7,490,458 represents special revenue resources that are subject to external restrictions on how they may be used. Unrestricted net position shows a deficit balance of (\$18,172,491).

The City's governmental current assets increased by \$456,825 and capital assets increased by \$3,032,383. Capital assets increased due to construction activities in street projects.

The City's business-type current assets decreased by \$509,838, due to debt service payments and capital spending on the Garfield Reservoir Construction project. The City reported a net increase of \$3,405,761 in capital assets due to an increase in construction-in-progress relating to the Garfield Reservoir Capital Project and Sewer Project. Upon completion, the City will transfer the construction-in-progress costs to infrastructure.

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 4,771,481	\$ 5,180,333	\$ 12,611,113	\$ 11,490,222	\$ 17,382,594	\$ 16,670,555
Operating contributions and grants	972,026	1,471,113	200,167	-	1,172,193	1,471,113
Capital contributions and grants	1,325,968	2,418,236	-	-	1,325,968	2,418,236
General revenues:						
Property taxes	14,135,844	13,236,932	-	-	14,135,844	13,236,932
Other taxes	8,929,003	8,915,921	-	-	8,929,003	8,915,921
Intergovernmental	-	11,660	-	-	-	11,660
Use of money and property	650,749	553,165	92,551	(2,802)	743,300	550,363
Other	130,310	38,877	216,693	171,452	347,003	210,329
Total revenues	<u>30,915,381</u>	<u>31,826,237</u>	<u>13,120,524</u>	<u>11,658,872</u>	<u>44,035,905</u>	<u>43,485,109</u>
Expenses:						
General government	5,560,722	4,324,484	-	-	5,560,722	4,324,484
Public safety	14,624,313	15,596,078	-	-	14,624,313	15,596,078
Public works	5,197,516	5,529,025	-	-	5,197,516	5,529,025
Community services	3,819,654	3,566,285	-	-	3,819,654	3,566,285
Community development	1,037,091	1,289,447	-	-	1,037,091	1,289,447
Water	-	-	7,060,363	7,028,827	7,060,363	7,028,827
Sewer	-	-	686,672	1,012,338	686,672	1,012,338
Golf course	-	-	1,096,327	1,032,358	1,096,327	1,032,358
Total expenses	<u>30,239,296</u>	<u>30,305,319</u>	<u>8,843,362</u>	<u>9,073,523</u>	<u>39,082,658</u>	<u>39,378,842</u>
Income before transfers	676,085	1,520,918	4,277,162	2,585,349	4,953,247	4,106,267
Transfers	-	24,514	-	(24,514)	-	-
Increase in net position	676,085	1,545,432	4,277,162	2,560,835	4,953,247	4,106,267
Net position, beginning, as restated	44,256,496	49,426,894	28,440,716	26,918,602	72,697,212	76,345,496
Net position, ending	<u>\$ 44,932,581</u>	<u>\$ 50,972,326</u>	<u>\$ 32,717,878</u>	<u>\$ 29,479,437</u>	<u>\$ 77,650,459</u>	<u>\$ 80,451,763</u>

Governmental Activities

Governmental activities net position increased by \$676,085, after the prior period restatement, due to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Business-type Activities

The City's proprietary funds (enterprise and internal service 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. Unrestricted net position of the fund at the end of the fiscal year shows \$6,037,767. Total net position for these funds was \$32,717,878, an increase of \$4,277,162 (15%) over the prior year, due to increases in the capital construction expenses for the Garfield Reservoir Construction project.

(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.

CITY OF SOUTH PASADENA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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 \$24,149,604 a decrease of \$494,660 from the prior fiscal year. Approximately 43% 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 (26%), committed by City Council action for specific purposes (27%), or represents net position that are non-spendable resources (4%).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11,182,760, while the total fund balance reached \$17,890,983. 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 44% of General Fund expenditures, while the total fund balance represents 71% of that same amount.

The fund balance of the City's General Fund increased by \$1,265,803 in the current fiscal year. This represents an increase of 8% in fund balance from FY 2017. Key factors in this increase are as follows:

- Tax revenues increased \$846,391 or 4%. Property taxes are levied based on assessed values, although increases in the assessed values of properties with no change in ownership are generally limited to 2% annually. Property taxes increased by approximately \$900,000 and sales taxes increased by approximately \$13,000.
- Charges for Services revenues increased by \$13,943 compared to the prior year.
- Public Safety and Community Development Expenditures decreased by \$337,255 compared to the prior year.

General Fund Budgetary Highlights

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

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

CITY OF SOUTH PASADENA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

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 (\$2,051,468) when comparing actual amounts to the final budget for the current fiscal year. This budget variance reflects an unfavorable variance in revenues of (\$178,093) and a favorable variance in total expenditures of \$2,229,561 due to transfers out from the General Fund.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2018, amounts to \$62,806,755 and \$74,217,620 (net of accumulated depreciation), respectively. 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 3 in the Notes to Financial Statements section of this report.

Long-term debt. Proprietary fund long-term debt decreased (\$533,584) during the current fiscal year due to reduction of principal in the 2013 and 2016 Water Revenue Bonds. Further details on long-term debt can be found in Notes 5 through 7 in the Notes to Financial Statements section of this report.

	Business-Type Activities	
	2018	2017
2012 State Loan Payable	\$ 7,415,790	\$ 6,373,623
2013 Water Revenue Bonds	5,370,000	5,720,000
Issuance Premium	311,765	339,478
2016 Water Revenue Bonds	36,855,000	37,845,000
Issuance Premium	4,420,816	4,628,854
Total long-term debt	<u>\$ 54,373,371</u>	<u>\$ 54,906,955</u>

Economic Factors and Next Year's Budget

Increases in the contributions toward employee pensions through the California Public Employees Retirement System (PERS) as well as the increasing unfunded liability for Other Post-Employment Benefits remain serious concerns. In order to begin addressing these issues, the South Pasadena City Council has already committed \$1,000,000 of the General Fund balance towards funding retiree benefits and has prepaid the annual unfunded liability for both classic miscellaneous and safety employees

Sales taxes generally are a direct reflection of the general economy. The City has a mature tax base, with no big box stores or car dealerships, etc. Sales taxes have been increasing. The City has emerged from recession and receipts have moved back to pre-recession levels.

CITY OF SOUTH PASADENA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

During the 2018 fiscal year, unassigned fund balance in the General Fund remained substantial at \$11,182,760. The fiscal year 2019 Budget includes funding for much-needed capital improvements to the City's streets, sewer and water systems, the latter being funded with proceeds from the 2016 Water Revenue Bond issue. It remains the intention of City management not to use 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 the City Clerk, CityClerk@southpasadenaca.gov, 626.403.7230, or by U.S. mail: City Clerk, 1414 Mission Street, South Pasadena, CA 91030.

CITY OF SOUTH PASADENA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities (Governmental Funds)	Business-Type Activities (Enterprise Funds)	Total
Assets			
Cash and investments	\$ 24,966,018	\$ 12,567,935	\$ 37,533,953
Receivables:			
Accounts	141,488	783,381	924,869
Taxes	836,645	-	836,645
Notes and loans	250,000	-	250,000
Accrued interest	124,835	51,383	176,218
Internal balances	600,000	(600,000)	-
Due from other governments	743,908	-	743,908
Inventories	54,445	317,222	371,667
Restricted assets:			
Cash and investments with fiscal agent	-	1,154,374	1,154,374
Capital assets, not being depreciated	4,300,537	565,013	4,865,550
Capital assets, net of accumulated depreciation	58,506,218	73,652,607	132,158,825
Total assets	<u>90,524,094</u>	<u>88,491,915</u>	<u>179,016,009</u>
Deferred outflows of resources			
Deferred loss on debt refunding	-	5,681,488	5,681,488
Pension related	9,365,333	872,241	10,237,574
Other post-employment benefits related	558,183	86,371	644,554
Total deferred outflows of resources	<u>9,923,516</u>	<u>6,640,100</u>	<u>16,563,616</u>
Liabilities			
Accounts payable	1,888,193	1,489,995	3,378,188
Accrued liabilities	580,502	24,293	604,795
Accrued interest	-	450,656	450,656
Deposits payable	805,164	273,059	1,078,223
Noncurrent liabilities:			
Due within one year	-	1,430,751	1,430,751
Due in more than one year	-	52,942,620	52,942,620
Compensated absences	801,087	42,291	843,378
Net pension liability	33,307,942	3,102,139	36,410,081
Net other post-employment benefits liability	14,482,468	2,240,936	16,723,404
Total liabilities	<u>51,865,356</u>	<u>61,996,740</u>	<u>113,862,096</u>
Deferred inflows of resources			
Pension related	2,391,818	222,763	2,614,581
Other post-employment benefits related	1,257,855	194,634	1,452,489
Total deferred outflows of resources	<u>3,649,673</u>	<u>417,397</u>	<u>4,067,070</u>
Net position			
Net investment in capital assets	62,806,755	25,525,737	88,332,492
Restricted for:			
Community development projects	1,244,049	-	1,244,049
Public safety	167,630	-	167,630
Community services	1,173,553	-	1,173,553
Public works	3,094,087	-	3,094,087
Capital projects	656,765	-	656,765
Debt service	-	1,154,374	1,154,374
Unrestricted	(24,210,258)	6,037,767	(18,172,491)
Total net position (deficit)	<u>\$ 44,932,581</u>	<u>\$ 32,717,878</u>	<u>\$ 77,650,459</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,560,722	\$ 922,603	\$ 48,304	\$ -
Public safety	14,624,313	1,554,948	173,401	-
Community development	1,037,091	3,160	22,189	-
Community services	3,819,654	841,445	25,248	143,601
Public works	5,197,516	1,449,325	702,884	1,182,367
Total governmental activities	30,239,296	4,771,481	972,026	1,325,968
Business-type activities:				
Water	7,060,363	9,830,246	200,167	-
Sewer	686,672	1,614,351	-	-
Arroyo Seco Golf Course	1,096,327	1,166,516	-	-
Total business-type activities	8,843,362	12,611,113	200,167	-
Total Primary Government	\$ 39,082,658	\$ 17,382,594	\$ 1,172,193	\$ 1,325,968

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Business license taxes

Utility users tax

Other taxes

Motor vehicle in lieu

Use of money and property

Other

Total general revenues

Change in Net Position

Net Position - Beginning, as restated (Note 14)

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

(continued)

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (4,589,815)	\$ -	\$ (4,589,815)
(12,895,964)	-	(12,895,964)
(1,011,742)	-	(1,011,742)
(2,809,360)	-	(2,809,360)
<u>(1,862,940)</u>	<u>-</u>	<u>(1,862,940)</u>
<u>(23,169,821)</u>	<u>-</u>	<u>(23,169,821)</u>
-	2,970,050	2,970,050
-	927,679	927,679
<u>-</u>	<u>70,189</u>	<u>70,189</u>
<u>-</u>	<u>3,967,918</u>	<u>3,967,918</u>
<u>(23,169,821)</u>	<u>3,967,918</u>	<u>(19,201,903)</u>
14,135,844	-	14,135,844
3,965,016	-	3,965,016
784,736	-	784,736
389,726	-	389,726
3,345,582	-	3,345,582
430,261	-	430,261
13,682	-	13,682
650,749	92,551	743,300
130,310	216,693	347,003
<u>23,845,906</u>	<u>309,244</u>	<u>24,155,150</u>
676,085	4,277,162	4,953,247
<u>44,256,496</u>	<u>28,440,716</u>	<u>72,697,212</u>
<u>\$ 44,932,581</u>	<u>\$ 32,717,878</u>	<u>\$ 77,650,459</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Pooled cash and investments	\$ 17,017,102	\$ 7,886,864	\$ 24,903,966
Receivables:			
Accounts	138,048	3,440	141,488
Taxes	819,315	17,330	836,645
Notes and loans	250,000	-	250,000
Accrued interest	100,636	24,199	124,835
Due from other governments	397,102	346,806	743,908
Due from other funds	763,612	-	763,612
Advances to other funds	600,000	-	600,000
Inventories	54,445	-	54,445
	<u>20,140,260</u>	<u>8,278,639</u>	<u>28,418,899</u>
Total assets	<u>\$ 20,140,260</u>	<u>\$ 8,278,639</u>	<u>\$ 28,418,899</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 888,199	\$ 997,406	\$ 1,885,605
Accrued liabilities	566,526	13,976	580,502
Deposits payable	794,552	10,612	805,164
Due to other funds	-	763,612	763,612
	<u>2,249,277</u>	<u>1,785,606</u>	<u>4,034,883</u>
Total liabilities	<u>2,249,277</u>	<u>1,785,606</u>	<u>4,034,883</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	234,412	234,412
	<u>-</u>	<u>234,412</u>	<u>234,412</u>
Fund Balances:			
Nonspendable			
Inventories	54,445	-	54,445
Notes and loans	250,000	-	250,000
Advances to other funds	600,000	-	600,000
Restricted for:			
Community development projects	-	1,244,049	1,244,049
Public safety - police	-	167,630	167,630
Community services	-	1,173,553	1,173,553
Public works - streets and roads	-	2,817,340	2,817,340
Capital projects	-	656,765	656,765
Public works - street lighting	-	276,747	276,747
Committed to:			
Capital projects	-	796,721	796,721
Arroyo Golf Course Facility	1,100,000	-	1,100,000
CalTrans Vacant Lot Purchases	750,000	-	750,000
Emergency Operations Center	300,000	-	300,000
Legal Services Reserve	500,000	-	500,000
Library Expansion	200,000	-	200,000
Maintenance Yard/Community Center Reserve	317,130	-	317,130
Monterey Road Improvements	500,000	-	500,000
Renewable Energy Sources	350,000	-	350,000
Retiree Medical Benefits	500,000	-	500,000
Retiree Pension Benefits	500,000	-	500,000
Sidewalk Improvements	180,000	-	180,000
Tree Replacement	50,000	-	50,000
General Plan Reserve	109,648	-	109,648
Stormwater Reserve	300,000	-	300,000
Library Park Drainage Reserve	147,000	-	147,000
Unassigned	11,182,760	(874,184)	10,308,576
	<u>17,890,983</u>	<u>6,258,621</u>	<u>24,149,604</u>
Total fund balances	<u>17,890,983</u>	<u>6,258,621</u>	<u>24,149,604</u>
	<u>\$ 20,140,260</u>	<u>\$ 8,278,639</u>	<u>\$ 28,418,899</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,140,260</u>	<u>\$ 8,278,639</u>	<u>\$ 28,418,899</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund balances of governmental funds		\$ 24,149,604
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources of the governmental funds. This amount excludes capital assets reported in the internal service funds.		62,806,755
Deferred outflows and inflows of resources related to pensions have not been reported in the governmental funds. These amounts exclude pension related deferred outflow and inflows reported in the internal service funds.		
Pension related deferred outflows of resources	\$ 9,365,333	
Pension related deferred inflows of resources	(2,391,818)	
Net other post-employment benefits related deferred inflows of resources	(1,257,855)	
Net other post-employment benefits related deferred outflows of resources	<u>558,183</u>	
		6,273,843
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Compensated absences	(801,087)	
Net pension liability	(33,307,942)	
Net other post-employment benefits liability	<u>(14,482,468)</u>	
		(48,591,497)
Unavailable revenues are not available to pay for current expenditures, therefore, are deferred in the governmental funds but are recognized as revenues in the statement of activities		234,412
Internal service funds are used to charge the cost of activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		<u>59,464</u>
Net position of governmental activities		<u>\$ 44,932,581</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF SOUTH PASADENA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 21,251,027	\$ 1,576,872	\$ 22,827,899
Assessments	-	890,227	890,227
Licenses and permits	935,633	65,716	1,001,349
Intergovernmental	1,512	1,373,085	1,374,597
Charges for services	3,401,310	310,506	3,711,816
Use of money and property	579,006	71,743	650,749
Fines and forfeitures	388,061	-	388,061
Contributions	-	16,135	16,135
Miscellaneous	-	54,548	54,548
	<u>26,556,549</u>	<u>4,358,832</u>	<u>30,915,381</u>
Expenditures			
Current:			
General government	4,437,568	206,307	4,643,875
Public safety	13,223,377	-	13,223,377
Community development	1,033,506	3,585	1,037,091
Community services	2,987,734	583,169	3,570,903
Public works	1,827,619	1,467,220	3,294,839
Capital outlay	1,780,942	3,859,014	5,639,956
	<u>25,290,746</u>	<u>6,119,295</u>	<u>31,410,041</u>
Net change in fund balance	1,265,803	(1,760,463)	(494,660)
Fund Balances, Beginning	<u>16,625,180</u>	<u>8,019,084</u>	<u>24,644,264</u>
Fund Balances, Ending	<u>\$ 17,890,983</u>	<u>\$ 6,258,621</u>	<u>\$ 24,149,604</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net changes in fund balances - total governmental funds \$ (494,660)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital asset expenditures, net of deletions of capital assets	\$ 5,680,750	
Depreciation expense, net of deletions of capital assets	<u>(2,648,367)</u>	3,032,383

Some 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:

Change in compensated absences	21,984	
Changes in net other post-employment benefits related items	(263,080)	
Changes in pension related items	<u>(1,390,600)</u>	(1,631,696)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in the statement of activities.

