



**CITY OF SOUTH PASADENA
FINANCE COMMISSION**

**SPECIAL MEETING AGENDA
THURSDAY, JUNE 9, 2022 at 6:30 PM**

**CITY COUNCIL CHAMBERS
1424 MISSION STREET, SOUTH PASADENA, CA 91030**

South Pasadena Finance Commission Statement of Civility

As your appointed governing board, we will treat each other, members of the public, and city employees with patience, civility and courtesy as a model of the same behavior we wish to reflect in South Pasadena for the conduct of all city business and community participation. The decisions made today will be for the benefit of the South Pasadena community and not for personal gain.

NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY

The South Pasadena Finance Commission Meeting will be conducted in-person from the Council Chambers, Amedee O. "Dick" Richards, Jr., located at 1424 Mission Street, South Pasadena. Pursuant to AB 361 Government Code section 54953, subdivision (e)(3), the Advisory Body may conduct its meetings remotely and may be held via video conference.

The Meeting will be available:

- In Person Hybrid – City Council Chambers, 1424 Mission Street
- Via Zoom – **Webinar ID: 823 0958 7107**

To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting via Zoom in one of the three methods below.

1. Go to the Zoom website, <https://zoom.us/join> and enter the Zoom Meeting information; or
2. Click on the following unique Zoom meeting link: <https://us06web.zoom.us/j/82309587107>
3. You may listen to the meeting by calling: +1-669-900-6833 and entering the Zoom Meeting ID.

CALL TO ORDER: Chair Ed Elsner

ROLL CALL

Chair	Ed Elsner
Commissioner	Zhen Tao
Commissioner	Frederick A. Findley
Commissioner	Cynthia Quade
Commissioner	Peter Giulioni Jr.
City Treasurer	Gary Pia

COUNCIL LIAISON: Councilmember Evelyn G. Zneimer

PUBLIC COMMENT GUIDELINES

The City welcomes public input. If you would like to comment on non-agenda items and an agenda item, members of the public may participate **by means of one of the following options:**

Option 1:

Participants will be able to “raise their hand” using the Zoom icon during the meeting, and they will have their microphone un-muted during comment portions of the agenda to speak for up to 3 minutes per item.

Option 2:

Email public comment(s) to fcpubliccomment@southpasadenaca.gov

Public Comments received in writing will not be read aloud at the meeting, but will be part of the meeting record. Written public comments will be uploaded online for public viewing under Additional Documents and available at the City Clerk’s Counter for viewing. There is no word limit on emailed Public Comment(s). Please make sure to indicate:

- 1) Agenda item you are submitting public comment on.
- 2) Submit by no later than June 9, 2022 at 12PM

NOTE: Pursuant to State law, the Commission may not discuss or take action on issues not on the meeting agenda, except that members of the Commission or staff may briefly respond to statements made or questions posed by persons exercising public testimony rights (Government Code Section 54954.2). Staff may be asked to follow up on such items.

1. Public Comment**ACTION/DISCUSSION****2. Fiscal Year 2020-2021 Draft Annual Comprehensive Report**Recommendation

It is recommended that the Finance Commission receive and file the fiscal year 2020-2021 Annual Comprehensive Financial Report (ACFR).

3. Finance Ad Hoc Final ReportRecommendation

It is recommended that the Finance Commission receive and file the 2022 Finance Ad Hoc Committee Report.

4. Commissioner Congress ReportRecommendation

It is recommended that the Finance Commission establish a Work Plan for fiscal year 2022-2023, as well as highlight the top three (3) accomplishments from this fiscal year (2021-2022).

5. Minutes for Meetings on 9/23/21, 2/7/22 and 2/24/22Recommendation

It is recommended that the Finance Commission approve the minutes for meetings on 9/23/21, 2/7/22 and 2/24/22.

COMMUNICATIONS

- 6. **City Council Liaison Communications**
- 7. **Staff Liaison Communications**
- 8. **Commissioner Communications**

ADJOURNMENT


PUBLIC ACCESS TO AGENDA DOCUMENTS

The complete agenda packet may be viewed on the City’s website, <https://www.southpasadenaca.gov/government/boards-commissions/finance-commission>

Meeting recordings will be available for public viewing after the meeting. Recordings will be uploaded to the City’s YouTube Channel no later than the next business day after the meeting.

The City’s YouTube Channel may be accessed at: https://www.youtube.com/channel/UCnR169ohzi1AlewD_6sfwDA/featured

ACCOMMODATIONS

 The City of South Pasadena wishes to make all of its public meetings accessible to the public. If special assistance is needed to participate in this meeting, please contact the City Clerk’s Division at (626) 403-7230 or CityClerk@southpasadenaca.gov. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Notification at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

CERTIFICATION OF POSTING

*I declare under penalty of perjury that I posted this notice of agenda for the meeting to be held on **June 8, 2022**, on the bulletin board in the courtyard of City Hall at 1414 Mission Street, South Pasadena, CA 91030, and on the City’s, website as required by law, on the date listed below.*

6/8/2022
Date

Stephanie Pinto
Stephanie Pinto, Management Assistant



Finance Commission Agenda Report

DATE: June 9, 2022

FROM: Ken Louie, Interim Finance Director

SUBJECT: **Draft Annual Comprehensive Financial Report (ACFR) for
Fiscal Year Ending June 30, 2021**

Recommendation

It is recommended that the Finance Commission review and receive and file the Draft Annual Comprehensive Financial Report (ACFR) for fiscal year ending June 30, 2021.

Discussion/Analysis

Based upon review by the Finance Commission, it is anticipated that Final ACFR will be presented to Council on July 15, 2022.

Background

The attached draft ACFR for fiscal year ending June 30, 2021, is included in the agenda packet for your reference. A representative of Rogers, Anderson, Malody, & Scott, LLP, will be presenting the audit.

For informational purposes, the City Council approved a three-year contract extension with Rogers, Anderson, Malody, & Scott, LLP to audit fiscal year 2021, 2022, and 2023 audits.

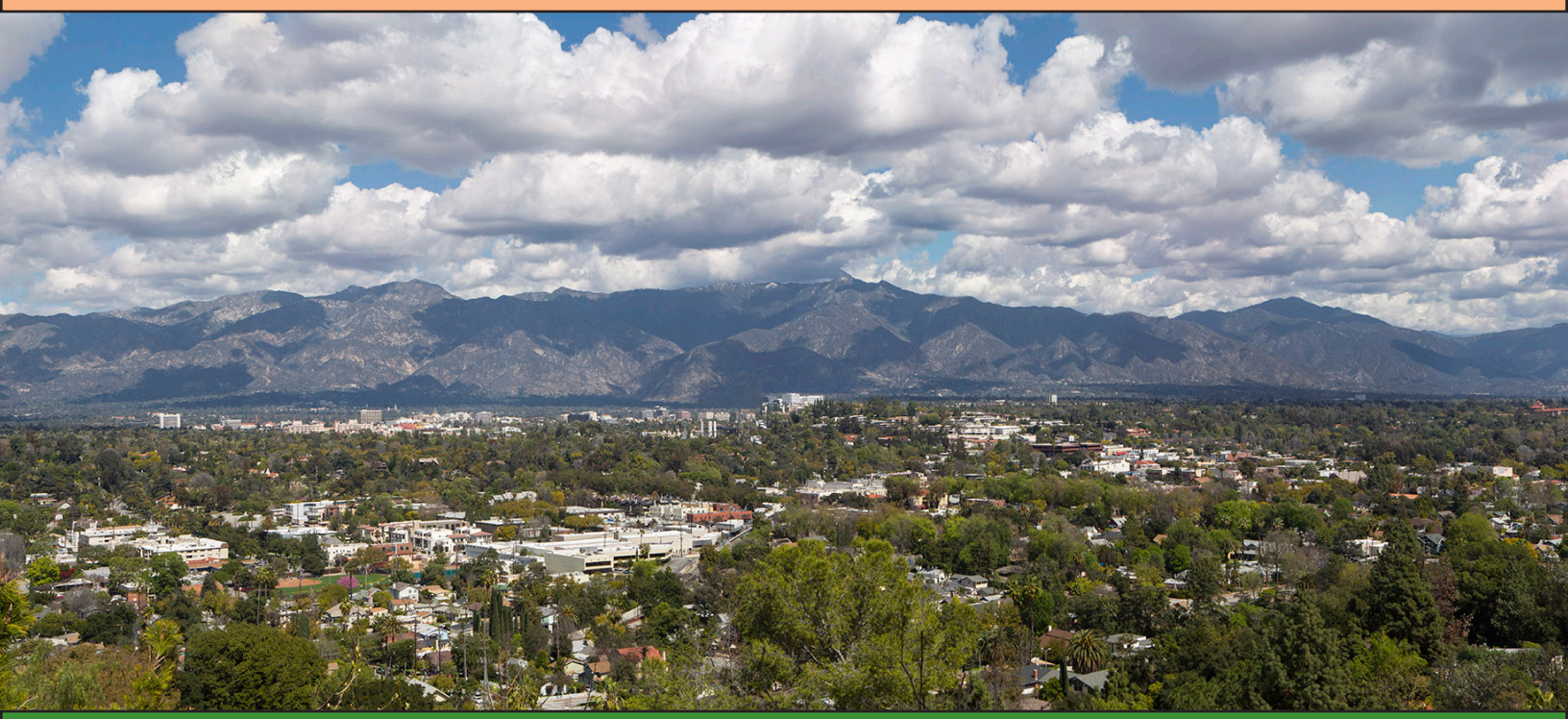
Fiscal Impact

There is no fiscal impact.

Attachment:

Fiscal Year 2020-2021 Draft Annual Comprehensive Report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2021



CITY OF
SOUTH PASADENA, CALIFORNIA

CITY OF SOUTH PASADENA, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY: FINANCE DEPARTMENT

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CITY OF SOUTH PASADENA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2021

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CITY OF SOUTH PASADENA

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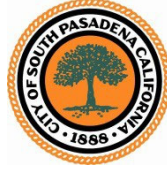
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CITY OF SOUTH PASADENA

1414 MISSION STREET, SOUTH PASADENA, CA 91030

TEL: (626) 403-7210 • FAX: (626) 403-7211

WWW.SOUTHPASADENACA.GOV

June xx, 2022

Honorable Mayor and Members of the City Council,

We proudly present to you the City of South Pasadena's Annual Comprehensive Financial Report. 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, 2021, 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, 2021, 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 Annual Comprehensive Financial Report.

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, each representing one of five districts, 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 official is the City Treasurer who 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

Towards the end of FY 2020/2021, the City of South Pasadena, the greater Los Angeles region and the State of California, began to rebound from the economic effects of the pandemic. Local business began to re-open and many County-led restrictions began to be lifted.

The four largest sources of revenue to the City's General Fund and their overall share are Taxes at \$27.1 million (72%), Use of Money and Property at \$4.8m (13%), Charges for Services at \$3.2m (9%) and Licenses and Permits at .8m (2%).

The City of South Pasadena generates the lion's share of its revenue from taxes and more specifically Property taxes which make up more than half of the General Fund revenues. This revenue stream has proved solid despite the wavering of its other counterparts during the pandemic. While revenue streams such a Sales Tax and Transient Occupancy Tax at other cities suffered tremendous fluctuations during the pandemic, the City enjoyed the continued uptick of local property values which increased local valuations and ultimately revenue. This continued strong showing was further compounded by the fact that the City 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. Additionally, many cities that had no or low property tax rates at the onset of the 1970's era Prop 13 were left with a frozen low tax rate.

The Utility Users Tax (UUT) is the second largest revenue source for the General Fund, at \$3.4 million. At the November 2020 General Municipal elections, the South Pasadena community voted to extend the UUT in perpetuity, while retaining the amount at the current 7.5%. For this renewal, the usual sunset clause was removed.

In November 2019, Measure A was placed on a special election ballot. It represented an initiative to create a ".75" Transaction Tax on all applicable goods and transactions taking place in the City. The measure was passed by the voters and despite having a lower percentage (.75% to 1.00%) than the traditional Bradley-Burns Sales Tax would eventually outpace the original sales tax. This is largely due to the advent of the pandemic forced consumers to stay indoors and the "at-home" delivery of food, goods and services. The transaction tax would now pick up such transactions and the City would benefit from the full .75% (not allocated to County pool).

The City remains in satisfactory financial condition due to these stable revenue streams and also is able to keep revenues in line with expenditures by its perpetual adoption of the fee schedule which is tied to changes in the Consumer Price Index (CPI).

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, error and omissions; injuries to employees and natural disasters. The City utilizes a combination of self-insurance, Joint Powers Authority participation and excess insurance to address these concerns. The City's primary coverage provider is Public Risk Innovation, Solutions and Management (PRISM). The purpose of this organization is to provide a form of liability, workers compensation and property coverage whereby risks are transferred to the JPA to fund appropriately for its member agencies. General liability, Workers Compensation and Property losses are pooled among the member cities at certain levels, and coverage is jointly purchased in excess layers. The City pays an annual deposit based on a calculation of prior claims experience and payroll (or Total Insured Values for Property coverage). For Liability, the City has a self-insured retention of \$100,000, losses exceeding the self-retention limit up to \$5 million per claim are recovered from deposits paid by member cities. Individual claims in excess of \$5 million up to a maximum of \$50 million are covered by private insurance carriers. For Workers Compensation, the City has a self-insured retention of \$125,000, losses exceeding the self-retention limit up to \$5 million per claim are recovered from deposits paid by member cities. Individual claims in excess of \$5 million are covered by private insurance carriers who provide 'Statutory' coverage. Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension Obligations

The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by its funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over a set number of years for safety and miscellaneous employees as part of the annual required contribution calculated by the actuary. The City also provides postretirement health care benefits for certain retired employees. Most recently, the City updated its retiree health contribution to the PEMHCA minimum. Additional information regarding the City's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

The City has five retirement plans Miscellaneous (Classic), Safety (Classic), Miscellaneous PEPRAs, Police PEPRAs and Fire PEPRAs. PEPRAs stand for Public Employees' Pension Reform act of 2013. This act drastically limited the benefits a retiree may receive in an effort to limit the spiraling retirement costs that cities were facing. The spirit of PEPRAs is to have new employees beginning in 2013 pay a greater share of their retirement costs. The two major plans amongst those listed above are the Miscellaneous and Safety (Fire and Police) plans for Classic members. The Miscellaneous plan is approximately 71% funded and the Safety plan is about 68% funded. South Pasadena offers one of the lowest pension formulas (2% at 55) which has kept the City's liability low compared to cities who pay 2.5%, 2.7% or even 3.0% at 55.

At the beginning of 2021-2022, the City received an advance payment of its Cell Tower revenue in the amount of \$4,374,439. The City responsibly conducted an actuarial study as it examined the potential benefits of paying down unfunded liability. The City would eventually use the Cell Tower proceeds as well as an additional \$1,000,000 to pay down pension and Other Post Employment (OPEB) debt. This will serve to reduce annual payments over the next few fiscal years.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in accordance with the City's approved Investment Policy. The policy affords a broad spectrum of investment opportunities, as long as the investment is deemed prudent and permissible under currently effective legislation of the State of California and other imposed restrictions. Criteria for selecting investments and the order of priority are: safety, liquidity and yield. The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus ensuring the investment of monies to fullest extent possible. Attempts are made to obtain the highest yields available as long as investments meet the criteria required for safety and liquidity.

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. In early fiscal year 2022-23, the City will adopt organization-wide financial policies and procedures.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2019. 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 Annual Comprehensive Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The City has applied for the June 30, 2020 award but has not heard back officially from GFOA.

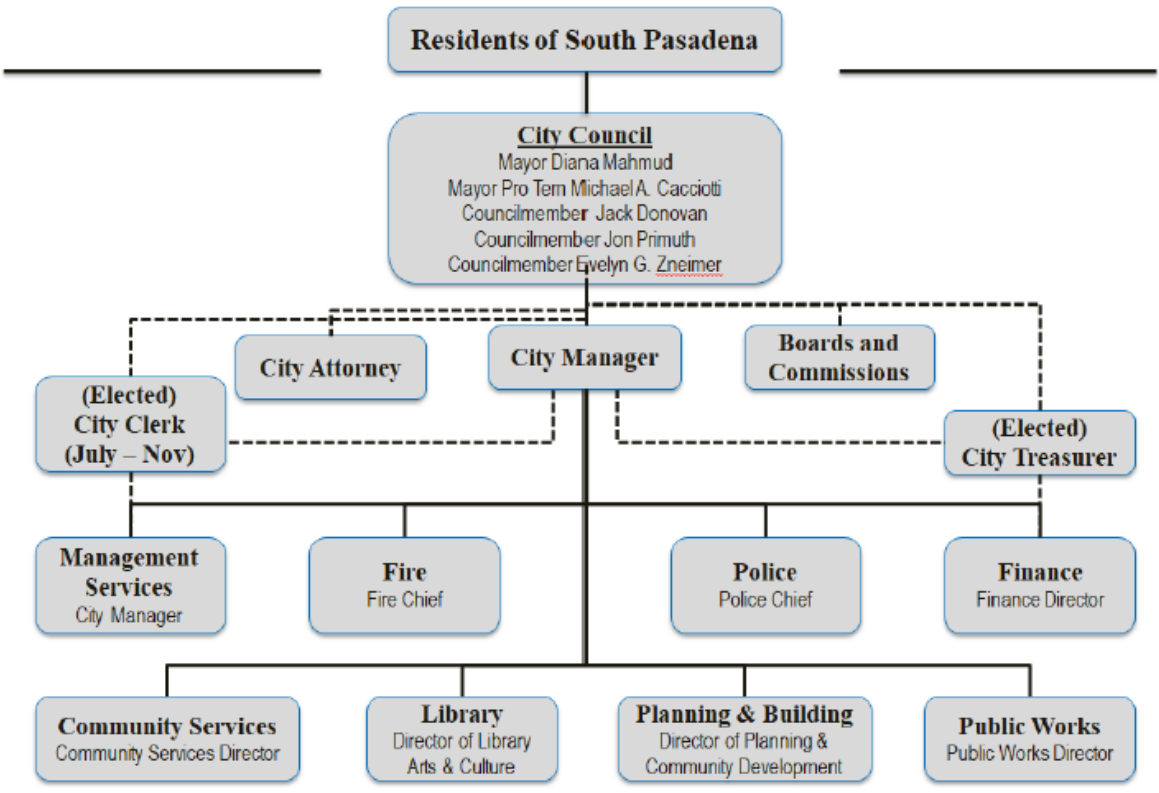
The preparation and publication of this report is made possible through the dedication of the entire Finance Department staff. Despite the lack of staffing and all the perils that came with the two

major waves of the pandemic, we feel a sense of accomplishment in completing this audit. Finally, a sincere measure of gratitude to our audit firm of Rogers, Anderson, Malody & Scott, LLP, for their contributions toward improving our financial reporting and year end processes.

Respectfully submitted,

Armine Chaparyan
City Manager

Organization Chart



CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

Diana Mahmud
Mayor

Michael A. Cacciotti
Mayor Pro Tempore

Evelyn G. Zneimer
Councilmember

Jack Donovan
Councilmember

Jon Primuth
Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Arminé Chaparyan
Chief City Clerk	Lucie Colombo
City Treasurer	Gary E. Pia
City Attorney	Teresa L. Highsmith
Director of Finance	Vacant
Director of Library, Arts, and Culture	Cathy Billings
Police Chief	Brian Solinsky
Director of Community Services	Sheila Pautsch
Fire Chief	Paul Riddle
Director of Public Works	Shahid Abbas
Director of Planning and Building	Joanna Hankamer



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, 2019

Christopher P. Morill

Executive Director/CEO

**Most recent available*

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information [Included in the Annual Report]

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **June xx, 2022** on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
June xx, 2022

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CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Management's Discussion and Analysis

As management of the City of South Pasadena, we offer readers of the City of South Pasadena's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$95,361,365. Unrestricted net position in a negative amount of (\$119,124) 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 \$13,037,060.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$40,053,954 an increase of \$9,258,444. Of this amount, \$17,410,725 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 \$18,710,860, or 67% of the total General Fund Expenditures.
- The City's net investment capital assets decreased \$1,029,332 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.

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).

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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 35 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 34 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

(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 \$95,361,365 at the close of the most recent fiscal year. This represents an increase of \$13,037,060 or 16% from the prior year, primarily due to an increase in other taxes accompanied by decreases in expenses in various departments. Capital Assets are by far the largest portion of the City's net position; \$83,621,234 or 88% reflects its investment in non-liquid capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of South Pasadena Net Position
As of June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 43,101,331	\$ 34,450,764	\$ 20,028,678	\$ 17,594,852	\$ 63,130,009	\$ 52,045,616
Capital assets, net	60,662,686	59,395,318	85,166,004	84,733,676	145,828,690	144,128,994
Total assets	<u>103,764,017</u>	<u>93,846,082</u>	<u>105,194,682</u>	<u>102,328,528</u>	<u>208,958,699</u>	<u>196,174,610</u>
Deferred outflow of resources	12,342,964	9,290,434	6,039,225	6,201,041	18,382,189	15,491,475
Long-term liabilities	58,104,665	51,014,404	61,210,771	63,751,103	119,315,436	114,765,507
Other liabilities	4,858,626	5,260,167	4,188,395	4,426,924	9,047,021	9,687,091
Total liabilities	<u>62,963,291</u>	<u>56,274,571</u>	<u>65,399,166</u>	<u>68,178,027</u>	<u>128,362,457</u>	<u>124,452,598</u>
Deferred inflow of resources	3,236,341	4,323,058	380,725	566,124	3,617,066	4,889,182
Net investment in capital assets	60,662,686	59,395,318	22,958,548	25,255,248	83,621,234	84,650,566
Restricted	10,700,987	9,634,946	1,158,268	1,158,406	11,859,255	10,793,352
Unrestricted	(21,456,324)	(26,491,377)	21,337,200	13,371,764	(119,124)	(13,119,613)
Total net position	<u>\$ 49,907,349</u>	<u>\$ 42,538,887</u>	<u>\$ 45,454,016</u>	<u>\$ 39,785,418</u>	<u>\$ 95,361,365</u>	<u>\$ 82,324,305</u>

The second portion of the City net position of \$11,859,255 represents special revenue resources that are subject to external restrictions on how they may be used. Unrestricted net position shows a negative balance of (\$119,124).

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The City's governmental current assets increased by \$8,650,567 and capital assets increased by \$1,267,368. Current assets increased due to more cash on hand and capital assets increased due to completion of capital projects.

The City's business-type current assets increased by \$2,433,826 due to capital spending on water and sewer projects.

**City of South Pasadena Change in Net Position
For the Years Ended June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 5,375,188	\$ 5,499,348	\$ 15,898,361	\$ 14,126,942	\$ 21,273,549	\$ 19,626,290
Operating contributions and grants	4,370,683	3,428,427	30,604	90,833	4,401,287	3,519,260
Capital contributions and grants	1,429,167	976,308	-	-	1,429,167	976,308
General revenues:						
Property taxes	16,772,602	15,491,557	-	-	16,772,602	15,491,557
Other taxes	10,674,440	7,896,945	-	-	10,674,440	7,896,945
Intergovernmental	-	-	-	-	-	-
Use of money and property	4,859,029	1,356,990	62,447	265,004	4,921,476	1,621,994
Other	152,783	197,666	24,736	652,353	177,519	850,019
Total revenues	<u>43,633,892</u>	<u>34,847,241</u>	<u>16,016,148</u>	<u>15,135,132</u>	<u>59,650,040</u>	<u>49,982,373</u>
Expenses:						
General government	8,488,362	10,256,658	-	-	8,488,362	10,256,658
Public safety	18,962,727	16,650,223	-	-	18,962,727	16,650,223
Community development	1,830,130	1,891,456	-	-	1,830,130	1,891,456
Community services	3,415,967	3,768,976	-	-	3,415,967	3,768,976
Public works	3,568,244	5,536,975	-	-	3,568,244	5,536,975
Water	-	-	7,935,991	8,817,002	7,935,991	8,817,002
Sewer	-	-	1,280,104	1,189,754	1,280,104	1,189,754
Golf course	-	-	1,131,455	1,030,565	1,131,455	1,030,565
Total expenses	<u>36,265,430</u>	<u>38,104,288</u>	<u>10,347,550</u>	<u>11,037,321</u>	<u>46,612,980</u>	<u>49,141,609</u>
Income before transfers	<u>7,368,462</u>	<u>(3,257,047)</u>	<u>5,668,598</u>	<u>4,097,811</u>	<u>13,037,060</u>	<u>840,764</u>
Transfers	-	(321,132)	-	321,132	-	-
Increase in net position	<u>7,368,462</u>	<u>(3,578,179)</u>	<u>5,668,598</u>	<u>4,418,943</u>	<u>13,037,060</u>	<u>840,764</u>
Net position, beginning, as restated	<u>42,538,887</u>	<u>46,117,066</u>	<u>39,785,418</u>	<u>35,366,475</u>	<u>82,324,305</u>	<u>81,483,541</u>
Net position, ending	<u>\$ 49,907,349</u>	<u>\$ 42,538,887</u>	<u>\$ 45,454,016</u>	<u>\$ 39,785,418</u>	<u>\$ 95,361,365</u>	<u>\$ 82,324,305</u>

Governmental Activities

Governmental activities net position increased by \$7,368,462 due to a decrease in expenses, mainly in general government, and Public Safety.

CITY OF SOUTH PASADENA**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Business-type Activities

The City's proprietary 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 \$21,337,200. Total net position for these funds was \$45,454,016 an increase of \$5,668,598 (14%) over the prior year, due to increases in the capital construction expenses and other capital improvement projects in process.

(D) Financial Analysis of the City's Funds

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

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,053,954 an increase of \$9,258,444 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, committed by City Council action for specific purposes, or represents net position that are non-spendable resources.

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 \$18,710,860, while the total fund balance reached \$25,643,607. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance (\$18,710,860) and total fund balance to total fund expenditures (\$28,023,716). The unassigned fund balance represents 67% of General Fund expenditures. Note the fund balance increase of 38% over the previous fiscal 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 of existing programs. During the course of the year, the City Council amended the originally adopted budget for various additional programs.

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The General Fund reflected a net total favorable budget variance of \$3,122,187 when comparing actual amounts to the final budget for the current fiscal year. This budget variance reflects a favorable variance in revenues of \$2,363,269, a favorable variance in total expenditures of \$711,367, and a favorable variance in transfers out of \$47,551.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental activities and business-type activities as of June 30, 2021, amounts to \$60,662,686 and \$85,166,004 (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 liabilities. At the end of the current fiscal year, the City of South Pasadena had total liabilities outstanding related to governmental activities of \$58,190,993.