(229,942)

Changes in net position of governmental activities

\$ 676,085

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Arroyo Seco Golf Course	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 9,619,023	\$ 2,626,298	\$ 322,614	\$ 12,567,935	\$ 62,052
Receivables:					
Accounts	724,508	58,873	-	783,381	-
Accrued interest	43,955	7,387	41	51,383	-
Inventories	304,425	-	12,797	317,222	-
Restricted:					
Cash and investments with fiscal agent	1,154,374	-	-	1,154,374	-
Total current assets	<u>11,846,285</u>	<u>2,692,558</u>	<u>335,452</u>	<u>14,874,295</u>	<u>62,052</u>
Noncurrent assets:					
Capital assets, not depreciated	565,013	-	-	565,013	-
Capital assets, net of depreciation	62,673,842	10,057,255	921,510	73,652,607	-
Total noncurrent assets	<u>63,238,855</u>	<u>10,057,255</u>	<u>921,510</u>	<u>74,217,620</u>	<u>-</u>
Total assets	<u>75,085,140</u>	<u>12,749,813</u>	<u>1,256,962</u>	<u>89,091,915</u>	<u>62,052</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on debt refunding	5,681,488	-	-	5,681,488	-
Pension related	698,203	174,038	-	872,241	-
Other post-employment benefits related	71,997	14,374	-	86,371	-
Total deferred outflows of resources	<u>6,451,688</u>	<u>188,412</u>	<u>-</u>	<u>6,640,100</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,456,943	4,010	29,042	1,489,995	2,588
Accrued liabilities	19,572	4,721	-	24,293	-
Accrued interest	450,656	-	-	450,656	-
Deposits payable	273,059	-	-	273,059	-
Compensated absences	3,757	472	-	4,229	-
Bonds payable	1,430,751	-	-	1,430,751	-
Total current liabilities	<u>3,634,738</u>	<u>9,203</u>	<u>29,042</u>	<u>3,672,983</u>	<u>2,588</u>
Noncurrent liabilities:					
Advances from other funds	-	600,000	-	600,000	-
Compensated absences	33,812	4,250	-	38,062	-
Net other post-employment benefits liability	1,868,004	372,932	-	2,240,936	-
Net pension liability	2,483,168	618,971	-	3,102,139	-
Loans payable	-	7,415,790	-	7,415,790	-
Bonds payable	45,526,830	-	-	45,526,830	-
Total noncurrent liabilities	<u>49,911,814</u>	<u>9,011,943</u>	<u>-</u>	<u>58,923,757</u>	<u>-</u>
Total liabilities	<u>53,546,552</u>	<u>9,021,146</u>	<u>29,042</u>	<u>62,596,740</u>	<u>2,588</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related	178,315	44,448	-	222,763	-
Other post-employment benefits related	162,243	32,391	-	194,634	-
Total deferred inflows of resources	<u>340,558</u>	<u>76,839</u>	<u>-</u>	<u>417,397</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	21,962,762	2,641,465	921,510	25,525,737	-
Restricted	1,154,374	-	-	1,154,374	-
Unrestricted	4,532,582	1,198,775	306,410	6,037,767	59,464
Total net position	<u>\$ 27,649,718</u>	<u>\$ 3,840,240</u>	<u>\$ 1,227,920</u>	<u>\$ 32,717,878</u>	<u>\$ 59,464</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Arroyo Seco Golf Course	Total	
OPERATING REVENUES					
Sales and service charges	\$ 9,830,246	\$ 1,614,351	\$ 1,166,516	\$ 12,611,113	\$ -
Miscellaneous	216,693	-	-	216,693	-
Total operating revenues	10,046,939	1,614,351	1,166,516	12,827,806	-
OPERATING EXPENSES					
Administration and general	876,945	413,733	1,061,941	2,352,619	-
Pumping	1,162,253	-	-	1,162,253	-
Transmission/collection	2,556,035	-	-	2,556,035	-
Treatment	-	175,661	-	175,661	-
Insurance costs and claims	-	-	-	-	229,942
Depreciation expense	630,900	93,028	34,386	758,314	-
Total operating expenses	5,226,133	682,422	1,096,327	7,004,882	229,942
Operating income (loss)	4,820,806	931,929	70,189	5,822,924	(229,942)
NON-OPERATING REVENUES (EXPENSES)					
Interest revenue	77,664	14,416	471	92,551	-
Interest expense	(1,832,700)	(4,250)	-	(1,836,950)	-
Operating grants and contributions	200,167	-	-	200,167	-
Capital projects	-	-	-	-	-
Miscellaneous expenses	(1,530)	-	-	(1,530)	-
Total non-operating revenues (expenses)	(1,556,399)	10,166	471	(1,545,762)	-
Change in net position	3,264,407	942,095	70,660	4,277,162	(229,942)
NET POSITION					
Net position, beginning, as restated	24,385,311	2,898,145	1,157,260	28,440,716	289,406
Net position, ending	\$ 27,649,718	\$ 3,840,240	\$ 1,227,920	\$ 32,717,878	\$ 59,464

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Arroyo Seco Golf Course	Total	
Cash flows from operating activities					
Cash received from customers and users	\$ 10,377,562	\$ 1,657,663	\$ 1,166,516	\$ 13,201,741	\$ -
Cash paid to suppliers for goods and services	(5,431,221)	(1,212,551)	(1,064,224)	(7,707,996)	(227,948)
Cash paid to employees for services	243,663	53,623	-	297,286	-
Cash received from (payments to) others	216,693	-	-	216,693	-
Net cash provided by (used for) operating activities	5,406,697	498,735	102,292	6,007,724	(227,948)
Cash flows from noncapital financing activities					
Cash paid to other funds	-	(150,000)	-	(150,000)	-
Cash received from operating grants	200,167	-	-	200,167	-
Net cash provided by (used for) noncapital financing activities	200,167	(150,000)	-	50,167	-
Cash flows from capital and related financing activities					
Proceeds from capital debt	-	1,042,167	-	1,042,167	-
Acquisition and construction of capital assets	(2,710,449)	(1,308,614)	(145,013)	(4,164,076)	-
Principal paid on capital debt	(1,340,000)	-	-	(1,340,000)	-
Interest paid on capital debt	(1,819,306)	(19,250)	-	(1,838,556)	-
Net cash used for capital and related financing activities	(5,869,755)	(285,697)	(145,013)	(6,300,465)	-
Cash flows from investing activities					
Interest received	42,749	9,962	516	53,227	-
Net cash provided by investing activities	42,749	9,962	516	53,227	-
Net increase (decrease) in cash and cash equivalents	(220,142)	73,000	(42,205)	(189,347)	(227,948)
Cash and cash equivalents, beginning of year	10,993,539	2,553,298	364,819	13,911,656	290,000
Cash and cash equivalents, end of year	\$ 10,773,397	\$ 2,626,298	\$ 322,614	\$ 13,722,309	\$ 62,052
Cash and investments	\$ 9,619,023	\$ 2,626,298	\$ 322,614	\$ 12,567,935	\$ 62,052
Restricted:					
Cash and investments with fiscal agent	1,154,374	-	-	1,154,374	-
Total cash and cash equivalents	\$ 10,773,397	\$ 2,626,298	\$ 322,614	\$ 13,722,309	\$ 62,052
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 4,820,806	\$ 931,929	\$ 70,189	\$ 5,822,924	\$ (229,942)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	630,900	93,028	34,386	758,314	-
(Increase) decrease in operating assets:					
Accounts receivable	547,316	43,312	-	590,628	-
Inventories	(36,364)	-	(4,155)	(40,519)	-
Deferred outflows of resources	(85,301)	(18,548)	-	(103,849)	-
Increase (decrease) in operating liabilities:					
Accounts payable	(799,624)	(623,157)	1,872	(1,420,909)	1,994
Accrued liabilities	2,104	433	-	2,537	-
Compensated absences	9,612	908	-	10,520	-
Net pension liability	276,387	64,078	-	340,465	-
Net other post-employment benefits liability	(129,117)	(25,777)	-	(154,894)	-
Deferred inflows of resources	169,978	32,529	-	202,507	-
Total adjustments	585,891	(433,194)	32,103	184,800	1,994
Net cash provided by (used for) operating activities	\$ 5,406,697	\$ 498,735	\$ 102,292	\$ 6,007,724	\$ (227,948)

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Private Purpose Trust Fund Successor Agency of the Former CRA</u>
Assets	
Pooled cash and investments	\$ 64,969
Interest receivable	444
Restricted assets:	
Cash and investments with fiscal agents	<u>198,743</u>
Total assets	<u>264,156</u>
Liabilities	
Accrued interest	10,928
Long-term liabilities:	
Due within one year	130,000
Due in more than one year	<u>965,000</u>
Total liabilities	<u>1,105,928</u>
Fiduciary Net Position (Deficit)	
Held in trust for other purposes	<u>\$ (841,772)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trust Fund Successor Agency of the Former CRA
Revenues	
Taxes	\$ 194,258
Use of money and property	3,186
Total revenues	<u>197,444</u>
Expenses	
Interest expense	<u>71,716</u>
Total expenses	<u>71,716</u>
Change in net position	125,728
Net position (deficit) held in trust, beginning	<u>(967,500)</u>
Net position (deficit) held in trust, ending	<u>\$ (841,772)</u>

The accompanying notes are an integral part of these financial statements.

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Note 1: Summary of Significant Accounting Policies

A. Description of 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 No. 14 as amended by Statement 39, 61 and 80 and were as follows:

1. The members of the City Council also act as the governing body of the City of South Pasadena Housing Authority (the Authority).
2. The Authority is managed by employees of the City.
3. The Authority is financially interdependent with the City.

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

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. The primary government has operational responsibility for the Housing Authority. Although the Housing Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Housing Authority. Separate financial statements of the Housing Authority are not prepared. Additionally, the Housing Authority took over the housing activities from the former Community Redevelopment Agency due to its dissolution on January 31, 2012.

B. Government-wide and Fund Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal 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.

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

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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 City reports the following major proprietary funds:

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

The City's fund structure also includes the following fund types:

- The Private Purpose Trust Fund accounts for the assets and liabilities of the former community redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former community redevelopment agency are paid in full and assets have been liquidated. Please refer to Note 10 for more information.
- The Internal Service Fund is used to accumulate and allocate costs internally among the City's functions for general liability and worker's compensation insurance. Because the internal service operations benefit both governmental and business-type functions, they have been proportionally allocated and included within the governmental and business-like activities in the government-wide financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

Proprietary funds and internal service fund 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.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected to follow all pronouncements of the GASB.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position 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 noncurrent 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 uncollectible amounts.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when 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 proceeding 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, after December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent after August 31.

Functional Classifications

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

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

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

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

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

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

Capital Outlay includes those activities that account for the acquisition of capital assets.

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

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 and statement of net position 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 acquisition 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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and reimbursable grants billed but not yet available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website at www.calpers.ca.gov.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	January 1, 2017
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Long-Term Obligations

In the government-wide financial statements and proprietary 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 position.

Fund Equity

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

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

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

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

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

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that can report a positive unassigned fund balance.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

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, and 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 balances classifications can be used.

The City Council adopts and amends committed and assigned fund balance amounts for specific purposes through a resolution. When 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 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.

Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

F. Implementation of New Accounting Principle

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures.

This pronouncement has been implemented for purposes of measuring the net OPEB liability and any related deferred outflows/inflows of resources related to OPEB, and OPEB expense/expenditures.

Note 2: Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	\$	37,533,953
Cash and investments with fiscal agents		1,154,374
Statement of fiduciary net position:		
Cash and investments		64,969
Cash and investments with fiscal agents		198,743
		<hr/>
Total cash and cash equivalents	\$	38,952,039
		<hr/> <hr/>

Cash and investments at June 30, 2018, consists of the following:

Cash and cash equivalents:		
Petty cash	\$	9,235
Deposits with financial institutions		5,784,685
Investments		33,158,119
		<hr/>
Total cash and cash equivalents	\$	38,952,039
		<hr/> <hr/>

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 2: Cash and Investments (continued)

A. Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$5,784,684 and the bank balance was \$7,262,047. The \$1,477,363 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.

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Investments (continued)

B. Investments

Under provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Minimum Quality Requirements</u>
Local Agency Bonds	Yes	5 years	None	None	N/A
U.S. Treasury Obligations	Yes	5 years	None	None	N/A
State Obligations - CA & Others	Yes	5 years	None	None	N/A
CA Local Agency Obligations	Yes	5 years	None	None	N/A
U.S. Agency Obligations	Yes	5 years	None	None	N/A
Banker's Acceptances	Yes	180 days	40%	30%	N/A
Commercial Paper - Select Agencies	Yes	270 days	25%	10%	A-1
Commercial Paper - Other Agencies	Yes	270 days	40%	None	A-1
Negotiable Certificates of Deposit	Yes	5 years	30%	None	N/A
CD Placement Service	Yes	5 years	30%	None	N/A
Repurchase Agreements	Yes	1 year	None	None	N/A
Reverse Repurchase Agreements	Yes	92 days	20%	None	N/A
Medium-Term Notes	Yes	5 years	30%	N/A	A
Mutual Funds	Yes	N/A	20%	10%	N/A
Money Market Mutual Funds	Yes	N/A	20%	10%	N/A
Collateralized Bank Deposits	Yes	5 years	None	None	N/A
Mortgage Pass-Through Securities	Yes	5 years	20%	None	AA
Bank/Time Deposits	Yes	5 years	None	None	N/A
County Pooled Investment Funds	Yes	N/A	None	None	N/A
Joint Powers Authority Pool	Yes	N/A	None	None	N/A
Local Agency Investment Fund	Yes	N/A	None	None	N/A
Voluntary Investment Program Fund	Yes	N/A	None	None	N/A

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make.

C. 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.

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Investments (continued)

D. 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. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

Presented below is the minimum rating required by the City's Investment Policy and the actual rating as of June 30, 2018:

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End								
				AAA	AA+	AA	AA-	A+	A	A-	Not Rated	
Local Agency Investment Fund	\$ 16,835,690	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,835,690
Money Market Mutual Funds	24,294	N/A	-	-	-	-	-	-	-	-	-	24,294
U.S. Treasury Notes	6,213,256	N/A	6,213,256	-	-	-	-	-	-	-	-	-
Government Agency Securities	5,523,604	A	-	-	5,523,604	-	-	-	-	-	-	-
Medium-Term Notes	4,561,275	A	-	161,813	316,502	239,290	476,723	995,681	1,207,039	1,164,227	-	-
Total	\$ 33,158,119		\$ 6,213,256	\$ 161,813	\$ 5,840,106	\$ 239,290	\$ 476,723	\$ 995,681	\$ 1,207,039	\$ 1,164,227		\$ 16,859,984

E. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the bank balances, up to \$250,000 is federally insured and the remaining balances are collateralized in accordance with the California Government Code.

F. Concentration of Credit Risk

The City's investment policy imposes restrictions on the percentage that the City can invest in a single type of investment in accordance with CA Government Code. 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, 2018, investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Investment Type	Issuer	Reported	Interest Rate	6 months to 1	1 to 3	3 to 5
		Amount		year	years	years
Federal National Mortgage Association	FNMA	\$ 2,277,157	1.625% - 1.875%	\$ 363,283	\$ 959,855	\$ 954,019
Federal Home Loan Mortgage Corporation	FHLMC	2,610,095	1.250% - 2.375%	-	-	2,610,095

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2: Cash and Investments (continued)

G. Interest Rate Risk

The City's investment policy limits investment maturities, in accordance with CA Government Code, as a means of managing its exposure to fair value losses arising from increasing interest rates. The certificates of deposit in cash with fiscal agent below with a maturity of three to five years are governed by the debt agreements, rather than the City's investment policy. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2018, the City had the following investments and original maturities:

Investment Type	Remaining Maturity (in months)				Total
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Local Agency Investment Fund	\$ 16,835,690	\$ -	\$ -	\$ -	\$ 16,835,690
Money Market Mutual Funds	24,294	-	-	-	24,294
U.S. Treasury Notes	1,223,549	409,370	4,580,337	-	6,213,256
Government Agency Securities	363,283	959,855	4,200,466	-	5,523,604
Medium-Term Notes	236,824	778,678	3,545,773	-	4,561,275
Total	\$ 18,683,640	\$ 2,147,903	\$ 12,326,576	\$ -	\$ 33,158,119

H. Fair Value Measurements

The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2018.