Governmental Activities Long-term Liabilities

	Governmental Activities	
	2021	2020
Employee compensated absences	\$ 863,279	\$ 935,322
OPEB liability	17,511,294	14,581,610
Net pension liability	39,816,420	35,591,004
Total long-term liabilities	<u>\$ 58,190,993</u>	<u>\$ 51,107,936</u>

The City's governmental activities long-term liabilities increased during the current fiscal year primarily due to changes in the net pension and OPEB liabilities.

Business-Type Activities Long-term Liabilities

	Business-Type Activities	
	2021	2020
Employee compensated absences	\$ 88,987	\$ 66,358
Loans payable	14,740,387	15,138,700
Bonds payable	42,560,331	44,066,081
OPEB liability	2,709,600	2,256,277
Net pension liability	2,836,413	3,736,073
Total long-term liabilities	<u>\$ 62,935,718</u>	<u>\$ 65,263,489</u>

Business-type activities long-term liabilities decreased \$2,327,771 during the current fiscal year due to principal debt service payments on the 2012 State Loan, 2013 Water Revenue Bonds, 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.

CITY OF SOUTH PASADENA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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. To mitigate this situation, in 2021-2022 the City Council would give direction to use the \$4.3m in Cell Tower revenue as well as an additional million from reserves to pay down the current CalPERS unfunded liability as well as setting up an Other Post- Employment Benefits (OPEB) trust. The effect will be to lower required CalPERS contributions as well as responsibly setting up a trust for future employee post-retirement benefits.
- Despite all the issues brought on by the pandemic, the City of South Pasadena remains fiscally healthy due to its strong Property Tax base. The City is fortunate to receive \$.24 of each property tax dollar paid. Many cities receive as low as 5%.
- The 2019 implementation of the Measure A .75% Sales/Transaction Tax would loom large for the City in future years and would eventually outpace the Bradley-Burns traditional 1% Sales Tax.

During the 2021 fiscal year, unassigned fund balance in the General Fund remained substantial at \$18,710,860. The City has a policy of keeping no less than 30% in reserves when comparing Unassigned/Unrestricted Fund Balance to Annual Revenues. Under this formula, the General Fund would be at approximately 53% well over the 30% requirement.

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 Finance Department, FinanceDepartment@southpasadenaca.gov, 626.403.7250, or by U.S. mail: Finance Department, 1414 Mission Street, South Pasadena, CA 91030.

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CITY OF SOUTH PASADENA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 39,319,620	\$ 17,104,822	\$ 56,424,442
Receivables:			
Accounts	434,838	1,654,913	2,089,751
Taxes	1,841,371	-	1,841,371
Accrued interest	9,551	10,880	20,431
Internal balances	150,000	(150,000)	-
Due from other governments	163,087	-	163,087
Inventories	11,434	249,795	261,229
Restricted assets:			
Cash and investments with fiscal agent	-	1,158,268	1,158,268
Capital assets, not being depreciated	5,016,730	11,855,758	16,872,488
Capital assets, net of accumulated depreciation	55,645,956	73,310,246	128,956,202
Total assets	<u>103,764,017</u>	<u>105,194,682</u>	<u>208,958,699</u>
Deferred outflows of resources			
Deferred loss on debt refunding	-	4,906,738	4,906,738
Pension related	9,310,461	663,254	9,973,715
Other post-employment benefits related	3,032,503	469,233	3,501,736
Total deferred outflows of resources	<u>12,342,964</u>	<u>6,039,225</u>	<u>18,382,189</u>
Liabilities			
Accounts payable	1,407,298	1,497,245	2,904,543
Accrued liabilities	689,085	38,234	727,319
Accrued interest	-	589,875	589,875
Deposits payable	939,915	338,094	1,278,009
Claims and judgements payable	1,736,000	-	1,736,000
Compensated absences, due within one year	86,328	8,899	95,227
Bonds payable, due within one year	-	1,716,048	1,716,048
Noncurrent liabilities:			
Bonds payable, due in more than one year	-	55,584,670	55,584,670
Compensated absences, due in more than one year	776,951	80,088	857,039
Net pension liability	39,816,420	2,836,413	42,652,833
Other post-employment benefits liability	17,511,294	2,709,600	20,220,894
Total liabilities	<u>62,963,291</u>	<u>65,399,166</u>	<u>128,362,457</u>
Deferred inflows of resources			
Pension related	1,437,764	102,422	1,540,186
Other post-employment benefits related	1,798,577	278,303	2,076,880
Total deferred inflows of resources	<u>3,236,341</u>	<u>380,725</u>	<u>3,617,066</u>
Net position			
Net investment in capital assets	60,662,686	22,958,548	83,621,234
Restricted for:			
Community development projects	1,192,835	-	1,192,835
Public safety	585,167	-	585,167
Community services	2,342,999	-	2,342,999
Public works	5,724,949	-	5,724,949
Capital projects	855,037	-	855,037
Debt service	-	1,158,268	1,158,268
Unrestricted	(21,456,324)	21,337,200	(119,124)
Total net position	<u>\$ 49,907,349</u>	<u>\$ 45,454,016</u>	<u>\$ 95,361,365</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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,488,362	\$ 1,615,244	\$ 1,415,551	\$ -
Public safety	18,962,727	2,077,333	176,000	-
Community development	1,830,130	-	23,916	-
Community services	3,415,967	324,106	931,932	-
Public works	3,568,244	1,358,505	1,823,284	1,429,167
Total governmental activities	36,265,430	5,375,188	4,370,683	1,429,167
Business-type activities:				
Water	7,935,991	12,022,464	30,604	-
Sewer	1,280,104	2,108,764	-	-
Arroyo Seco Golf Course	1,131,455	1,767,133	-	-
Total business-type activities	10,347,550	15,898,361	30,604	-
Total Primary Government	\$ 46,612,980	\$ 21,273,549	\$ 4,401,287	\$ 1,429,167

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Business license taxes

Utility users tax

Other taxes

Use of money and property

Other

Total general revenues and transfers

Change in Net Position

Net Position - Beginning

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>
\$ (5,457,567)	\$ -	\$ (5,457,567)
(16,709,394)	-	(16,709,394)
(1,806,214)	-	(1,806,214)
(2,159,929)	-	(2,159,929)
<u>1,042,712</u>	<u>-</u>	<u>1,042,712</u>
<u>(25,090,392)</u>	<u>-</u>	<u>(25,090,392)</u>
-	4,117,077	4,117,077
-	828,660	828,660
<u>-</u>	<u>635,678</u>	<u>635,678</u>
<u>-</u>	<u>5,581,415</u>	<u>5,581,415</u>
<u>(25,090,392)</u>	<u>5,581,415</u>	<u>(19,508,977)</u>
16,772,602	-	16,772,602
5,132,645	-	5,132,645
995,705	-	995,705
392,174	-	392,174
3,738,531	-	3,738,531
415,385	-	415,385
4,859,029	62,447	4,921,476
152,783	24,736	177,519
<u>32,458,854</u>	<u>87,183</u>	<u>32,546,037</u>
7,368,462	5,668,598	13,037,060
<u>42,538,887</u>	<u>39,785,418</u>	<u>82,324,305</u>
<u>\$ 49,907,349</u>	<u>\$ 45,454,016</u>	<u>\$ 95,361,365</u>

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

CITY OF SOUTH PASADENA

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Pooled cash and investments	\$ 23,465,987	\$ 15,819,365	\$ 39,285,352
Receivables:			
Accounts	401,687	33,151	434,838
Taxes	1,824,126	17,245	1,841,371
Accrued interest	-	9,551	9,551
Due from other governments	-	163,087	163,087
Due from other funds	1,308,865	-	1,308,865
Advances to other funds	150,000	-	150,000
Inventories	11,434	-	11,434
Prepaid items	1,171,430	-	1,171,430
	<u>\$ 28,333,529</u>	<u>\$ 16,042,399</u>	<u>\$ 44,375,928</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,091,634	\$ 292,475	\$ 1,384,109
Accrued liabilities	668,264	20,821	689,085
Deposits payable	930,024	9,891	939,915
Due to other funds	-	1,308,865	1,308,865
	<u>2,689,922</u>	<u>1,632,052</u>	<u>4,321,974</u>
Fund Balances:			
Nonspendable:			
Advances to other funds	150,000	-	150,000
Inventories	11,434	-	11,434
Prepaid items	1,171,430	-	1,171,430
Restricted for:			
Community development projects	-	1,192,835	1,192,835
Public safety - police	-	585,167	585,167
Community services	-	2,342,999	2,342,999
Public works - streets and roads	-	5,296,279	5,296,279
Capital projects	-	855,037	855,037
Public works - street lighting	-	428,670	428,670
Committed to:			
Capital projects	-	5,009,495	5,009,495
Arroyo Golf Course Facility	600,000	-	600,000
CalTrans Vacant Lot Purchases	392,000	-	392,000
Legal Services Reserve	500,000	-	500,000
Library Expansion	200,000	-	200,000
Maintenance Yard/Community Center Reserve	267,067	-	267,067
Renewable Energy Sources	700,000	-	700,000
Retiree Medical Benefits	500,000	-	500,000
Retiree Pension Benefits	500,000	-	500,000
Stormwater Reserve	600,000	-	600,000
Library Park Drainage Reserve	22,000	-	22,000
Financial Sustainability Reserve	900,000	-	900,000
Slater Reimbursement Reserve	345,876	-	345,876
Assigned to:			
Stables CIP Reserve	72,940	-	72,940
Unassigned	18,710,860	(1,300,135)	17,410,725
	<u>25,643,607</u>	<u>14,410,347</u>	<u>40,053,954</u>
Total fund balances	<u>25,643,607</u>	<u>14,410,347</u>	<u>40,053,954</u>
Total liabilities and fund balances	<u>\$ 28,333,529</u>	<u>\$ 16,042,399</u>	<u>\$ 44,375,928</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, 2021**

Fund balances of governmental funds		\$ 40,053,954
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.		60,662,686
Deferred outflows and inflows of resources related to pensions and other post-employment benefits liabilities have not been reported in the governmental funds.		
Pension related deferred outflows of resources	\$ 9,310,461	
Pension related deferred inflows of resources	(1,437,764)	
Total other post-employment benefits related deferred outflows of resources	3,032,503	
Total other post-employment benefits related deferred inflows of resources	<u>(1,798,577)</u>	
		9,106,623
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Compensated absences	(863,279)	
Net pension liability	(39,816,420)	
Other post-employment benefits liability	<u>(17,511,294)</u>	
		(58,190,993)
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>(1,724,921)</u>
Net position of governmental activities		<u>\$ 49,907,349</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, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 27,192,833	\$ 1,735,181	\$ 28,928,014
Assessments	-	892,903	892,903
Licenses and permits	813,180	32,250	845,430
Intergovernmental	954,213	2,220,318	3,174,531
Charges for services	3,257,994	251,587	3,509,581
Use of money and property	4,784,070	74,960	4,859,030
Fines and forfeitures	143,449	-	143,449
Miscellaneous	489,721	64,639	554,360
Total revenues	<u>37,635,460</u>	<u>5,271,838</u>	<u>42,907,298</u>
Expenditures			
Current:			
General government	5,167,897	136,458	5,304,355
Public safety	16,748,679	38,582	16,787,261
Community development	1,819,769	10,361	1,830,130
Community services	2,326,661	607,791	2,934,452
Public works	1,922,924	1,560,703	3,483,627
Capital outlay	37,786	2,043,993	2,081,779
Total expenditures	<u>28,023,716</u>	<u>4,397,888</u>	<u>32,421,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,611,744</u>	<u>873,950</u>	<u>10,485,694</u>
Other Financing Sources (Uses)			
Transfers in	-	1,294,627	1,294,627
Transfers out	<u>(2,521,877)</u>	<u>-</u>	<u>(2,521,877)</u>
Total other financing sources (uses)	<u>(2,521,877)</u>	<u>1,294,627</u>	<u>(1,227,250)</u>
Net change in fund balance	7,089,867	2,168,577	9,258,444
Fund Balances, Beginning	<u>18,553,740</u>	<u>12,241,770</u>	<u>30,795,510</u>
Fund Balances, Ending	<u>\$ 25,643,607</u>	<u>\$ 14,410,347</u>	<u>\$ 40,053,954</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, 2021**

Net changes in fund balances - total governmental funds \$ 9,258,444

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	\$ 2,509,163	
Depreciation expense, net of deletions of capital assets	<u>(1,241,795)</u>	
		1,267,368

Certain revenues in the governmental funds are deferred inflows of resources because they are measurable but not available under the modified accrual basis of accounting. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the year:

Grants and other reimbursement revenue	(54,700)
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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	72,043	
Changes in pension related items	(2,355,135)	
Changes in other post-employment benefits related items	<u>(660,718)</u>	
		(2,943,810)

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.

	<u>(158,840)</u>
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Changes in net position of governmental activities

	<u>\$ 7,368,462</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH PASADENA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Arroyo Seco Golf Course	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 9,456,833	\$ 6,418,577	\$ 1,229,412	\$ 17,104,822	\$ 34,268
Receivables:					
Accounts	1,432,985	221,928	-	1,654,913	-
Accrued interest	6,477	4,401	2	10,880	-
Inventories	237,062	-	12,733	249,795	-
Restricted:					
Cash and investments with fiscal agent	1,158,268	-	-	1,158,268	-
Total current assets	<u>12,291,625</u>	<u>6,644,906</u>	<u>1,242,147</u>	<u>20,178,678</u>	<u>34,268</u>
Noncurrent assets:					
Capital assets, not depreciated	11,830,243	25,515	-	11,855,758	-
Capital assets, net of depreciation	63,241,639	9,289,772	778,835	73,310,246	-
Total noncurrent assets	<u>75,071,882</u>	<u>9,315,287</u>	<u>778,835</u>	<u>85,166,004</u>	<u>-</u>
Total assets	<u>87,363,507</u>	<u>15,960,193</u>	<u>2,020,982</u>	<u>105,344,682</u>	<u>34,268</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on debt refunding	4,906,738	-	-	4,906,738	-
Pension related	538,581	124,673	-	663,254	-
Other post-employment benefits related	391,144	78,089	-	469,233	-
Total deferred outflows of resources	<u>5,836,463</u>	<u>202,762</u>	<u>-</u>	<u>6,039,225</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,328,554	110,992	57,699	1,497,245	23,189
Accrued liabilities	31,747	6,487	-	38,234	-
Accrued interest	422,256	167,619	-	589,875	-
Deposits payable	338,094	-	-	338,094	-
Claims and judgements payable	-	-	-	-	1,736,000
Compensated absences	6,533	2,366	-	8,899	-
Bonds payable	1,473,097	242,951	-	1,716,048	-
Total current liabilities	<u>3,600,281</u>	<u>530,415</u>	<u>57,699</u>	<u>4,188,395</u>	<u>1,759,189</u>
Noncurrent liabilities:					
Advances from other funds	-	150,000	-	150,000	-
Compensated absences	58,796	21,292	-	80,088	-
Total other post-employment benefits liability	2,258,674	450,926	-	2,709,600	-
Net pension liability	2,303,253	533,160	-	2,836,413	-
Loans payable	6,032,909	8,707,478	-	14,740,387	-
Bonds payable	41,087,234	(242,951)	-	40,844,283	-
Total noncurrent liabilities	<u>51,740,866</u>	<u>9,619,905</u>	<u>-</u>	<u>61,360,771</u>	<u>-</u>
Total liabilities	<u>55,341,147</u>	<u>10,150,320</u>	<u>57,699</u>	<u>65,549,166</u>	<u>1,759,189</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related	83,170	19,252	-	102,422	-
Other post-employment benefits related	231,988	46,315	-	278,303	-
Total deferred inflows of resources	<u>315,158</u>	<u>65,567</u>	<u>-</u>	<u>380,725</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	21,571,904	607,809	778,835	22,958,548	-
Restricted	1,158,268	-	-	1,158,268	-
Unrestricted	14,813,493	5,339,259	1,184,448	21,337,200	(1,724,921)
Total net position	<u>\$ 37,543,665</u>	<u>\$ 5,947,068</u>	<u>\$ 1,963,283</u>	<u>\$ 45,454,016</u>	<u>\$ (1,724,921)</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, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Arroyo Seco Golf Course	Total	
OPERATING REVENUES					
Sales and service charges	\$ 12,022,464	\$ 2,108,764	\$ 1,767,133	\$ 15,898,361	\$ 781,294
Miscellaneous	24,736	-	-	24,736	-
Total operating revenues	12,047,200	2,108,764	1,767,133	15,923,097	781,294
OPERATING EXPENSES					
Administration and general	374,717	273,875	1,077,664	1,726,256	-
Pumping	1,159,331	-	-	1,159,331	-
Transmission/collection	3,144,462	-	-	3,144,462	-
Treatment	-	624,917	-	624,917	-
Insurance costs and claims	-	-	-	-	2,167,384
Depreciation expense	1,426,794	196,473	53,791	1,677,058	-
Amortization expense	22,500	-	-	22,500	-
Total operating expenses	6,127,804	1,095,265	1,131,455	8,354,524	2,167,384
Operating income (loss)	5,919,396	1,013,499	635,678	7,568,573	(1,386,090)
NON-OPERATING REVENUES (EXPENSES)					
Interest revenue	38,035	24,399	13	62,447	-
Interest expense	(1,804,132)	(184,839)	-	(1,988,971)	-
Operating grants and contributions	30,604	-	-	30,604	-
Capital projects	(2,805)	-	-	(2,805)	-
Miscellaneous expenses	(1,250)	-	-	(1,250)	-
Total non-operating revenues (expenses)	(1,739,548)	(160,440)	13	(1,899,975)	-
Income (loss) before transfers	4,179,848	853,059	635,691	5,668,598	(1,386,090)
TRANSFERS					
Transfers in	-	-	-	-	1,227,250
Transfers out	-	-	-	-	-
Total transfers	-	-	-	-	1,227,250
Change in net position	4,179,848	853,059	635,691	5,668,598	(158,840)
NET POSITION					
Net position, beginning	33,363,817	5,094,009	1,327,592	39,785,418	(1,566,081)
Net position, ending	\$ 37,543,665	\$ 5,947,068	\$ 1,963,283	\$ 45,454,016	\$ (1,724,921)

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, 2021

	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	\$ 11,890,991	\$ 2,075,023	\$ 1,767,830	\$ 15,733,844	\$ 781,294
Cash paid to suppliers for goods and services	(5,252,662)	(806,393)	(1,049,388)	(7,108,443)	(2,146,352)
Cash paid to employees for services	(564,941)	(136,744)	-	(701,685)	-
Cash received from (payments to) others	24,736	-	-	24,736	-
Net cash provided by (used for) operating activities	6,098,124	1,131,886	718,442	7,948,452	(1,365,058)
Cash flows from noncapital financing activities					
Cash paid to other funds	-	(150,000)	-	(150,000)	-
Cash received from other funds	-	-	-	-	1,227,250
Cash received from operating grants	30,604	-	-	30,604	-
Net cash provided by (used for) noncapital financing activities	30,604	(150,000)	-	(119,396)	1,227,250
Cash flows from capital and related financing activities					
Proceeds from capital debt	5,553,639	-	-	5,553,639	-
Acquisition and construction of capital assets	(2,054,396)	(25,515)	(32,280)	(2,112,191)	-
Principal paid on capital debt	(6,983,998)	(237,954)	-	(7,221,952)	-
Interest paid on capital debt	(1,815,882)	(189,420)	-	(2,005,302)	-
Net cash provided by (used for) capital and related financing activities	(5,300,637)	(452,889)	(32,280)	(5,785,806)	-
Cash flows from investing activities					
Interest received	44,294	30,142	24	74,460	-
Net cash provided by investing activities	44,294	30,142	24	74,460	-
Net increase (decrease) in cash and cash equivalents	872,385	559,139	686,186	2,117,710	(137,808)
Cash and cash equivalents, beginning of year	9,742,716	5,859,438	543,226	16,145,380	172,076
Cash and cash equivalents, end of year	\$ 10,615,101	\$ 6,418,577	\$ 1,229,412	\$ 18,263,090	\$ 34,268
Cash and investments	\$ 9,456,833	\$ 6,418,577	\$ 1,229,412	\$ 17,104,822	\$ 34,268
Restricted:					
Cash and investments with fiscal agent	1,158,268	-	-	1,158,268	-
Total cash and cash equivalents	\$ 10,615,101	\$ 6,418,577	\$ 1,229,412	\$ 18,263,090	\$ 34,268
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 5,919,396	\$ 1,013,499	\$ 635,678	\$ 7,568,573	\$ (1,386,090)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,426,794	196,473	53,791	1,677,058	-
Amortization	22,500	-	-	22,500	-
(Increase) decrease in operating assets:					
Accounts receivable	(152,035)	(33,741)	697	(185,079)	-
Inventories	8,512	-	(1,562)	6,950	-
Deferred outflows of resources	(87,400)	(9,034)	-	(96,434)	-
Increase (decrease) in operating liabilities:					
Accounts payable	(582,664)	92,399	36,838	(453,427)	21,032
Accrued liabilities	6,178	(2,322)	(7,000)	(3,144)	-
Deposits payable	20,562	-	-	20,562	-
Claims and judgements payable	-	-	-	-	-
Compensated absences	6,762	15,867	-	22,629	-
Net pension liability	(717,067)	(182,593)	-	(899,660)	-
Other post-employment benefits liability	377,882	75,441	-	453,323	-
Deferred inflows of resources	(151,296)	(34,103)	-	(185,399)	-
Total adjustments	178,728	118,387	82,764	379,879	21,032
Net cash provided by operating activities	\$ 6,098,124	\$ 1,131,886	\$ 718,442	\$ 7,948,452	\$ (1,365,058)

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

CITY OF SOUTH PASADENA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust Fund <u>Successor Agency of the Former CRA</u>
Assets	
Pooled cash and investments	\$ 155,695
Restricted assets:	
Cash and investments with fiscal agents	<u>196,526</u>
Total assets	<u>352,221</u>
Liabilities	
Accrued interest	6,800
Long-term liabilities:	
Due within one year	155,000
Due in more than one year	<u>525,000</u>
Total liabilities	<u>686,800</u>
Fiduciary Net Position (Deficit)	
Held in trust for other purposes	<u><u>\$ (334,579)</u></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, 2021

	Private Purpose Trust Fund Successor Agency of the Former CRA
Revenues	
Taxes	\$ 285,849
Total revenues	<u>285,849</u>
Expenses	
Contractual services	3,693
Interest expense	48,050
Total expenses	<u>51,743</u>
Change in net position	234,106
Net position (deficit) held in trust, beginning	<u>(568,685)</u>
Net position (deficit) held in trust, ending	<u><u>\$ (334,579)</u></u>

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

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CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 fiduciary 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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)**B. Government-wide and Fund Financial Statements (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. Other general 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, 2021

Note 1: Summary of Significant Accounting Policies (continued)**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (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 11 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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Proprietary funds and the 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."

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Receivables and Payables (continued)

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

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***Inventories*

Inventory consisting primarily of materials and supplies is held by the Water Enterprise Fund. Such goods are valued using the average-cost method applied on a first-in, first-out (FIFO) basis. Inventories reported in the City's General Fund are charged to inventories when purchased and treated as an expenditure when issued.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet 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.

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

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

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Capital Assets (continued)

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

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

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***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.

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

Other Postemployment Benefits (OPEB)

For purposes of measuring the totaled 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.

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)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (continued)**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***Fund Equity (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 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, 2021

Note 2: Cash and Investments

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

Statement of net position:	
Cash and investments	\$ 56,424,442
Cash and investments with fiscal agents	1,158,268
Statement of fiduciary net position:	
Cash and investments	155,695
Cash and investments with fiscal agents	<u>196,526</u>
 Total cash and cash equivalents	 <u><u>\$ 57,934,931</u></u>

Cash and investments at June 30, 2021, consists of the following:

Cash and cash equivalents:	
Petty cash	\$ 9,235
Deposits with financial institutions	10,657,686
Investments	<u>47,268,010</u>
 Total cash and cash equivalents	 <u><u>\$ 57,934,931</u></u>

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

A. Deposits

At June 30, 2021, the carrying amount of the City's deposits was \$10,657,686 and the bank balance was \$9,851,885. The difference between the two 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, 2021

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, 2021

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, 2021:

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End				
				AA+	AA / AA-	A+	A / A-	Not Rated
Local Agency Investment Fund	\$ 29,503,040	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,503,040
Money Market Mutual Funds	103,429	N/A	-	-	-	-	-	103,429
U.S. Treasury Notes	8,630,587	N/A	8,630,587	-	-	-	-	-
Government Agency Securities	3,879,321	A	-	3,879,321	-	-	-	-
Medium-Term Notes	5,151,633	A	-	302,800	439,575	2,666,043	1,743,215	-
Total	\$ 47,268,010		\$ 8,630,587	\$ 4,182,121	\$ 439,575	\$ 2,666,043	\$ 1,743,215	\$ 29,606,469

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, 2021, 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 Amount
Federal National Mortgage Association	FNMA	\$ 3,362,038

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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	\$ 29,503,040	\$ -	\$ -	\$ -	\$ 29,503,040
Money Market Mutual Funds	103,429	-	-	-	103,429
U.S. Treasury Notes	1,508,341	900,072	4,971,681	1,250,493	8,630,587
Government Agency Securities	-	517,283	2,652,833	709,205	3,879,321
Medium-Term Notes	-	435,211	3,883,643	832,779	5,151,633
Total	\$ 31,114,810	\$ 1,852,566	\$ 11,508,157	\$ 2,792,477	\$ 47,268,010

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, 2021.

Investment by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
Money Market Mutual Funds	\$ 103,429	\$ 103,429	\$ -	\$ -
U.S. Treasury Notes	8,630,587	-	8,630,587	-
Government Agency Securities	3,879,321	-	3,879,321	-
Medium-Term Notes	5,151,633	-	5,151,633	-
Total investments measured at fair value	17,764,970	\$ 103,429	\$ 17,661,541	\$ -
Investments not subject to fair value measurement LAIF	29,503,040			
Total investments	\$ 47,268,010			

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 3: Capital Assets**

Capital asset activity was as follows for the year ended June 30, 2021:

Governmental activities:	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 2,454,245	\$ -	\$ -	\$ 2,454,245
Construction in progress	2,122,448	1,113,836	(673,799)	2,562,485
Total capital assets, not being depreciated	<u>4,576,693</u>	<u>1,113,836</u>	<u>(673,799)</u>	<u>5,016,730</u>
Capital assets, being depreciated:				
Buildings	11,654,674	310,118	-	11,964,792
Improvements other than buildings	6,029,175	1,759,008	-	7,788,183
Infrastructure	92,953,602	-	-	92,953,602
Machinery, equipment, and vehicles	11,891,842	-	(13,808)	11,878,034
Total capital assets, being depreciated	<u>122,529,293</u>	<u>2,069,126</u>	<u>(13,808)</u>	<u>124,584,611</u>
Less accumulated depreciation for:				
Buildings	(7,939,788)	(318,150)	-	(8,257,938)
Improvements other than buildings	(2,166,436)	(371,459)	-	(2,537,895)
Infrastructure	(48,066,986)	(53,255)	-	(48,120,241)
Machinery, equipment, and vehicles	(9,537,458)	(498,931)	13,808	(10,022,581)
Total accumulated depreciation	<u>(67,710,668)</u>	<u>(1,241,795)</u>	<u>13,808</u>	<u>(68,938,655)</u>
Total capital assets, being depreciated, net	<u>54,818,625</u>	<u>827,331</u>	<u>-</u>	<u>55,645,956</u>
Total governmental activities	<u>\$ 59,395,318</u>	<u>\$ 1,941,167</u>	<u>\$ (673,799)</u>	<u>\$ 60,662,686</u>

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

Governmental Activities:	
General government	\$ 370,026
Public safety	305,637
Community services	481,515
Public works	<u>84,617</u>
Total depreciation expense – governmental activities	<u>\$ 1,241,795</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 3: Capital Assets (continued)**

Business-type activities:	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 84,685	\$ -	\$ -	\$ 84,685
Construction in progress	10,912,307	2,038,904	(1,180,138)	11,771,073
Total capital assets, not being depreciated	<u>10,996,992</u>	<u>2,038,904</u>	<u>(1,180,138)</u>	<u>11,855,758</u>
Capital assets, being depreciated:				
Buildings	4,180,702	-	-	4,180,702
Improvements other than buildings	4,105,620	1,218,340	-	5,323,960
Infrastructure	77,125,424	-	-	77,125,424
Machinery and equipment	2,032,206	32,280	-	2,064,486
Total capital assets, being depreciated	<u>87,443,952</u>	<u>1,250,620</u>	<u>-</u>	<u>88,694,572</u>
Less accumulated depreciation for:				
Buildings	(1,335,637)	(83,340)	-	(1,418,977)
Improvements other than buildings	(3,668,592)	(88,356)	-	(3,756,948)
Infrastructure	(7,737,421)	(1,370,749)	-	(9,108,170)
Machinery and equipment	(965,618)	(134,613)	-	(1,100,231)
Total accumulated depreciation	<u>(13,707,268)</u>	<u>(1,677,058)</u>	<u>-</u>	<u>(15,384,326)</u>
Total capital assets, being depreciated, net	<u>73,736,684</u>	<u>(426,438)</u>	<u>-</u>	<u>73,310,246</u>
Total business-type activities	<u>\$ 84,733,676</u>	<u>\$ 1,612,466</u>	<u>\$ (1,180,138)</u>	<u>\$ 85,166,004</u>

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

Business-type Activities:	
Water	\$ 1,426,794
Sewer	196,473
Arroyo Seco Golf Course	<u>53,791</u>
Total depreciation expense – business-type activities	<u>\$ 1,677,058</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 4: Interfund Receivable, Payable and Transfers

A. Due To/From Other Funds

At June 30, 2021, 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>\$ 1,308,865</u>	<u>\$ 1,308,865</u>

The due to General fund of \$1,308,865 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, 2021 is \$150,000.

C. Transfers

	<u>Transfers In</u>		
	<u>Internal Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Transfers Out</u>
Transfers Out: General Fund	<u>\$ 1,227,250</u>	<u>\$ 1,294,627</u>	<u>\$ 2,521,877</u>
Total Transfers In:	<u>\$ 1,227,250</u>	<u>\$ 1,294,627</u>	<u>\$ 2,521,877</u>

All transfers were made as budgeted or as approved by Council. \$509,948 was transferred from the General Fund to the Street Improvements Fund for various projects. \$784,679 was transferred from the General Fund to the Facilities and Equipment Capital Projects Fund for planned facilities maintenance and equipment replacement, such as improvements to the stables and City Hall server upgrades; \$1,227,250 was transferred from the General Fund to the Internal Service Fund for increasing the City's coverage of the actuarial estimated liability for insurance claims and the general cost of insurance.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 5: Long-Term Debt**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Business-Type Activities:					
2012 State Loan Payable - Direct Borrowing	\$ 8,945,432	\$ -	\$ (237,954)	\$ 8,707,478	\$ 242,951
SRF State Loan Payable - Direct Borrowing	6,193,268	-	(160,359)	6,032,909	163,097
2013 Water Revenue Bonds	4,635,000	-	(390,000)	4,245,000	405,000
Issuance Premium	256,341	-	(27,712)	228,629	-
2016 Water Revenue Bonds	35,170,000	-	(880,000)	34,290,000	905,000
Issuance Premium	4,004,740	-	(208,038)	3,796,702	-
	<u>\$ 59,204,781</u>	<u>\$ -</u>	<u>\$ (1,904,063)</u>	<u>\$ 57,300,718</u>	<u>\$ 1,716,048</u>

2012 State Loan Payable (Direct Borrowing)

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.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2021, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 242,951	\$ 182,857	\$ 425,808
2023	248,053	177,755	425,808
2024	253,262	172,546	425,808
2025	258,581	167,227	425,808
2026	264,011	161,797	425,808
2027-2031	1,405,584	723,457	2,129,041
2032-2036	1,559,500	569,541	2,129,041
2037-2041	1,730,271	398,770	2,129,041
2042-2046	1,919,742	209,299	2,129,041
2047-2048	825,523	26,094	851,617
Total	<u>\$ 8,707,478</u>	<u>\$ 2,789,343</u>	<u>\$ 11,496,821</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5: Long-Term Debt (continued)

SRF State Loan Payable (Direct Borrowing)

California State Water Resources Control Board loaned the City an assessable amount of \$10,803,550 over the term agreement starting November 15, 2017 through January 1, 2050. The proceeds from the loan are to be used by the City for the Graves Reservoir Replacement Project. 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.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2021, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 163,097	\$ 101,869	\$ 264,966
2023	165,882	99,085	264,967
2024	168,714	96,253	264,967
2025	171,594	93,373	264,967
2026	174,523	90,443	264,966
2027-2031	918,340	406,492	1,324,832
2032-2036	999,453	325,379	1,324,832
2037-2041	1,087,731	237,101	1,324,832
2042-2046	1,183,806	141,026	1,324,832
2047-2051	999,769	37,039	1,036,808
Total	<u>\$ 6,032,909</u>	<u>\$ 1,628,060</u>	<u>\$ 7,660,969</u>

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 5: Long-Term Debt (continued)

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.

If the City defaults on its obligations to make debt service payments on the bonds, the trustee, as assignee of the City, has the right to accelerate the total unpaid principal amount of the bonds. However, in the event of a default and such acceleration, there can be no assurance that the trustee will have sufficient moneys available for payment of the bonds.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2021, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 405,000	\$ 143,088	\$ 548,088
2023	420,000	128,688	548,688
2024	435,000	113,688	548,688
2025	450,000	95,987	545,987
2026	470,000	77,588	547,588
2027-2030	2,065,000	133,150	2,198,150
Total	<u>\$ 4,245,000</u>	<u>\$ 692,189</u>	<u>\$ 4,937,189</u>

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.

If the City defaults on its obligations to make debt service payments on the bonds, the trustee, as assignee of the City, has the right to accelerate the total unpaid principal amount of the bonds. However, in the event of a default and such acceleration, there can be no assurance that the trustee will have sufficient moneys available for payment of the bonds.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2021, including interest are as follows:

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 5: Long-Term Debt (continued)**

Year Ending June 30,	Principal	Interest	Total
2022	\$ 905,000	\$ 1,519,738	\$ 2,424,738
2023	945,000	1,482,738	2,427,738
2024	985,000	1,439,213	2,424,213
2025	1,035,000	1,388,713	2,423,713
2026	1,095,000	1,335,463	2,430,463
2027-2031	6,910,000	5,773,463	12,683,463
2032-2036	11,275,000	3,557,562	14,832,562
2037-2040	11,140,000	791,550	11,931,550
Total	<u>\$ 34,290,000</u>	<u>\$ 17,288,440</u>	<u>\$ 51,578,440</u>

Note 6: Compensated Absences

The City's liability at June 30, 2021 for vested and unpaid compensated absences (accrued vacation and compensatory time) is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Governmental activities	\$ 935,322	\$ 530,595	\$ (602,638)	\$ 863,279	\$ 86,328
Business-type activities	66,358	80,227	(57,598)	88,987	8,899
Total compensated absences payable	<u>\$ 1,001,680</u>	<u>\$ 610,822</u>	<u>\$ (660,236)</u>	<u>\$ 952,266</u>	<u>\$ 95,227</u>

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

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7: City Employees Defined Benefit Pension Plan

A. General Information about the Pension Plans

Plan Description

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 five rate plans (two miscellaneous and three safety). 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.

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

A. General Information about the Pension Plans (continued)

Benefits Provided

The Plans' provisions and benefits in effect at June 30, 2021 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	11.746%	7.874%

	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%
Required employer contribution rates	20.887%	13.884%

Employees Covered

At June 30, 2019 (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	147	-	139	1
Inactive employees entitled to but not yet receiving benefits	194	41	33	12
Active employees	47	50	36	13
Total	<u>388</u>	<u>91</u>	<u>208</u>	<u>26</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 7: City Employees Defined Benefit Pension Plan (continued)**A. General Information about the Pension Plans (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, 2021 were \$5,001,568. The actual employer payments of \$4,295,978 made to CalPERS by the City during the measurement period ended June 30, 2020 differed from the City's proportionate share of the employer's contributions of \$5,069,418 by \$773,440, 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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

B. Net Pension Liability (continued)

The expected real rates of return by asset class are as follows:

Asset Class ¹	Current Target Allocation	Real Return Years 1 - 10 ²	Real Return Year 11+ ³
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)
Total	<u>100.0%</u>		

¹ In the System's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

The Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

B. Net Pension Liability (continued)

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.

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: 6/30/2019 (MD)	\$ 52,510,233	\$ 39,035,481	\$ 13,474,752
Balance at: 6/30/2020 (MD)	52,311,226	37,892,396	14,418,830
Net Changes during 2019-20	(199,007)	(1,143,085)	944,078

Safety

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2019 (MD)	\$ 92,573,505	\$ 66,721,180	\$ 25,852,325
Balance at: 6/30/2020 (MD)	93,464,695	65,230,692	28,234,003
Net Changes during 2019-20	891,190	(1,490,488)	2,381,678

Valuation Date (VD), Measurement Date (MD)

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

C. Proportionate Share of Net Pension Liability (continued)

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 the June 30, 2019, and 2020 measurement dates was as follows:

	Miscellaneous	Safety
Proportionate Share of NPL - June 30, 2019	0.336490%	0.414132%
Proportionate Share of NPL - June 30, 2020	0.341834%	0.423784%
Change - Increase	0.005344%	0.009652%

Sensitivity of the Proportionate Share 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	\$ 21,380,178	\$ 14,418,830	\$ 8,666,887
Safety Plan's Net Pension Liability	\$ 40,926,855	\$ 28,234,003	\$ 17,818,317

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 7: City Employees Defined Benefit Pension Plan (continued)****C. Proportionate Share of Net Pension Liability (continued)**

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

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) 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).

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. 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, 2019), the City's net pension liability was \$39,327,077. For the measurement period ending June 30, 2020 (the measurement date), the City incurred a pension expense of \$6,526,297.

As of June 30, 2021, 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	\$ -	\$ 196,889
Differences between Expected and Actual Experience	2,932,449	-
Differences between Projected and Actual Investment Earnings	1,041,978	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,321,839
Change in Employer's Proportion	997,720	21,458
Pension Contributions Made Subsequent to Measurement Date	5,001,568	-
	<u>\$ 9,973,715</u>	<u>\$ 1,540,186</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

These amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of \$5,001,568 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the 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
2022	\$ 588,677
2023	1,303,518
2024	1,026,855
2025	512,911
2026	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

F. Pension Plan Summary

Miscellaneous plan net pension liability	\$ 14,418,830
Safety plan net pension liability	<u>28,234,003</u>
Combined net pension liability	<u>\$ 42,652,833</u>
Governmental activities net pension liability	\$ 39,816,420
Business-type activities net pension liability	<u>2,836,413</u>
Total net pension liability	<u>\$ 42,652,833</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020 measurement date, the following numbers of participants were covered by the benefit terms under the Plan:

Active employees	104
Inactive employees or beneficiaries currently receiving benefits	99
Inactive employees entitled to, but not yet receiving benefits	<u>22</u>
Total	<u><u>225</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.

The City pays for postemployment health insurance on a pay-as-you-go basis (no prefunding). For fiscal year 2020-2021, the City paid \$374,744 for other postemployment benefits.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 8: Other Post-Employment Benefits (continued)****D. Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2020 and was based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2020 Measurement Date
Actuarial Valuation Date	June 30, 2019
Contribution Policy	No pre-funding
Discount Rate	2.21% at June 30, 2020 (Bond Buyer 20-Bond Index) 3.50% at June 30, 2019 (Bond Buyer 20-Bond Index)
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Salary increases	Aggregate - 3% annually Mert - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare – 7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4% in 2076 Medicare (Kaiser) – 5% for 2022, decreasing to an ultimate rate of 4% in 2076
Fixed Dollar Cap	None
PEMHCA Minimum Increase	4.25% annually
Healthcare Participation at Retirement	90% of employees receiving City Subsidy (hired before 7/1/2020) 50% of employees receiving PEMHCA minimum

E. Discount Rate

A discount rate of 2.21 percent was used in the valuation for measurement date June 30, 2020.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 8: Other Post-Employment Benefits (continued)****F. Changes in the OPEB Liability**

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

	Total OPEB Liability
Balance at June 30, 2020 (6/30/19 measurement date)	<u>\$ 16,837,887</u>
Changes recognized for the measurement period:	
Service cost	666,996
Interest	600,512
Changes of benefit terms	-
Actual vs. expected experience	-
Changes in assumptions	2,810,290
Benefit payments	<u>(694,791)</u>
Net changes	<u>3,383,007</u>
Balance at June 30, 2021 (6/30/20 measurement date)	<u><u>\$ 20,220,894</u></u>

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

The following presents the total 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, 2020:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate (2.21%)	1% Increase <u>(3.21%)</u>
Total OPEB Liability \$	23,242,635	\$ 20,220,894	\$ 17,767,336

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

The following presents the total 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, 2020:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability \$	18,758,355	\$ 20,220,894	\$ 21,925,628

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**Note 8: Other Post-Employment Benefits (continued)****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, 2020 measurement date.

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, 2021, the City recognized OPEB expense of \$1,263,697. As of fiscal year ended June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,004,048
Changes in assumptions	3,000,991	1,072,831
Contributions to OPEB plan subsequent to the measurement date	500,744	-
Total	<u>\$ 3,501,735</u>	<u>\$ 2,076,879</u>

The \$500,744 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ (9,633)
2023	(9,633)
2024	(9,636)
2025	231,451
2026	319,093
Thereafter	404,470
	<u>\$ 926,112</u>

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021**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, 2021, Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$	155,695
Cash and investments with fiscal agent		196,526
	\$	<u>352,221</u>

Long-term debt

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance			Balance	Due Within
	June 30, 2020	Additions	Deletions	June 30, 2021	One Year
2000 Tax Allocation Bond	\$ 825,000	\$ -	\$ (145,000)	\$ 680,000	\$ 155,000
Total	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>	<u>\$ 680,000</u>	<u>\$ 155,000</u>

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2021, 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 \$185,000, 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, 2021, \$680,000 was outstanding.

CITY OF SOUTH PASADENA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

**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 \$979,500 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 \$285,849 and the interest expense on the bonds was \$48,050.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2021, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 155,000	\$ 40,800	\$ 195,800
2023	165,000	31,500	196,500
2024	175,000	21,600	196,600
2025	185,000	11,100	196,100
Total	<u>\$ 680,000</u>	<u>\$ 105,000</u>	<u>\$ 785,000</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, 2021**Note 12: Deficit Fund Balances**

The following funds have deficits in fund balance at June 30, 2021:

Fund	Amount
Nonmajor Governmental Funds:	
Special Revenue Funds:	
MTA Pedestrian Improvement	\$ (29,951)
CTC Traffic Improvement	(23)
Rogan HR 5294 Grant	(5,708)
Mission Meridian Public Garage	(353,005)
County Park Bond	(173,785)
MSRC Grant	(150,000)
Measure H	(80,089)
BTA Grant	(416,948)
Golden Streets Grant	(24,914)
CDBG	-
Homeland Security Grant	(21,011)
HSIP Grant	(44,701)

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

Note 13: Net Investment in Capital Assets

The net investment in capital assets category of net position is comprised of the following:

	Water	Sewer	Arroyo Seco Golf Course	Business-Type Activities Total
Capital assets, net of accumulated depreciation	\$ 75,071,882	\$ 9,315,287	\$ 778,835	\$ 85,166,004
2016 Water Revenue Bonds	(34,290,000)			(34,290,000)
Issuance Premium	(3,796,702)			(3,796,702)
2013 Water Revenue Bonds	(4,245,000)			(4,245,000)
Issuance Premium	(228,629)			(228,629)
2012 State Loan Payable		(8,707,478)		(8,707,478)
SRF State Loan Payable	(6,032,909)			(6,032,909)
Deferred Loss on Refunding	(4,906,738)			(4,906,738)
Net investment in capital assets	<u>\$ 21,571,904</u>	<u>\$ 607,809</u>	<u>\$ 778,835</u>	<u>\$ 22,958,548</u>
	Governmental Activities			
Capital assets, not being depreciated	<u>\$ 5,016,730</u>			
Capital assets, net of accumulated depreciation	<u>55,645,956</u>			
Net investment in capital assets	<u>\$ 60,662,686</u>			

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH PASADENA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 24,845,833	\$ 24,845,833	\$ 27,192,833	\$ 2,347,000
Licenses and permits	751,780	751,780	813,180	61,400
Intergovernmental	676,500	676,500	954,213	277,713
Charges for services	3,453,476	3,453,476	3,257,994	(195,482)
Use of money and property	4,794,718	4,794,718	4,784,070	(10,648)
Fines and forfeitures	265,000	265,000	143,449	(121,551)
Miscellaneous	484,884	484,884	489,721	4,837
Total revenues	<u>35,272,191</u>	<u>35,272,191</u>	<u>37,635,460</u>	<u>2,363,269</u>
Expenditures				
Current:				
General government	5,290,350	5,614,350	5,167,897	446,453
Public safety	15,606,301	15,701,154	16,748,679	(1,047,525)
Community development	2,920,719	2,945,819	1,819,769	1,126,050
Community services	2,266,657	2,266,657	2,326,661	(60,004)
Public works	2,146,603	2,146,603	1,922,924	223,679
Capital outlay	126,500	60,500	37,786	22,714
Total expenditures	<u>28,357,130</u>	<u>28,735,083</u>	<u>28,023,716</u>	<u>711,367</u>
Excess of revenues over expenditures	<u>6,915,061</u>	<u>6,537,108</u>	<u>9,611,744</u>	<u>3,074,636</u>
Other Financing Sources (Uses)				
Transfers out	<u>(2,569,428)</u>	<u>(2,569,428)</u>	<u>(2,521,877)</u>	<u>47,551</u>
Total other financing sources (uses)	<u>(2,569,428)</u>	<u>(2,569,428)</u>	<u>(2,521,877)</u>	<u>47,551</u>
Net change in fund balance	4,345,633	3,967,680	7,089,867	3,122,187
Fund balance, beginning of year	<u>18,553,740</u>	<u>18,553,740</u>	<u>18,553,740</u>	<u>-</u>
Fund balance, end of year	<u>\$ 22,899,373</u>	<u>\$ 22,521,420</u>	<u>\$ 25,643,607</u>	<u>\$ 3,122,187</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***

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
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%
6/30/2018	0.37770%	36,396,135	11,190,390	325.24%	74.01%
6/30/2019	0.38379%	39,327,077	10,760,952	365.46%	72.89%
6/30/2020	0.39201%	42,652,833	11,634,785	366.60%	70.74%

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. Additional years will be presented as information comes available.

CITY OF SOUTH PASADENA

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

Fiscal Year	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	\$ 1,926,460	\$ (1,926,460)	\$ -	\$ 10,601,417	18.17%
6/30/2016	2,445,893	(2,445,893)	-	10,683,089	22.89%
6/30/2017	3,258,700	(3,258,700)	-	11,218,719	29.05%
6/30/2018	3,082,379	(3,082,379)	-	11,190,390	27.54%
6/30/2019	3,460,075	(3,460,075)	-	10,760,952	32.15%
6/30/2020	4,295,978	(4,295,978)	-	11,634,785	36.92%
6/30/2021	5,001,568	(5,001,568)	-	12,540,902	39.88%

* Measurement period 2013-14 was the first year of implementation. Additional years will be presented as information

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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	2017-18	2018-19	2019-20	2020-21
	2016-17	2017-18	2018-19	2019-20
Total OPEB Liability				
Service cost	\$ 664,681	\$ 560,960	\$ 506,445	\$ 666,996
Interest	519,308	607,364	651,066	600,512
Changes in benefit terms	-	-	270,482	-
Actual vs. expected experience	-	-	(1,405,666)	-
Changes in assumptions	(1,694,570)	(606,526)	829,039	2,810,290
Benefit payments	(645,346)	(637,788)	(660,893)	(694,791)
Net change in total OPEB liability	(1,155,927)	(75,990)	190,473	3,383,007
Total OPEB liability - beginning	17,879,331	16,723,404	16,647,414	16,837,887
Total OPEB liability - ending (a)	16,723,404	16,647,414	16,837,887	20,220,894
Plan Fiduciary Net Position				
Contributions – employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-
Net OPEB liability - ending (a) - (b)	\$ 16,723,404	\$ 16,647,414	\$ 16,837,887	\$ 20,220,894
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 11,644,645	\$ 14,031,728	\$ 10,487,587	\$ 11,952,495
Net OPEB liability as a percentage of covered employee payroll	143.6%	118.6%	160.6%	169.2%

Notes to Schedule:

Changes in assumptions: Discount rate decreased from 3.50% at June 30, 2019 to 2.21% at June 30, 2020.

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, 2021

Note 1: 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 adopted budgets for the General, Special Revenue, and Capital Projects Funds with the exception of the Measure H, Prop C Exchange, Homeland Security Grant, MSRC Grant, Golden Streets Grant, HSIP Grant, MTA Pedestrian Improvement, CTC Traffic Improvement Grant, Rogan HR 5294 Grant, and Historic Preservation Grant Special Revenue Funds.

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.

Note 2: Supplementary Budget Information

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

Fund	Appropriations	Expenditures	Excess
General Fund:			
Public safety	\$ 15,701,154	\$ 16,748,679	\$ (1,047,525)
Community services	2,266,657	2,326,661	(60,004)
Non-Major Governmental Funds:			
Housing Authority	10,000	10,361	(361)

SUPPLEMENTARY INFORMATION

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.

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

***214-Rogan HR 5294 Grant Fund** – To account for the revenue and expenditures associated with the 110 FWY Hook Ramp Project funded by Rogan grant.

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.

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-Parking and 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

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.

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.

239-Measure W Fund – To account for all revenues and expenditures associated with improving conditions of stormwater runoffs funded by parcel tax.

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.

272-State Police Grant Fund – To account for revenue and expenditures for frontline police services funded by COPS (AB 3229) grant.

***274-Homeland Security Grant Fund** – To account for revenue and expenditures the operations of police equipment and conferences funded by Homeland Security.

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.

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.

208-TDA/Metro Grant 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.

CITY OF SOUTH PASADENA

NON-MAJOR GOVERNMENTAL FUNDS

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.

237-Road Maintenance & Rehab Fund – To account for all revenues and expenditures associated with State Gas Tax SB1.

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

***241-Measure H Fund** – To account for the revenues and expenditures for the “Los Angeles County Plan to Prevent and Combat Homelessness” for the specific purposes of funding homeless services and short-term housing.

***242-Prop C Exchange Fund** – To account for all revenues and expenditures associated with competitive Metro Grant for eligible transportation projects.

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.

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

***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.

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

***276-Historic Preservation Grant Fund** – To account for revenues and expenditures related to historic preservation grant funds.

**Note that no budget was adopted for this fund.*

CITY OF SOUTH PASADENA

NON-MAJOR GOVERNMENTAL FUNDS

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.

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

106-Technology Surcharge Fund – To account for the funding collected through the City's Technology Fee Surcharge intended for acquiring and maintenance of a permitting software system.

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.