Investment by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
Money Market Mutual Funds	\$ 24,294	\$ 24,294	\$ -	\$ -
U.S. Treasury Notes	6,213,256	6,213,256	-	-
Government Agency Securities	5,523,604	5,523,604	-	-
Medium-Term Notes	4,561,275	4,561,275	-	-
Total investments measured at fair value	16,322,429	\$ 16,322,429	\$ -	\$ -
Investments measured at amortized cost LAIF	16,835,690			
Total investments	\$ 33,158,119			

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 3: Capital Assets

Capital asset activity was as follows for the year ended June 30, 2018:

Governmental activities:	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 2,116,515	\$ 340,480	\$ -	\$ 2,456,995
Construction in progress	1,433,113	4,940,871	(4,530,442)	1,843,542
	<u>3,549,628</u>	<u>5,281,351</u>	<u>(4,530,442)</u>	<u>4,300,537</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	11,425,230	315,166	-	11,740,396
Improvements other than buildings	3,026,023	2,468,538	-	5,494,561
Machinery, equipment, and vehicles	10,368,805	456,175	-	10,824,980
Infrastructure	88,335,621	1,689,962	-	90,025,583
	<u>113,155,679</u>	<u>4,929,841</u>	<u>-</u>	<u>118,085,520</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(6,601,902)	(209,161)		(6,811,063)
Improvements other than buildings	(1,029,166)	(100,613)		(1,129,779)
Machinery, equipment, and vehicles	(6,971,481)	(470,122)		(7,441,603)
Infrastructure	(42,328,386)	(1,868,471)		(44,196,857)
	<u>(56,930,935)</u>	<u>(2,648,367)</u>	<u>-</u>	<u>(59,579,302)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>56,224,744</u>	<u>2,281,474</u>	<u>-</u>	<u>58,506,218</u>
Total governmental activities	<u>\$ 59,774,372</u>	<u>\$ 7,562,825</u>	<u>\$ (4,530,442)</u>	<u>\$ 62,806,755</u>

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

Governmental Activities:	
General government	\$ 47,417
Public safety	408,728
Community services	248,751
Public works	<u>1,943,471</u>
Total depreciation expense – governmental activities	<u>\$ 2,648,367</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 3: Capital Assets (continued)

Business-type activities:	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 84,685	\$ -	\$ -	\$ 84,685
Construction in progress	46,193,597	2,671,131	(48,384,400)	480,328
Total capital assets, not being depreciated	<u>46,278,282</u>	<u>2,671,131</u>	<u>(48,384,400)</u>	<u>565,013</u>
Capital assets, being depreciated:				
Buildings	4,171,553	-	-	4,171,553
Improvements other than buildings	3,943,701	161,920	-	4,105,621
Infrastructure	24,423,486	49,676,105	-	74,099,591
Machinery and equipment	1,783,647	39,319	-	1,822,966
Total capital assets, being depreciated	<u>34,322,387</u>	<u>49,877,344</u>	<u>-</u>	<u>84,199,731</u>
Less accumulated depreciation for:				
Buildings	(975,311)	(72,408)	-	(1,047,719)
Improvements other than buildings	(3,245,864)	(33,828)	-	(3,279,692)
Infrastructure	(4,698,676)	(567,864)	-	(5,266,540)
Machinery and equipment	(868,959)	(84,214)	-	(953,173)
Total accumulated depreciation	<u>(9,788,810)</u>	<u>(758,314)</u>	<u>-</u>	<u>(10,547,124)</u>
Total capital assets, being depreciated, net	<u>24,533,577</u>	<u>49,119,030</u>	<u>-</u>	<u>73,652,607</u>
Total business-type activities	<u>\$ 70,811,859</u>	<u>\$ 51,790,161</u>	<u>\$ (48,384,400)</u>	<u>\$ 74,217,620</u>

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

Business-type Activities:	
Water	\$ 630,900
Sewer	93,028
Arroyo Seco Golf Course	34,386
Total depreciation expense – business-type activities	<u>\$ 758,314</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 4: Interfund Receivable, Payable and Transfers

A. Due To/From Other Funds

At June 30, 2018, the City had the following internal balances:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	
	<u>Nonmajor Funds</u>	<u>Total</u>
General Fund	<u>\$ 763,612</u>	<u>\$ 763,612</u>

The due to General fund of \$763,612 for various nonmajor governmental funds was a result of temporary cash deficit balances in those funds.

B. Advances to/from Other Funds

The General Fund advanced \$750,000 to the Sewer Fund on July 11, 2012, in order to fund the construction of the Arroyo Drive, Marengo Ave, Meridian Ave, and Huntington Drive Sewer Improvement Project. The advance bears interest at the City's portfolio rate of return, with payments due within ten years. The balance outstanding at June 30, 2018 is \$600,000.

Note 5: Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Business-Type Activities:					
2012 State Loan Payable	\$ 6,373,623	\$ 1,042,167	\$ -	\$ 7,415,790	\$ -
2013 Water Revenue Bonds	5,720,000	-	(350,000)	5,370,000	360,000
Issuance Premium	339,478	-	(27,713)	311,765	27,713
2016 Water Revenue Bonds	37,845,000	-	(990,000)	36,855,000	835,000
Issuance Premium	4,628,854	-	(208,038)	4,420,816	208,038
Total Business-Type Activities	<u>\$ 54,906,955</u>	<u>\$ 1,042,167</u>	<u>\$ (1,575,751)</u>	<u>\$ 54,373,371</u>	<u>\$ 1,430,751</u>

2012 State Loan Payable

California State Water Resources Control Board loaned the City an assessable amount of \$11,000,000 over the term agreement starting December 1, 2013 through May 30, 2037. The proceeds from the loan are to be used by the City for its rehabilitation and replacement of the City's sewer infrastructure. The loan acts as an installment sale agreement, in which, the City must expend its own funds prior to drawing on the accessible loan amount for reimbursement. Repayment of project funds, together with all interest accrued thereon, by the City shall be repaid in annual installments commencing 1 year after the completion of the project. For the period ended June 30, 2018, the amount payable to the California State Water Resources Control Board was \$7,415,790.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 5: Long-Term Debt (continued)

2013 Water Revenue Bonds

In March, 2013, the South Pasadena Public Financing Authority issued \$6,995,000 Water and Wastewater Revenue Bonds, 2013 Series A. The bonds were issued to refund of a portion of the outstanding California Statewide Communities Development Authority Water and Wastewater Revenue Bonds, Series 2004A that were issued on behalf of the City of South Pasadena, to purchase a surety for a reserve fund for the Bonds, and to pay costs of issuance of the bonds. The bonds are secured by a pledge of system net revenues of the City's water system.

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 serial bonds mature annually from October 1, 2014 to October 1, 2029, in increasing amounts from \$325,000 to \$545,000. The bonds bear interest at rates ranging from .35% to 3.4%. The term bonds mature on October 1, 2029, and carry an interest rate of 5.0%. Interest is payable semi-annually on April 1 and October 1, commencing on October 1, 2014 and October 1, 2029, respectively.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 360,000	\$ 188,988	\$ 548,988
2020	375,000	174,288	549,288
2021	390,000	158,988	548,988
2022	405,000	143,088	548,088
2023	420,000	128,688	548,688
2024-2028	2,350,000	386,663	2,736,663
2029-2030	1,070,000	33,750	1,103,750
Total	<u>\$ 5,370,000</u>	<u>\$ 1,214,453</u>	<u>\$ 6,584,453</u>

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 5: Long-Term Debt (continued)

2016 Water Revenue Bonds

In November, 2016, the City of South Pasadena issued \$37,845,000 Water Revenue Refunding Bonds. The bonds were issued to refund all of the outstanding 2009 Water Revenue Bonds, purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2016 bonds and to pay costs of issuance of the 2016 bonds.

The serial bonds mature annually from October 1, 2017 to October 1, 2036, in amounts from \$835,000 to \$2,610,000. The bonds bear interest at rates ranging from 2% to 5%. The term bonds mature on October 1, 2039, and carry an interest rate of 5.0%. Interest is payable semi-annually on April 1 and October 1, commencing and ending on April 1, 2017 and April 1, 2037, respectively.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 835,000	\$ 1,598,087	\$ 2,433,087
2020	850,000	1,576,988	2,426,988
2021	880,000	1,551,038	2,431,038
2022	905,000	1,519,738	2,424,738
2023	945,000	1,482,738	2,427,738
2024-2028	5,470,000	6,663,438	12,133,438
2029-2033	8,730,000	5,031,563	13,761,563
2034-2038	12,455,000	2,394,116	14,849,116
2039-2040	5,785,000	196,847	5,981,847
Total	<u>\$ 36,855,000</u>	<u>\$ 22,014,553</u>	<u>\$ 58,869,553</u>

Note 6: Compensated Absences

The City's liability at June 30, 2018 for vested and unpaid compensated absences (accrued vacation and compensatory time) is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Governmental activities	\$ 823,071	\$ 693,486	\$ (715,470)	\$ 801,087	\$ 80,109
Business-type activities	31,771	41,517	(30,997)	42,291	4,229
Total compensated absences payable	<u>\$ 854,842</u>	<u>\$ 735,003</u>	<u>\$ (746,467)</u>	<u>\$ 843,378</u>	<u>\$ 84,338</u>

Compensated absences are paid, if matured, out of the General Fund and other various special revenue funds.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 7: City Employees Defined Benefit Pension Plan

A. General Information about the Pension Plans

Plan Description

Miscellaneous Plan

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2016 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Safety Plan

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three safety rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.50%
Required employer contribution rates	17.718%	9.599% - Classic 6.908% - PEPRA

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.75% 17.455% - Classic
Required employer contribution rates	29.884%	12.729% - PEPRA

Employees Covered

At June 30, 2016 (valuation date), the following employees were covered by the benefit terms:

	Miscellaneous - Classic	Miscellaneous - PEPRA	Safety - Classic	Safety - PEPRA
Inactive employees or beneficiaries currently receiving benefits	144	-	138	-
Inactive employees entitled to but not yet receiving benefits	184	20	31	7
Active employees	69	37	39	11
Total	397	57	208	18

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2018 were \$3,082,379. The actual employer payments of \$2,808,028 made to CalPERS by the City during the measurement period ended June 30, 2017 differed from the City's proportionate share of the employer's contributions of \$3,564,563 by \$756,535, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.15%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Change of Assumptions

In fiscal year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website, at www.calpers.ca.gov.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10¹</u>
Global Equity	47.0%	4.90%
Global Fixed income	19.0%	0.80%
Inflation Sensitive	6.0%	0.60%
Private Equity	12.0%	6.60%
Real Estate	11.0%	2.80%
Infrastructure and Forestland	3.0%	3.90%
Liquidity	2.0%	(0.40%)
Total	<u>100.0%</u>	

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

C. Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period.

Miscellaneous Plan

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (MD)	\$ 44,689,385	\$ 33,527,426	\$ 11,161,959
Balance at: 6/30/2017 (MD)	49,340,576	36,480,686	12,859,890
Net Changes during 2016-17	4,651,191	2,953,260	1,697,931

Safety

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (MD)	\$ 80,445,101	\$ 59,921,623	\$ 20,523,478
Balance at: 6/30/2017 (MD)	86,843,812	63,293,621	23,550,191
Net Changes during 2016-17	6,398,711	3,371,998	3,026,713

Valuation Date (VD), Measurement Date (MD)

The City's net pension liability for each of the cost sharing, multiple-employer Plans is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' at www.calpers.ca.gov. The City's proportionate share of the net pension liability for each Plan as of June 30, 2016, and 2017, was as follows:

	Miscellaneous	Safety
Proportionate Share of NPL - June 30, 2016	0.32131%	0.39627%
Proportionate Share of NPL - June 30, 2017	0.32622%	0.39413%
Change - Increase	0.00491%	(0.00213%)

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of each Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 19,646,533	\$ 12,859,890	\$ 7,239,070
Safety Plan's Net Pension Liability	\$ 35,701,122	\$ 23,550,191	\$ 13,617,411

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings 5 year straight-line amortization

All other amounts Straight-line amortization over the expected average remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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

The EARSL for the Plan for the 2016-17 measurement period is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2016), the City's net pension liability was \$31,685,437. For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense of \$3,946,603.

As of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 5,297,794	\$ -
Differences between Expected and Actual Experience	-	(33,647)
Differences between Projected and Actual Investment Earnings	1,267,603	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(1,239,075)
Change in Employer's Proportion	589,798	(1,341,859)
Pension Contributions Made Subsequent to Measurement Date	3,082,379	-
	<u>\$ 10,237,574</u>	<u>\$ (2,614,581)</u>

These amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense. The \$3,082,379 reported as deferred outflows of resources related to the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources, Net
2019	\$ 122,498
2020	3,247,373
2021	1,916,460
2022	(745,717)
2023	-
Thereafter	-

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

E. Payable to the Pension Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

F. Pension Plan Summary

Miscellaneous plan NPL	\$	12,859,890
Safety plan NPL		<u>23,550,191</u>
Combined NPL	\$	<u><u>36,410,081</u></u>
Governmental NPL	\$	33,307,942
Business-type NPL		<u>3,102,139</u>
Total NPL	\$	<u><u>36,410,081</u></u>

Note 8: Other Post-Employment Benefits

A. Plan Description

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.

B. Employees Covered

As of the June 30, 2017 measurement date, the following numbers of participants were covered by the benefit terms under the Plan:

Active employees	239
Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to, but not yet receiving benefits	<u>48</u>
Total	<u><u>384</u></u>

C. 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.

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Other Post-Employment Benefits (continued)

The City pays for postemployment health insurance on a pay-as-you-go basis (no prefunding). For fiscal year 2017-2018, the City paid \$644,554 for other postemployment benefits.

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation using the Alternative Measurement Method dated January 1, 2017 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2017 Measurement Date
Actuarial Valuation Date	January 1, 2017
Contribution Policy	No pre-funding
Discount Rate	3.58%
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	Based on CalPERS 1997-2011 Experience Study
Salary increases	3.00%
Medical Trend	Non-Medicare – 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later
Healthcare Participation	90% of employees hired prior to July 1, 2012 50% of employees receiving PEMHCA minimum

E. Discount Rate

A discount rate of 3.58 percent was used in the valuation for measurement date June 30, 2017.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8: Other Post-Employment Benefits (continued)

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	(a)	(b)	(a) - (b) = (c)
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017 (6/30/16 measurement date)	\$ 17,879,331	\$ -	\$ 17,879,331
Changes recognized for the measurement period:			
Service cost	664,681	-	664,681
Interest	519,308	-	519,308
Changes in assumptions	(1,694,570)	-	(1,694,570)
Benefit payments	(645,346)	-	(645,346)
Net changes	(1,155,927)	-	(1,155,927)
Balance at June 30, 2018 (6/30/17 measurement date)	\$ 16,723,404	\$ -	\$ 16,723,404

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 19,112,462	\$ 16,723,404	\$ 14,768,641

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 15,592,763	\$ 16,723,404	\$ 18,082,578

I. OPEB Plan Fiduciary Net Position

As the City is not prefunding with an OPEB trust, Plan Fiduciary Net Position was \$0 at the June 30, 2017 measurement date.

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8: Other Post-Employment Benefits (continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The net difference between projected and actual earnings on OPEB plan investments is amortized using the straight-line method over 5 years, while all other amounts are amortized over the expected average remaining service lifetime (EARSL) of plan participants.

J. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$948,342. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ 1,452,489
Contributions to OPEB plan subsequent to the measurement date	<u>644,554</u>	<u>-</u>
Total	<u>\$ 644,554</u>	<u>\$ 1,452,489</u>

The \$644,554 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (242,081)
2020	(242,081)
2021	(242,081)
2022	(242,081)
2023	(242,081)
Thereafter	<u>(242,084)</u>
	<u>\$ (1,452,489)</u>

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9: Insurance

The City is partially self-insured for general liability insurance. The City is responsible for claims up to \$100,000 per occurrence. Coverage in excess of the City's self-insured retention is purchased through CSAC Excess Insurance Authority (CSAC-EIA) up to the statutory limits. The City participates in a risk pool for general liability insurance through CSAC-EIA above the City's self-insured retention of \$100,000 up to \$4,900,000 per occurrence. Reinsurance coverage in excess of the pool layer up to \$25,000,000 is purchased through CSAC-EIA. CSAC-EIA retains responsibility for claims in excess of each member's self-insured retention.

For workers' compensation insurance, the City is covered from the first dollar. Coverage between \$1 and \$5,000,000 is provided by CSAC-EIA. CSAC-EIA participates in an excess pool which provides coverage from \$5,000,000 to \$50,000,000 and purchases excess insurance above \$50,000,000 to the statutory limit.

Workers' compensation and general liability claims incurred prior to July 1, 2014 were covered through the City's participation in the California Joint Powers Insurance Authority.

Note 10: Commitments and Contingencies

Due to the occurrence of several spills from the City's sanitary sewer system, the City entered into a settlement on November 16, 2011, with the Regional Water Quality Control Board, Los Angeles Region and the state Attorney General for violations of the state's general waste discharge requirements. The settlement required the City to cover fines and attorney fees, complete repairs to its sanitary sewer system over a 10 year period, and implement specified system maintenance programs. These requirements will be monitored through an open court proceeding and, if not met; the City could be subjected to further monetary penalties.