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

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"	CTC Traffic Improvement Grant
ASSETS				
Pooled cash and investments	\$ -	\$ 1,518,993	\$ 1,065,746	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	1,249	833	-
Due from other governments	-	-	-	-
Total assets	\$ -	\$ 1,520,242	\$ 1,066,579	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 27,285	\$ 3,464	\$ -
Accrued liabilities	-	3,840	3,836	-
Deposits payable	-	-	-	-
Due to other funds	29,951	-	-	23
Total liabilities	29,951	31,125	7,300	23
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Community services	-	1,489,117	-	-
Public works - streets and roads	-	-	1,059,279	-
Capital projects	-	-	-	-
Public works - street lighting	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	(29,951)	-	-	(23)
Total fund balances (deficits)	(29,951)	1,489,117	1,059,279	(23)
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 1,520,242	\$ 1,066,579	\$ -

(continued)

Special Revenue Funds				
Rogan HR 5294 Grant Fund	Street Lighting	Clean Air Act	Parking and Business Improvement	Gold Line Mitigation
\$ -	\$ 478,081	\$ 147,279	\$ 511	\$ 63,160
-	-	8,453	-	-
-	17,245	-	-	-
-	433	117	-	52
-	-	-	-	-
<u>\$ -</u>	<u>\$ 495,759</u>	<u>\$ 155,849</u>	<u>\$ 511</u>	<u>\$ 63,212</u>
\$ -	\$ 55,658	\$ 35,602	\$ -	\$ -
-	3,698	-	-	-
-	7,733	-	-	-
<u>5,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,708</u>	<u>67,089</u>	<u>35,602</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	120,247	511	63,212
-	428,670	-	-	-
-	-	-	-	-
<u>(5,708)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(5,708)</u>	<u>428,670</u>	<u>120,247</u>	<u>511</u>	<u>63,212</u>
<u>\$ -</u>	<u>\$ 495,759</u>	<u>\$ 155,849</u>	<u>\$ 511</u>	<u>\$ 63,212</u>

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			
	Mission Meridian Public Garage	State Gas Tax	County Park Bond	Capital Growth Requirements
ASSETS				
Pooled cash and investments	\$ -	\$ 952,250	\$ -	\$ 548,723
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	805	-	452
Due from other governments	-	-	-	-
Total assets	\$ -	\$ 953,055	\$ -	\$ 549,175
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,650	\$ 13,246	\$ 5,159	\$ -
Accrued liabilities	-	8,676	-	-
Deposits payable	-	-	-	-
Due to other funds	343,355	-	168,626	-
Total liabilities	353,005	21,922	173,785	-
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Community services	-	-	-	-
Public works - streets and roads	-	931,133	-	-
Capital projects	-	-	-	549,175
Public works - street lighting	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	(353,005)	-	(173,785)	-
Total fund balances (deficits)	(353,005)	931,133	(173,785)	549,175
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 953,055	\$ -	\$ 549,175

(continued)

Special Revenue Funds				
C.D.B.G	Asset Forfeiture	Measure W	Bike and Pedestrian Paths	State Police Grant
\$ -	\$ 220,911	\$ 110,544	\$ 10,252	\$ 363,740
-	-	22,569	-	-
-	-	-	-	-
-	184	-	-	332
<u>76,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 76,539</u>	<u>\$ 221,095</u>	<u>\$ 133,113</u>	<u>\$ 10,252</u>	<u>\$ 364,072</u>
\$ 53,000	\$ -	\$ 10,450	\$ 10,252	\$ -
-	-	771	-	-
-	-	-	-	-
<u>23,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>76,539</u>	<u>-</u>	<u>11,221</u>	<u>10,252</u>	<u>-</u>
-	-	-	-	-
-	221,095	-	-	364,072
-	-	-	-	-
-	-	121,892	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>221,095</u>	<u>121,892</u>	<u>-</u>	<u>364,072</u>
<u>\$ 76,539</u>	<u>\$ 221,095</u>	<u>\$ 133,113</u>	<u>\$ 10,252</u>	<u>\$ 364,072</u>

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			
	Homeland Security Grant	Park Impact Fees	Measure R	Measure M
ASSETS				
Pooled cash and investments	\$ -	\$ 858,156	\$ 1,070,304	\$ 1,337,610
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	705	841	1,073
Due from other governments	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 858,861</u>	<u>\$ 1,071,145</u>	<u>\$ 1,338,683</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 4,979	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	21,011	-	-	-
Total liabilities	<u>21,011</u>	<u>4,979</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	-	-
Public safety - police	-	-	-	-
Community services	-	853,882	-	-
Public works - streets and roads	-	-	1,071,145	1,338,683
Capital projects	-	-	-	-
Public works - street lighting	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	(21,011)	-	-	-
Total fund balances (deficits)	<u>(21,011)</u>	<u>853,882</u>	<u>1,071,145</u>	<u>1,338,683</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 858,861</u>	<u>\$ 1,071,145</u>	<u>\$ 1,338,683</u>

(continued)

Special Revenue Funds				
TDA/Metro Grant Fund	Public Education	Road Maintenance & Rehab	MSRC Grant Fund	Measure H
\$ 168,953	\$ 179,404	\$ 628,589	\$ -	\$ -
-	2,129	-	-	-
-	-	-	-	-
140	149	513	-	-
-	-	86,548	-	-
<u>\$ 169,093</u>	<u>\$ 181,682</u>	<u>\$ 715,650</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	150,000	80,089
-	-	-	150,000	80,089
-	181,682	-	-	-
-	-	-	-	-
-	-	-	-	-
169,093	-	715,650	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(150,000)	(80,089)
<u>169,093</u>	<u>181,682</u>	<u>715,650</u>	<u>(150,000)</u>	<u>(80,089)</u>
<u>\$ 169,093</u>	<u>\$ 181,682</u>	<u>\$ 715,650</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			
	Prop C Exchange	BTA Grant Fund	Housing Authority Fund	Golden Streets Grant Fund
ASSETS				
Pooled cash and investments	\$ 11,296	\$ -	\$ 85,559	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	-	68	-
Due from other governments	-	-	-	-
Total assets	\$ 11,296	\$ -	\$ 85,627	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,285	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	2,158	-
Due to other funds	-	416,948	-	24,914
Total liabilities	-	416,948	4,443	24,914
Fund Balances (Deficits):				
Restricted for:				
Community development projects	-	-	81,184	-
Public safety - police	-	-	-	-
Community services	-	-	-	-
Public works - streets and roads	11,296	-	-	-
Capital projects	-	-	-	-
Public works - street lighting	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Unassigned	-	(416,948)	-	(24,914)
Total fund balances (deficits)	11,296	(416,948)	81,184	(24,914)
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,296	\$ -	\$ 85,627	\$ -

(continued)

Special Revenue Funds		Capital Projects Funds		
HSIP Grant Fund	Historic Preservation Grant Fund	Facilities & Equip. Capital Project	Technology Surcharge Fund	2000 Tax Allocation Bonds Fund
\$ -	\$ 5,098	\$ 2,589,884	\$ 3,126	\$ 924,867
-	-	-	-	-
-	-	-	-	-
-	4	1,601	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,102</u>	<u>\$ 2,591,485</u>	<u>\$ 3,126</u>	<u>\$ 924,867</u>
\$ -	\$ -	\$ 61,445	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
44,701	-	-	-	-
<u>44,701</u>	<u>-</u>	<u>61,445</u>	<u>-</u>	<u>-</u>
-	5,102	-	-	924,867
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	2,530,040	3,126	-
(44,701)	-	-	-	-
<u>(44,701)</u>	<u>5,102</u>	<u>2,530,040</u>	<u>3,126</u>	<u>924,867</u>
<u>\$ -</u>	<u>\$ 5,102</u>	<u>\$ 2,591,485</u>	<u>\$ 3,126</u>	<u>\$ 924,867</u>

CITY OF SOUTH PASADENA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Capital Projects Funds	
	Streets Improvement Program Fund	Total Nonmajor Governmental Funds
ASSETS		
Pooled cash and investments	\$ 2,476,329	\$ 15,819,365
Receivables:		
Accounts	-	33,151
Taxes	-	17,245
Interest	-	9,551
Due from other governments	-	163,087
	<u> </u>	<u> </u>
Total assets	<u>\$ 2,476,329</u>	<u>\$ 16,042,399</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 292,475
Accrued liabilities	-	20,821
Deposits payable	-	9,891
Due to other funds	-	1,308,865
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>1,632,052</u>
Fund Balances (Deficits):		
Restricted for:		
Community development projects	-	1,192,835
Public safety - police	-	585,167
Community services	-	2,342,999
Public works - streets and roads	-	5,296,279
Capital projects	-	855,037
Public works - street lighting	-	428,670
Committed to:		
Capital projects	2,476,329	5,009,495
Unassigned	-	(1,300,135)
Total fund balances (deficits)	<u>2,476,329</u>	<u>14,410,347</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,476,329</u>	<u>\$ 16,042,399</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, 2021**

	Special Revenue Funds			
	MTA Pedestrian Improvement	Proposition "A"	Proposition "C"	CTC Traffic Improvement Grant
Revenues				
Taxes	\$ -	\$ 528,052	\$ 438,000	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	2,164	-
Intergovernmental	-	-	-	-
Charges for services	-	1,671	-	-
Use of money and property	-	6,466	4,605	-
Miscellaneous	-	30,524	-	-
Total revenues	-	566,713	444,769	-
Expenditures				
Current:				
General government	-	13,205	6,603	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	237,583	236,178	-
Public works	-	-	40,199	-
Capital outlay	-	64,500	11,460	-
Total expenditures	-	315,288	294,440	-
Excess (deficiency) of revenues over (under) expenditures	-	251,425	150,329	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	251,425	150,329	-
Fund Balances (Deficit), Beginning	(29,951)	1,237,692	908,950	(23)
Fund Balances (Deficit), Ending	\$ (29,951)	\$ 1,489,117	\$ 1,059,279	\$ (23)

(continued)

Special Revenue Funds				
Rogan HR 5294 Grant Fund	Street Lighting	Clean Air Act	Parking and Business Improvement	Gold Line Mitigation
\$ -	\$ -	\$ -	\$ 67,454	\$ -
-	892,903	-	-	-
-	-	-	30,086	-
-	-	33,243	-	-
-	-	-	-	-
-	1,862	594	20	298
-	13,536	-	-	-
-	908,301	33,837	97,560	298
-	-	-	107,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	881,197	-	-	-
3,211	50,000	35,925	-	-
3,211	931,197	35,925	107,000	-
(3,211)	(22,896)	(2,088)	(9,440)	298
-	-	-	-	-
-	-	-	-	-
(3,211)	(22,896)	(2,088)	(9,440)	298
(2,497)	451,566	122,335	9,951	62,914
\$ (5,708)	\$ 428,670	\$ 120,247	\$ 511	\$ 63,212

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds			
	Mission Meridian Public Garage	State Gas Tax	County Park Bond	Capital Growth Requirements
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	562,024	-	-
Charges for services	-	-	-	58,207
Use of money and property	-	4,638	-	2,554
Miscellaneous	-	-	-	-
Total revenues	-	566,662	-	60,761
Expenditures				
Current:				
General government	9,650	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	-	558,051	27,957	-
Capital outlay	-	25,185	-	-
Total expenditures	9,650	583,236	27,957	-
Excess (deficiency) of revenues over (under) expenditures	(9,650)	(16,574)	(27,957)	60,761
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(9,650)	(16,574)	(27,957)	60,761
Fund Balances (Deficit), Beginning	(343,355)	947,707	(145,828)	488,414
Fund Balances (Deficit), Ending	\$ (353,005)	\$ 931,133	\$ (173,785)	\$ 549,175

(continued)

Special Revenue Funds				
C.D.B.G	Asset Forfeiture	Measure W	Bike and Pedestrian Paths	State Police Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
95,708	76,501	273,748	-	156,727
-	-	-	-	-
-	814	-	-	2,008
20,579	-	-	-	-
<u>116,287</u>	<u>77,315</u>	<u>273,748</u>	<u>-</u>	<u>158,735</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
115,980	-	-	-	-
-	-	42,555	-	-
-	-	-	10,252	146,830
<u>115,980</u>	<u>-</u>	<u>42,555</u>	<u>10,252</u>	<u>146,830</u>
<u>307</u>	<u>77,315</u>	<u>231,193</u>	<u>(10,252)</u>	<u>11,905</u>
-	-	-	-	-
-	-	-	-	-
307	77,315	231,193	(10,252)	11,905
(307)	143,780	(109,301)	10,252	352,167
<u>\$ -</u>	<u>\$ 221,095</u>	<u>\$ 121,892</u>	<u>\$ -</u>	<u>\$ 364,072</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, 2021**

	Special Revenue Funds			
	Homeland Security Grant	Park Impact Fees	Measure R	Measure M
Revenues				
Taxes	\$ -	\$ -	\$ 328,956	\$ 372,719
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	164,527	-	-
Use of money and property	-	3,831	5,041	5,428
Miscellaneous	-	-	-	-
Total revenues	-	168,358	333,997	378,147
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	18,050	-	-
Public works	-	-	-	-
Capital outlay	-	-	343,454	-
Total expenditures	-	18,050	343,454	-
Excess (deficiency) of revenues over (under) expenditures	-	150,308	(9,457)	378,147
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	150,308	(9,457)	378,147
Fund Balances (Deficit), Beginning	(21,011)	703,574	1,080,602	960,536
Fund Balances (Deficit), Ending	\$ (21,011)	\$ 853,882	\$ 1,071,145	\$ 1,338,683

(continued)

Special Revenue Funds				
TDA/Metro Grant Fund	Public Education	Road Maintenance & Rehab	MSRC Grant Fund	Measure H
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	9,074	474,939	-	-
-	-	-	-	24,056
1,114	824	3,474	-	-
-	-	-	-	-
<u>1,114</u>	<u>9,898</u>	<u>478,413</u>	<u>-</u>	<u>24,056</u>
-	-	-	-	-
-	-	-	-	38,582
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
125,802	-	451,156	1,151	-
<u>125,802</u>	<u>-</u>	<u>451,156</u>	<u>1,151</u>	<u>38,582</u>
<u>(124,688)</u>	<u>9,898</u>	<u>27,257</u>	<u>(1,151)</u>	<u>(14,526)</u>
-	-	-	-	-
-	-	-	-	-
(124,688)	9,898	27,257	(1,151)	(14,526)
<u>293,781</u>	<u>171,784</u>	<u>688,393</u>	<u>(148,849)</u>	<u>(65,563)</u>
<u>\$ 169,093</u>	<u>\$ 181,682</u>	<u>\$ 715,650</u>	<u>\$ (150,000)</u>	<u>\$ (80,089)</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, 2021**

	Special Revenue Funds			
	Prop C Exchange	BTA Grant Fund	Housing Authority Fund	Golden Streets Grant Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	204,264	-	-	332,000
Charges for services	-	-	-	-
Use of money and property	-	-	20,896	-
Miscellaneous	-	-	-	-
Total revenues	204,264	-	20,896	332,000
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	10,361	-
Community services	-	-	-	-
Public works	-	-	-	10,744
Capital outlay	44,618	7,830	-	-
Total expenditures	44,618	7,830	10,361	10,744
Excess (deficiency) of revenues over (under) expenditures	159,646	(7,830)	10,535	321,256
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	159,646	(7,830)	10,535	321,256
Fund Balances (Deficit), Beginning	(148,350)	(409,118)	70,649	(346,170)
Fund Balances (Deficit), Ending	\$ 11,296	\$ (416,948)	\$ 81,184	\$ (24,914)

(continued)

Special Revenue Funds		Capital Projects Funds		
HSIP Grant Fund	Historic Preservation Grant Fund	Facilities & Equip. Capital Project	Technology Surcharge Fund	2000 Tax Allocation Bonds Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
2,090	-	-	-	-
-	-	-	3,126	-
-	24	10,423	-	46
-	-	-	-	-
2,090	24	10,423	3,126	46
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	571,685	-	-
-	-	571,685	-	-
2,090	24	(561,262)	3,126	46
-	-	784,679	-	-
-	-	784,679	-	-
2,090	24	223,417	3,126	46
(46,791)	5,078	2,306,623	-	924,821
\$ (44,701)	\$ 5,102	\$ 2,530,040	\$ 3,126	\$ 924,867

CITY OF SOUTH PASADENA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Capital Projects Funds Streets Improvement Program Fund	Total Nonmajor Governmental Funds
Revenues		
Taxes	\$ -	\$ 1,735,181
Assessments	-	892,903
Licenses and permits	-	32,250
Intergovernmental	-	2,220,318
Charges for services	-	251,587
Use of money and property	-	74,960
Miscellaneous	-	64,639
	<u>-</u>	<u>5,271,838</u>
Expenditures		
Current:		
General government	-	136,458
Public safety	-	38,582
Community development	-	10,361
Community services	-	607,791
Public works	-	1,560,703
Capital outlay	150,934	2,043,993
	<u>150,934</u>	<u>4,397,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,934)</u>	<u>873,950</u>
Other Financing Sources (Uses)		
Transfers in	<u>509,948</u>	<u>1,294,627</u>
Total other financing sources (uses)	<u>509,948</u>	<u>1,294,627</u>
Net change in fund balance	359,014	2,168,577
Fund Balances (Deficit), Beginning	<u>2,117,315</u>	<u>12,241,770</u>
Fund Balances (Deficit), Ending	<u>\$ 2,476,329</u>	<u>\$ 14,410,347</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 553,185	\$ 553,185	\$ 528,052	\$ (25,133)
Charges for services	3,000	3,000	1,671	(1,329)
Use of money and property	10,000	10,000	6,466	(3,534)
Miscellaneous	-	-	30,524	30,524
Total revenues	<u>566,185</u>	<u>566,185</u>	<u>566,713</u>	<u>528</u>
Expenditures				
Current:				
General government	13,489	13,489	13,205	284
Community services	431,370	431,370	237,583	193,787
Capital outlay	483,000	483,000	64,500	418,500
Total expenditures	<u>927,859</u>	<u>927,859</u>	<u>315,288</u>	<u>612,571</u>
Net change in fund balance	(361,674)	(361,674)	251,425	613,099
Fund balance, beginning	<u>1,237,692</u>	<u>1,237,692</u>	<u>1,237,692</u>	<u>-</u>
Fund balance, ending	<u>\$ 876,018</u>	<u>\$ 876,018</u>	<u>\$ 1,489,117</u>	<u>\$ 613,099</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 458,852	\$ 458,852	\$ 438,000	\$ (20,852)
Licenses and permits	40,000	40,000	2,164	(37,836)
Use of money and property	8,896	8,896	4,605	(4,291)
Total revenues	<u>507,748</u>	<u>507,748</u>	<u>444,769</u>	<u>(62,979)</u>
Expenditures				
Current:				
General government	5,929	5,929	6,603	(674)
Community services	289,425	289,425	236,178	53,247
Public works	97,482	97,482	40,199	57,283
Capital outlay	111,980	111,980	11,460	100,520
Total expenditures	<u>504,816</u>	<u>504,816</u>	<u>294,440</u>	<u>210,376</u>
Net change in fund balance	2,932	2,932	150,329	147,397
Fund balance, beginning	<u>908,950</u>	<u>908,950</u>	<u>908,950</u>	<u>-</u>
Fund balance, ending	<u>\$ 911,882</u>	<u>\$ 911,882</u>	<u>\$ 1,059,279</u>	<u>\$ 147,397</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Assessments	\$ 880,000	\$ 880,000	\$ 892,903	\$ 12,903
Use of money and property	4,837	4,837	1,862	(2,975)
Miscellaneous	5,000	5,000	13,536	8,536
Total revenues	<u>889,837</u>	<u>889,837</u>	<u>908,301</u>	<u>18,464</u>
Expenditures				
Current:				
Public works	1,009,458	1,009,458	881,197	128,261
Capital outlay	87,000	87,000	50,000	37,000
Total expenditures	<u>1,096,458</u>	<u>1,096,458</u>	<u>931,197</u>	<u>165,261</u>
Net change in fund balance	(206,621)	(206,621)	(22,896)	183,725
Fund balance, beginning	<u>451,566</u>	<u>451,566</u>	<u>451,566</u>	<u>-</u>
Fund balance, ending	<u>\$ 244,945</u>	<u>\$ 244,945</u>	<u>\$ 428,670</u>	<u>\$ 183,725</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 33,200	\$ 33,200	\$ 33,243	\$ 43
Use of money and property	1,739	1,739	594	(1,145)
Total revenues	<u>34,939</u>	<u>34,939</u>	<u>33,837</u>	<u>(1,102)</u>
Expenditures				
Current:				
General government	15,000	15,000	-	15,000
Capital outlay	37,600	37,600	35,925	1,675
Total expenditures	<u>52,600</u>	<u>52,600</u>	<u>35,925</u>	<u>16,675</u>
Net change in fund balance	(17,661)	(17,661)	(2,088)	15,573
Fund balance, beginning	<u>122,335</u>	<u>122,335</u>	<u>122,335</u>	-
Fund balance, ending	<u>\$ 104,674</u>	<u>\$ 104,674</u>	<u>\$ 120,247</u>	<u>\$ 15,573</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 55,790	\$ 55,790	\$ 67,454	\$ 11,664
Licenses and permits	22,240	22,240	30,086	7,846
Use of money and property	500	500	20	(480)
Total revenues	<u>78,530</u>	<u>78,530</u>	<u>97,560</u>	<u>19,030</u>
Expenditures				
Current:				
General government	109,500	109,500	107,000	2,500
Total expenditures	<u>109,500</u>	<u>109,500</u>	<u>107,000</u>	<u>2,500</u>
Net change in fund balance	(30,970)	(30,970)	(9,440)	21,530
Fund balance, beginning	<u>9,951</u>	<u>9,951</u>	<u>9,951</u>	-
Fund balance (deficit), ending	<u>\$ (21,019)</u>	<u>\$ (21,019)</u>	<u>\$ 511</u>	<u>\$ 21,530</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 700	\$ 700	\$ 298	\$ (402)
Total revenues	<u>700</u>	<u>700</u>	<u>298</u>	<u>(402)</u>
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	700	700	298	(402)
Fund balance, beginning	<u>62,914</u>	<u>62,914</u>	<u>62,914</u>	<u>-</u>
Fund balance, ending	<u>\$ 63,614</u>	<u>\$ 63,614</u>	<u>\$ 63,212</u>	<u>\$ (402)</u>

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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
General government	15,000	15,000	9,650	5,350
Total expenditures	15,000	15,000	9,650	5,350
Net change in fund balance	(15,000)	(15,000)	(9,650)	5,350
Fund balance (deficit), beginning	(343,355)	(343,355)	(343,355)	-
Fund balance (deficit), ending	\$ (358,355)	\$ (358,355)	\$ (353,005)	\$ 5,350

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 659,062	\$ 659,062	\$ 562,024	\$ (97,038)
Use of money and property	10,000	10,000	4,638	(5,362)
Total revenues	<u>669,062</u>	<u>669,062</u>	<u>566,662</u>	<u>(102,400)</u>
Expenditures				
Current:				
Public works	838,272	838,272.00	558,051	280,221
Capital outlay	100,000	100,000	25,185	74,815
Total expenditures	<u>938,272</u>	<u>938,272</u>	<u>583,236</u>	<u>355,036</u>
Net change in fund balance	(269,210)	(269,210)	(16,574)	252,636
Fund balance, beginning	<u>947,707</u>	<u>947,707</u>	<u>947,707</u>	-
Fund balance, ending	<u>\$ 678,497</u>	<u>\$ 678,497</u>	<u>\$ 931,133</u>	<u>\$ 252,636</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 37,567	\$ 37,567	\$ -	\$ (37,567)
Use of money and property	2,500	2,500	-	(2,500)
Total revenues	<u>40,067</u>	<u>40,067</u>	<u>-</u>	<u>(40,067)</u>
Expenditures				
Current:				
Public works	<u>70,500</u>	<u>70,500</u>	<u>27,957</u>	<u>42,543</u>
Total expenditures	<u>70,500</u>	<u>70,500</u>	<u>27,957</u>	<u>42,543</u>
Net change in fund balance	(30,433)	(30,433)	(27,957)	2,476
Fund balance (deficit), beginning	<u>(145,828)</u>	<u>(145,828)</u>	<u>(145,828)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (176,261)</u>	<u>\$ (176,261)</u>	<u>\$ (173,785)</u>	<u>\$ 2,476</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 40,000	\$ 50,000	\$ 58,207	\$ 8,207
Use of money and property	5,000	5,000	2,554	(2,446)
Total revenues	<u>45,000</u>	<u>55,000</u>	<u>60,761</u>	<u>5,761</u>
Net change in fund balance	45,000	55,000	60,761	5,761
Fund balance, beginning	<u>488,414</u>	<u>488,414</u>	<u>488,414</u>	<u>-</u>
Fund balance, ending	<u>\$ 533,414</u>	<u>\$ 543,414</u>	<u>\$ 549,175</u>	<u>\$ 5,761</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 CDBG
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 241,565	\$ 241,565	\$ 95,708	\$ (145,857)
Miscellaneous	20,000	20,000	20,579	579
Total revenues	<u>261,565</u>	<u>261,565</u>	<u>116,287</u>	<u>(145,278)</u>
Expenditures				
Current:				
Community services	44,998	44,998	115,980	(70,982)
Capital outlay	<u>216,567</u>	<u>216,567</u>	-	<u>216,567</u>
Total expenditures	<u>261,565</u>	<u>261,565</u>	<u>115,980</u>	<u>145,585</u>
Net change in fund balance	-	-	307	307
Fund balance (deficit), beginning	<u>(307)</u>	<u>(307)</u>	<u>(307)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (307)</u>	<u>\$ (307)</u>	<u>\$ -</u>	<u>\$ 307</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 MEASURE W
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 273,748	\$ 273,748
Total revenues	-	-	273,748	273,748
Expenditures				
Current:				
Public works	151,806	151,806	42,555	109,251
Total expenditures	151,806	151,806	42,555	109,251
Net change in fund balance	(151,806)	(151,806)	231,193	382,999
Fund balance (deficit), beginning	(109,301)	(109,301)	(109,301)	-
Fund balance (deficit), ending	\$ (261,107)	\$ (261,107)	\$ 121,892	\$ 382,999

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 ASSET FORFEITURE
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 76,501	\$ 76,501
Use of money and property	50	50	814	764
Total revenues	50	50	77,315	77,265
Expenditures				
Current:				
Public Safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	50	50	77,315	77,265
Fund balance, beginning	143,780	143,780	143,780	-
Fund balance, ending	\$ 143,830	\$ 143,830	\$ 221,095	\$ 77,265

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital outlay	15,080	15,080	10,252	4,828
Total expenditures	15,080	15,080	10,252	4,828
Net change in fund balance	(15,080)	(15,080)	(10,252)	4,828
Fund balance, beginning	10,252	10,252	10,252	-
Fund balance (deficit), ending	\$ (4,828)	\$ (4,828)	\$ -	\$ 4,828

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 156,727	\$ 56,727
Use of money and property	2,500	2,500	2,008	(492)
Total revenues	<u>102,500</u>	<u>102,500</u>	<u>158,735</u>	<u>56,235</u>
Expenditures				
Current:				
Capital outlay	200,000	200,000	146,830	53,170
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>146,830</u>	<u>53,170</u>
Net change in fund balance	(97,500)	(97,500)	11,905	109,405
Fund balance, beginning	<u>352,167</u>	<u>352,167</u>	<u>352,167</u>	-
Fund balance, ending	<u>\$ 254,667</u>	<u>\$ 254,667</u>	<u>\$ 364,072</u>	<u>\$ 109,405</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 160,000	\$ 160,000	\$ 164,527	\$ 4,527
Use of money and property	6,000	6,000	3,831	(2,169)
Total revenues	<u>166,000</u>	<u>166,000</u>	<u>168,358</u>	<u>2,358</u>
Expenditures				
Current:				
Community services	100,000	100,000	18,050	81,950
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>18,050</u>	<u>81,950</u>
Net change in fund balance	66,000	66,000	150,308	84,308
Fund balance, beginning	<u>703,574</u>	<u>703,574</u>	<u>703,574</u>	-
Fund balance, ending	<u>\$ 769,574</u>	<u>\$ 769,574</u>	<u>\$ 853,882</u>	<u>\$ 84,308</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, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 344,175	\$ 344,175	\$ 328,956	\$ (15,219)
Use of money and property	10,000	10,000	5,041	(4,959)
Total revenues	<u>354,175</u>	<u>354,175</u>	<u>333,997</u>	<u>(20,178)</u>
Expenditures				
Capital outlay	962,766	962,766	343,454	619,312
Total expenditures	<u>962,766</u>	<u>962,766</u>	<u>343,454</u>	<u>619,312</u>
Net change in fund balance	(608,591)	(608,591)	(9,457)	599,134
Fund balance, beginning	<u>1,080,602</u>	<u>1,080,602</u>	<u>1,080,602</u>	<u>-</u>
Fund balance, ending	<u>\$ 472,011</u>	<u>\$ 472,011</u>	<u>\$ 1,071,145</u>	<u>\$ 599,134</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 MEASURE M
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 390,024	\$ 390,024	\$ 372,719	\$ (17,305)
Use of money and property	7,000	7,000	5,428	(1,572)
Total revenues	<u>397,024</u>	<u>397,024</u>	<u>378,147</u>	<u>(18,877)</u>
Expenditures				
Capital outlay	953,474	953,474	-	953,474
Total expenditures	<u>953,474</u>	<u>953,474</u>	<u>-</u>	<u>953,474</u>
Net change in fund balance	(556,450)	(556,450)	378,147	934,597
Fund balance, beginning	<u>960,536</u>	<u>960,536</u>	<u>960,536</u>	<u>-</u>
Fund balance, ending	<u>\$ 404,086</u>	<u>\$ 404,086</u>	<u>\$ 1,338,683</u>	<u>\$ 934,597</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 6,412	\$ 6,412	\$ 1,114	\$ (5,298)
Total revenues	6,412	6,412	1,114	(5,298)
Expenditures				
Capital outlay	148,568	148,568	125,802	22,766
Total expenditures	148,568	148,568	125,802	22,766
Net change in fund balance	(142,156)	(142,156)	(124,688)	17,468
Fund balance, beginning	293,781	293,781	293,781	-
Fund balance, ending	\$ 151,625	\$ 151,625	\$ 169,093	\$ 17,468

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PUBLIC EDUCATION FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 18,000	\$ 18,000	\$ 9,074	\$ (8,926)
Use of money and property	1,825	1,825	824	(1,001)
Total revenues	<u>19,825</u>	<u>19,825</u>	<u>9,898</u>	<u>(9,927)</u>
Net change in fund balance	19,825	19,825	9,898	(9,927)
Fund balance, beginning	<u>171,784</u>	<u>171,784</u>	<u>171,784</u>	<u>-</u>
Fund balance, ending	<u>\$ 191,609</u>	<u>\$ 191,609</u>	<u>\$ 181,682</u>	<u>\$ (9,927)</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 ROAD MAINTENANCE & REHAB FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 495,685	\$ 495,685	\$ 474,939	\$ (20,746)
Use of money and property	7,000	7,000	3,474	(3,526)
Total revenues	<u>502,685</u>	<u>502,685</u>	<u>478,413</u>	<u>(24,272)</u>
Expenditures				
Capital outlay	886,000	886,000	451,156	434,844
Total expenditures	<u>886,000</u>	<u>886,000</u>	<u>451,156</u>	<u>434,844</u>
Net change in fund balance	(383,315)	(383,315)	27,257	410,572
Fund balance, beginning	<u>688,393</u>	<u>688,393</u>	<u>688,393</u>	<u>-</u>
Fund balance, ending	<u>\$ 305,078</u>	<u>\$ 305,078</u>	<u>\$ 715,650</u>	<u>\$ 410,572</u>

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 BTA GRANT
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital outlay	10,322	10,322	7,830	2,492
Total expenditures	10,322	10,322	7,830	2,492
Net change in fund balance	(10,322)	(10,322)	(7,830)	2,492
Fund balance (deficit), beginning	(409,118)	(409,118)	(409,118)	-
Fund balance (deficit), ending	\$ (419,440)	\$ (419,440)	\$ (416,948)	\$ 2,492

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 HOUSING AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 22,676	\$ 22,676	\$ 20,896	\$ (1,780)
Total revenues	22,676	22,676	20,896	(1,780)
Expenditures				
Current:				
Community development	10,000	10,000	10,361	(361)
Total expenditures	10,000	10,000	10,361	(361)
Net change in fund balance	12,676	12,676	10,535	(2,141)
Fund balance, beginning	70,649	70,649	70,649	-
Fund balance, ending	\$ 83,325	\$ 83,325	\$ 81,184	\$ (2,141)

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FACILITIES & EQUIPMENT CAPITAL PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,000	\$ 1,000	\$ 10,423	\$ 9,423
Total revenues	1,000	1,000	10,423	9,423
Expenditures				
Capital outlay	832,230	832,230	571,685	260,545
Total expenditures	832,230	832,230	571,685	260,545
Excess (deficiency) of revenues over (under) expenditures	(831,230)	(831,230)	(561,262)	269,968
Other financing sources				
Transfers in	740,000	740,000	784,679	44,679
Total other financing sources	740,000	740,000	784,679	44,679
Net change in fund balance	(91,230)	(91,230)	223,417	314,647
Fund balance, beginning	2,306,623	2,306,623	2,306,623	-
Fund balance, ending	\$ 2,215,393	\$ 2,215,393	\$ 2,530,040	\$ 314,647

CITY OF SOUTH PASADENA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 2000 TAX ALLOCATION BONDS CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 46	\$ 46
Total revenues	-	-	46	46
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	46	46
Fund balance, beginning	924,821	924,821	924,821	-
Fund balance, ending	\$ 924,821	\$ 924,821	\$ 924,867	\$ 46

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital outlay	522,948	522,948	150,934	372,014
Total expenditures	522,948	522,948	150,934	372,014
Excess (deficiency) of revenues over (under) expenditures	(522,948)	(522,948)	(150,934)	372,014
Other financing sources				
Transfers in	509,948	509,948	509,948	-
Total other financing sources	509,948	509,948	509,948	-
Net change in fund balance	(13,000)	(13,000)	359,014	372,014
Fund balance, beginning	2,117,315	2,117,315	2,117,315	-
Fund balance, ending	\$ 2,104,315	\$ 2,104,315	\$ 2,476,329	\$ 372,014

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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 annual comprehensive 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	Page
Financial Trends	117
<p>These schedules contain trend information to help the reader understand how the City’s financial performance and well being have changed over time.</p>	
Revenue Capacity	127
<p>These schedules contain information to help the reader assess one of the City’s most significant local revenue source, the property tax.</p>	
Debt Capacity	131
<p>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.</p>	
Demographic and Economic Information	135
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</p>	
Operating Information	138
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the government provides and the activities it performs.</p>	

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

Financial Trends

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CITY OF SOUTH PASADADENA

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net investment in capital assets	\$ 62,226,846	\$ 61,969,593	\$ 62,764,726	\$ 63,611,268	\$ 57,152,793
Restricted	2,722,783	2,328,184	3,184,841	4,179,297	4,894,822
Unrestricted	5,143,951	7,314,507	8,720,752	(14,506,500)	(12,620,721)
Total governmental activities net position	<u>\$ 70,093,580</u>	<u>\$ 71,612,284</u>	<u>\$ 74,670,319</u>	<u>\$ 53,284,065</u>	<u>\$ 49,426,894</u>
Business-type activities:					
Net investment in capital assets	\$ 4,808,013	\$ 7,448,158	\$ 10,855,319	\$ 11,727,300	\$ 19,878,644
Restricted	29,973,386	-	-	2,982,160	2,880,237
Unrestricted	(22,097,380)	334,901	6,943,845	4,690,608	4,159,721
Total business-type activities net position	<u>\$ 12,684,019</u>	<u>\$ 7,783,059</u>	<u>\$ 17,799,164</u>	<u>\$ 19,400,068</u>	<u>\$ 26,918,602</u>
Primary Government:					
Net investment in capital assets	\$ 67,034,859	\$ 69,417,751	\$ 73,620,045	\$ 75,338,568	\$ 77,031,437
Restricted	32,696,169	2,328,184	3,184,841	7,161,457	7,775,059
Unrestricted	(16,953,429)	7,649,408	15,664,597	(9,815,892)	(8,461,000)
Total primary government net position	<u>\$ 82,777,599</u>	<u>\$ 79,395,343</u>	<u>\$ 92,469,483</u>	<u>\$ 72,684,133</u>	<u>\$ 76,345,496</u>

(Continued)

		Fiscal Year				
	2017	2018	2019	2020	2021	
\$	59,774,372	62,806,755	60,351,839	59,395,318	60,662,686	
	6,328,022	6,336,084	8,115,962	9,634,946	10,700,987	
	(15,130,068)	(24,210,258)	(22,350,734)	(26,491,377)	(21,456,324)	
\$	<u>50,972,326</u>	<u>\$ 44,932,581</u>	<u>\$ 46,117,067</u>	<u>\$ 42,538,887</u>	<u>\$ 49,907,349</u>	
\$	22,302,873	\$ 25,526,014	\$ 23,661,335	\$ 25,255,248	\$ 22,958,548	
	2,998,161	1,154,374	1,156,612	1,158,406	1,158,268	
	4,178,403	6,037,490	10,548,528	13,371,764	21,337,200	
\$	<u>29,479,437</u>	<u>\$ 32,717,878</u>	<u>\$ 35,366,475</u>	<u>\$ 39,785,418</u>	<u>\$ 45,454,016</u>	
\$	82,077,245	\$ 88,332,769	\$ 84,013,174	\$ 84,650,566	\$ 83,621,234	
	9,326,183	7,490,458	9,272,574	10,793,352	11,859,255	
	(10,951,665)	(18,172,768)	(11,802,206)	(13,119,613)	(119,124)	
\$	<u>80,451,763</u>	<u>\$ 77,650,459</u>	<u>\$ 81,483,542</u>	<u>\$ 82,324,305</u>	<u>\$ 95,361,365</u>	

CITY OF SOUTH PASADENA

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental Activities:					
General government	\$ 7,449,632	\$ 4,152,804	\$ 5,039,084	\$ 4,354,683	\$ 3,847,476
Public safety	11,596,854	11,217,279	11,012,625	12,363,366	13,218,063
Community development	948,777	902,945	918,665	1,116,084	953,471
Community services	3,052,840	3,101,910	3,132,433	3,336,626	3,153,329
Public works	5,306,742	4,758,677	4,990,390	5,578,457	5,578,850
Interest on long-term debt	47,185	8,288	4,465	4,335	-
Total Governmental Activities Expenses	<u>28,402,030</u>	<u>24,141,903</u>	<u>25,097,662</u>	<u>26,753,551</u>	<u>26,751,189</u>
Business-type activities:					
Water Utility	4,598,754	6,135,803	5,804,509	4,772,647	5,886,309
Sewer Utility	1,104,098	838,800	998,603	968,996	962,623
Arroyo Seco Golf Course	985,611.00	888,930.00	930,255.00	923,660	954,898
Total Business-type Activities Expenses	<u>6,688,463</u>	<u>7,863,533</u>	<u>7,733,367</u>	<u>6,665,303</u>	<u>7,803,830</u>
Total Primary Government Expenses	<u>35,090,493</u>	<u>32,005,436</u>	<u>32,831,029</u>	<u>33,418,854</u>	<u>34,555,019</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General government	\$ 1,489,846	\$ 1,005,393	\$ 1,173,376	\$ 1,372,549	\$ 1,126,241
Public safety	899,536	868,577	983,181	1,189,968	1,154,628
Community development	548,532	576,063	761,632	963,987	804,309
Community services	772,898	805,635	864,271	1,064,439	853,949
Public works	1,102,936	1,103,664	1,159,519	1,226,729	1,172,172
Total Charges for Services	<u>4,813,748</u>	<u>4,359,332</u>	<u>4,941,979</u>	<u>5,817,672</u>	<u>5,111,299</u>
Operating Contribution and Grants:					
General government	43,838	32,872	53,999	21,413	164,625
Public safety	779,399	775,610	328,654	185,067	116,029
Community development	618,435	610,355	504,312	476,886	627,488
Community services	30,937	31,854	24,876	38,348	20,527
Public works	184,948	255,526	348,797	212,472	399,656
Total Operating Contributions and Grants	<u>1,657,557</u>	<u>1,706,217</u>	<u>1,260,638</u>	<u>934,186</u>	<u>1,328,325</u>
Capital Contributions and Grants:					
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Public works	1,415,306	93,947	1,300,814	1,220,504	734,935
Total Capital Contributions and Grants	<u>1,415,306</u>	<u>93,947</u>	<u>1,300,814</u>	<u>1,220,504</u>	<u>734,935</u>
Total Governmental Activities Program Revenue	<u>7,886,611</u>	<u>6,159,496</u>	<u>7,503,431</u>	<u>7,972,362</u>	<u>7,174,559</u>
Business-type Activities:					
Charges for services:					
Water Utility	6,903,816	8,022,705	9,210,982	8,694,880	8,094,350
Sewer Utility	955,204	1,127,843	1,256,682	1,353,233	1,543,925
Arroyo Seco Golf Course	1,195,978	1,082,826	1,197,047	1,133,562	1,129,927
Operating Contribution and Grants:					
Water Utility	-	-	-	-	-
Total Business-type Activities Program Revenue	<u>9,054,998</u>	<u>10,233,374</u>	<u>11,664,711</u>	<u>11,181,675</u>	<u>10,768,202</u>
Total primary government program revenues	<u>16,941,609</u>	<u>16,392,870</u>	<u>19,168,142</u>	<u>19,154,037</u>	<u>17,942,761</u>
Net (expenses) revenues:					
Governmental activities	(20,515,419)	(17,982,407)	(17,594,231)	(18,781,189)	(19,576,630)
Business-type activities	2,366,535	2,369,841	3,931,344	4,516,372	2,964,372
Total primary government net (expenses)/revenues	<u>\$ (18,148,884)</u>	<u>\$ (15,612,566)</u>	<u>\$ (13,662,887)</u>	<u>\$ (14,264,817)</u>	<u>\$ (16,612,258)</u>

(Continued)

Fiscal Year				
2017	2018	2019	2020	2021
\$ 4,324,484	\$ 5,560,722	\$ 6,014,464	\$ 10,256,658	\$ 8,488,362
15,596,078	14,624,313	14,261,686	16,650,223	18,962,727
1,289,447	1,037,091	1,361,590	1,891,456	1,830,130
3,566,285	3,819,654	3,984,070	3,768,976	3,415,967
5,529,025	5,197,516	6,045,511	5,536,975	3,568,244
-	-	-	-	-
<u>30,305,319</u>	<u>30,239,296</u>	<u>31,667,321</u>	<u>38,104,288</u>	<u>36,265,430</u>
7,028,827	7,060,363	8,116,822	8,817,002	7,935,991
1,012,338	686,672	1,280,398	1,189,754	1,280,104
1,032,358	1,096,327	1,158,137	1,030,565	1,131,455
<u>9,073,523</u>	<u>8,843,362</u>	<u>10,555,357</u>	<u>11,037,321</u>	<u>10,347,550</u>
<u>39,378,842</u>	<u>39,082,658</u>	<u>42,222,678</u>	<u>49,141,609</u>	<u>46,612,980</u>
\$ 1,026,398	\$ 922,603	\$ 806,758	\$ 2,138,708	\$ 1,615,244
1,166,125	1,554,948	1,584,152	1,479,307	2,077,333
871,571	3,160	7,647	15,812	-
926,897	841,445	761,334	480,130	324,106
1,189,342	1,449,325	1,313,942	1,385,391	1,358,505
<u>5,180,333</u>	<u>4,771,481</u>	<u>4,473,833</u>	<u>5,499,348</u>	<u>5,375,188</u>
312,062	48,304	755,965	414,862	1,415,551
175,919	173,401	136,627	197,747	176,000
810,749	22,189	34,967	2,876	23,916
84,519	25,248	965,060	1,010,094	931,932
87,864	702,884	2,338,935	1,802,848	1,823,284
<u>1,471,113</u>	<u>972,026</u>	<u>4,231,554</u>	<u>3,428,427</u>	<u>4,370,683</u>
901,436	-	-	-	-
-	143,601	115,076	-	-
1,516,800	1,182,367	957,234	976,308	1,429,167
<u>2,418,236</u>	<u>1,325,968</u>	<u>1,072,310</u>	<u>976,308</u>	<u>1,429,167</u>
<u>9,069,682</u>	<u>7,069,475</u>	<u>9,777,697</u>	<u>9,904,083</u>	<u>11,175,038</u>
8,804,890	9,830,246	10,152,661	11,089,616	12,022,464
1,583,362	1,614,351	1,472,122	1,962,443	2,108,764
1,101,970	1,166,516	1,255,815	1,074,883	1,767,133
-	200,167	-	90,833	30,604
<u>11,490,222</u>	<u>12,811,280</u>	<u>12,880,598</u>	<u>14,217,775</u>	<u>15,928,965</u>
<u>20,559,904</u>	<u>19,880,755</u>	<u>22,658,295</u>	<u>24,121,858</u>	<u>27,104,003</u>
(21,235,637)	(23,169,821)	(21,889,624)	(28,200,205)	(25,090,392)
<u>2,416,699</u>	<u>3,967,918</u>	<u>2,325,241</u>	<u>3,180,454</u>	<u>5,581,415</u>
<u>\$ (18,818,938)</u>	<u>\$ (19,201,903)</u>	<u>\$ (19,564,383)</u>	<u>\$ (25,019,751)</u>	<u>\$ (19,508,977)</u>

CITY OF SOUTH PASADENA

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,557,651	\$ 11,074,604	\$ 11,462,585	\$ 11,779,438	\$ 12,632,984
Sales taxes	2,956,964	2,481,560	3,447,593	3,535,113	3,786,423
Franchise taxes	814,766	810,642	804,995	878,332	875,304
Business License taxes	347,096	363,437	373,935	385,691	397,762
Other taxes	4,133,582	4,092,063	4,004,746	3,965,217	3,940,883
Motor Vehicle in Lieu - Unrestricted	13,267	10,980	-	16,845	10,561
Use of money and property	381,165	446,167	498,208	542,196	739,761
Other	104,245	221,658	32,823	70,188	745,315
Transfers	-	-	-	87,000	13,919
Extraordinary gain/loss on dissolution of RDA	(442,708)	-	-	-	-
Total governmental activities	<u>18,866,028</u>	<u>19,501,111</u>	<u>20,624,885</u>	<u>21,260,020</u>	<u>23,142,912</u>
Business-type activities:					
Use of money and property	45,652	38,006	28,372	32,205	137,524
Miscellaneous	-	-	-	-	-
Other	10,901	5,972	10,143	184,786	230,156
Transfers	-	-	-	(87,000)	(13,919)
Total business-type activities	<u>56,553</u>	<u>43,978</u>	<u>38,515</u>	<u>129,991</u>	<u>353,761</u>
Total primary government	<u>18,922,581</u>	<u>19,545,089</u>	<u>20,663,400</u>	<u>21,390,011</u>	<u>23,496,673</u>
Change in Net Position:					
Governmental activities	(1,649,391)	1,518,704	3,030,654	2,478,831	3,566,282
Business-type activities	<u>2,423,088</u>	<u>2,413,819</u>	<u>3,969,859</u>	<u>4,646,363</u>	<u>3,318,133</u>
Total primary government	<u>\$ 773,697</u>	<u>\$ 3,932,523</u>	<u>\$ 7,000,513</u>	<u>\$ 7,125,194</u>	<u>\$ 6,884,415</u>

(Continued)

Fiscal Year				
2017	2018	2019	2020	2021
\$ 13,236,932	\$ 14,135,844	\$ 15,368,198	\$ 15,491,557	\$ 16,772,602
3,627,051	3,965,016	2,563,117	2,864,474	5,132,645
818,724	784,736	1,002,408	794,838	995,705
412,594	389,726	399,653	375,399	392,174
4,057,552	3,775,843	3,228,320	3,445,454	3,738,531
11,660	13,682	392,595	396,008	415,385
553,165	650,749	1,308,952	1,356,990	4,859,029
38,877	130,310	11,815	197,666	152,783
24,514	-	80,000	(321,132)	-
-	-	-	-	-
<u>22,781,069</u>	<u>23,845,906</u>	<u>24,355,058</u>	<u>24,601,254</u>	<u>32,458,854</u>
(2,802)	92,551	392,230	265,004	62,447
-	-	-	-	-
171,452	216,693	94,367	652,353	24,736
(24,514)	-	(80,000)	321,132	-
<u>144,136</u>	<u>309,244</u>	<u>406,597</u>	<u>1,238,489</u>	<u>87,183</u>
<u>22,925,205</u>	<u>24,155,150</u>	<u>24,761,655</u>	<u>25,839,743</u>	<u>32,546,037</u>
1,545,432	676,085	2,465,434	(3,598,951)	7,368,462
<u>2,560,835</u>	<u>4,277,162</u>	<u>2,731,838</u>	<u>4,418,943</u>	<u>5,668,598</u>
<u>\$ 4,106,267</u>	<u>\$ 4,953,247</u>	<u>\$ 5,197,272</u>	<u>\$ 819,992</u>	<u>\$ 13,037,060</u>

CITY OF SOUTH PASADENA

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ 433,637	\$ 1,199,091	\$ 1,207,961	\$ 1,022,841	\$ 1,035,224
Restricted	-	-	-	-	-
Committed	2,563,481	2,141,481	2,650,000	3,500,000	5,635,000
Assigned	-	-	-	-	-
Unassigned	11,757,341	11,727,832	12,788,280	13,124,419	12,724,205
Total General Fund	<u>14,754,459</u>	<u>15,068,404</u>	<u>16,646,241</u>	<u>17,647,260</u>	<u>19,394,429</u>
All Other Governmental Funds:					
Nonspendable	-	-	-	-	-
Restricted	2,722,783	2,328,184	3,184,841	4,179,297	4,894,822
Committed	-	579,447	611,447	461,472	696,953
Assigned	-	-	-	-	-
Unassigned	(4,015,530)	(1,049,935)	(791,469)	(572,623)	(771,286)
Total all other governmental funds	<u>(1,292,747)</u>	<u>1,857,696</u>	<u>3,004,819</u>	<u>4,068,146</u>	<u>4,820,489</u>
Total governmental funds	<u>\$ 13,461,712</u>	<u>\$ 16,926,100</u>	<u>\$ 19,651,060</u>	<u>\$ 21,715,406</u>	<u>\$ 24,214,918</u>

(Continued)

		Fiscal Year							
		2017	2018	2019	2020	2021			
\$	1,044,519	\$	904,445	\$	455,083	\$	305,396	\$	1,332,864
	-		-		-		-		-
	5,899,130		5,803,778		5,945,656		5,547,682		5,526,943
	-		-		-		-		72,940
	9,681,531		11,182,760		12,017,146		12,700,662		18,710,860
	<u>16,625,180</u>		<u>17,890,983</u>		<u>18,417,885</u>		<u>18,553,740</u>		<u>25,643,607</u>
	-		-		4,106		-		-
	6,328,022		6,336,084		8,115,962		9,634,946		10,700,987
	2,482,803		796,721		3,635,244		4,423,938		5,009,495
	-		-		-		-		-
	<u>(791,741)</u>		<u>(874,184)</u>		<u>(1,178,791)</u>		<u>(1,817,114)</u>		<u>(1,300,135)</u>
	<u>8,019,084</u>		<u>6,258,621</u>		<u>10,576,521</u>		<u>12,241,770</u>		<u>14,410,347</u>
\$	<u>24,644,264</u>	\$	<u>24,149,604</u>	\$	<u>28,994,406</u>	\$	<u>30,795,510</u>	\$	<u>40,053,954</u>

CITY OF SOUTH PASADENA

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
Taxes	\$ 18,393,272	\$ 19,166,312	\$ 19,697,011	\$ 20,205,691	\$ 21,235,594
Assessment	888,619	905,459	896,465	895,798	876,972
Licenses and permits	944,680	1,012,753	985,186	1,047,540	1,069,023
Intergovernmental	2,909,377	4,290,262	2,303,094	1,989,281	1,104,398
Charges for services	2,222,151	2,270,737	2,682,074	3,880,357	3,439,167
Use of money and property	381,165	446,167	498,208	542,194	739,761
Fines and forfeitures	533,035	523,629	412,748	347,585	444,556
Contributions	11,285	17,970	12,455	12,365	9,691
Miscellaneous	701,995	313,612	594,210	480,206	1,028,401
Total Revenues	26,985,579	28,946,901	28,081,451	29,401,017	29,947,563
Expenditures:					
Current:					
General government	4,207,231	5,651,008	4,297,373	3,988,989	3,930,354
Public safety	11,217,259	10,968,211	10,636,711	11,651,620	12,099,774
Community development	955,648	898,709	911,871	1,121,098	1,003,041
Community services	2,915,639	2,953,811	2,970,037	3,209,105	3,175,023
Public works	3,024,746	2,921,136	2,970,322	3,107,053	3,638,844
Capital outlay	2,467,712	2,028,330	3,536,250	3,739,660	3,507,229
Debt service:					
Principal retirement	48,289	50,650	53,130	55,725	58,450
Interest and fiscal charges	67,064	10,658	8,178	5,583	2,858
Total expenditures	24,903,588	25,482,513	25,383,872	26,878,833	27,415,573
Excess/(deficiency) of Revenues Over Expenditures	2,081,991	3,464,388	2,697,579	2,522,184	2,531,990
Other financing sources (uses):					
Transfers in	46,729	1,176,376	421,511	408,497	648,622
Transfers out	(46,729)	(1,176,376)	(421,511)	(625,137)	(681,100)
Total other financing sources (uses)	-	-	-	(216,640)	(32,478)
Net Change in Fund Balances	\$ 2,081,991	\$ 3,464,388	\$ 2,697,579	\$ 2,305,544	\$ 2,499,512
Debt service as a percentage of noncapital expenditures	0.5%	0.3%	0.3%	0.3%	0.3%

(Continued)