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes that 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: Successor Agency Trust for Assets of Former Community Redevelopment Agency

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

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

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**Note 11: Successor Agency Trust for Assets of Former Community Redevelopment Agency
(continued)**

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

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

Cash and investments

At June 30, 2018, Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$	64,969
Cash and investments with fiscal agent		198,743
		<u>\$ 263,712</u>

Long-term debt

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
2000 Tax Allocation Bond	\$ 1,220,000	\$ -	\$ (125,000)	\$ 1,095,000	\$ 130,000
Total	<u>\$ 1,220,000</u>	<u>\$ -</u>	<u>\$ (125,000)</u>	<u>\$ 1,095,000</u>	<u>\$ 130,000</u>

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2018, 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, 2018, \$1,095,000 was outstanding.

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**Note 11: Successor Agency Trust for Assets of Former Community Redevelopment Agency
(continued)**

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the community redevelopment agency, property taxes allocated to community redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved community redevelopment agency. Total principal and interest remaining on the debt is \$1,372,970 with annual debt service requirements as indicated above. For the current fiscal year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved Community Redevelopment Agency was \$194,258 and the debt service obligation on the bonds was \$71,716.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2018, including interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 130,000	\$ 65,570	\$ 195,570
2020	140,000	57,900	197,900
2021	145,000	49,500	194,500
2022	155,000	40,800	195,800
2023	165,000	31,500	196,500
2024-2025	<u>360,000</u>	<u>32,700</u>	<u>392,700</u>
Total	<u>\$ 1,095,000</u>	<u>\$ 277,970</u>	<u>\$ 1,372,970</u>

Insurance

The Successor Agency is covered under the City of South Pasadena's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 9.

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 12: Deficit Fund Balances

The following funds have deficits in fund balance at June 30, 2018:

Fund	Amount
Nonmajor Governmental Funds:	
Special Revenue Funds:	
MTA Pedestrian Improvement	\$ (29,951)
CTC Traffic Improvement	(131)
Mission Merdan Public Garage	(321,560)
County Park Bond	(140,710)
CDBG	(2,437)
Homeland Security Grant	(25,397)
MSRC Grant Fund	(134,182)
BTA Grants	(134,274)
Golden Streets Grant	(46,369)
HSIP Grant	(39,173)

The City intends to fund these deficits with future revenue, transfers and reductions of expenditures in future years.

Note 13: Supplementary Budget Information

The City did not adopt a budget for the following funds: MTA Pedestrian Improvement, CTC Traffic Improvement Grant, Asset Forfeiture, CLEEP, Homeland Security Grant, MRSC Grant, and Golden Streets Grant Fund. Accordingly, such budgetary information is not included as supplementary information.

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

Fund	Appropriations	Expenditures	Excess
Major Governmental Funds:			
General Fund:			
General government:			
Elections	\$ 58,600	\$ 63,733	\$ (5,133)
Personnel	269,400	408,161	(138,761)
Legal services	265,000	292,772	(27,772)
Finance	708,802	795,481	(86,679)
City treasurer	9,249	9,250	(1)
Non-departmental	918,378	1,056,457	(138,079)
Public safety:			
Fire	4,617,889	4,814,959	(197,070)
Community services:			
Library	1,636,477	1,658,357	(21,880)
Non-Major Governmental Funds:			
Parking and Business Improvement	138,000	164,550	(26,550)
Gas Tax	636,608	706,374	(69,766)
County Park Bond	43,500	48,041	(4,541)
Community Development Block Grant	140,835	189,256	(48,421)
State Police Grant	75,000	83,878	(8,878)
Park Impact Fees	-	60,992	(60,992)
Housing Authority	-	3,585	(3,585)

CITY OF SOUTH PASADENA

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 14: Change in Accounting Principle

As discussed in Note 1, the City implemented GASB Statement No. 75 (GASB 75) effective July 1, 2017. GASB 75, among other provisions, amended prior guidance with respect to reporting of postemployment benefits other than pensions (OPEB). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For other postemployment benefits (OPEB), the City's net OPEB pension liability was not previously recorded on the statement of net position. GASB 75 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. Accordingly, beginning net position on the Financial Statements has been restated for changes related to GASB 75 as follows:

Government-Wide Statements

Statement of Activities - Governmental Activities

Net position, beginning of year, prior to restatement	\$ 50,972,326
Elimination of OPEB liability as calculated under GASB 45	8,203,230
Recording of initial Net OPEB liability as calculated under GASB 75	(15,483,501)
Recording of initial Net OPEB related deferred amounts as calculated under GASB 75	564,441
Restatement due to change in accounting principle	<u>(6,715,830)</u>
Net position, beginning of year, as restated	<u>\$ 44,256,496</u>

Government-Wide Statements

Statement of Activities - Business-Type Activities

Net position, beginning of year, prior to restatement	\$ 29,479,437
Elimination of OPEB liability as calculated under GASB 45	1,269,770
Recording of initial Net OPEB liability as calculated under GASB 75	(2,395,830)
Recording of initial Net OPEB related deferred amounts as calculated under GASB 75	87,339
Restatement due to change in accounting principle	<u>(1,038,721)</u>
Net position, beginning of year, as restated	<u>\$ 28,440,716</u>

Fund Statements

Statement of Revenues, Expenses, and Changes in Fund Net Position

Water Fund

Net position, beginning of year, prior to restatement	\$ 25,251,378
Elimination of OPEB liability as calculated under GASB 45	1,058,250
Recording of initial Net OPEB liability as calculated under GASB 75	(1,997,121)
Recording of initial Net OPEB related deferred amounts as calculated under GASB 75	72,804
Restatement due to change in accounting principle	<u>(866,067)</u>
Net position, beginning of year, as restated	<u>\$ 24,385,311</u>

Fund Statements

Statement of Revenues, Expenses, and Changes in Fund Net Position

Sewer Fund

Net position, beginning of year, prior to restatement	\$ 3,070,799
Elimination of OPEB liability as calculated under GASB 45	211,520
Recording of initial Net OPEB liability as calculated under GASB 75	(398,709)
Recording of initial Net OPEB related deferred amounts as calculated under GASB 75	14,535
Restatement due to change in accounting principle	<u>(172,654)</u>
Net position, beginning of year, as restated	<u>\$ 2,898,145</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH PASADENA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 20,992,099	\$ 20,992,099	\$ 21,251,027	\$ 258,928
Licenses and permits	1,008,440	1,008,440	935,633	(72,807)
Intergovernmental	670,000	670,000	1,512	(668,488)
Charges for services	2,581,050	2,581,050	3,401,310	820,260
Use of money and property	632,671	632,671	579,006	(53,665)
Fines and forfeitures	367,000	367,000	388,061	21,061
Miscellaneous	483,382	483,382	-	(483,382)
Total revenues	<u>26,734,642</u>	<u>26,734,642</u>	<u>26,556,549</u>	<u>(178,093)</u>
Expenditures				
Current:				
General government:				
City council	66,389	66,388	42,847	23,541
City clerk	460,222	460,222	429,972	30,250
Elections	8,600	58,600	63,733	(5,133)
City manager	971,844	971,844	845,476	126,368
Personnel	219,400	269,400	408,161	(138,761)
Transportation planning	187,000	187,000	70,535	116,465
Legal services	265,000	265,000	292,772	(27,772)
Finance	723,802	708,802	795,481	(86,679)
City treasurer	9,249	9,249	9,250	(1)
Information services	425,645	425,645	422,884	2,761
Non-departmental	927,882	918,378	1,056,457	(138,079)
Public safety:				
Police	8,629,312	8,620,012	8,408,418	211,594
Fire	4,682,338	4,617,889	4,814,959	(197,070)
Community development:				
Community development	1,107,892	1,099,492	1,033,506	65,986
Community services:				
Library	1,636,477	1,636,477	1,658,357	(21,880)
Senior center	349,487	349,487	309,118	40,369
Recreation	251,336	246,836	192,458	54,378
After-school day care	856,063	856,063	827,801	28,262
Public works:				
Public works administration	519,453	499,453	419,153	80,300
Environmental services	315,123	304,166	207,645	96,521
Park maintenance	573,345	512,230	493,446	18,784
Facilities maintenance	730,951	729,674	707,375	22,299
Capital outlay	1,851,771	1,808,000	1,780,942	27,058
Total expenditures	<u>25,768,581</u>	<u>25,620,307</u>	<u>25,290,746</u>	<u>329,561</u>
Excess of revenues over expenditures	<u>966,061</u>	<u>1,114,335</u>	<u>1,265,803</u>	<u>151,468</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>-</u>	<u>1,900,000</u>
Total other financing sources (uses)	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>-</u>	<u>1,900,000</u>
Net change in fund balance	(933,939)	(785,665)	1,265,803	2,051,468
Fund balance, beginning of year	<u>16,625,180</u>	<u>16,625,180</u>	<u>16,625,180</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,691,241</u>	<u>\$ 15,839,515</u>	<u>\$ 17,890,983</u>	<u>\$ 2,051,468</u>

CITY OF SOUTH PASADENA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS – COST SHARING
LAST TEN YEARS***

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability¹</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll</u>	<u>Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability</u>
6/30/2014	0.35660%	\$ 22,189,470	\$ 10,021,859	221.41%	79.82%
6/30/2015	0.35146%	24,123,577	10,601,417	227.55%	78.40%
6/30/2016	0.36618%	31,865,437	10,683,089	298.28%	74.06%
6/30/2017	0.36714%	36,410,081	11,218,719	324.55%	73.31%

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Measurement date 6/30/2014 (fiscal year 2014-15) was the first year of implementation, therefore, only four years are presented.

CITY OF SOUTH PASADENA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN CONTRIBUTIONS – COST SHARING
LAST TEN YEARS***

Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2014	\$ 1,926,460	\$ (1,926,460)	\$ -	\$ 10,601,417	18.17%
6/30/2016	6/30/2015	2,445,893	(2,445,893)	-	10,683,089	22.89%
6/30/2017	6/30/2016	3,258,700	(3,258,700)	-	11,218,719	29.05%
6/30/2018	6/30/2017	3,082,379	(3,082,379)	-	11,190,390	27.54%

* Measurement period 2013-14 was the first year of implementation, therefore, only four years are presented.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: In fiscal year 2018, the accounting discount rate was reduced from 7.65% to 7.15%

CITY OF SOUTH PASADENA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS***

Fiscal Year Measurement Period	<u>2017-18</u> <u>2016-17</u>
Total OPEB Liability	
Service cost	\$ 664,681
Interest	519,308
Changes in assumptions	(1,694,570)
Benefit payments	<u>(645,346)</u>
Net change in total OPEB liability	(1,155,927)
Total OPEB liability - beginning	<u>17,879,331</u>
Total OPEB liability - ending (a)	<u>16,723,404</u>
Plan Fiduciary Net Position	
Contributions – employer	-
Net investment income	-
Benefit payments	-
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 16,723,404</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	\$ 11,644,645
Net OPEB liability as a percentage of covered payroll	143.6%

Notes to Schedule:

Changes in assumptions: Discount rate increased from 2.85% at June 30, 2016 to 3.58% at June 30, 2017

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

*Fiscal Year 2017-18 was the first year of implementation

CITY OF SOUTH PASADENA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

General Budget Policies

Budgetary control is an essential element in governmental financial reporting. The City, a general law city in the State of California, does not legally require a budget. However, the City Council annually reviews and adopts a budget for the General, Special Revenue, Capital Projects and Enterprise Fund types. To facilitate a greater understanding of the City's operations, budget information for the General, Special Revenue and Capital Projects Funds is included in the accompanying basic financial statements. This detailed budget document is published and is a matter of public record. Each year, the City Manager submits his proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. The legal level of expenditures is controlled at the fund level and operating appropriations lapse at the end of each fiscal year. All budgeted amounts are reported on the same basis as the fund types and adopted on a basis consistent with accounting principles generally accepted in the United States of America. Changes in appropriations at the fund level during the year must be submitted by the City's departments for City Council review and approval. The City Manager may, without Council approval, amend individual line items within any fund and between divisions and programs, in personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for that fund. Department heads may, without Council approval, amend individual line items within any fund in the maintenance and operation portions of the budget without increasing total appropriations for that division. Budget revisions made during fiscal year 2018 were not significant.

SUPPLEMENTARY INFORMATION

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CITY OF SOUTH PASADENA

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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

205-Proposition “A” Local Return Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Proposition A in 1980. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

207-Proposition “C” Local Return Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Proposition C in 1990. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

208-TEA/Metro Fund – To account for all revenues and expenditures associated with the TEA/Metro Fund. All revenues of this fund must be expended for transportation-related items.

211-CTC Traffic Improvement Grant Fund – To account for state and federal funding of street and intersection improvements relieving congestion at our busiest intersections.

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

217-Public, Education, and Government Fund – To account for revenues and expenditures used for public education and government access charges that the City’s cable franchise collects. Monies in this fund must be used to purchase equipment related to the production of public education and government access television.

218-Clean Air Act Fund – To account for revenues and expenditures expended for air quality improvement projects as established by the South Coast Air Quality Management District.

220-Business Improvement Tax (BIT) Fund – To account for business improvement tax returns collected by the City for specified purposes within the Parking and Business Improvement Area: (1) decoration of any public place, (2) promotion of public events; (3) furnishing of music; (4) general promotion of retail trade activities.

223-Gold Line Mitigation Fund – To account for the MTA’s funding for the improvements to the Gold Line Mission Street Station.

226-Mission Meridian Public Garage Fund – To account for the revenues and expenditures of the Mission Meridian Public Garage.

CITY OF SOUTH PASADENA

NON-MAJOR GOVERNMENTAL FUNDS

228-Housing Authority Fund – To account for the revenues and expenditures for the City of South Pasadena Housing Authority.

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

232-County Park Bond – To account for the revenues and expenditures for the County Park Bond related improvements.

233-Measure R Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Measure R in 2009. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

236-Measure M Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Measure M in 2016. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

238-MSRC Grant Fund – To account for the revenues and expenditures for the Mobile Source Air Pollution Reduction Review Committee projects.

245-Bike and Pedestrian Paths Fund – To account for the revenues and expenditures for bike and pedestrian facilities improvements funded by the State of California Transportation Development Act.

248-BTA Grant Fund – To account for the revenues and expenditures for the Bicycle Transportation Account (BTA) grant funded by the Los Angeles County Metropolitan Transportation Authority. This grant was awarded to fund two projects from the City's Bicycle Master Plan: the Mission Street Green Sharrow Lane Project and the South Pasadena Bicycle Parking Project.

249-Golden Streets Grant Fund – To account for the revenues and expenditures for the open streets grant funded by the Los Angeles County Metropolitan Transportation Authority. The goals of the Open Streets Grant Program is to provide opportunities for 1) riding transit, walking and riding a bike, possibly for the first time, 2) to encourage future mode shift to more sustainable transportation modes, and for 3) civic engagement to foster the development of multi-modal policies and infrastructure at the city/community level.

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

260-Community Development Block Grant (CDBG) Fund – To account for the revenues and expenditures for Community Development Block Grant projects.

270-Asset Forfeiture Fund – To account for proceeds received from forfeiture in narcotics investigations allocated for law enforcement activities.

CITY OF SOUTH PASADENA

NON-MAJOR GOVERNMENTAL FUNDS

272, 273 & 274-Federal and State Public Safety Grant Funds – To account for the operations of various federal and state grants, including COPS grants, and Homeland Security grants.

275- Park Impact Fees Fund – To account for the proceeds of a development fee used for the purpose of park facilities improvements and related expenditures.

277- Highway Safety Improvement Program Grant (HSIP) Fund – To account for revenues and expenditures related to street improvements funded by the grant.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

104-Street Improvements Program Fund – To account for capital expenditures related to street improvements projects.

105-Facilities and Equipment Replacement Fund - To account the replacement costs of City vehicles and equipment.

327-2000 Tax Allocation Bonds Fund – To account for capital expenditures for improvements funded by the bonds formerly held by the Successor Agency to the Community Redevelopment Agency.