		Fiscal Year							
		2017	2018	2019	2020	2021			
\$	21,740,257	\$	22,827,899	\$	24,330,245	\$	24,739,711	\$	28,928,014
	892,361		890,227		893,205		890,461		892,903
	1,093,865		1,001,349		968,082		929,327		845,430
	3,193,603		1,374,597		2,222,496		1,557,375		3,174,531
	3,529,076		3,711,816		3,567,809		3,289,275		3,509,581
	553,165		650,749		1,308,948		1,356,990		4,859,030
	397,738		388,061		339,636		264,601		143,449
	4,310		16,135		-		-		-
	576,915		54,548		422,334		552,386		554,360
	<u>31,981,290</u>		<u>30,915,381</u>		<u>34,052,755</u>		<u>33,580,126</u>		<u>42,907,298</u>
	4,208,084		4,643,875		5,195,028		5,148,946		5,304,355
	13,454,529		13,223,377		13,253,827		14,737,277		16,787,261
	1,157,431		1,037,091		1,127,178		1,891,456		1,830,130
	3,394,984		3,570,903		3,523,793		3,282,820		2,934,452
	3,602,684		3,294,839		3,657,890		3,457,068		3,483,627
	5,687,034		5,639,956		2,260,280		2,800,323		2,081,779
	-		-		-		-		-
	<u>31,504,746</u>		<u>31,410,041</u>		<u>29,017,996</u>		<u>31,317,890</u>		<u>32,421,604</u>
	<u>476,544</u>		<u>(494,660)</u>		<u>5,034,759</u>		<u>2,262,236</u>		<u>10,485,694</u>
	5,424,382		-		1,671,000		1,990,597		1,294,627
	<u>(5,481,580)</u>		<u>-</u>		<u>(1,860,956)</u>		<u>(2,451,729)</u>		<u>(2,521,877)</u>
	<u>(57,198)</u>		<u>-</u>		<u>(189,956)</u>		<u>(461,132)</u>		<u>(1,227,250)</u>
\$	<u>419,346</u>	\$	<u>(494,660)</u>	\$	<u>4,844,803</u>	\$	<u>1,801,104</u>	\$	<u>9,258,444</u>
	0.0%		0.0%		0.0%		0.0%		0.0%

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Revenue Capacity

CITY OF SOUTH PASADENA

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

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
2019	4,421,323	318,282	117,481	(9,974)	4,847,112	0.263%	N/A	N/A
2020	4,654,181	338,070	134,525	(9,977)	5,116,799	0.264%	N/A	N/A
2021	4,901,129	369,099	137,804	(9,977)	5,398,055	0.264%	N/A	N/A

Source: County of Los Angeles Auditor-Controleir 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
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
2019	0.2400	0.2634	0.2857	0.2551	0.0060	0.0096	0.0320
2020	0.2400	0.2638	0.2857	0.2551	0.0060	0.0096	0.0320
2021	0.2400	0.2640	0.2857	0.2551	0.0060	0.0096	0.0320

Fiscal Year	Overlapping Rates						Total
	Voter Approved						
School District	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		
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
2019	0.1712	0.0005	0.1438	0.00350	-	0.0077	1.1551
2020	0.1712	0.0005	0.1453	0.00350	-	0.0072	1.1561
2021	0.1712	0.0005	0.1712	0.00048	-	0.0320	1.2037

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	2020/2021			2010/2011		
	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	\$ 31,940,280	1	0.60%			
WF Property Holdings LP	16,870,439	2	0.31%			
GELT Storage 919 Mission LLC	16,830,000	3	0.31%			
WWNC 1653 Amberwood Dr LLC	14,463,350	4	0.27%			
NC Raymondale LLC	14,237,686	5	0.27%			
DC El Centro Holdings	13,770,000	6	0.26%			
Jerry B and Roberta L Furrey Trust	13,139,768	7	0.24%			
LDW Pico Properties LLC	12,590,849	8	0.23%			
Casa De General LLC	12,447,769	9	0.23%			
99 Pasadena Avenue LLC	12,296,991	10	0.23%			
H and O Fair Oaks Partners				16,380,695	1	0.48%
99 Pasadena Avenue LLC				10,959,793	2	0.32%
Casa De General LLC				10,613,629	3	0.31%
Golden Oaks Investment LLC				9,198,168	4	0.27%
NNC Terraces At South Pasadena				9,075,329	5	0.27%
California Empire LP				8,834,896	6	0.26%
KAN Investments Limited				8,802,033	7	0.26%
Time Warner Entertainment				8,341,024	8	0.25%
Richard Wagner Trust				8,176,668	9	0.24%
H P III Limited				7,685,398	10	0.23%
Total	<u>\$ 158,587,132</u>		2.95%	<u>\$ 98,067,633</u>		2.89%

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%	(18,677)	10,396,718	97.0%
2019	11,427,260	10,832,812	94.8%	(56,597)	10,776,215	94.3%
2020	12,054,638	11,959,079	99.2%	(35,338)	11,923,741	98.9%
2021	12,740,204	12,430,784	97.6%	(23,528)	12,407,256	97.4%

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	1,745,000	217,955	-	50,670,000	-	52,632,955	4.17%	1,978
2013	1,650,000	167,305	-	49,887,458	-	51,704,763	3.92%	1,936
2014	1,550,000	114,175	-	48,854,762	527,283	51,046,220	4.11%	1,903
2015	1,445,000	58,450	-	47,838,993	2,475,913	51,818,356	4.16%	1,936
2016	1,335,000	-	-	46,753,226	4,147,892	52,236,118	4.21%	1,956
2017	1,220,000	-	-	48,533,332	6,373,623	56,126,955	4.58%	2,112
2018	1,095,000	-	-	46,957,581	7,415,790	55,468,371	4.34%	2,130
2019	965,000	-	-	45,526,831	9,866,459	56,358,290	4.02%	2,147
2020	825,000	-	-	43,435,821	15,138,699	59,399,520	4.00%	2,333
2021	680,000	-	-	42,560,331	14,740,387	57,980,718	3.72%	2,259

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, 2021**

Fiscal Year 2020-21 Assessed Valuation : \$4,826,149,825 after deducting \$581,879,731 incremental value

	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/2021</u>
Direct Debt			
2012 State Loan Payable	\$ 8,707,478	100.0000%	\$ 8,707,478
2013 Water Revenue Bonds	\$ 4,245,000	100.0000%	4,245,000
2016 Water Revenue Bonds	\$ 34,290,000	100.0000%	34,290,000
Total Direct Debt			<u>47,242,478</u>
Overlapping Debt			
Metropolitan Water District	13,101,783	34.000%	44,487
Pasadena Area Community College District 2014 Ref Series A	10,880,000	5.473%	595,428
Pasadena Area Community College District 2016 Ref Series A	51,650,000	5.473%	2,826,642
South Pasadena Unified 95 Series B	432,152	100.000%	432,152
South Pasadena Unified SD DS 95 S-C	2,512,030	100.000%	2,512,030
South Pasadena Unified SD DS 95 Series D	1,391,591	100.000%	1,391,591
South Pasadena USD DS 2012 REF BND	14,747,583	100.000%	14,747,583
South Pasadena USD DS 2016 Seriesies A	18,615,000	100.000%	18,615,000
South Pasadena USD DS 2018 REF 2002 Series B	9,480,617	100.000%	9,480,617
South Pasadena USD DS 2016 Series B	49,995,000	100.000%	49,995,000
Total Overlapping Tax and Assessment Debt			100,640,530
Combined Total Debt			<u><u>147,883,008</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	0.00%
Overlapping Debt	2.09%
Total Debt	2.09%

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%
2019	727,067	-	727,067	0.00%
2020	767,520	-	767,520	0.00%
2021	809,708	-	809,708	0.00%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 5,398,055
Debt limit (15% of assessed value)	809,708
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 809,708</u></u>

CITY OF SOUTH PASADENA

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

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				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	
2019	9,176	6,254	2,922	1,195	1,779	3.09	
2020	11,742	7,041	4,701	1,270	1,731	3.91	
2021	11,705	7,211	4,494	1,310	1,710	3.88	

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

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate
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%
2018	26,245	1,402,630	53,443	3.9%
2019	25,458	1,483,267	58,263	3.7%
2020	25,668	1,556,952	60,657	9.9%

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	2020-2021			2010-2011*		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
FLEUR & BEE	391	1	9.35%	-		0.00%
SOUTH PASADENA CARE CENTER, LLC	158	2	3.78%	-		0.00%
RALPH'S GROCERY CO. #21	108	3	2.58%	-		0.00%
TRADER JOE NO. 18	100	4	2.39%	-		0.00%
THE VONS COMPANIES - PAVILLIONS #2228	93	5	2.22%	-		0.00%
VCA TLC PASADENA VETERINARY SPECIALTY AND EMERGENC	86	6	2.06%	-		0.00%
BRISTOL FARMS	76	7	1.82%	-		0.00%
CITY OF HOPE SOUTH PASADENA	57	8	1.36%	-		0.00%
WHITTIER TRUST COMPANY	53	9	1.27%	-		0.00%
THE VONS COMPANIES #3075	51	10	1.22%	-		0.00%
Total	<u>1,173</u>		<u>28.05%</u>	<u>-</u>		<u>0.00%</u>
Total City Employment (3)	<u>4,183</u>					

* Information not available
Source: South Pasadena Finance Department/Business License

CITY OF SOUTH PASADENA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Legislative	8	8	8	8	8	5	5	5	5	5
City Manager	8	10	10	10	10	12	12	11	12	12
Finance	8	8	8	8	9	9	9	9	9	5
Public safety	81	81	81	81	79	81	80	80	77	75
Community Development	6	7	6	6	6	6	6	6	7	7
Public Works	30	27	28	28	20	21	21	20	21	22
Community Services	22	18	19	20	21	19	20	20	26	28
Water Utility	<u>9</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<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>	<u>164</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**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government:								
Number of building permits issued	342	476	354	349	433	424	876	1,510
Number of building inspections conducted	2,376	2,380	2,568	2,087	1,860	2,041	3,240	3,775
Refuse collection								
Refuse collected (tons per day)	90	85	83	69	74	77	83	80
Recyclables collected (tons per day)	38	29	28	25	29	32	30	32
Other public works								
Street resurfacing (miles)	2	1	1	2	2	0	5	1
Potholes repaired *	1,600	1,450	1,500	1,450	1,400	259	300	356
Water								
New connections	9	6	11	7	8	5	2	6
Water main breaks	5	9	10	9	6	5	4	7
Average daily consumption (million gallons)	4	4	5	3	3	3	3	3
Peak daily consumption (million gallons)	6	6	6	5	4	4	4	5
Fire Department								
Number of emergency calls responded to	1,664	1,594	1,695	1,775	1,880	1,483	2,584	2,276
Number of fire inspections	544	296	563	521	520	540	1,163	1,800
Police Department								
Arrest statistics	1,159	1,080	1,003	855	699	830	829	779
Traffic citations	3,468	3,753	3,717	2,847	2,288	4,313	4,038	3,815
Parking citations	9,629	10,936	11,388	8,843	10,811	9,136	7,803	7,071
Community Services								
Facility rentals	60	69	89	86	95	142	80	363
Recreation classes	419	441	432	399	416	465	277	631

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**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Other public works								
Street (miles)	55	55	55	55	55	55	55	55
Traffic signals	31	31	31	31	31	31	31	33
Park and recreation								
Parks	6	6	6	6	6	6	6	6
Acreage	89	89	89	89	89	89	89	89
Playgrounds	4	4	4	4	4	4	4	4
Baseball/softball diamonds	6	6	6	6	6	6	6	6
Soccer/football fields	4	4	4	4	4	4	4	4
Community centers	5	5	5	5	5	5	5	5
Water								
Water mains (miles)	68	68	68	68	68	68	68	68
Fire hydrants	165	165	165	165	165	165	165	308
Storage capacity (million gallons)	13	13	13	13	13	13	13	13
Sewage System								
Sanitary sewers (miles)	55	55	55	55	55	55	55	55
Storm sewers (miles)	2	2	2	2	2	2	2	2

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

Sources: Various City departments.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Honorable City Council
City of South Pasadena

We have audited, 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, the 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 (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated **June xx, 2022**.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Responses*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Responses* as items 2021-001, 2021-002 and 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying *Schedule of Findings and Responses* as item 2021-004.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Responses*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

June xx, 2022

Schedule of Findings and Responses

Finding 2021-001 Material Weakness – Bank Reconciliations (previously reported as Finding 2020-001)

Criteria

Bank reconciliations should be prepared, reviewed and approved in a timely manner.

Condition and Context

During our audit, we noted that bank statements for various accounts were not reconciled to the general ledger in a timely manner.

Cause

The City did not have controls in place to ensure bank reconciliations were performed in a timely manner.

Effect

Most of the problems encountered within the area of cash can be avoided if a proper system of checks and balances is incorporated into the City's procedures.

Recommendation

We recommend that all of the bank accounts be reconciled monthly to the general ledger and that all unusual reconciling items be promptly investigated and adjusted with adequate explanations. This is a repeat finding from the prior year, and although we observed some progress toward correcting this item, it was not sufficient to fully remove the finding.

Views of Responsible Officials and Planned Corrective Actions

See accompanying "Corrective Action Plan".

Finding 2021-002 Material Weakness – Accounting and Management of Capital Assets (previously reported as Finding 2020-002)

Criteria

Capital asset listings should be complete and depreciation expense should be calculated on each asset individually, utilizing accounting software.

Condition and Context

During our audit, we noted that certain capital assets were missing from the detailed listing of capital assets, journal entries to record depreciation expense were recorded to incorrect accounts and the calculation of depreciation expense was done incorrectly and manually. We also noted that several projects were open for multiple years, and those projects were continued to be carried as construction in progress when they have been completed. Some projects were carried in the construction in progress account when the project has been abandoned and there is no plan to complete the construction.

Cause

The City did not have controls in place to ensure capital assets and related depreciation expense was properly recorded.

Effect

The lack of procedures and controls over capital assets and related depreciation expense has led to inaccurate reporting of capital asset costs.

Schedule of Findings and Responses

Recommendation

We recommend that the City utilize the accounting software to assist in tracking capital asset purchases and disposals and assist in calculating depreciation expense and recoding the related entries. This is a repeat finding from the prior year, and although we observed some progress toward correcting this item, it was not sufficient to fully remove the finding.

Views of Responsible Officials and Planned Corrective Actions

See accompanying "Corrective Action Plan".

Finding 2021-003 Material Weakness – Year-End Closing Process (previously reported as Finding 2020-003)

Criteria

An important element of internal controls over financial reporting is for the entity to have procedures in place to ensure that all relevant accounts are reconciled at year-end.

Condition and Context

Over the past three years, the City has experienced a high turnover at the management level in the Finance Department. As a result, many accounts were not properly reviewed and/or reconciled at year-end in preparation for the audit. These accounts include (but are not limited to) capital assets amongst all funds, water fund inventory, interest income, fund balance and cash.

Cause

The City did not maintain the appropriate staffing levels to allow for the proper year-end closing process.

Effect

The City could be under/overstating amounts reported in the financial statements.

Recommendation

We recommend the City maintain proper staffing levels within the Finance Department to allow for the proper review and reconciliation at year-end. This is a repeat finding from the prior year, and although we observed some progress toward correcting this item, it was not sufficient to fully remove the finding.

Views of Responsible Officials and Planned Corrective Actions

See accompanying "Corrective Action Plan".

Finding 2021-004 – Noncompliance with Debt Reporting (previously reported as Finding 2020-006)

Criteria

In order to maintain compliance with bond requirements, annual filings must be made in a timely manner to Electronic Municipal Market Access (EMMA).

Condition and Context

During the audit, we noted reporting of continuing disclosure on the 2016 Water Revenue Refunding Bonds had not been submitted to Electronic Municipal Market Access (EMMA) agency in a timely manner.

Schedule of Findings and Responses

Cause

Due to the delay of financial reporting and issuance of the June 30, 2020 financial statements, the City fell out of compliance with the requirements noted above.

Effect

The City is not in compliance with bond reporting requirements.

Recommendation

We recommend the City prioritize timely financial reporting in the future to allow for timely reporting to EMMA. This is a repeat finding from the prior year, and although we observed some progress toward correcting this item, it was not sufficient to fully remove the finding.

Views of Responsible Officials and Planned Corrective Actions

See accompanying "Corrective Action Plan".



CITY OF SOUTH PASADENA

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Corrective Action Plan

Finding 2021-001 Material Weakness – Bank Reconciliations

Corrective Action: Management is in agreement with the recommendation and has been working diligently to improve the reconciliation process. There is a dedicated staff member responsible for the reconciliation process. Staff has cleared all of the backlog and is currently caught up.

Proposed Completion Date: While the City was still lagging behind for Fiscal Year 2020-2021, the City is currently caught up with the monthly Bank reconciliation.

Finding 2021-002 Material Weakness – Accounting and Management of Capital Assets

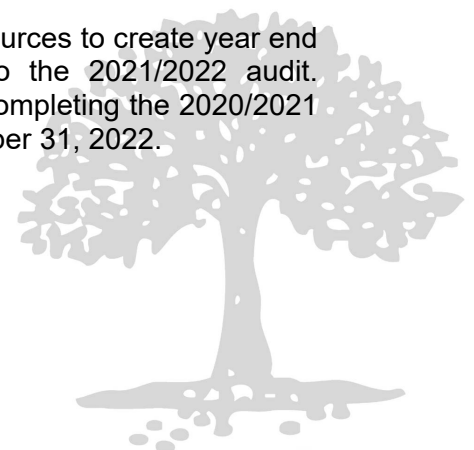
Corrective Action: Management agrees with the recommendation and will be exploring the capability of the current accounting software to manage the capital assets and assist in tracking purchases, disposals and assist in calculating depreciation expense.

Proposed Completion Date: Management will continue utilizing the current up-to-date Capital Assets worksheet to track purchases, disposals and depreciation expense until such time that resources would be available to be delegated to the transition of the information from the current worksheet to the accounting software.

Finding 2021-003 Material Weakness – Year-End Closing Process

Corrective Action: Management agrees with the recommendation and will be looking to implement procedures for the year end process to ensure all relevant accounts are reconciled at year end. Management will also review the current staffing levels to determine appropriate staffing levels are maintained.

Proposed Completion Date: Management will be sure to designate resources to create year end procedures to ensure all relevant accounts are reconciled prior to the 2021/2022 audit. Management will be preparing for the 2021/2022 audit promptly after completing the 2020/2021 audit. The internal deadline to complete the 2021/2022 audit is December 31, 2022.



Finding 2021-004 – Noncompliance with Debt Reporting

Corrective Action: Due to the delay of financial reporting and issuance of the June 30, 2021 financial statements, the City fell out of compliance with the debt reporting requirements. Management is working through the backlog to ensure the ACFR is completed timely in all future years and financial statements are available to be submitted to comply with the debt reporting requirements.

Proposed Completion Date: Management anticipates completing the 2021/2022 ACFR in a timely manner thereby placing the City in a position to comply with the debt reporting requirements by providing audited financials to the authoritative agency.

Armine Trashian
Accounting Manager





Finance Commission Agenda Report

DATE: June 9, 2022

FROM: Ken Louie, Interim Finance Director

SUBJECT: **2022 Finance Ad Hoc Committee Report**

Recommendation

It is recommended that the Finance Commission receive and file the 2022 Finance Ad Hoc Committee Report.

Background

The Finance Ad Hoc Committee was formed by City Council in September 2020 in an effort to review the fiscal year 2020-2021 budget and the Comprehensive Annual Finance Report (CAFR) for fiscal year 2018-2019, and following concerns of oversight and management of the City's budget process, under the purview of the previous leadership and administration at City Hall. The Ad Hoc Committee was tasked with making recommendations to improvements to the City's process, including timely completion of various milestones.

In February 2022, City Manager Chaparyan and her team evaluated the tasks and responsibilities of the cities numerous commissions, boards, and committees, including a review of the scope of work and expected work product for each ad hoc committee. In conversations with the previous representatives of the Finance Ad Hoc Committee, it was agreed that the Committee intended to submit a report summarizing their findings to the City Manager, at which point that Committee would have completed their scope of work and would automatically dissolve. The City Council approved this timeline. Attached is the Finance Ad Hoc Committee's Final Report, dated June 4, 2022, for the Finance Commission's review. With the receipt of this document, the Finance Ad Hoc Committee is officially dissolved.

The Report summarizes the previous administration and staff's budget processes and oversights. It highlights shortcomings of those efforts, as well as areas of improvement, detailing: (1) unexplained changes between proposed budgets for review, (2) the City Council's consideration of the budget ahead of the completion of timely audits, (3) the lead up to the creation of the Finance Ad Hoc Committee and its specific scope of work, and (4) the consideration of a forensic audit based on the need to improve upon internal controls and management and leadership of staff for a transparent process.

The Report offers a number of findings, many of which have been remedied and addressed:

- Finance Policies and Procedures were reviewed and recommended for approval by the Finance Commission in May 2022, and the City Council reviewed and discussed the draft document at their June 1, 2022 meeting. Staff anticipates a final document to be approved in Summer 2022.
- The Finance Director together with the City Manager are working diligently to address areas of concern, including timely monthly investment reports, a commitment to a comprehensive and transparent budget process, Mid-Year budget review, timely annual audit and milestones, and timely financial reporting.
- Other citywide improvements that include employee training and retention, as well as incorporation of better and best practices into our processes and service to the community
- The execution of the settlement agreement of the A. Smith legal matter

Next Steps

The City Manager commits to ongoing improvements to internal controls. The Interim Finance Director will work closely with the City Manager in bringing timely and regular reporting to the City Council. Additionally, the City Manager is working with Management services to hire a recruiter to assist with efforts to hire a permanent Finance Director focused on carrying forward and building upon these efforts. It is under the City Council's purview to direct staff on any further action in response to the findings or recommendations within the Report.

Fiscal Impact

There is no fiscal impact associated with receiving and reviewing this report.

Public Notification of Agenda Item

The public was made aware that this item was to be considered this evening by virtue of its inclusion on the legally publicly noticed agenda, posting of the same agenda and reports on the City's website.

Attachment: 2022 Finance Ad Hoc Committee Final Report

FINAL REPORT AND RECOMMENDATIONS OF THE FINANCE AD HOC COMMITTEE

I. HISTORY OF THE FORMATION OF THE AD HOC FINANCE COMMITTEE

On September 28, 2020, the City Council voted unanimously to form the Finance Ad Hoc Committee (the "FAHC"). The FAHC was originally proposed to the City Council on September 2, 2020, and ultimately approved by the City Council, in response to concerns raised by residents, the Finance Commission, and a former City Finance Director about the proposed fiscal year 2020-2021 budget and the delayed Comprehensive Annual Financial Report ("CAFR") for fiscal year 2018-2019.

A. Residents' Discovery of Major Undisclosed Changes to the Proposed 2020-2021 City Budget

A draft 2020-2021 budget was presented to the Finance Commission on May 26, 2020, by the then-acting Finance Director Karen Aceves. The commission voted 5-0 to recommend that the City Council approve the draft budget, and a presentation of the draft budget to the City Council was scheduled to occur at a City Council meeting on June 3, 2020.

However, the draft budget in the City Council agenda packet, posted online on May 29, 2021, was different from the budget originally presented to the Finance Commission 3 days earlier. Changes totaling approximately \$14 million had been made to revenue and expenditure line items. The gross sum of changes made by Staff over the course of 3 days was an amount equal to 28% of the City's total \$51 million revenue budget. Further, significant changes had also been made to various general fund reserve balances and special revenue fund balances. The breadth of the changes was neither disclosed nor explained in the agenda report for the June 3, 2020, City Council budget presentation.¹

The June 3, 2020 City Council meeting was continued, and, in the following days and weeks, irregularities in the draft budget and other concerns and questions about the City's financial reporting were brought to the attention of City residents and leadership, largely through two reports, one authored by Sheila Rossi and FAHC member, Stephen Rossi, and the other by a former City Finance Director.

B. The Dispute Over the Adoption of a Resolution of Continuing Appropriations

At this point, the City Council requested that the new draft budget be reviewed by the Finance Commission. On its review of the new draft budget, the Finance Commission voted 4-1 to recommend that the City Council adopt a resolution of continuing appropriations, with review of the draft 2020-2021 budget postponed until completion of delayed 2018-2019 Comprehensive Annual Financial Report ("CAFR").²

Later, during a Special Meeting held on June 24, 2020, Staff presented the City Council with the Finance Commission's recent recommendation to delay review of the 2020-2021 budget. The first item on the agenda included a Staff report recommending that the City Council approve Finance Commission's proposal. However, citing a supposed \$3.5 million revenue shortfall expected due to the Covid pandemic³, Staff (led by Ms. Aceves and the then-acting City Manager, Ms. Stephanie DeWolfe), along with Councilmembers Ms. Khubesrian and Ms. Mahmud, spoke against the Staff's recommendation, instead suggesting the City Council adopt the new draft budget.⁴

After stating the report's characterization that the Finance Commission had "originally approved [the budget] unanimously" was a "misdirection" on the part of Staff, then-sitting City Councilmember Schneider commented further, "Let me remind you what the item on the agenda is. It says, 'Approve a Resolution to Continue Appropriations of the FY 19/20 Budget...That is the Staff recommendation, and now they're arguing against it.'"⁵ Following the City Attorney's conclusion that adopting a new budget that evening would be a violation of the Brown Act, the City Council adopted the recommended resolution of continuing appropriations.

C. Councilmember Khubesrian's Emails Utilizing False Identities and Intimidation to Quell Resident, Former Employee, and City Official Questions Regarding the Budget

By way of additional background color leading to the formation of the FAHC, when the resolution of continuing appropriations was before the City Council for consideration, then-sitting City Councilmember Khubesrian not only dismissed residents who had raised questions regarding the budget, characterizing them as complainers "criticizing without looking for solutions,"⁶ but also submitted public comments via email under false identities. These emails advocated for adoption of the controversial draft budget; expressing support for the then-acting City Manager's and Finance Director's performance in connection with the 2020-2021 budget process; and making allegations of improprieties against the former City Finance Director who authored one of the critical reports.⁷ Furthermore, Ms. Khubesrian used these same false identities (also via emails) to pressure her colleague, Councilmember Cacciotti to stop asking questions about the City's financials and claimed additional improprieties against yet another resident who had previously been critical of both Ms. Khubesrian and the 2020-2021 budget process.⁸ After these inappropriate actions were discovered and exposed by a resident, Ms. Khubesrian admitted authoring the pseudonymous emails and resigned her position in mid-August 2020. The public fallout that followed these discoveries weighed heavily in the City Council's decision to form the FAHC.

D. Formation of the FAHC to Assist Finance Department Staff and Make Recommendations

On September 2, 2020, the FAHC was formed as an advisory committee to provide recommendations to, and consultation with, the City Finance Department on operational matters to promote the timeliness, accuracy, and transparency of the City's financial reporting as well as to form a recommendation, based on the FAHC's review, regarding whether a forensic audit would be warranted. The FAHC's scope of work was limited to the following items:⁹

- (i) Ensuring the completion of the delayed fiscal year 2018-2019 Comprehensive Annual Financial Report ("CAFR");
- (ii) Ensuring the timely completion of the fiscal year 2019-2020 CAFR;
- (iii) Management and oversight of the fiscal year 2020-2021 budget;
- (iv) Updating the City's financial policies and procedures;
- (v) Making a recommendation to the Finance Commission regarding the frequency and timing of financial reporting; and
- (vi) Assess the necessity of, or scope of any additional audits, depending on the summation of the [FAHC's] work, up to and including a forensic audit where the situation warrants additional review.

II. SUMMARY OF RESULTS OF OPERATIONAL CHANGES

As of the date of this summary report, the FAHC was comprised of six members – one Finance Commission member and five residents with various backgrounds in accounting, audit, business operations, finance, municipal finance, and restructuring – plus two City Council liaisons.¹⁰ From the date of the FAHC's inception until approximately July 2021, the FAHC assisted Finance Department Staff in accomplishing the following. More detail on each of these items can be found in **Exhibit A** to this report.

- (i) On October 26, 2020, the City Council voted 4-1 to receive the final 2018/19 Comprehensive Annual Financial Report ("CAFR"), ahead of the November 3, 2020 election¹¹;

- (ii) On July 21, 2021, the City Council voted to receive the final 2019/20 Annual Comprehensive Financial Report (“ACFR”)¹²;
- (iii) On April 27, 2021, the City Council voted 5-0 to receive the Annual Budget for 2020/21;
- (iv) Completed researching and make recommendations (through Staff) regarding best practices for financial policies and procedures; and
- (v) Completed researching and make recommendations (through Staff) regarding best practices for monthly and quarterly reporting.

From approximately July 2021 until the date of this report, the FAHC focus has been the final remaining item included in the FAHC’s scope, as directed by the City Council:

- (vi) Assess the necessity of, or scope of any additional audits, depending on the summation of the [FAHC’s] work, up to and including a forensic audit where the situation warrants additional review.

The remainder of this report, and the accompanying exhibits and endnotes (which are an integral part of the FAHC’s recommendations), provides highlights of the FAHC’s discussions and deliberations on whether conducting a forensic audit is recommended. With the delivery of this report, the FAHC’s work has been completed.

III. RECOMMENDATION REGARDING A FORENSIC AUDIT

Before providing a recommendation as to whether a forensic audit is warranted at this time, it was the determination of the FAHC members that both Staff and the casual reader be presented with the following information:

- What is the purpose of a forensic audit?
- What are the red flags that indicate a forensic audit is warranted?
- A discussion of the relevant findings by the FAHC.

A. What is the Purpose of a Forensic Audit?

A forensic audit differs significantly from a regularly scheduled, annual audit like the CAFR. There are numerous whitepapers that explain in detail the scope and procedures contained within a typical forensic audit, however, a more simplified description can be found on Investopedia, “Forensic audits cover a wide range of investigative activities. A forensic audit is often conducted to prosecute a party for fraud, embezzlement, or other financial crimes.”¹³

Further, according to the American Journal of Business Education (“AJBE”), “Forensic accountants and auditors share some goals similar to traditional accountants and auditors. They have different roles, knowledge and skills. Forensic accountant investigations include identification of fraud. This is different from Certified Public Accountant (CPA) investigations that are not responsible for identifying fraud.”¹⁴

B. What are the Red Flags that Indicate a Forensic Audit is Warranted?

The red flags highlighted by the AJBE include, but are not limited to, the following...”

- Weak internal control processes; and
- Management style that pressured employees to take actions beyond financial statement management to manipulation to outright misrepresentation which is fraud.

The AJBE goes on to state, “Personnel-related practices allowing financial statement misrepresentation include low employee morale that is possibly due to inadequate compensation, high turnover and inexperienced

managers...An organization that loses financial records may have lost their financial records on purpose to hide fraud. Fraud is easier to commit when there is no strong accounting information system.”¹⁵

Further, Investopedia highlights how fraud can manifest in actual practice¹⁶:

- Conflicts of Interest: “when a fraudster uses their influence for personal gains to the [City’s] detriment.”
- Extortion: “the wrongful use of actual or threatened force, violence, or intimidation...”
- Asset Misappropriation: which can include, but is not limited to, activities such as embezzlement, providing contracts/not charging fees to third-parties due to personal relationships, and misuse of Staff time or other City resources,
- Financial Statement Fraud: “The goal of presenting fraudulent numbers may be to...ensure that C-level executives continue to receive bonuses, or cope with the pressure to perform.”

C. Findings of the FAHC

For the reader’s convenience, the relevant FAHC findings have been categorized according to the potential red flags indicating the possibility or threat of fraud outlined previously in this report.

1. **Management failures in managing and hiring Finance Department personnel led to high staff turnover and new, relatively inexperienced and, in some cases, unqualified staff.**

Finding 1.1 A Finance Department reorganization led to a significant reduction in Finance Department staffing levels: On November 7, 2018, then-acting City Manager, Ms. Stephanie DeWolfe initiated the reorganization of the Finance Department.¹⁷ This reorganization ultimately resulted in a 44% reduction in department staffing levels, from a historical level of 9 staff members to 5. The reductions included the elimination of two senior accounting clerk positions and the outsourcing of business licenses and payroll functions. *Potential Red Flags: Low employee morale, high turnover, inexperienced managers, weak internal controls, and incomplete financial reporting.*

Finding 1.2 The reorganized Finance Department had inexperienced leadership. Departed staff were replaced with new, underqualified or inexperienced staff members. Although then City Manager DeWolfe had received the recommendation to hire strong leadership for the Finance Director position,¹⁸ the acting Finance Director did not have any management experience in finance department operations. It is important that City employment policies and job descriptions for all positions within the Finance Department, especially that of the Finance Director, adhere to appropriate educational or equivalent experience requirements during recruitment. *Potential Red Flags: Low employee morale, high turnover, inexperienced managers, weak internal controls, and incomplete financial reporting.*

2. **The Finance Department reorganization and the procurement of the Citygate Report were undertaken in circumstances that give rise to questions about a possible lack of transparency, possible attempt to cover-up alleged asset misappropriation, and potential existence of a conflict of interest by City Manager DeWolfe.**

Finding 2.1 Questionable circumstances surrounded the timing of, and the process undertaken, to engage Citygate: Of note, one of the main items used by Ms. DeWolfe to support the Finance Department reorganization, was a report (the “Citygate Report”) provided by Citygate Associates, LLC (“Citygate”).¹⁹ According to the staff report to the City Council recommending hiring Citygate, an organizational assessment report was needed to prepare for the retirement of the finance director who had been on leave of absence. The report was

initiated by City Manager DeWolfe while the City was actively recruiting for a new finance director. The stated purpose of the report was to provide an “organizational review” and “best practices” in a confidential report to be used as a “resource and management tool” for the new finance director. However, in the two years that followed the report, the City had completed only 1 of the 43 items that the report recommended be implemented within the first 12 months. Further, the FAHC finds that the existence of allegations by Lauren Rubin going back to March 2018, approximately a month before City Manager DeWolfe entered into a contract with Citygate, and other circumstances, raise concerns which should be discussed:

DeWolfe Engages Citygate for an Organizational Review of the Finance Department: Starting in March 2018, Lauren Rubin, a member of the Finance Department staff, sent then-Human Resources Manager Miriam Lee Ko and Karen Aceves messages regarding “financial irregularities and mishandling of a substantial amount of government and public monies,”²⁰ however no response was received by Rubin. Approximately one month later, on April 19, 2018, a consulting contract between Citygate and the City of South Pasadena was signed by Ms. DeWolfe, including a not-to-exceed contract total of \$69,420.00. The proposal had been presented to, and approved by, the City Council the prior evening on April 18, 2018.²¹ A review of the City Clerk files on the City’s website did not find any evidence of a competitive bidding process as per the City’s typical procedures. Further, it was not disclosed, either in the presentation to the City Council by Staff nor in the contract with Citygate itself, that the Senior Consultant who would be performing the organizational review was former Pasadena Finance Director, Mr. Andrew Green. Mr. Green had previously worked with Ms. DeWolfe in the City of Pasadena for three years (2009-2012)²², but later departed the City of Pasadena in January 2015 amidst an investigation into the embezzlement of \$6.4 million from a city fund overseen by Mr. Green.²³

Questionable Circumstances Regarding the Rubin Case and Citygate: The Citygate report became a central piece in the subsequent wrongful termination lawsuit by Lauren Rubin claiming that DeWolfe commissioned the Citygate report, through her personal relationship with Green and without any competitive bidding process, in an attempt to invent cause to terminate Rubin and hide Rubin’s claims of financial improprieties from the City Council.²⁴ Rubin was terminated by the City in November 2018, three months after Citygate issued the final, August 16, 2018 report. It is unclear to the members of the FAHC whether the prior messages alleging “financial irregularities and mishandling...of...monies,” sent by Rubin to Ko and Aceves, were ever disclosed to the City Council prior to the commissioning of the Citygate report, the dismissal of Rubin by the City, or the filing of Rubin’s legal claim.

Per Ms. DeWolfe’s LinkedIn profile, since June 2021, approximately 2 months after a final settlement was reached in the Rubin case and nine months after DeWolfe’s separation from her position as City Manager of South Pasadena, Citygate hired Ms. DeWolfe as a Management & Leadership Consultant.

Potential Red Flags: Conflict of interest, management style that pressured employees to take actions beyond financial statement management to manipulation to outright misrepresentation which is fraud, potential asset misappropriation...providing contracts to third-parties due to personal relationships, misuse of Staff time or other City resources, and specific claims of financial irregularities made by Rubin.

Finding 2.2 **The City Council appeared to have used, extensively and inappropriately, closed session City Manager performance reviews to conduct other business unrelated to the City Manager:** For reference, the position of the City Manager reports to the South Pasadena City Council, and periodic performance evaluations of the City Manager are conducted by the City Council in closed session. A summary analysis, based on a review of the City Council closed

session agendas from January 2018 through August 2020, of the various dates these closed session performance evaluations occurred is included in the chart below:

	Date of Closed Session	Days Since Last Eval	Total Days in Grouping	# of Evals in Grouping	Avg Months per Eval
1	February 21, 2018	N/A	N/A	1.0	N/A
2	July 18, 2018	147			
3	August 15, 2018	28			
4	October 17, 2018	63	203.0	6.0	1.13
5	December 19, 2018	63			
6	January 16, 2019	28			
7	February 6, 2019	21			
8	August 21, 2019	196			
9	September 11, 2019	21	28.0	3.0	0.31
10	September 18, 2019	7			
11	January 15, 2020	119	63.0	2.0	1.05
12	March 18, 2020	63			
TOTAL DATA SET:			756.0	12.0	2.10

Most cities and companies provide at least one performance review annually. Some private companies even perform regular reviews on a quarterly basis. Therefore, the existence of 12 performance reviews over an approximate 2-year span (or one performance review every 2.1 months on average) seems unusual in the absence of a performance improvement plan. However, upon closer inspection of the dates in question, it is clear that there was no regular cadence to the closed session performance reviews. Rather these reviews come in three main spurts with large gaps between each grouping, including one grouping which contained three separate closed session performance reviews within the same 28-day period.

Potential Red Flags: Conflicts of interest, weak internal control processes, potential Brown Act violations

3. The Finance Department did not have, and did not follow, important internal controls, policies, and processes.

Finding 3.1 The Finance Department failed to reconcile bank accounts timely. While it is best practice to reconcile bank accounts and close monthly financials within 30 days of each month end, the Finance Department was as much as twelve (12) months behind in reconciling the City’s bank accounts and closing monthly financials, directly leading to the delay in starting/completing the 2018/19 CAFR. *Potential Red Flags: Weak internal control processes*

Finding 3.2 The City lacked controls or procedures to alert management to the Department’s unreconciled accounts. The City’s failure to have “procedures in place to ensure that all relevant accounts are reconciled” at year end was a “material weakness” finding by the auditor in the 2018/19 CAFR audit letter. (As outlined in more detail in Exhibit A of this report, in conjunction with the delivery of the 2018-2019 CAFR, the City’s outside audit firm, RAMS, highlighted several “material weaknesses” in the City’s internal control processes that negatively affected the timely delivery of financial reporting. These included, but were not limited to, monthly bank reconciliations being as much as 12 months delayed; an inability to properly review numerous financial statement accounts and a failure to maintain an adequate

year end closing process; and (noted as a “significant deficiency”) the failure of the Finance Department to maintain an updated accounting policies and procedures manual for Staff to reference. RAMS also noted that the root cause of these issues was the City’s inability to maintain adequate Staffing levels in the Finance Department. *Potential Red Flags: Weak internal control processes*

Finding 3.3 The Finance Department failed to prepare forward looking projections of the City’s cash position nor was the Monthly Liquidity Report certified by the City

Treasurer as required by the City’s Investment Policy. The City’s Investment Policy (as voted on by the City Council each year) requires the City Treasurer to certify “as to the availability of cash to meet the City’s expenditures over the next six months.... based on cash flow projections provided by the Finance Department.” As of the date this FAHC was created, the City Treasurer’s monthly report was the only interim financial report regularly presented directly to the City Council. The City’s Investment Policy required the City Treasurer to certify the City’s liquidity position based on the forward-looking projections of the Finance Department.

Had the City Treasurer report and certification highlighted the Finance Department’s failure to provide the forward-looking statements, the City Council would have been directly alerted to the issue. The City Council would have been on notice as to the issues within the Finance Department, potentially as much as a year prior to the contentious budget discussions that occurred in June 2020. *Potential Red Flags: Weak internal control processes*

4. The City did not comply with its own purchasing policy.

Finding 4.1 The prior City Manager used her authority to undermine the spirit of the City’s purchasing policy requiring City Council approvals of major contracts. City purchasing policies include various provisions outlining authority levels required by the total size of expenditure. These policies state, among other things, that any contract, amendment, or follow-on contract, that results in a cumulative possible expenditure more than \$25,000.00 requires approval by the City Council.²⁵ Included in the sample selections reviewed by RAMS as part of the 2018-2019 CAFR, approximately 18 contracts (provided to the FAHC directly by RAMS) were found to be in potential violation of the City’s purchasing policies, including at least 2 contracts that, on their surface, should have gone to the City Council for approval. Both were executed by then-acting City Manager DeWolfe and then-acting City Attorney Highsmith (contracted through Colantuono, Highsmith, and Whatley).²⁶ *Potential Red Flags: Weak internal control processes, asset misappropriation*

5. The City did not have policies or procedures for administering its legal liability reserve.

Finding 5.1 The City did not have a policy or practice of accruing an actual reserve against its legal liability. Based on the FAHC’s review of the October 26, 2020, City Council meeting and follow up discussions with staff, the City did not maintain a legal liability reserve and had no policies or procedures for doing so. First, the \$500,000 “reserve” amount which appeared on the City’s balance sheet remained constant over years, without any accounting entries of expenditures or accruals to reflect activity in the liability. Second, as elicited by FAHC member Rossi in the question-and-answer session with the auditor representative at the October 26, 2020, City Council meeting, the account was for all practical purposes an inactive placeholder account within the larger general reserve and there was no true legal liability reserve accrual maintained within the City’s balance sheet. Third, there was no method of review utilized by the City to determine the City’s true, outstanding legal liability to be reflected in the annual audit and financial statements as required by GASB. Instead the City relied exclusively on the City Attorney’s general, but inaccurate, belief that all litigation claims are covered by the City’s

insurance risk pool and therefore not required to accrue for properly. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation, financial statement fraud*

Finding 5.2 Official representations that the litigation liability reserve was an actual accrual for anticipated liability expenses were based on inaccurate statements made by City Attorney Highsmith and Councilmember Mahmud with no internal review process by the Finance Department, Finance Committee, City Manager, City Council, or the City's outside audit firm, resulting in the filing of a potentially inaccurate 2018-2019 CAFR. At the October 26, 2020 council meeting, City Attorney Highsmith and Councilmember Mahmud represented that the annual designation of a legal liability reserve was a reserve against reasonably anticipated legal expenses, and 100% of all litigation expenses beyond the policy's deductible would be covered by the City's insurance pool making further discussion on the topic unnecessary. However, during the same council meeting,²⁷ the City's outside auditor affirmed: 1) there was no actual accrual in the City's financials for litigation expenses; 2) despite the CAFR being conducted for the period ending June 30, 2019, given the date the CAFR was being *delivered* to the City Council, October 26, 2020, a review of all existing, pending, or threatened litigation outstanding at any time from June 30, 2019 through effectively September 30, 2020 would be necessary in order for the CAFR to be correct²⁸; and 3) the auditors' sole source of information regarding potential litigation claims against the City was a letter provided by then-acting City Attorney, Ms. Theresa Highsmith, a partner at Colantuono, Highsmith, and Whatley. The representations by City Attorney Highsmith are further in direct contradiction to notification previously received by the City's insurance provider, and available to the City Attorney prior to the October 26, 2020 council meeting and finalization of the 2018-2019 CAFR as outlined in Finding 5.3 below. As such, no oversight or review of the City Attorney's methodologies, analysis, or conclusions was conducted by any member of City Staff, Finance Commission, or the City Council prior to a vote to receive the CAFR. The City Council voted 4-1 to receive and file the 2018-2019 CAFR on October 26, 2020. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation, financial statement fraud*

Finding 5.3 The City filed and received the 2018-2019 audit report containing a legal liability estimate without adequate due diligence. Even if most claims against the City are covered by the City's risk pool coverage, the City is still required, for both the purpose of presenting accurate financial reports as well as ensuring proper accountability for, and execution of, the City's fiduciary responsibilities, to accurately estimate the amount of reserve needed for claim liabilities and for legal expenditures exceeding its annual legal expense budget. In the context of the City Council adoption of the 2018-2019 CAFR on October 26, 2020, it should be noted, that per emails provided to this FAHC and included as Exhibit B to this report, both City staff and Colantuono, Highsmith, and Whatley were made aware, at least 5 months prior to the October 26, 2020 Council meeting, that the City had been notified by its insurance company that at least one ongoing litigation may not be covered under the policy ("Case 2"). On May 27, 2020, City staff attempted to raise an alarm to the City Council that additional funds would be required to cover potential litigation costs, stating, "We need to go to Council for sure, can we discuss ASAP." Upon a review of subsequent City Council meeting agendas, this topic was never brought before the City Council. FAHC finds this course of action does not demonstrate a good faith effort to accurately reserve against the City's liability position or accurately present the City's financial position and performance to the public. FAHC recommends that the City determine its estimated legal liability position in accordance with GASB, as required by local and State regulation, and after a full review of a fulsome economic risk analysis of all existing, pending, or threatened litigation outstanding for the relevant time-period, prepared by the City Attorney and reviewed by the Finance Department, Finance Commission, City Manager, and the City Council prior to inclusion in any City budget or CAFR.

As of the October 26, 2020 City Council meeting, "Case 2" was still being tried on behalf of the City by litigators employed by Colantuono, Highsmith, and Whatley. Notification of potential non-coverage by the City's insurance company appears to be in direct contradiction to the information provided by then-acting City Attorney Highsmith, in writing to the City's outside auditors, and directly to the City Council during open session, and may have negatively impacted the accuracy of the financial information included in the 2018-2019 CAFR. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation, financial statement fraud*

Finding 5.4 The City's potentially inadequate due diligence or policies regarding litigation risk assessment and risk management led to approximately \$600,000 of litigation and settlement costs born by taxpayers. Below is an example of a litigation issue with potential inadequate risk management. On May 20, 2022, the *SouthPasadenan* reported that the Hanscom Drive sewer litigation (referred to by the City as "Case 2") had been settled for \$200,000. This settlement was in regard to a two-day sewer overflow that occurred on January 11th and January 12th, 2018.²⁹ Included in the settlement agreement is the City's first public acknowledgement that the sewer blockage (found by work crews on January 12, 2018) actually resided in the City's mainline sewer system. In January 2018, the resident initially requested approximately \$40,000 to pay for environmental remediation of the soil as well as replacement of damaged personal property from the overflow caused by a blockage in the City's sewer mainline. The City decided not to accept the request. The resident hired a lawyer in early 2018. In October 2019, the resident again made a settlement offer to the City through then Mayor Khubesian for \$80,000 to cover the environmental remediation, replacement of damaged personal property, and incurred legal costs through that date. The settlement offer was not accepted by the city. Litigation continued until a final settlement offer was executed in mid-May 2022. Based on the legal billings presented in open session City council meetings plus third-party expert costs including but not limited to engineering, soil testing, Transtech inspections, and the final settlement cost itself, the City spent approximately \$600,000 in hard costs regarding Case 2, not including soft costs associated with City staff and Council time as well. Please see below for additional detail on legal billings and timeline of key events:

	12 Mos Actual FY2015-2016	12 Mos Actual FY2016-2017	6 Mos Actual FY2017-2018	12 Mos Annual'd FY2017-2018	12 Mos Actual FY2018-2019	12 Mos Actual FY2019-2020	12 Mos Actual FY2020-2021	11 Mos Actual FY2021-2022	5 Year Total	Check
General Services	193,569.00	241,457.00	47,661.44	95,322.88	105,763.72	99,376.28	107,083.94	100,008.30	507,555.12	-
LITIGATION (UNIDENTIFIED)										
Case 2 (SMITH)					5,263.50	114,175.53	156,648.38	116,341.18	116,341.18	-
Case 1 (Fox)					14,775.50	1,963.00			16,738.50	-
Case (Benzoni)			16,921.31	33,842.62	21,944.32				55,786.94	-
Other Identified Litigation Cases			22,089.81	44,179.62	44,337.65	75,029.06	51,649.01	3,610.35	218,805.69	-
Transportation (710 issues)	21,604.00	2,515.00	2,396.50	4,793.00	1,527.50	8,941.00	12,208.57	857.50	28,327.57	-
Labor & Employment	9,354.00	8,461.00	11,727.00	23,454.00	34,352.50	52,509.19	33,527.00	50,892.00	194,734.69	-
Special Projects			18,256.00	36,512.00	80,950.57	96,759.87	116,843.80	158,185.58	489,251.82	-
Tax & Assessment			1,611.50	3,223.00	11,280.00	5,724.50	4,336.50	318.50	24,882.50	-
Water & Utilities			1,457.00	2,914.00	7,520.00	5,694.50	10,734.50	16,377.50	43,240.50	-
COVID-19						10,392.00	8,042.00		18,434.00	-
Gardena V RWQCB			1,871.00	3,742.00	3,681.50	8,346.15	2,608.00	144.50	18,522.15	-
Miscellaneous	1,998.00	1,033.00			1,903.50	600.00	(415.10)	33,639.44	35,727.84	-
Subtotal	226,525.00	253,466.00	123,991.56	247,983.12	333,300.26	479,511.08	503,266.60	515,931.33	2,079,992.39	-
% Growth YoY	N/A	11.9%		-2.2%	34.4%	43.9%	5.0%	2.5%		
Subtotal - Litigation (All)			39,011.12	78,022.24	86,320.97	191,167.59	208,297.39	155,508.01	719,316.20	-
Subtotal - Litigation (Identified as Smith Case)					5,263.50	114,175.53	156,648.38	35,556.48	311,643.89	-
Case 2 (Smith) as % of total Litigation Expense by Period (as Identified in Billings)					6.1%	59.7%	75.2%	22.9%	43.3%	
Subtotal - Litigation (Identified Smith plus Pro Forma for Undesignated Billings)					5,263.50	114,175.53	156,648.38	116,948.55	393,035.96	
Case 2 (Smith) as % of total Litigation Expense by Period (Pro Forma for Undesignated Billings)					6.1%	59.7%	75.2%	75.2%	54.6%	

CITY CASE 2 LITIGATION EXPENSE DETAIL BASED ON KEY TIMELINE OF EVENTS

Key Items and Dates	DATE	# OF MONTHS	\$ Expenses	Cumulative \$'s	Cumulative %
Original \$40K Claim from Resident for Property Remediation and Replacement Costs	Jan-18	N/A			0.0%
Initial \$80K Settlement Offer from Resident and Date of City Press Conference	Oct-19	21.27	11,825.86	11,825.86	2.0%
First Mediation	Jun-20	8.13	107,613.17	119,439.03	20.1%
Judge Kralik Rules Against City in SLAPP Case	Jan-21	7.13	61,681.42	181,120.45	30.5%
Mandatory Settlement Conference	Jun-21	5.03	94,966.96	276,087.41	46.6%
City Files Appeals Brief in SLAPP Litigation	Nov-21	5.10	71,011.40	347,098.81	58.5%
First Formal Offer of Settlement From the City to Resident	Dec-21			347,098.81	58.5%
Settlement Executed Between City and Resident	May-22	6.03	45,937.15	393,035.96	66.3%
Plus: Agreed \$200K Settlement Cost for City (Not included in billings numbers above)	May-22		200,000.00	593,035.96	100.0%
Cumulative Total Expense (Excluding Third Party Fees ie. Transtech, engineers, etc)		52.70	593,035.96		

Total Cost to the City Since Losing the SLAPP Judgement	Jan-21	411,915.51
Total Cost to the City Since First Mediation Date	Jun-20	473,596.93
Total Cost to the City Since \$80K Settlement Proposal Made by Resident	Oct-19	581,210.10
Total Cost to the City Since Original \$40K Claim Made by Resident	Jan-18	593,035.96

Approximately \$600,000 of litigation costs came after the resident’s initial request of \$40,000.00. The City Attorney at that time, Highsmith, is employed directly by Colantuono, Highsmith, and Whatley, the firm hired to litigate Case 2. As noted by the California League of Cities white paper on City Attorney ethics³⁰, there is a potential conflict of interest for a partner in a law firm, serving as a contract city attorney, to advise a city council on litigation work conducted by other members of the same law firm. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation*

6. The City decreased its financial transparency by reducing the detail and frequency of its financial reporting to Council.

Finding 6.1 The City discontinued its semi-annual report on expenses for attorneys, consultants, and lobbyists. Historically, and to track total expenditures more readily for each group by category, a consolidated summary of expenses spent during the year on attorneys, consultants, and lobbyists was provided twice a year to the City Council. Without the provided consolidation, it is difficult to track total expenses by category as expenses can be distributed across multiple departments and Fund accounts making it impossible for the City Council to trace the impact of litigation, staffing, or outsourcing decisions – and thereby significantly reducing the ability for oversight from both the City Council and residents. While this report was historically provided twice per year, at the time the FAHC was created, the last issuance of such a report was in February 2018. Please note that these legacy reports had been available online via the Finance Department website until sometime in mid to late 2020. They have since been removed. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation, financial statement fraud*

Finding 6.2 The City reduced the detail provided in its Legal Billing Disclosures amidst resident concerns regarding conflicts of interest regarding the City Attorney’s employment by Colantuono, Highsmith, and Whatley As far back as the 1990’s (the oldest available files archived in the City’s online document database) legal expenses included in the warrant register presented, and approved for payment by the City Council were summarized by matter with each matter assigned a specific identifier (either a matter name or case number).³¹ Starting with the legal expenses billed for the month of July 2021 by Colantuono, Highsmith, and Whatley (the firm which employs the City’s contract City Attorney among providing other legal services), and presented to the City Council for inclusion in the warrant register to be approved on October 6, 2021,³² these identifiers have been removed.