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"
ASSETS			
Pooled cash and investments	\$ -	\$ 760,005	\$ 464,808
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	2,822	1,683
Due from other governments	-	-	-
 Total assets	 <u>\$ -</u>	 <u>\$ 762,827</u>	 <u>\$ 466,491</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 2,939	\$ 2,627
Accrued liabilities	-	3,264	2,417
Deposits payable	-	-	-
Due to other funds	29,951	-	-
 Total liabilities	 <u>29,951</u>	 <u>6,203</u>	 <u>5,044</u>
 Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
 Fund Balances (Deficits):			
Restricted for:			
Community development projects	-	-	-
Public safety - police	-	-	-
Community services	-	756,624	-
Public works - streets and roads	-	-	461,447
Capital projects	-	-	-
Public works - street lighting	-	-	-
Committed to:			
Capital projects	-	-	-
Unassigned	(29,951)	-	-
Total fund balances (deficits)	<u>(29,951)</u>	<u>756,624</u>	<u>461,447</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ -</u>	 <u>\$ 762,827</u>	 <u>\$ 466,491</u>

(continued)

Special Revenue Funds				
CTC Traffic Improvement Grant	Street Lighting	Clean Air Act	Parking and Business Improvement	Gold Line Mitigation
\$ -	\$ 349,573	\$ 114,991	\$ 107,317	\$ 60,480
-	-	-	-	-
-	17,330	-	-	-
-	1,687	412	382	228
-	-	8,557	-	-
<u>\$ -</u>	<u>\$ 368,590</u>	<u>\$ 123,960</u>	<u>\$ 107,699</u>	<u>\$ 60,708</u>
\$ -	\$ 81,211	\$ -	\$ -	\$ -
-	2,249	-	-	-
-	8,383	-	-	-
131	-	-	-	-
<u>131</u>	<u>91,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	123,960	107,699	60,708
-	276,747	-	-	-
-	-	-	-	-
(131)	-	-	-	-
<u>(131)</u>	<u>276,747</u>	<u>123,960</u>	<u>107,699</u>	<u>60,708</u>
<u>\$ -</u>	<u>\$ 368,590</u>	<u>\$ 123,960</u>	<u>\$ 107,699</u>	<u>\$ 60,708</u>

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		
	Mission Meridian Public Garage	State Gas Tax	County Park Bond
ASSETS			
Pooled cash and investments	\$ -	\$ 923,350	\$ -
Receivables:			
Accounts	3,440	-	-
Taxes	-	-	-
Interest	-	3,545	-
Due from other governments	-	-	-
 Total assets	<u>\$ 3,440</u>	<u>\$ 926,895</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 18,501	\$ 4,713
Accrued liabilities	-	6,046	-
Deposits payable	-	-	-
Due to other funds	325,000	-	135,997
 Total liabilities	<u>325,000</u>	<u>24,547</u>	<u>140,710</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Community development projects	-	-	-
Public safety - police	-	-	-
Community services	-	-	-
Public works - streets and roads	-	902,348	-
Capital projects	-	-	-
Public works - street lighting	-	-	-
Committed to:			
Capital projects	-	-	-
Unassigned	(321,560)	-	(140,710)
Total fund balances (deficits)	<u>(321,560)</u>	<u>902,348</u>	<u>(140,710)</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,440</u>	<u>\$ 926,895</u>	<u>\$ -</u>

(continued)

Special Revenue Funds				
Capital Growth Requirements	C.D.B.G	Asset Forfeiture	Bike and Pedestrian Paths	State Police Grant
\$ 363,038	\$ -	\$ 3,588	\$ 12	\$ 118,726
-	-	-	-	-
-	-	-	-	-
1,360	-	-	-	491
-	-	-	-	48,747
<u>\$ 364,398</u>	<u>\$ -</u>	<u>\$ 3,588</u>	<u>\$ 12</u>	<u>\$ 167,964</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,922
-	-	-	-	-
-	-	-	-	-
-	2,437	-	-	-
-	2,437	-	-	3,922
-	-	-	-	-
-	-	-	12	-
-	-	3,588	-	164,042
-	-	-	-	-
-	-	-	-	-
364,398	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(2,437)	-	-	-
<u>364,398</u>	<u>(2,437)</u>	<u>3,588</u>	<u>12</u>	<u>164,042</u>
<u>\$ 364,398</u>	<u>\$ -</u>	<u>\$ 3,588</u>	<u>\$ 12</u>	<u>\$ 167,964</u>

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		
	Homeland Security Grant	Park Impact Fees	Measure R
ASSETS			
Pooled cash and investments	\$ -	\$ 435,577	\$ 926,418
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	1,679	3,769
Due from other governments	14,514	-	-
	<u>14,514</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 14,514</u>	<u>\$ 437,256</u>	<u>\$ 930,187</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 20,327	\$ 243,955
Accrued liabilities	-	-	-
Deposits payable	-	-	-
Due to other funds	25,397	-	-
	<u>25,397</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>25,397</u>	<u>20,327</u>	<u>243,955</u>
Deferred Inflows of Resources:			
Unavailable revenue	14,514	-	-
	<u>14,514</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):			
Restricted for:			
Community development projects	-	-	-
Public safety - police	-	-	-
Community services	-	416,929	-
Public works - streets and roads	-	-	686,232
Capital projects	-	-	-
Public works - street lighting	-	-	-
Committed to:			
Capital projects	-	-	-
Unassigned	(25,397)	-	-
Total fund balances (deficits)	<u>(25,397)</u>	<u>416,929</u>	<u>686,232</u>
	<u>(25,397)</u>	<u>416,929</u>	<u>686,232</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,514</u>	<u>\$ 437,256</u>	<u>\$ 930,187</u>

(continued)

Special Revenue Funds				
Measure M	TDA/Metro Grant Fund	Public Education	Road Maintenance & Rehab	MSRC Grant Fund
\$ 273,300	\$ 499,405	\$ 135,223	\$ 97,168	\$ -
-	-	-	-	-
-	-	-	-	-
922	2,383	505	256	-
-	-	-	55,090	-
<u>\$ 274,222</u>	<u>\$ 501,788</u>	<u>\$ 135,728</u>	<u>\$ 152,514</u>	<u>\$ -</u>
\$ -	\$ 8,697	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	134,182
-	8,697	-	-	134,182
-	-	-	-	-
-	-	135,728	152,514	-
-	-	-	-	-
-	-	-	-	-
274,222	493,091	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(134,182)
<u>274,222</u>	<u>493,091</u>	<u>135,728</u>	<u>152,514</u>	<u>(134,182)</u>
<u>\$ 274,222</u>	<u>\$ 501,788</u>	<u>\$ 135,728</u>	<u>\$ 152,514</u>	<u>\$ -</u>

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		
	BTA Grant Fund	Housing Authority Fund	Golden Streets Grant Fund
ASSETS			
Pooled cash and investments	\$ -	\$ 53,682	\$ -
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	204	-
Due from other governments	-	-	217,560
	<u>-</u>	<u>-</u>	<u>217,560</u>
Total assets	<u>\$ -</u>	<u>\$ 53,886</u>	<u>\$ 217,560</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 106,590	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits payable	-	2,229	-
Due to other funds	27,684	-	46,369
	<u>27,684</u>	<u>-</u>	<u>46,369</u>
Total liabilities	<u>134,274</u>	<u>2,229</u>	<u>46,369</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	217,560
	<u>-</u>	<u>-</u>	<u>217,560</u>
Fund Balances (Deficits):			
Restricted for:			
Community development projects	-	51,657	-
Public safety - police	-	-	-
Community services	-	-	-
Public works - streets and roads	-	-	-
Capital projects	-	-	-
Public works - street lighting	-	-	-
Committed to:			
Capital projects	-	-	-
Unassigned	(134,274)	-	(46,369)
Total fund balances (deficits)	<u>(134,274)</u>	<u>51,657</u>	<u>(46,369)</u>
	<u>-</u>	<u>53,886</u>	<u>217,560</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 53,886</u>	<u>\$ 217,560</u>

(continued)

Special Revenue Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
HSIP Grant Fund	Facilities & Equip. Capital Project	2000 Tax Allocation Bonds Fund	Streets Improvement Program Fund	
\$ -	\$ 493,551	\$ 904,128	\$ 802,524	\$ 7,886,864
-	-	-	-	3,440
-	-	-	-	17,330
-	1,861	10	-	24,199
2,338	-	-	-	346,806
<u>\$ 2,338</u>	<u>\$ 495,412</u>	<u>\$ 904,138</u>	<u>\$ 802,524</u>	<u>\$ 8,278,639</u>
\$ 2,709	\$ -	\$ -	\$ 501,215	\$ 997,406
-	-	-	-	13,976
-	-	-	-	10,612
36,464	-	-	-	763,612
39,173	-	-	501,215	1,785,606
2,338	-	-	-	234,412
-	-	904,138	-	1,244,049
-	-	-	-	167,630
-	-	-	-	1,173,553
-	-	-	-	2,817,340
-	-	-	-	656,765
-	-	-	-	276,747
-	495,412	-	301,309	796,721
(39,173)	-	-	-	(874,184)
<u>(39,173)</u>	<u>495,412</u>	<u>904,138</u>	<u>301,309</u>	<u>6,258,621</u>
<u>\$ 2,338</u>	<u>\$ 495,412</u>	<u>\$ 904,138</u>	<u>\$ 802,524</u>	<u>\$ 8,278,639</u>

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"
Revenues			
Taxes	\$ -	\$ 485,507	\$ 403,270
Assessments	-	-	-
Licenses and permits	-	-	34,387
Intergovernmental	-	-	-
Charges for services	-	4,419	-
Use of money and property	-	5,149	3,661
Contributions	-	-	-
Miscellaneous	-	14,825	-
Total revenues	-	509,900	441,318
Expenditures			
Current:			
General government	-	14,494	4,528
Community development	-	-	-
Community services	-	308,333	209,982
Public works	-	-	3,246
Capital outlay	-	78,935	496,610
Total expenditures	-	401,762	714,366
Net change in fund balance	-	108,138	(273,048)
Fund Balances (Deficit), Beginning	(29,951)	648,486	734,495
Fund Balances (Deficit), Ending	\$ (29,951)	\$ 756,624	\$ 461,447

(continued)

Special Revenue Funds				
CTC Traffic Improvement Grant	Street Lighting	Clean Air Act	Parking and Business Improvement	Gold Line Mitigation
\$ -	\$ -	\$ -	\$ 113,120	\$ -
-	890,227	-	-	-
-	-	-	31,329	-
-	-	33,211	-	-
-	-	-	-	-
-	2,509	1,005	535	327
-	16,135	-	-	-
-	14,475	-	-	-
-	923,346	34,216	144,984	327
163	-	11,251	164,550	-
-	-	-	-	-
-	-	-	-	-
-	795,549	-	-	-
-	102,165	39,427	-	-
163	897,714	50,678	164,550	-
(163)	25,632	(16,462)	(19,566)	327
32	251,115	140,422	127,265	60,381
\$ (131)	\$ 276,747	\$ 123,960	\$ 107,699	\$ 60,708

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	Mission		
	Meridian Public Garage	State Gas Tax	County Park Bond
Revenues			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	550,895	30,437
Charges for services	-	65,000	-
Use of money and property	9,096	7,168	-
Contributions	-	-	-
Miscellaneous	-	-	-
	<u>9,096</u>	<u>623,063</u>	<u>30,437</u>
Total revenues			
	<u>9,096</u>	<u>623,063</u>	<u>30,437</u>
Expenditures			
Current:			
General government	11,321	-	-
Community development	-	-	-
Community services	-	-	-
Public works	-	559,734	48,041
Capital outlay	-	146,640	-
	<u>11,321</u>	<u>706,374</u>	<u>48,041</u>
Total expenditures			
	<u>11,321</u>	<u>706,374</u>	<u>48,041</u>
Net change in fund balance	(2,225)	(83,311)	(17,604)
Fund Balances (Deficit), Beginning	<u>(319,335)</u>	<u>985,659</u>	<u>(123,106)</u>
Fund Balances (Deficit), Ending	<u>\$ (321,560)</u>	<u>\$ 902,348</u>	<u>\$ (140,710)</u>

(continued)

Special Revenue Funds				
Capital Growth Requirements	C.D.B.G	Asset Forfeiture	Bike and Pedestrian Paths	State Police Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	161,571	-	-	148,747
84,707	-	-	-	-
2,339	-	12	-	693
-	-	-	-	-
-	25,248	-	-	-
87,046	186,819	12	-	149,440
-	-	-	-	-
-	-	-	-	-
-	45,654	-	-	-
-	-	-	-	-
-	143,602	-	-	83,878
-	189,256	-	-	83,878
87,046	(2,437)	12	-	65,562
277,352	-	3,576	12	98,480
\$ 364,398	\$ (2,437)	\$ 3,588	\$ 12	\$ 164,042

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds		
	Homeland Security Grant	Park Impact Fees	Measure R
Revenues			
Taxes	\$ -	\$ -	\$ 301,630
Assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	156,380	-
Use of money and property	-	2,434	6,917
Contributions	-	-	-
Miscellaneous	-	-	-
Total revenues	-	158,814	308,547
Expenditures			
Current:			
General government	-	-	-
Community development	-	-	-
Community services	-	19,200	-
Public works	-	-	-
Capital outlay	-	41,792	410,531
Total expenditures	-	60,992	410,531
Net change in fund balance	-	97,822	(101,984)
Fund Balances (Deficit), Beginning	(25,397)	319,107	788,216
Fund Balances (Deficit), Ending	<u>\$ (25,397)</u>	<u>\$ 416,929</u>	<u>\$ 686,232</u>

(continued)

Special Revenue Funds

Measure M	TDA/Metro Grant Fund	Public Education	Road Maintenance & Rehab	MSRC Grant Fund
\$ 273,345	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	12,068	152,302	-
-	-	-	-	-
877	3,878	708	212	-
-	-	-	-	-
-	-	-	-	-
274,222	3,878	12,776	152,514	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	343,225	-	-	134,182
-	343,225	-	-	134,182
274,222	(339,347)	12,776	152,514	(134,182)
-	832,438	122,952	-	-
\$ 274,222	\$ 493,091	\$ 135,728	\$ 152,514	\$ (134,182)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	BTA Grant Fund	Housing Authority Fund	Golden Streets Grant Fund
Revenues			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	258,691
Charges for services	-	-	-
Use of money and property	-	19,621	-
Contributions	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>19,621</u>	<u>258,691</u>
Expenditures			
Current:			
General government	-	-	-
Community development	-	3,585	-
Community services	-	-	-
Public works	-	-	41,130
Capital outlay	<u>106,590</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>106,590</u>	<u>3,585</u>	<u>41,130</u>
Net change in fund balance	(106,590)	16,036	217,561
Fund Balances (Deficit), Beginning	<u>(27,684)</u>	<u>35,621</u>	<u>(263,930)</u>
Fund Balances (Deficit), Ending	<u>\$ (134,274)</u>	<u>\$ 51,657</u>	<u>\$ (46,369)</u>

(continued)

Special Revenue Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
HSIP Grant Fund	Facilities & Equip. Capital Project	2000 Tax Allocation Bonds Fund	Streets Improvement Program Fund	
\$ -	\$ -	\$ -	\$ -	\$ 1,576,872
-	-	-	-	890,227
-	-	-	-	65,716
25,163	-	-	-	1,373,085
-	-	-	-	310,506
-	2,877	1,725	-	71,743
-	-	-	-	16,135
-	-	-	-	54,548
<u>25,163</u>	<u>2,877</u>	<u>1,725</u>	<u>-</u>	<u>4,358,832</u>
-	-	-	-	206,307
-	-	-	-	3,585
-	-	-	-	583,169
19,520	-	-	-	1,467,220
<u>42,478</u>	<u>517,258</u>	<u>-</u>	<u>1,171,701</u>	<u>3,859,014</u>
<u>61,998</u>	<u>517,258</u>	<u>-</u>	<u>1,171,701</u>	<u>6,119,295</u>
(36,835)	(514,381)	1,725	(1,171,701)	(1,760,463)
<u>(2,338)</u>	<u>1,009,793</u>	<u>902,413</u>	<u>1,473,010</u>	<u>8,019,084</u>
<u>\$ (39,173)</u>	<u>\$ 495,412</u>	<u>\$ 904,138</u>	<u>\$ 301,309</u>	<u>\$ 6,258,621</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PROPOSITION "A"
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 484,086	\$ 484,086	\$ 485,507	\$ 1,421
Charges for services	5,000	5,000	4,419	(581)
Use of money and property	7,800	7,800	5,149	(2,651)
Miscellaneous	11,200	11,200	14,825	3,625
Total revenues	<u>508,086</u>	<u>508,086</u>	<u>509,900</u>	<u>1,814</u>
Expenditures				
Current:				
General government	14,312	14,312	14,494	(182)
Community services	486,873	454,832	308,333	146,499
Capital outlay	-	-	78,935	(78,935)
Total expenditures	<u>501,185</u>	<u>469,144</u>	<u>401,762</u>	<u>67,382</u>
Net change in fund balance	6,901	38,942	108,138	69,196
Fund balance, beginning	<u>648,486</u>	<u>648,486</u>	<u>648,486</u>	<u>-</u>
Fund balance, ending	<u>\$ 655,387</u>	<u>\$ 687,428</u>	<u>\$ 756,624</u>	<u>\$ 69,196</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PROPOSITION "C"
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 401,536	\$ 401,536	\$ 403,270	\$ 1,734
Licenses and permits	40,000	40,000	34,387	(5,613)
Use of money and property	4,500	4,500	3,661	(839)
Total revenues	<u>446,036</u>	<u>446,036</u>	<u>441,318</u>	<u>(4,718)</u>
Expenditures				
Current:				
General government	30,397	30,397	4,528	25,869
Community services	230,793	230,793	209,982	20,811
Public works	-	-	3,246	(3,246)
Capital outlay	745,000	665,000	496,610	168,390
Total expenditures	<u>1,006,190</u>	<u>926,190</u>	<u>714,366</u>	<u>211,824</u>
Net change in fund balance	(560,154)	(480,154)	(273,048)	207,106
Fund balance, beginning	<u>734,495</u>	<u>734,495</u>	<u>734,495</u>	-
Fund balance, ending	<u>\$ 174,341</u>	<u>\$ 254,341</u>	<u>\$ 461,447</u>	<u>\$ 207,106</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET LIGHTING
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Assessments	\$ 890,000	\$ 890,000	\$ 890,227	\$ 227
Use of money and property	-	-	2,509	2,509
Contributions	-	-	16,135	16,135
Miscellaneous	-	-	14,475	14,475
Total revenues	<u>890,000</u>	<u>890,000</u>	<u>923,346</u>	<u>33,346</u>
Expenditures				
Current:				
Public works	955,060	935,126	795,549	139,577
Capital outlay	170,000	170,000	102,165	67,835
Total expenditures	<u>1,125,060</u>	<u>1,105,126</u>	<u>897,714</u>	<u>207,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(235,060)</u>	<u>(215,126)</u>	<u>25,632</u>	<u>240,758</u>
Other Financing Sources (Uses)				
Transfers in	50,000	50,000	-	50,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(185,060)	(165,126)	25,632	190,758
Fund balance, beginning	<u>251,115</u>	<u>251,115</u>	<u>251,115</u>	<u>-</u>
Fund balance, ending	<u>\$ 66,055</u>	<u>\$ 85,989</u>	<u>\$ 276,747</u>	<u>\$ 190,758</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CLEAN AIR ACT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 32,000	\$ 32,000	\$ 33,211	\$ 1,211
Use of money and property	1,700	1,700	1,005	(695)
Total revenues	<u>33,700</u>	<u>33,700</u>	<u>34,216</u>	<u>516</u>
Expenditures				
Current:				
General government	-	-	11,251	(11,251)
Capital outlay	52,000	52,000	39,427	12,573
Total expenditures	<u>52,000</u>	<u>52,000</u>	<u>50,678</u>	<u>1,322</u>
Net change in fund balance	(18,300)	(18,300)	(16,462)	1,838
Fund balance, beginning	<u>140,422</u>	<u>140,422</u>	<u>140,422</u>	<u>-</u>
Fund balance, ending	<u>\$ 122,122</u>	<u>\$ 122,122</u>	<u>\$ 123,960</u>	<u>\$ 1,838</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARKING AND BUSINESS DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 115,000	\$ 115,000	\$ 113,120	\$ (1,880)
Licenses and permits	40,000	40,000	31,329	(8,671)
Use of money and property	-	-	535	535
Total revenues	<u>155,000</u>	<u>155,000</u>	<u>144,984</u>	<u>(10,016)</u>
Expenditures				
Current:				
General government	<u>138,000</u>	<u>138,000</u>	<u>164,550</u>	<u>(26,550)</u>
Total expenditures	<u>138,000</u>	<u>138,000</u>	<u>164,550</u>	<u>(26,550)</u>
Net change in fund balance	17,000	17,000	(19,566)	(36,566)
Fund balance, beginning	<u>127,265</u>	<u>127,265</u>	<u>127,265</u>	<u>-</u>
Fund balance, ending	<u>\$ 144,265</u>	<u>\$ 144,265</u>	<u>\$ 107,699</u>	<u>\$ (36,566)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GOLD LINE MITIGATION
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 327	\$ 327
Total revenues	-	-	327	327
Expenditures				
Capital outlay	40,381	40,381	-	40,381
Total expenditures	40,381	40,381	-	40,381
Net change in fund balance	(40,381)	(40,381)	327	40,708
Fund balance, beginning	60,381	60,381	60,381	-
Fund balance, ending	\$ 20,000	\$ 20,000	\$ 60,708	\$ 40,708

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
MISSION MERIDIAN PUBLIC GARAGE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 990	\$ 990	\$ 9,096	\$ 8,106
Total revenues	<u>990</u>	<u>990</u>	<u>9,096</u>	<u>8,106</u>
Expenditures				
Current:				
General government	26,000	26,000	11,321	14,679
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>11,321</u>	<u>14,679</u>
Net change in fund balance	(25,010)	(25,010)	(2,225)	22,785
Fund balance (deficit), beginning	<u>(319,335)</u>	<u>(319,335)</u>	<u>(319,335)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (344,345)</u>	<u>\$ (344,345)</u>	<u>\$ (321,560)</u>	<u>\$ 22,785</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STATE GAS TAX
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 553,094	\$ 553,094	\$ 550,895	\$ (2,199)
Charges for services	-	-	65,000	65,000
Use of money and property	13,000	13,000	7,168	(5,832)
Total revenues	<u>566,094</u>	<u>566,094</u>	<u>623,063</u>	<u>56,969</u>
Expenditures				
Current:				
Public works	636,608	636,608	559,734	76,874
Capital outlay	149,194	-	146,640	(146,640)
Total expenditures	<u>785,802</u>	<u>636,608</u>	<u>706,374</u>	<u>(69,766)</u>
Net change in fund balance	(219,708)	(70,514)	(83,311)	(12,797)
Fund balance, beginning	<u>985,659</u>	<u>985,659</u>	<u>985,659</u>	<u>-</u>
Fund balance, ending	<u>\$ 765,951</u>	<u>\$ 915,145</u>	<u>\$ 902,348</u>	<u>\$ (12,797)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COUNTY PARK BOND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 43,500	\$ 43,500	\$ 30,437	\$ (13,063)
Total revenues	<u>43,500</u>	<u>43,500</u>	<u>30,437</u>	<u>(13,063)</u>
Expenditures				
Current:				
Public works	43,500	43,500	48,041	(4,541)
Total expenditures	<u>43,500</u>	<u>43,500</u>	<u>48,041</u>	<u>(4,541)</u>
Net change in fund balance	-	-	(17,604)	(17,604)
Fund balance (deficit), beginning	<u>(123,106)</u>	<u>(123,106)</u>	<u>(123,106)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (123,106)</u>	<u>\$ (123,106)</u>	<u>\$ (140,710)</u>	<u>\$ (17,604)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL GROWTH REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 32,000	\$ 32,000	\$ 84,707	\$ 52,707
Use of money and property	1,000	1,000	2,339	1,339
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>87,046</u>	<u>54,046</u>
Net change in fund balance	33,000	33,000	87,046	54,046
Fund balance, beginning	<u>277,352</u>	<u>277,352</u>	<u>277,352</u>	<u>-</u>
Fund balance, ending	<u>\$ 310,352</u>	<u>\$ 310,352</u>	<u>\$ 364,398</u>	<u>\$ 54,046</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CDBG
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 119,835	\$ 119,835	\$ 161,571	\$ 41,736
Miscellaneous	21,000	21,000	25,248	4,248
Total revenues	<u>140,835</u>	<u>140,835</u>	<u>186,819</u>	<u>45,984</u>
Expenditures				
Current:				
Community services	39,000	39,000	45,654	(6,654)
Capital outlay	104,555	101,835	143,602	(41,767)
Total expenditures	<u>143,555</u>	<u>140,835</u>	<u>189,256</u>	<u>(48,421)</u>
Net change in fund balance	(2,720)	-	(2,437)	(2,437)
Fund balance, beginning	-	-	-	-
Fund balance (deficit), ending	<u>\$ (2,720)</u>	<u>\$ -</u>	<u>\$ (2,437)</u>	<u>\$ (2,437)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
BIKE AND PEDESTRIAN PATHS
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 79,198	\$ 79,198	\$ -	\$ (79,198)
Use of money and property	100	100	-	(100)
Total revenues	<u>79,298</u>	<u>79,298</u>	<u>-</u>	<u>(79,298)</u>
Expenditures				
Capital outlay	79,198	79,198	-	79,198
Total expenditures	<u>79,198</u>	<u>79,198</u>	<u>-</u>	<u>79,198</u>
Net change in fund balance	100	100	-	(100)
Fund balance, beginning	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>
Fund balance, ending	<u>\$ 112</u>	<u>\$ 112</u>	<u>\$ 12</u>	<u>\$ (100)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STATE POLICE GRANT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 115,000	\$ 115,000	\$ 148,747	\$ 33,747
Use of money and property	1,500	1,500	693	(807)
Total revenues	<u>116,500</u>	<u>116,500</u>	<u>149,440</u>	<u>32,940</u>
Expenditures				
Capital outlay	<u>170,819</u>	<u>75,000</u>	<u>83,878</u>	<u>(8,878)</u>
Total expenditures	<u>170,819</u>	<u>75,000</u>	<u>83,878</u>	<u>(8,878)</u>
Net change in fund balance	(54,319)	41,500	65,562	24,062
Fund balance, beginning	<u>98,480</u>	<u>98,480</u>	<u>98,480</u>	<u>-</u>
Fund balance, ending	<u>\$ 44,161</u>	<u>\$ 139,980</u>	<u>\$ 164,042</u>	<u>\$ 24,062</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARK IMPACT FEES
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 40,000	\$ 40,000	\$ 156,380	\$ 116,380
Use of money and property	-	-	2,434	2,434
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>158,814</u>	<u>118,814</u>
Expenditures				
Current:				
Community services	-	-	19,200	(19,200)
Capital outlay	-	-	41,792	(41,792)
Total expenditures	<u>-</u>	<u>-</u>	<u>60,992</u>	<u>(60,992)</u>
Net change in fund balance	40,000	40,000	97,822	57,822
Fund balance, beginning	<u>319,107</u>	<u>319,107</u>	<u>319,107</u>	<u>-</u>
Fund balance, ending	<u>\$ 359,107</u>	<u>\$ 359,107</u>	<u>\$ 416,929</u>	<u>\$ 57,822</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
MEASURE R
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 301,158	\$ 301,158	\$ 301,630	\$ 472
Use of money and property	2,000	2,000	6,917	4,917
Total revenues	<u>303,158</u>	<u>303,158</u>	<u>308,547</u>	<u>5,389</u>
Expenditures				
Capital outlay	696,905	686,760	410,531	276,229
Total expenditures	<u>696,905</u>	<u>686,760</u>	<u>410,531</u>	<u>276,229</u>
Net change in fund balance	(393,747)	(383,602)	(101,984)	281,618
Fund balance, beginning	<u>788,216</u>	<u>788,216</u>	<u>788,216</u>	-
Fund balance, ending	<u>\$ 394,469</u>	<u>\$ 404,614</u>	<u>\$ 686,232</u>	<u>\$ 281,618</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TDA/METRO GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 2,000	\$ 2,000	\$ 3,878	\$ 1,878
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,878</u>	<u>1,878</u>
Expenditures				
Capital outlay	380,000	380,000	343,225	36,775
Total expenditures	<u>380,000</u>	<u>380,000</u>	<u>343,225</u>	<u>36,775</u>
Net change in fund balance	(378,000)	(378,000)	(339,347)	38,653
Fund balance, beginning	<u>832,438</u>	<u>832,438</u>	<u>832,438</u>	-
Fund balance, ending	<u>\$ 454,438</u>	<u>\$ 454,438</u>	<u>\$ 493,091</u>	<u>\$ 38,653</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PUBLIC EDUCATION
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 12,068	\$ (11,932)
Use of money and property	-	-	708	708
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>12,776</u>	<u>(11,224)</u>
Net change in fund balance	24,000	24,000	12,776	(11,224)
Fund balance, beginning	<u>122,952</u>	<u>122,952</u>	<u>122,952</u>	<u>-</u>
Fund balance, ending	<u>\$ 146,952</u>	<u>\$ 146,952</u>	<u>\$ 135,728</u>	<u>\$ (11,224)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
BTA GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 418,500	\$ 418,500	\$ -	\$ (418,500)
Total revenues	<u>418,500</u>	<u>418,500</u>	<u>-</u>	<u>(418,500)</u>
Expenditures				
Current:				
Public works	44,000	44,000	-	44,000
Capital outlay	418,500	418,500	106,590	311,910
Total expenditures	<u>462,500</u>	<u>462,500</u>	<u>106,590</u>	<u>355,910</u>
Net change in fund balance	(44,000)	(44,000)	(106,590)	(62,590)
Fund balance (deficit), beginning	<u>(27,684)</u>	<u>(27,684)</u>	<u>(27,684)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (71,684)</u>	<u>\$ (71,684)</u>	<u>\$ (134,274)</u>	<u>\$ (62,590)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HOUSING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 21,098	\$ 9,098	\$ 19,621	\$ 10,523
Total revenues	<u>21,098</u>	<u>9,098</u>	<u>19,621</u>	<u>10,523</u>
Expenditures				
Current:				
Community development	-	-	3,585	(3,585)
Total expenditures	<u>-</u>	<u>-</u>	<u>3,585</u>	<u>(3,585)</u>
Net change in fund balance	21,098	9,098	16,036	6,938
Fund balance, beginning	<u>35,621</u>	<u>35,621</u>	<u>35,621</u>	<u>-</u>
Fund balance, ending	<u>\$ 56,719</u>	<u>\$ 44,719</u>	<u>\$ 51,657</u>	<u>\$ 6,938</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HSIP GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 315,900	\$ 315,900	\$ 25,163	\$ (290,737)
Total revenues	<u>315,900</u>	<u>315,900</u>	<u>25,163</u>	<u>(290,737)</u>
Expenditures				
Current:				
Public works	-	-	19,520	(19,520)
Capital outlay	911,800	455,900	42,478	413,422
Total expenditures	<u>911,800</u>	<u>455,900</u>	<u>61,998</u>	<u>393,902</u>
Net change in fund balance	(595,900)	(140,000)	(36,835)	103,165
Fund balance (deficit), beginning	<u>(2,338)</u>	<u>(2,338)</u>	<u>(2,338)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (598,238)</u>	<u>\$ (142,338)</u>	<u>\$ (39,173)</u>	<u>\$ 103,165</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FACILITIES & EQUIPMENT CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 2,877	\$ 2,877
Total revenues	-	-	2,877	2,877
Expenditures				
Capital outlay	1,006,135	749,280	517,258	232,022
Total expenditures	1,006,135	749,280	517,258	232,022
Excess (deficiency) of revenues over (under) expenditures	(1,006,135)	(749,280)	(514,381)	234,899
Other financing sources				
Transfers in	385,000	385,000	-	(385,000)
Total other financing sources	385,000	385,000	-	(385,000)
Net change in fund balance	(621,135)	(364,280)	(514,381)	(150,101)
Fund balance, beginning	1,009,793	1,009,793	1,009,793	-
Fund balance, ending	\$ 388,658	\$ 645,513	\$ 495,412	\$ (150,101)

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREETS IMPROVEMENT PROGRAM CAPITAL PROJECT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 150,000	\$ -	\$ -	\$ -
Total revenues	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Capital outlay	1,607,965	1,550,000	1,171,701	378,299
Total expenditures	<u>1,607,965</u>	<u>1,550,000</u>	<u>1,171,701</u>	<u>378,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,457,965)</u>	<u>(1,550,000)</u>	<u>(1,171,701)</u>	<u>378,299</u>
Other financing sources				
Transfers in	1,300,000	1,300,000	-	(1,300,000)
Total other financing sources	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>(1,300,000)</u>
Net change in fund balance	(157,965)	(250,000)	(1,171,701)	(921,701)
Fund balance, beginning	<u>1,473,010</u>	<u>1,473,010</u>	<u>1,473,010</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,315,045</u>	<u>\$ 1,223,010</u>	<u>\$ 301,309</u>	<u>\$ (921,701)</u>

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STATISTICAL SECTION

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CITY OF SOUTH PASADADENA

STATISTICAL SECTION

The statistical section of the City of South Pasadena's 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 say 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 trend information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules contain trend information to help the reader assess the affordability of the City's current levels of understanding 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 the City's financial activities take place and to help make comparison 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.

Source: Unless otherwise noted, the information in the schedules is derived from the comprehensive annual financial reports for the relevant year.

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Financial Trends

CITY OF SOUTH PASADADENA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental Activities:					
Net investment in capital assets	\$ 56,086,968	\$ 57,541,752	\$ 60,741,741	\$ 62,226,846	\$ 61,969,593
Restricted	6,609,467	4,069,279	4,438,340	2,722,783	2,328,184
Unrestricted	8,979,878	6,937,924	6,562,890	5,143,951	7,314,507
Total governmental activities net position	<u>\$ 71,676,313</u>	<u>\$ 68,548,955</u>	<u>\$ 71,742,971</u>	<u>\$ 70,093,580</u>	<u>\$ 71,612,284</u>
Business-type activities:					
Net investment in capital assets	\$ 1,890,240	\$ 1,276,626	\$ 4,550,204	\$ 4,808,013	\$ 7,448,158
Restricted	36,642,005	36,135,935	32,451,626	29,973,386	-
Unrestricted	(29,053,954)	(28,488,758)	(26,740,899)	(22,097,380)	334,901
Total business-type activities net position	<u>\$ 9,478,291</u>	<u>\$ 8,923,803</u>	<u>\$ 10,260,931</u>	<u>\$ 12,684,019</u>	<u>\$ 7,783,059</u>
Primary Government:					
Net investment in capital assets	\$ 57,977,208	\$ 58,818,378	\$ 65,291,945	\$ 67,034,859	\$ 69,417,751
Restricted	43,251,472	40,205,214	36,889,966	32,696,169	2,328,184
Unrestricted	(20,074,076)	(21,550,834)	(20,178,009)	(16,953,429)	7,649,408
Total primary government net position	<u>\$ 81,154,604</u>	<u>\$ 77,472,758</u>	<u>\$ 82,003,902</u>	<u>\$ 82,777,599</u>	<u>\$ 79,395,343</u>

(Continued)

Fiscal Year				
2014	2015	2016	2017	2018
\$ 62,764,726	\$ 63,611,268	\$ 57,152,793	\$ 59,774,372	62,806,755
3,184,841	4,179,297	4,894,822	6,328,022	6,336,084
8,720,752	(14,506,500)	(12,620,721)	(15,130,068)	(24,210,258)
<u>\$ 74,670,319</u>	<u>\$ 53,284,065</u>	<u>\$ 49,426,894</u>	<u>\$ 50,972,326</u>	<u>\$ 44,932,581</u>
\$ 10,855,319	\$ 11,727,300	\$ 19,878,644	\$ 22,302,873	\$ 25,525,737
-	2,982,160	2,880,237	2,998,161	1,154,374
6,943,845	4,690,608	4,159,721	4,178,403	6,037,767
<u>\$ 17,799,164</u>	<u>\$ 19,400,068</u>	<u>\$ 26,918,602</u>	<u>\$ 29,479,437</u>	<u>\$ 32,717,878</u>
\$ 73,620,045	\$ 75,338,568	\$ 77,031,437	\$ 82,077,245	\$ 88,332,492
3,184,841	7,161,457	7,775,059	9,326,183	7,490,458
15,664,597	(9,815,892)	(8,461,000)	(10,951,665)	(18,172,491)
<u>\$ 92,469,483</u>	<u>\$ 72,684,133</u>	<u>\$ 76,345,496</u>	<u>\$ 80,451,763</u>	<u>\$ 77,650,459</u>

CITY OF SOUTH PASADENA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2009	2010	2011	2012
Expenses:				
Governmental Activities:				
General government	\$ 5,513,124	\$ 5,816,414	\$ 5,935,671	\$ 7,449,632
Public safety	11,525,403	11,589,395	10,939,183	11,596,854
Community development	839,568	920,339	911,718	948,777
Community services	2,914,235	3,033,614	3,175,891	3,052,840
Public works	5,482,505	5,484,601	4,863,335	5,306,742
Interest on long-term debt	136,769	131,539	125,032	47,185
Total Governmental Activities Expenses	<u>26,411,604</u>	<u>26,975,902</u>	<u>25,950,830</u>	<u>28,402,030</u>
Business-type activities:				
Water Utility	4,451,292	7,144,268	5,105,517	4,598,754
Sewer Utility	-	861,207	715,395	1,104,098
Arroyo Seco Golf Course	-	-	-	985,611.00
Total Business-type Activities Expenses	<u>4,451,292</u>	<u>8,005,475</u>	<u>5,820,912</u>	<u>6,688,463</u>
Total Primary Government Expenses	<u>30,862,896</u>	<u>34,981,377</u>	<u>31,771,742</u>	<u>35,090,493</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General government	\$ 1,409,846	\$ 1,319,410	\$ 1,472,338	\$ 1,489,846
Public safety	1,349,175	840,207	860,609	899,536
Community development	405,086	446,050	530,395	548,532
Community services	627,296	672,765	805,608	772,898
Public works	1,118,262	1,096,487	1,121,657	1,102,936
Total Charges for Services	<u>4,909,665</u>	<u>4,374,919</u>	<u>4,790,607</u>	<u>4,813,748</u>
Operating Contribution and Grants:				
General government	214,373	71,059	51,115	43,838
Public safety	108,406	478,495	437,544	779,399
Community development	-	457,670	505,547	618,435
Community services	24,322	29,449	46,012	30,937
Public works	447,962	209,762	2,600,475	184,948
Total Operating Contributions and Grants	<u>795,063</u>	<u>1,246,435</u>	<u>3,640,693</u>	<u>1,657,557</u>
Capital Contributions and Grants:				
Community development	-	-	-	-
Community services	-	-	-	-
Public works	1,868,187	820,447	1,305,657	1,415,306
Total Capital Contributions and Grants	<u>1,868,187</u>	<u>820,447</u>	<u>1,305,657</u>	<u>1,415,306</u>
Total Governmental Activities Program Revenue	<u>7,572,915</u>	<u>6,441,801</u>	<u>9,736,957</u>	<u>7,886,611</u>
Business-type Activities:				
Charges for services:				
Water Utility	4,549,062	4,270,244	4,943,874	6,903,816
Sewer Utility	-	657,045	759,680	955,204
Arroyo Seco Golf Course	-	-	-	1,195,978
Operating Contribution and Grants:				
Water Utility	-	-	-	-
Total Business-type Activities Program Revenue	<u>4,549,062</u>	<u>4,927,289</u>	<u>5,703,554</u>	<u>9,054,998</u>
Total primary government program revenues	<u>12,121,977</u>	<u>11,369,090</u>	<u>15,440,511</u>	<u>16,941,609</u>
Net (expenses) revenues:				
Governmental activities	(18,838,689)	(20,534,101)	(16,213,873)	(20,515,419)
Business-type activities	97,770	(3,078,186)	(117,358)	2,366,535
Total primary government net (expenses)/revenues	<u>\$ (18,740,919)</u>	<u>\$ (23,612,287)</u>	<u>\$ (16,331,231)</u>	<u>\$ (18,148,884)</u>

(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 4,152,804	\$ 5,039,084	\$ 4,354,683	\$ 3,847,476	\$ 4,324,484	\$ 5,560,722
11,217,279	11,012,625	12,363,366	13,218,063	15,596,078	14,624,313
902,945	918,665	1,116,084	953,471	1,289,447	1,037,091
3,101,910	3,132,433	3,336,626	3,153,329	3,566,285	3,819,654
4,758,677	4,990,390	5,578,457	5,578,850	5,529,025	5,197,516
8,288	4,465	4,335	-	-	-
<u>24,141,903</u>	<u>25,097,662</u>	<u>26,753,551</u>	<u>26,751,189</u>	<u>30,305,319</u>	<u>30,239,296</u>
6,135,803	5,804,509	4,772,647	5,886,309	7,028,827	7,060,363
838,800	998,603	968,996	962,623	1,012,338	686,672
888,930.00	930,255.00	923,660	954,898	1,032,358	1,096,327
<u>7,863,533</u>	<u>7,733,367</u>	<u>6,665,303</u>	<u>7,803,830</u>	<u>9,073,523</u>	<u>8,843,362</u>
<u>32,005,436</u>	<u>32,831,029</u>	<u>33,418,854</u>	<u>34,555,019</u>	<u>39,378,842</u>	<u>39,082,658</u>
\$ 1,005,393	\$ 1,173,376	\$ 1,372,549	\$ 1,126,241	\$ 1,026,398	\$ 922,603
868,577	983,181	1,189,968	1,154,628	1,166,125	1,554,948
576,063	761,632	963,987	804,309	871,571	3,160
805,635	864,271	1,064,439	853,949	926,897	841,445
1,103,664	1,159,519	1,226,729	1,172,172	1,189,342	1,449,325
<u>4,359,332</u>	<u>4,941,979</u>	<u>5,817,672</u>	<u>5,111,299</u>	<u>5,180,333</u>	<u>4,771,481</u>
32,872	53,999	21,413	164,625	312,062	48,304
775,610	328,654	185,067	116,029	175,919	173,401
610,355	504,312	476,886	627,488	810,749	22,189
31,854	24,876	38,348	20,527	84,519	25,248
255,526	348,797	212,472	399,656	87,864	702,884
<u>1,706,217</u>	<u>1,260,638</u>	<u>934,186</u>	<u>1,328,325</u>	<u>1,471,113</u>	<u>972,026</u>
-	-	-	-	901,436	-
-	-	-	-	-	143,601
93,947	1,300,814	1,220,504	734,935	1,516,800	1,182,367
<u>93,947</u>	<u>1,300,814</u>	<u>1,220,504</u>	<u>734,935</u>	<u>2,418,236</u>	<u>1,325,968</u>
<u>6,159,496</u>	<u>7,503,431</u>	<u>7,972,362</u>	<u>7,174,559</u>	<u>9,069,682</u>	<u>7,069,475</u>
8,022,705	9,210,982	8,694,880	8,094,350	8,804,890	9,830,246
1,127,843	1,256,682	1,353,233	1,543,925	1,583,362	1,614,351
1,082,826	1,197,047	1,133,562	1,129,927	1,101,970	1,166,516
-	-	-	-	-	200,167
<u>10,233,374</u>	<u>11,664,711</u>	<u>11,181,675</u>	<u>10,768,202</u>	<u>11,490,222</u>	<u>12,811,280</u>
<u>16,392,870</u>	<u>19,168,142</u>	<u>19,154,037</u>	<u>17,942,761</u>	<u>20,559,904</u>	<u>19,880,755</u>
(17,982,407)	(17,594,231)	(18,781,189)	(19,576,630)	(21,235,637)	(23,169,821)
<u>2,369,841</u>	<u>3,931,344</u>	<u>4,516,372</u>	<u>2,964,372</u>	<u>2,416,699</u>	<u>3,967,918</u>
<u>\$ (15,612,566)</u>	<u>\$ (13,662,887)</u>	<u>\$ (14,264,817)</u>	<u>\$ (16,612,258)</u>	<u>\$ (18,818,938)</u>	<u>\$ (19,201,903)</u>

CITY OF SOUTH PASADENA

**CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2009	2010	2011	2012
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 10,404,273	\$ 10,426,753	\$ 10,667,838	\$ 10,557,651
Sales taxes	2,399,744	2,797,621	2,714,102	2,956,964
Franchise taxes	821,144	777,843	803,969	814,766
Business License taxes	352,528	323,307	347,665	347,096
Other taxes	3,942,594	4,109,696	4,143,183	4,133,582
Motor Vehicle in Lieu - Unrestricted	74,215	76,294	150,390	13,267
Use of money and property	658,997	517,079	415,280	381,165
Other	73,594	207,937	165,462	104,245
Transfers	-	(1,829,787)	-	-
Extraordinary gain/loss on dissolution of RDA	-	-	-	(442,708)
Total governmental activities	18,727,089	17,406,743	19,407,889	18,866,028
Business-type activities:				
Use of money and property	227,528	681,532	77,378	45,652
Miscellaneous	-	-	-	-
Other	13,814	12,379	13,103	10,901
Transfers	-	1,829,787	-	-
Total business-type activities	241,342	2,523,698	90,481	56,553
Total primary government	18,968,431	19,930,441	19,498,370	18,922,581
Change in Net Position:				
Governmental activities	(111,600)	(3,127,358)	3,194,016	(1,649,391)
Business-type activities	339,112	(554,488)	(26,877)	2,423,088
Total primary government	\$ 227,512	\$ (3,681,846)	\$ 3,167,139	\$ 773,697

(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 11,074,604	\$ 11,462,585	\$ 11,779,438	\$ 12,632,984	\$ 13,236,932	\$ 14,135,844
2,481,560	3,447,593	3,535,113	3,786,423	3,627,051	3,965,016
810,642	804,995	878,332	875,304	818,724	784,736
363,437	373,935	385,691	397,762	412,594	389,726
4,092,063	4,004,746	3,965,217	3,940,883	4,057,552	3,775,843
10,980	-	16,845	10,561	11,660	13,682
446,167	498,208	542,196	739,761	553,165	650,749
221,658	32,823	70,188	745,315	38,877	130,310
-	-	87,000	13,919	24,514	-
-	-	-	-	-	-
19,501,111	20,624,885	21,260,020	23,142,912	22,781,069	23,845,906
38,006	28,372	32,205	137,524	(2,802)	92,551
-	-	-	-	-	-
5,972	10,143	184,786	230,156	171,452	216,693
-	-	(87,000)	(13,919)	(24,514)	-
43,978	38,515	129,991	353,761	144,136	309,244
19,545,089	20,663,400	21,390,011	23,496,673	22,925,205	24,155,150
1,518,704	3,030,654	2,478,831	3,566,282	1,545,432	676,085
2,413,819	3,969,859	4,646,363	3,318,133	2,560,835	4,277,162
\$ 3,932,523	\$ 7,000,513	\$ 7,125,194	\$ 6,884,415	\$ 4,106,267	\$ 4,953,247

CITY OF SOUTH PASADENA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2009	2010	2011	2012
General Fund:				
Pre-GASB 54:				
Reserved	\$ 1,550,920	\$ 947,588	\$ -	\$ -
Unreserved	9,491,709	10,251,769	-	-
GASB 54:				
Nonspendable	-	-	426,430	433,637
Restricted	-	-	-	-
Committed	-	-	2,564,280	2,563,481
Unassigned	-	-	10,541,790	11,757,341
Total General Fund	<u>11,042,629</u>	<u>11,199,357</u>	<u>13,532,500</u>	<u>14,754,459</u>
All Other Governmental Funds:				
Pre-GASB 54:				
Reserved	\$ 1,194,959	\$ 420,227	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	2,584,720	1,112,446	-	-
Capital projects funds	3,064,554	1,977,128	-	-
GASB 54:				
Nonspendable	-	-	-	-
Restricted	-	-	4,438,340	2,722,783
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(2,355,949)	(4,015,530.00)
Total all other governmental funds	<u>6,844,233</u>	<u>3,509,801</u>	<u>2,082,391</u>	<u>(1,292,747)</u>
Total governmental funds	<u>\$ 17,886,862</u>	<u>\$ 14,709,158</u>	<u>\$ 15,614,891</u>	<u>\$ 13,461,712</u>

(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,199,091	1,207,961	1,022,841	1,035,224	1,044,519	904,445
-	-	-	-	-	-
2,141,481	2,650,000	3,500,000	5,635,000	5,899,130	5,803,778
11,727,832	12,788,280	13,124,419	12,724,205	9,681,531	11,182,760
<u>15,068,404</u>	<u>16,646,241</u>	<u>17,647,260</u>	<u>19,394,429</u>	<u>16,625,180</u>	<u>17,890,983</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,328,184	3,184,841	4,179,297	4,894,822	6,328,022	6,336,084
579,447	611,447	461,472	696,953	2,482,803	796,721
-	-	-	-	-	-
(1,049,935.00)	(791,469)	(572,623)	(771,286)	(791,741)	(874,184)
<u>1,857,696</u>	<u>3,004,819</u>	<u>4,068,146</u>	<u>4,820,489</u>	<u>8,019,084</u>	<u>6,258,621</u>
<u>\$ 16,926,100</u>	<u>\$ 19,651,060</u>	<u>\$ 21,715,406</u>	<u>\$ 24,214,918</u>	<u>\$ 24,644,264</u>	<u>\$ 24,149,604</u>

CITY OF SOUTH PASADENA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$ 17,689,431	\$ 18,037,383	\$ 18,317,689	\$ 18,393,272
Assessment	885,515	883,681	885,387	888,619
Licenses and permits	1,004,933	934,708	1,000,988	944,680
Intergovernmental	2,635,222	1,942,882	2,572,819	2,909,377
Charges for services	2,449,932	1,982,863	2,144,589	2,222,151
Use of money and property	658,997	517,079	415,280	381,165
Fines and forfeitures	701,894	629,280	552,093	533,035
Contributions	11,050	10,050	15,637	11,285
Miscellaneous	419,952	508,025	733,700	701,995
Total Revenues	26,456,926	25,445,951	26,638,182	26,985,579
Expenditures:				
Current:				
General government	3,893,079	4,220,337	4,099,345	4,207,231
Public safety	11,134,224	11,147,779	10,608,012	11,217,259
Community development	831,613	919,697	913,862	955,648
Community services	2,764,489	2,887,103	3,024,889	2,915,639
Public works	3,217,465	3,297,647	2,806,005	3,024,746
Capital outlay	1,812,804	5,540,889	5,978,832	2,467,712
Debt service:				
Principal retirement	181,845	123,891	131,037	48,289
Interest and fiscal charges	140,221	134,275	127,929	67,064
Total expenditures	23,975,740	28,271,618	27,689,911	24,903,588
Excess/(deficiency) of Revenues Over Expenditures	2,481,186	(2,825,667)	(1,051,729)	2,081,991
Other financing sources (uses):				
Transfers in	25,758	24,136	146,179	46,729
Transfers out	(25,758)	(376,173)	(146,179)	(46,729)
Total other financing sources (uses)	-	(352,037)	-	-
Net Change in Fund Balances	\$ 2,481,186	\$ (3,177,704)	\$ (1,051,729)	\$ 2,081,991
Debt service as a percentage of noncapital expenditures	1.4%	1.1%	1.2%	0.5%

(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 19,166,312	\$ 19,697,011	\$ 20,205,691	\$ 21,235,594	\$ 21,740,257	\$ 22,827,899
905,459	896,465	895,798	876,972	892,361	890,227
1,012,753	985,186	1,047,540	1,069,023	1,093,865	1,001,349
4,290,262	2,303,094	1,989,281	1,104,398	3,193,603	1,374,597
2,270,737	2,682,074	3,880,357	3,439,167	3,529,076	3,711,816
446,167	498,208	542,194	739,761	553,165	650,749
523,629	412,748	347,585	444,556	397,738	388,061
17,970	12,455	12,365	9,691	4,310	16,135
313,612	594,210	480,206	1,028,401	576,915	54,548
<u>28,946,901</u>	<u>28,081,451</u>	<u>29,401,017</u>	<u>29,947,563</u>	<u>31,981,290</u>	<u>30,915,381</u>
5,651,008	4,297,373	3,988,989	3,930,354	4,208,084	4,643,875
10,968,211	10,636,711	11,651,620	12,099,774	13,454,529	13,223,377
898,709	911,871	1,121,098	1,003,041	1,157,431	1,037,091
2,953,811	2,970,037	3,209,105	3,175,023	3,394,984	3,570,903
2,921,136	2,970,322	3,107,053	3,638,844	3,602,684	3,294,839
2,028,330	3,536,250	3,739,660	3,507,229	5,687,034	5,639,956
50,650	53,130	55,725	58,450	-	-
10,658	8,178	5,583	2,858	-	-
<u>25,482,513</u>	<u>25,383,872</u>	<u>26,878,833</u>	<u>27,415,573</u>	<u>31,504,746</u>	<u>31,410,041</u>
<u>3,464,388</u>	<u>2,697,579</u>	<u>2,522,184</u>	<u>2,531,990</u>	<u>476,544</u>	<u>(494,660)</u>
1,176,376	421,511	408,497	648,622	5,424,382	-
<u>(1,176,376)</u>	<u>(421,511)</u>	<u>(625,137)</u>	<u>(681,100)</u>	<u>(5,481,580)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(216,640)</u>	<u>(32,478)</u>	<u>(57,198)</u>	<u>-</u>
<u>\$ 3,464,388</u>	<u>\$ 2,697,579</u>	<u>\$ 2,305,544</u>	<u>\$ 2,499,512</u>	<u>\$ 419,346</u>	<u>\$ (494,660)</u>
0.3%	0.3%	0.3%	0.3%	0.0%	0.0%

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CITY OF SOUTH PASADENA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)**

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ^a	Taxable Assessed Value as a Percentage of Actual Taxable Value
2009	\$ 2,850,768	\$ 217,653	\$ 141,106	\$ (29,101)	\$ 3,180,426	0.252%	N/A	N/A
2010	2,899,484	224,824	142,474	(30,931)	3,235,851	0.252%	N/A	N/A
2011	2,972,102	228,851	125,651	(32,678)	3,293,926	0.251%	N/A	N/A
2012	3,049,558	236,648	143,771	(32,852)	3,397,125	0.252%	N/A	N/A
2013	3,175,548	246,971	137,830	(33,508)	3,526,841	0.252%	N/A	N/A
2014	3,329,419	260,726	135,712	(34,820)	3,691,037	0.264%	N/A	N/A
2015	3,501,716	267,657	124,487	(32,836)	3,861,024	0.264%	N/A	N/A
2016	3,692,063	269,163	121,018	(9,974)	4,072,270	0.264%	N/A	N/A
2017	3,879,157	277,223	130,593	(9,974)	4,276,999	0.264%	N/A	N/A
2018	4,127,779	302,031	131,435	(9,974)	4,551,271	0.264%	N/A	N/A

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

Note: ^a Estimated Actual Taxable 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 the 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 Fund	Los Angeles County Fire FFW	Los Angeles County Flood Control	Community College
2009	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2010	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2011	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2012	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2013	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2014	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2015	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2016	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2017	0.2400	0.2400	0.2856	0.2551	0.0060	0.0096	0.0320
2018	0.2400	0.2637	0.2857	0.2551	0.0060	0.0096	0.0320

Fiscal Year	School District	Overlapping Rates					Total
		Voter Approved					
		Upper San Gabriel Valley Municipal Water District	South Pasadena Unified School District	Upper San Gabriel Valley Municipal Water District	Detention Facilities	Pasadena Community College District	
2009	0.1712	0.0005	0.0860	0.00430	-	0.0174	1.1078
2010	0.1712	0.0005	0.0884	0.00430	-	0.0230	1.1158
2011	0.1712	0.0005	0.1105	0.00370	-	0.0199	1.1342
2012	0.1712	0.0005	0.1058	0.0037	-	0.0196	1.1292
2013	0.1712	0.0005	0.1011	0.00350	-	0.0206	1.1253
2014	0.1712	0.0005	0.1014	0.00350	-	0.0190	1.1240
2015	0.1712	0.0005	0.1006	0.00350	-	0.0103	1.1145
2016	0.1712	0.0005	0.0981	0.00350	-	0.0087	1.1104
2017	0.1712	0.0005	0.0993	0.00350	-	0.0089	1.1117
2018	0.1712	0.0005	0.1514	0.00350	-	0.0082	1.1631

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

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

CITY OF SOUTH PASADENA

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value	Combined Taxable Value (1)	Rank	Percentage of Total City Taxable Assessed Value
625 Fair Oaks Investors LLC	\$ 20,711,100	1	0.46%			
WF Property Holdings LP	13,809,401	2	0.30%			
NNC Terraces at South Pasadena LLC	13,417,297	3	0.29%			
Sean P Vargas	12,972,295	4	0.29%			
Purrey Family Trust	12,838,502	5	0.27%			
LDW Pico Properties LLC	11,864,640	6	0.26%			
Casa De General LLC	11,731,013	7	0.26%			
99 Pasadena Avenue LLC	11,587,741	8	0.25%			
829 Croft at Melrose Place LLC	11,000,000	9	0.24%			
Golden Oaks Investment LP	10,160,147	10	0.22%	8,972,190	3	0.28%
H and O Fair Oaks Partners				15,977,350	1	0.50%
MT Olive Sepulveda LP				10,352,427	2	0.33%
NNC Terraces at South Pasadena LLC				8,853,309	4	0.28%
California Empire LP				8,593,435	5	0.27%
Kan Investment Limited				8,585,305	6	0.27%
CCCC Growth Fund LLC				7,923,397	7	0.25%
H P III Limited				7,497,385	8	0.24%
Jerry B and Roberta L Furrey Trust				7,426,078	9	0.23%
Safeway Stores				7,247,537	10	0.23%
Total	\$ 130,092,136		2.84%	\$ 91,428,413		2.88%

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

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
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)	7,224,631	99.5%
2011	7,422,229	7,375,394	99.4%	(6,476)	7,368,918	99.3%
2012	7,669,207	7,570,264	98.7%	(17,918)	7,552,346	98.5%
2013	8,244,644	8,211,281	99.6%	(12,718)	8,198,563	99.4%
2014	8,569,818	8,389,757	97.9%	(16,427)	8,373,331	97.7%
2015	9,063,962	8,791,225	97.0%	(16,959)	8,774,266	96.8%
2016	9,607,577	9,281,790	96.6%	(19,676)	9,262,115	96.4%
2017	10,163,709	9,757,452	96.0%	(14,953)	9,742,499	95.9%
2018	10,718,463	10,421,475	97.2%	(24,757)	10,396,718	97.0%

Source: Los Angeles County Tax Collector and City of South Pasadena, Finance Division
HDL Property Tax Revenue

Debt Capacity

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CITY OF SOUTH PASADENA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities (1)			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita ^a
	Tax Allocation Bonds	Capital Leases	Loans	Water Revenue Bonds	State Loan			
2009	\$ 2,000,000	\$ 356,172	\$ -	\$ 51,375,000	\$ -	\$ 53,731,172	4.93%	2,099
2010	1,920,000	312,281	-	51,150,000	-	53,382,281	5.02%	2,074
2011	1,835,000	266,243	-	50,915,000	-	53,016,243	4.60%	2,048
2012	-	217,955	-	50,670,000	-	50,887,955	4.17%	1,978
2013	-	167,305	-	49,887,458	-	50,054,763	3.92%	1,936
2014	-	114,175	-	48,854,762	527,283	49,496,220	4.11%	1,903
2015	-	58,450	-	47,838,993	2,475,913	50,373,356	4.16%	1,936
2016	-	-	-	46,753,226	4,147,892	50,901,118	4.21%	1,956
2017	-	-	-	48,533,332	6,373,623	54,906,955	4.58%	2,112
2018	-	-	-	46,957,581	7,415,790	54,373,371	4.26%	2,088

Note:

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

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

CITY OF SOUTH PASADENA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018**

Fiscal Year 2016-17 Assessed Valuation : \$3,815,324,089 after deducting \$461,674,700 incremental value

	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/2018</u>
Direct Debt			
2012 State Loan Payable	\$ 7,415,790	100.0000%	\$ 7,415,790
2013 Water Revenue Bonds	\$ 5,370,000	100.0000%	5,370,000
2016 Water Revenue Bonds	\$ 36,855,000	100.0000%	36,855,000
Total Direct Debt			<u>49,640,790</u>
Overlapping Debt			
Metropolitan Water District	29,354,442	0.355%	104,172
Pasadena Area Community College District 2002, 2006 Series D	3,595,000	5.408%	194,407
Pasadena Area Community College District 2002, 2009 Series E	25,295,000	5.408%	1,367,879
Pasadena Area Community College District 2014 Ref Series A	15,325,000	5.408%	828,731
Pasadena Area Community College District 2016 Ref Series A	32,900,000	5.408%	1,779,135
South Pasadena Unified 96 Series A	1,205,000	5.408%	1,205,000
South Pasadena Unified DS 95 Series B	1,170,615	100.000%	1,170,615
South Pasadena Unified SD DS 95 S-C	4,112,868	100.000%	4,112,868
South Pasadena Unified SD DS 95 Series D	1,444,380	100.000%	1,444,380
South Pasadena USD DS 2002 Series B	1,507,583	100.000%	1,507,583
South Pasadena USD DS 2010 Ref Bond	16,685,000	100.000%	16,685,000
South Pasadena USD DS 2016 Series A	34,475,617	100.000%	34,475,617
Total Overlapping Tax and Assessment Debt			<u>64,875,387</u>
Combined Total Debt			<u><u>114,516,177</u></u>

Source: (1) HDL Coren & Core, 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.

Debt to Assessed Valuation Ratios:

Direct Debt	1.19%
Overlapping Debt	1.60%
Total Debt	2.79%

CITY OF SOUTH PASADENA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(in thousands of dollars)**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Limit	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2009	\$ 477,064	\$ -	\$ 477,064	0.00%
2010	485,378	-	485,378	0.00%
2011	494,089	-	494,089	0.00%
2012	509,569	-	509,569	0.00%
2013	471,822	-	471,822	0.00%
2014	494,193	-	494,193	0.00%
2015	516,507	-	516,507	0.00%
2016	544,458	-	544,458	0.00%
2017	641,550	-	641,550	0.00%
2018	682,691	-	682,691	0.00%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 4,551,271
Debt limit (15% of assessed value)	682,691
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u><u>\$ 682,691</u></u>

CITY OF SOUTH PASADENA

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(in thousands of dollars)**

Water Revenue Bonds							
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2009	\$ 4,563	\$ 3,683	\$ 880	\$ 220	\$ 635	5.34	
2010	4,283	4,490	(207)	225	2,158	1.80	
2011	4,956	2,581	2,375	235	2,439	1.85	
2012	6,911	4,086	2,825	245	2,423	2.59	
2013	8,029	5,563	2,466	255	2,046	3.49	
2014	9,221	5,674	3,547	95	2,271	3.90	
2015	8,695	4,430	4,265	1,065	2,240	2.63	
2016	8,094	4,562	3,532	1,095	2,211	2.45	
2017	8,805	6,218	2,587	340	1,142	5.94	
2018	9,627	6,371	3,256	1,195	1,802	1.09	

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 2013 and 2016.

Source: City of South Pasadena Finance Department

***Demographic and Economic
Information***

CITY OF SOUTH PASADENA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	25,604	\$ 1,090,450	\$ 42,589	3.6%
2009	25,737	1,063,171	41,309	5.8%
2010	25,881	1,152,274	44,522	6.3%
2011	25,725	1,220,780	47,455	6.1%
2012	25,857	1,277,956	49,424	4.6%
2013	26,011	1,203,347	46,263	3.7%
2014	26,022	1,211,194	46,545	5.9%
2015	26,028	1,208,853	46,444	4.7%
2016	25,992	1,199,887	46,163	3.7%
2017	26,047	1,276,801	49,019	3.2%

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

CITY OF SOUTH PASADENA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2017-2018			2008-2009*		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
South Pasadena Care Center, LLC	140	1	3.72%	-		0.00%
The Vons Companies Inc. Pavillions #2228	100	2	2.65%	-		0.00%
Trader Joe No. 18	97	3	2.57%	-		
Ralph's Grocery Co. #21	92	4	2.44%	-		0.00%
V.C.A.T..L.C. Pasadena Veterinary Specialty	91	5	2.42%	-		0.00%
Bristol Farms	78	6	2.07%	-		
Collins, Collins, Muir & Stewart, L L P	63	7	1.67%	-		
City of Hope South Pasadena	61	8	1.62%	-		0.00%
W N C Insurance Services, Inc.	60	9	1.59%	-		
The Vons Companies Inc. #3075	57	10	1.51%	-		0.00%
Total	839		22.26%	-		0.00%
 Total City Employment (3)	 3,768					

* 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**

Function/Program:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Legislative	8	8	8	8	8	8	5	5	5	5
City Manager	8	8	10	10	10	10	12	12	11	12
Finance	8	8	8	8	8	9	9	9	9	9
Public safety	81	81	81	81	81	79	81	80	80	77
Community Development	6	6	7	6	6	6	6	6	6	7
Public Works	30	30	27	28	28	20	21	21	20	21
Community Services	22	22	18	19	20	21	19	20	20	26
Water Utility	9	9	12	11	11	11	10	10	10	10
Total	<u>173</u>	<u>173</u>	<u>171</u>	<u>171</u>	<u>172</u>	<u>163</u>	<u>163</u>	<u>163</u>	<u>161</u>	<u>167</u>

Source: South Pasadena Finance Department/Adopted budget book

Operating Information

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CITY OF SOUTH PASADENA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Number of building permits issued	282	326	380	342	476	354	349	433	424	876
Number of building inspections conducted	2,152	2,113	2,158	2,376	2,380	2,568	2,087	1,860	2,041	3,240
Refuse collection										
Refuse collected (tons per day)	89	92	90	90	85	83	69	74	77	83
Recyclables collected (tons per day)	40	38	38	38	29	28	25	29	32	30
Other public works										
Street resurfacing (miles)	0	1	3	2	1	1	2	2	0	5
Potholes repaired *	480	520	580	1,600	1,450	1,500	1,450	1,400	259	300
Water										
New connections	18	18	10	9	6	11	7	8	5	2
Water main breaks	12	4	9	5	9	10	9	6	5	4
Average daily consumption (million gallons)	4	4	4	4	4	5	3	3	3	3
Peak daily consumption (million gallons)	6	6	6	6	6	6	5	4	4	4
Fire Department										
Number of emergency calls responded to	1,850	1,780	1,760	1,664	1,594	1,695	1,775	1,880	1,483	2,584
Number of fire inspections	470	254	229	544	296	563	521	520	540	1,163
Police Department										
Arrest statistics	1,546	2,056	1,096	1,159	1,080	1,003	855	699	830	829
Traffic citations	7,641	8,216	4,734	3,468	3,753	3,717	2,847	2,288	4,313	4,038
Parking citations	12,800	10,967	9,314	9,629	10,936	11,388	8,843	10,811	9,136	7,803
Community Services										
Facility rentals	45	58	60	60	69	89	86	95	142	80
Recreation classes	181	180	419	419	441	432	399	416	465	277

Note: * Based on average sized potholes and cold patch purchased

Source: Various City Departments.

CITY OF SOUTH PASADENA

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other public works										
Street (miles)	55	55	55	55	55	55	55	55	55	55
Traffic signals	30	31	31	31	31	31	31	31	31	31
Park and recreation										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	89	89	89	89	89	89	89	89	89	89
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Community centers	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	165	165	165	165	165	165	165	165	165	165
Storage capacity (million gallons)	13	13	13	13	13	13	13	13	13	13
Sewage System										
Sanitary sewers (miles)	55	55	55	55	55	55	55	55	55	55
Storm sewers (miles)	2	2	2	2	2	2	2	2	2	2

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

Sources: Various City departments.