	FY 2017-2018						FY 2018-2019						FY 2019-2020											
	1/3/18	1/17/18	2/7/18	5/2/18	6/6/18	8/15/18	9/19/18	11/7/18	1/16/19	2/6/19	3/6/19	4/17/19	5/15/19	7/17/19	8/21/19	10/2/19	11/6/19	12/4/19	12/18/19	2/5/20	3/18/20	4/15/20	6/3/20	6/17/20
General Services																								
LITIGATION (UNIDENTIFIED)																								
Case 2 (SMITH)	9,597.37	9,599.59	9,570.85	18,893.63	19,261.47	19,215.82	9,500.00	19,326.25	9,587.20	9,620.64	9,601.54	9,650.80	9,560.32	9,560.32	10,077.72	10,095.12	10,141.62	10,075.40	10,067.28	10,065.78	10,088.77	4,194.95	5,449.00	
Case 1 (Foa)								2,086.50	141.00	1,081.00	1,848.00	107.00	2,312.40		4,249.96	17,594.25	21,735.52	7,311.70	8,161.68	10,671.09	17,607.18	13,543.50	10,588.25	
Case (Benzon)								6,785.50	1,997.50	4,253.50	1,433.50	305.50	1,081.00											
Other Identified Litigation Cases	141.00	10,300.26	3,413.05	3,067.00	16,332.74	5,470.58	141.00																	
Transportation (710 issues)	6,212.78	5,384.93	4,714.00	5,269.50	3,607.50	4,840.85	21,854.30	7,000.50	1,215.50	1,057.50	2,243.50	2,218.00	4,600.92	7,934.50	592.16	3,154.00	19,949.55	3,026.00	11,373.51	6,908.00	9,062.98	5,576.94	2,860.50	
Labor & Employment	660.50	91.00	634.50	1,010.50	211.50	235.00	164.50	352.50	47.00	517.00					196.00	8,697.00					48.00			
Special Projects	493.50	1,998.00	5,757.50	3,478.00	5,146.50	12,280.50	1,679.50	3,266.00	3,078.50	5,898.50	1,034.00	1,959.00	2,209.00	1,292.50	4,624.50	3,438.00	3,887.50	16,047.93	4,064.00	1,077.50	12,746.76	1,483.00	1,638.50	
Tax & Assessment	2,238.50	1,683.50	10,799.00	3,335.00	5,494.50	13,330.83	8,711.00	22,624.86	1,808.50	15,294.57	4,812.00	9,874.31	2,694.86	3,034.08	3,471.00	2,940.00	3,120.06	3,568.56	20,203.00	18,000.50	22,577.56	17,750.25		
Water & Utilities	1,443.50			188.00	1,527.50	9,318.00	634.50								2,420.50	1,950.50	78.00	195.00	87.00	390.00				603.50
COVID-19	493.50	235.00	282.00	446.50	4,136.00	164.50	493.50	399.50	282.00	564.00	869.50	611.00	752.00	70.50	441.00		24.50	2,417.50	328.00	730.00	612.50	318.50		
Gardena V RWQCB	415.00	292.50	449.00	714.50	438.50	732.00	555.50	70.50	120.00	987.00	94.00	684.00	1,950.50	1,039.00	814.25	468.45	1,127.45	198.50	2,064.00	204.50	65.00	181.00	253.50	
Miscellaneous								23.50	164.50	1,574.50	141.00				600.00									
Subtotal	22,194.65	29,584.38	35,619.90	36,602.63	55,956.21	64,421.58	43,898.30	63,486.61	18,918.20	39,273.71	21,936.01	25,409.61	27,581.50	25,471.40	24,466.59	45,864.82	60,279.20	42,732.59	35,730.47	50,312.37	68,301.19	54,357.05	44,413.00	
% Growth Yot																								

	FY 2020-2021						FY 2021-2022											
	7/1/20	7/15/20	8/5/20	11/18/20	12/16/20	3/2/21	4/7/21	4/28/21	7/1/21	7/21/21	10/6/21	10/20/21	11/10/21	1/12/22	2/1/22	3/28/22	4/20/22	5/6/22
General Services																		
LITIGATION (UNIDENTIFIED)																		
Case 2 (SMITH)	6,493.50					14,917.80	9,844.00											
Case 1 (Foa)	1,627.35					38,430.39	30,843.22		8,928.28		14,157.42	4,922.00			6,918.50		29,359.85	
Case (Benzon)																		
Other Identified Litigation Cases	7,134.50					1,568.00	1,592.50		2,552.75									
Transportation (710 issues)						318.50												
Labor & Employment	860.50					318.50	1,200.50		686.00	2,156.00	2,523.50			3,062.50		10,596.50		
Special Projects	8,645.50					7,261.50	13,641.00		36,815.50		15,884.50			15,190.50		20,560.50		
Tax & Assessment	1,273.50					24.50					220.50							
Water & Utilities	1,273.50					122.50	2,499.00		196.00		1,739.50			2,118.50		1,984.50		
COVID-19	3,544.50					117.50	156.00											
Gardena V RWQCB	82.00					1,176.00	318.50											
Miscellaneous						191.58			12,029.50	305.56				218.56		534.55		
Subtotal	29,623.35					64,359.19	55,684.72		71,208.03	26,518.98	34,996.80			37,508.56		73,035.90		

It should be noted that, while discussion by the City Council during the October 6th meeting concluded that the shift in billing practice was to mitigate any potential “advantage” that an

opposing council could gain by seeing the amount of billings incurred by the City on any particular case, this change in billing practices occurred just one month after various residents raised concerns to the City Council, via public comments, regarding what was perceived to be excessive litigation costs, specifically citing the billings by Colantuono, Highsmith, and Whatley associated with the ongoing “Case 2” litigation.³³ That South Pasadena City Attorney, Andrew Jared, who recommended the change in the decades-long billings practice, is a contract City Attorney employed directly by Colantuono, Highsmith, and Whatley presents a conflict of interest vis a vis the recommendation to Council. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation, financial statement fraud*

Finding 6.3 If the City had maintained the frequency and detail of legal expense reporting, the disclosures would have alerted the public to large fluctuations in legal expenses from year to year. The 2018-2019 CAFR filed with the City Council on October 26, 2020, estimated legal liabilities of the City, outside of its budgeted legal expenses, at \$500,000. On March 12, 2021, less than 5 months after the 2018-2019 CAFR was presented to the City Council, the *SouthPasadenan* reported³⁴ that the City’s then-proposed 2020-2021 City budget included a litigation budget of “\$1.15 million for 2021, nearly four times as much as for 2020...” The article also quotes then-acting Interim Assistant City Manager, Elaine Aguilar, as stating the “\$1.15 million figures does not include potential costs for the still pending litigation over a sewer leak on Hanscom Dr. [Case 2]” FAHC recommends that increased financial reporting of highly fluctuating, cumulatively large legal expenses is an important step toward greater financial transparency, including an immediate return to providing semi-annual reports on expenses for all lawyers, consultants, and lobbyists. *Potential Red Flags: Weak internal control processes, conflict of interest, asset misappropriation, financial statement fraud*

IV. RECOMMENDATION REGARDING A FORENSIC AUDIT

It was not within the scope of the FAHC to make any conclusions as to whether any inappropriate activities *had* occurred or the intentions behind any individual activities described in this report. The FAHC has not made, nor does it infer, any such conclusions. Rather, it was the task of the FAHC to investigate whether red flags existed that would indicate inappropriate activities *may* have occurred. It is the opinion of the FAHC that the red flags discussed throughout this report do, on their surface, warrant a further review by specialists via a forensic audit. However, given the number of years that have transpired since the bulk of these actions took place, the significant financial cost associated with such an endeavor, and the prior removal/resignation of many then-acting City officials potentially involved, such a step may not be practical for the City at this time. The FAHC instead recommends the City take the additional actions outlined below to help ensure similar activities are not tolerated or allowed to exist in the future. This conclusion was based, in no small part, upon the assumption that City Staff, the Finance Commission, and the City Council will continue to implement the many recommendations provided in both this report and previously provided throughout the FAHC’s work. In the event the City does not follow through on the recommendations provided in the next 12 months, it is the belief of the FAHC that a forensic audit, designed to look into the numerous findings discussed in this report, is not only warranted, but necessary.

It is further recommended that City Staff:

- Review and prepare an analysis to the Finance Commission and City Council regarding the viability of instituting a new, independent internal auditor position within the City of South Pasadena. As discussed elsewhere in this report, the existing City policies and procedures, had they been properly followed, would have helped prevent or eliminate many of the FAHC’s findings. However, as the position of City Manager is the only City Staff member reporting directly to the City Council who is also under the Council’s direct and sole supervision, a potential for conflict of interest is created. An Internal Auditor, hired by, reporting to, and having compensation determined directly by the City Council, would act

independently of the City Manager and Finance Departments, helping to ensure ongoing compliance with stated City codes, policies, and procedures without fear of intimidation or retaliation by the City Manager. This internal auditor could support the City Council in their responsibility for oversight by providing institutional knowledge and an additional level of security regarding stewardship of funds for the citizens of South Pasadena;

- In order to comply with best practices for contract attorneys as described by the League of California Cities and the City of South Pasadena’s own code of ethics requiring the elimination of even the “appearance” of a conflict of interest, it is recommended the City codify as policy that the City cannot retain one law firm to provide both (i) contract City Attorney services, and (ii) litigation services;
- Immediately proceed with an RFP for a new contract City Attorney law firm (as already motioned by Councilmember Zneimer and seconded by Councilmember Cacciotti in open session during the September 1, 2021 council meeting) to be acted upon, and any awards determined, by the newly constituted City Council after the November 2022 elections;
- Determine its estimated legal liability position in accordance with GASB, as required by local and State regulation, and after a full review of a fulsome economic risk analysis of all existing, pending, or threatened litigation outstanding for the relevant time-period, prepared by the City Attorney and reviewed by the Finance Department, Finance Commission, City Manager, and the City Council prior to inclusion in any City budget or CAFR;
- Increase financial reporting of highly fluctuating, cumulatively large legal expenses, including an immediate return to providing semi-annual reports on expenses for all lawyers, consultants, and lobbyists; and
- Provide a quarterly update to the Finance Commission to update both that body and, in turn through Finance Commission and City Council Liaison reports, the City Council as to Staff’s progress on implementing the recommended actions.

The opinion is based on the FAHC’s work on the operational matters described above; its review of documents and other information provided by Staff during the FAHC’s work; agenda reports, presentations, and discussions at open meetings of the Finance Commission and City Council; and other related, publicly accessible materials – many of which have been cited throughout this report in support of the FAHC’s findings and recommendations.

The FAHC did not consider, and did not have access to, City Council closed session materials, or other information protected from disclosure to the public by the attorney-client or other privileges. Nevertheless, the FAHC believes that the current members of the City Council, in consultation with current City senior management, should conduct its own assessment of the necessity for and scope of any additional audits (including a forensic audit if deemed warranted), using relevant materials that may be outside the scope of the FAHC’s work or protected from public disclosure.

For the purpose of transparency to Staff, the City Council, and City residents, much of the FAHC’s discussions regarding the final scope item, to “Assess whether it is advisable for staff to recommend a forensic audit be conducted for the period of July 2019 through the current period [September 2020],” can be found in publicly available emails and Zoom meeting video recordings (for the final two meetings of the FAHC). Videos can be found on the City’s YouTube channel (<https://youtu.be/EBod1BSaoQY> and <https://www.youtube.com/watch?v=qkCj65Qcc-E>).

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EXHIBIT A

COMPREHENSIVE ANNUAL FINANCIAL REPORT (“CAFR”) FOR FISCAL YEAR 2018-2019

On September 24, 2020, a draft Comprehensive Annual Financial Report (“CAFR”) for fiscal year 2018-2019 was presented to the Finance Commission for review, discussion, and a recommendation to City Council.

During its initial review of the draft 2018-2019 CAFR, the commission discovered discrepancies between the draft 2018-2019 CAFR and the 2018-2019 budget adopted by City Council on June 6, 2018.³⁵ The commission further observed discrepancies between the 2018-2019 budget adopted by City Council and the 2018-2019 budget document posted on the City’s website.³⁶

In other words, there were three different 2018-2019 budget documents, two of which were different from the budget document actually adopted by the City Council in 2018. The commission could not find evidence that the changes had been disclosed to or approved by the City Council.

In its initial meeting on October 13, 2020, the FAHC reviewed, discussed, and provided feedback to staff on the draft CAFR, on the variances identified by the Finance Commission, and on the adverse findings made by the City’s auditor in connection with the draft 2018-2019 CAFR. Among others, the auditor’s findings included:

- Non-Compliance with Budget Policy: While reviewing the DRAFT 2018/19 CAFR, members of the FAHC realized that the 2018/19 Budget referred to in the DRAFT CAFR was not consistent with the 2018/19 Budget approved by the City Council. Similar to the 2020/21 Budget variances described elsewhere in this report, subsequent to approval of the 2018/19 Budget by the City Council, errors within the Budget appear to have been discovered by members of the Finance Department and “corrected” without any notification to, review, or approval by the Finance Commission or City Council. As noted by RAMS and included in the 2018/19 CAFR Management Letter, this was in violation of stated City Financial Policy.
- Non-Compliance with City Purchasing Policy: City purchasing policies include various provisions outlining authority levels required by the total size of expenditure. These policies state, among other things, that any contract, amendment, or follow-on contract, that results in a cumulative possible expenditure in excess of \$25,000.00 requires approval by the City Council³⁷. Included in the sample selections reviewed by RAMS as part of the 2018/19 CAFR, approximately eighteen (18) contracts were found to be in potential violation of the City’s purchasing policies, including at least two contracts that, on their surface, should have gone to the City Council for approval. Both were executed by then-acting City Manager DeWolfe and then-acting City Attorney Highsmith (contracted through Colantuono, Highsmith, and Whatley).
- Bank Reconciliations Not Prepared Timely: RAMS found that bank reconciliations had not been prepared, reviewed or approved in a timely manner, describing the cause as: “The City did not have controls in place to ensure bank reconciliations were performed in timely manner [i.e., monthly].” The auditor considered this deficiency to be a “material weakness.”³⁸
- Year-End Closing Process: RAMS found that “many accounts were not properly reviewed and/or reconciled at year-end in preparation for the [2018-2019] audit.” The auditor described the cause as: “The City did not maintain the appropriate staffing levels to allow for the proper year-end closing process.” The auditor considered this deficiency to be a material weakness.

- Accounting Procedures and Policies Manual: RAMS found that the Finance Department did not have “an updated accounting procedures and policies manual readily available for reference.” The auditor considered this deficiency a “significant deficiency.”³⁹

A revised draft 2018-2019 CAFR was presented to the Finance Commission on October 15, 2020, with current staff disclosing and explaining the revisions made to the draft initially presented to the commission on September 24, 2020, in response to feedback received from the commission and from the FAHC. The commission voted to receive and file the 2018-2019 CAFR.

The 2018-2019 CAFR was presented to the City Council on October 26, 2020. The agenda report discussed and explained the variances identified by the Finance Commission and their review by the Finance Commission and by the FAHC. The City Council voted 4-1 to receive and file the 2018-2019 CAFR.⁴⁰

In the FAHC’s view, a primary cause of the financial reporting crisis that led to the formation of the FAHC was insufficient staffing in the Finance Department. In addition to the “high turnover at the management level in the Finance Department” cited by the City’s auditor, an ill-conceived 2018 reorganization of the Finance Department, promoted by the then-acting City Manager, reduced department staff from a historical nine (9) to five (5), and outsourced business licenses and payroll functions.

Exacerbating the reduction in staff was the replacement of legacy staff with new staff who did not have institutional knowledge, and the hiring of a Finance Director who lacked the experience necessary to lead the department.

These conditions, compounded by a lack of controls (and the failure to follow existing controls), led to a delay in month-end bank reconciliations -- by as much as twelve (12) months -- which in turn led to a delay in the year-end closing process, which in turn led to a delay in commencing the audit process for the 2018-2019 CAFR.

The City’s former City Manager retired suddenly effective September 12, 2020, immediately subsequent a September 11, 2020 Special Agenda Closed Session performance evaluation with the City Council. The City’s former Finance Director left on an unspecified indefinite family leave in August 2020, and resigned on October 6, 2020, prior to returning from leave and one week after the formation of this FAHC was announced.⁴¹ The committee credits the interim Assistant City Manager hired to lead the Finance Department and current department staff for their transparency and responsiveness to feedback from the Finance Commission and the FAHC, and for bringing the fiscal year 2018-2019 CAFR to completion.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (“ACFR”) FOR FISCAL YEAR 2019-2020

Finance Department staff regularly updated the FAHC and the Finance Commission on the progress of the audit necessary to complete the Annual Comprehensive Financial Report (“ACFR”) for fiscal year 2019-2020, noting completion of tasks on the year-end audit schedule.

To assist staff with preparation for the 2019-2020 audit, the FAHC reviewed City Council agenda materials for the 2019-2020 fiscal year (July 1, 2019, through June 30, 2020) to identify City Council action that had the effect of adjusting or modifying the budget, such as authorizing contracts or contract amendments, or increasing contract amounts. The FAHC members assembled the relevant agendas, agenda reports, and minutes for use by staff in connection with the audit and completion of the 2019-2020 ACFR.

A draft 2019-2020 ACFR was presented to the Finance Commission on July 14, 2021, and to the City Council on July 21, 2021. Both bodies voted to receive and file the report.

ANNUAL BUDGET FOR FISCAL YEAR 2020-2021

A new, draft fiscal year 2020-2021 budget was presented to the Finance Commission on March 4, 2021, and to the City Council on April 27, 2021. The commission voted unanimously to recommend approval of the 2020-2021 budget, and the Council voted unanimously to adopt the budget.

With the 2018-2019 CAFR having been completed, year-end fund balances and fiscal year 2018-2019 revenue and expenditures reported in the 2020-2021 budget were tied to actual, audited numbers. Additionally, fiscal year 2019-2020 revenue and expenditures were tied to pre-audit, actual numbers.

UPDATING FINANCIAL POLICIES AND PROCEDURES

As part of the FAHC review, recommendations were made to Staff regarding updated financial policies in 2021-2022 budget including: mid-year budget update, quarterly reports, GASB 10 / risk management accounting (revenues and expenditures are now accounted for through insurance internal service fund, instead of through general fund via transfer). The FAHC also discussed purchasing policies, the lack of a current policies and procedures manual, reviewed existing City policies as provided by staff, and also reviewed other the policies of other "case study" cities with the City of Irvine providing a model as to best practices. The City has since retained a consultant to draft an updated policies and procedures manual tailored to the City of South Pasadena based on the prior mentioned recommendations and reviews.

EXHIBIT B

From: Lucy Demirjian
Sent: Wednesday, May 27, 2020 9:37 AM
To: Stephanie DeWolfe <sdewolfe@southpasadenaca.gov>; Karen Aceves <kaceves@southpasadenaca.gov>
Cc: Tamara Binns <tbinns@southpasadenaca.gov>
Subject: RE: Legal Services Account
Importance: High

Not good news here.... We will need min \$180K to get through the year. COVID expenses are less than \$20K to date. And the ASmith reimbursement is not guaranteed, Mike doesn't believe it will be approved.

We need to go to Council for sure, can we discuss ASAP.

From: Karen Aceves <kaceves@southpasadenaca.gov>
Sent: Wednesday, May 27, 2020, 9:11 AM
To: Tamara Binns; Lucy Demirjian
Subject: Legal Services Account

Hi All,

We need to go to council to request an increase for legal services of about \$200,000 for the remainder of the year. It is already over by 21, 000 so we will need to go to council this meeting.

Let's talk more.

Karen

From: Michael Casalou
To: Sean Joyce
Subject: RE: Risk Management
Date: Wednesday, November 4, 2020 3:59:13 PM

With respect to excess coverage, a final coverage determination is made at the conclusion of a claim and if deemed not covered, related defense costs are also not covered. However, PRISM staff, on behalf of the Claims Review Committee issues a coverage alert letter early on as a courtesy to members to provide preliminary notice of potentially uncovered exposure.

The Liabilities Claims Specialist and staff from PRISM make the determination. However, they do allow communication from a member to make an argument for coverage. I am aware of only one case (Smith case) where we were notified that we may have coverage issues. However, the City's attorney (Jenni Pancake) on that case provided a detailed response to their initial coverage letter that seemed to resonate with the PRISM staff.

From: Sean Joyce <sjoyce@southpasadenaca.gov>
Sent: Wednesday, November 4, 2020 3:48 PM
To: Michael Casalou <mcasalou@southpasadenaca.gov>

Subject: Fwd: Risk Management
Begin forwarded message:
From: Stephen Rossi <srossi@southpasadenaca.gov>
Date: November 4, 2020 at 3:37:20 PM PST
To: Sean Joyce <sjoyce@southpasadenaca.gov>
Subject: Re: Risk Management

So the two follow up questions would be:

- When do we submit for reimbursement for expenses in excess of \$100K? At the time of invoice, payment, or final judgement?
- "The Liability program works on a reimbursement basis, therefore, the City will be reimbursed for amounts spent above the SIR assuming the loss is a covered under the bylaws. " Who is looking at whats covered under the bylaws and has the insurance carrier acknowledged that all of the ongoing litigations are covered?"

From: Sean Joyce
Sent: Tuesday, November 3, 2020 1:33 PM
To: Stephen Rossi
Subject: FW: Risk Management

Steve,

See Mike's explanation below.

Sean

From: Michael Casalou
Sent: Tuesday, November 3, 2020 1:24 PM
To: Sean Joyce <sjoyce@southpasadenaca.gov>
Subject: Risk Management

Risk Management Overview

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, error and omissions; injuries to employees and natural disasters. The City utilizes a combination of self-insurance, Joint Powers Authority participation and excess insurance to address these concerns. The City's primary coverage provider is Public Risk Innovation, Solutions and Management (PRISM formerly CSAC). The purpose of this organization is to provide a form of liability, workers compensation and property coverage whereby risks are transferred to the JPA to fund appropriately for its member agencies. General liability, Workers Compensation and Property losses are pooled among the member cities at certain levels, and coverage is jointly purchased in excess layers. The City pays an annual deposit based on a calculation of prior claims experience and payroll (or Total Insured Values for Property coverage). For Liability, the City has a self-insured retention of \$100,000, losses exceeding the self-retention limit up to \$5 million per claim are recovered from deposits paid by member cities. Individual claims in excess of \$5 million up to a maximum of \$50 million are covered by private insurance carriers. The Liability program works on a reimbursement basis, therefore, the City will be reimbursed for amounts spent above the SIR assuming the loss is a covered under the bylaws. For Workers Compensation, the City has a self-insured retention of \$125,000, losses exceeding the self-retention limit up to \$5 million per claim are recovered from deposits paid by member cities. Individual claims in excess of \$5 million are covered by private insurance carriers who provide 'Statutory' coverage.

ENDNOTES

¹ The agenda report also represented, incorrectly, that the different draft budget presented the City Council had been reviewed and recommended for approval by the Finance Commission. The agenda report begins at page 17-1 of the [agenda packet](#) for the Council's June 3, 2020, meeting.

² With respect to reserve and special revenue fund balances, both the former finance director who authored one of the critical reports and the Finance Commission observed that information from prior completed audits had been misapplied to prior adopted budgets.

Specifically, the adopted fiscal year 2018-2019 budget used estimated year-end balances from the adopted 2017-2018 budget, instead of actual, year-end balances from the relevant and available annual audit.

With the 2018-2019 CAFR delayed, fund balances in the original draft 2020-2021 budget presented to the Finance Commission could not have been tied to actual, audited numbers in the first instance. In light of this, the history of misapplication of audit information to prior adopted budgets, and the substantial changes made to the fund balances in the draft budget presented to the commission, the fund balances in the draft budget presented to City Council lacked reliability.

³ The \$3.5 million "shortfall" referenced by Stephanie DeWolfe at the outset of the June 24, 2020 City Council meeting is actually referencing a projected revenue decline of \$3.432 million from the prior "Pre-Covid" 2020-2021 General Fund revenue expectations to the revised "Post-Covid" revenue expectations (Pre- and Post-Covid budget projections by Staff were \$30.893 million and \$27.461 million respectively and can be found on page 17-24 of the June 3, 2020 City Council agenda meeting packet).

In reality, the Pre-Covid budget presents an increase in revenues over the 2019-2020 year. The 2019-2020 budget (approved well prior to start of Covid domestically in March 2020) includes General Fund revenue expectations of \$28.601 million. As a result, the true revenue "shortfall" presented by the budget presented by Staff to the City Council in the June 3, 2020 agenda packet was not \$3.5 million, but rather \$1.140 million (the 2019-2020 budgeted revenues of \$28.6 million less the Post-Covid budget proposal of \$27.5 million).

However, it should be noted that the June 3, 2020 version of the proposed budget includes an \$897 thousand reduction in property tax revenues from the draft budget provided to the Finance Commission only three days earlier (\$14.825 million vs \$15.722 million respectively). Were the property tax revenues held consistent with the draft previously sent to the Finance Commission, the true revenue "shortfall" provided in the Post-Covid budget would have only resulted in a \$243 thousand differential from the adopted 2019/20 fiscal year budget – only 6.9% of the \$3.5 million figure presented by DeWolfe and Aceves in the June 24, 2020 City Council meeting.

It should also be noted, that while the 2020-2021 fiscal year numbers are not yet finalized, on February 16, 2022, City Staff provided the City Council with a Mid-Year financial review for the 2021-2022 fiscal year. During that review, Staff presented the City Council with an updated estimate of General Fund revenues, including an estimated \$16.4 million from property taxes – nearly \$1.6 million HIGHER than the 2020-2021 budget proposed by DeWolfe/Aceves (these figures include both the *Property Tax* and *Motor Vehicles in-Lieu* line items in order to be consistent with the reporting presentation of the June 3, 2020 budget presentation which also included both line items).

⁴ The Staff report begins at 0:04:45 of the June 24, 2020 video recording available on the City's website

⁵ Councilmember Schneider's comments begin at approximately 1:04:49 of the June 24, 2020 video recording available on the City's website

⁶ Councilmember Khubesrian's comments can be found at approximately 1:23:00 of the June 24, 2020 video recording available on the City's website

⁷ See public comments by “Emily Diaz-Vines” at page PC-2-13 and “Mel Trom” at page PC-2-15 in the [additional document packet](#) for the Council’s June 24, 2020, meeting, and <https://southpasadenan.com/marina-khubesrian-admits-to-fraudulent-emails-south-pasadena-councilwoman-resigns/>.

⁸ <https://southpasadenan.com/strange-emails-sent-to-city-council-veiled-threats-to-cacciotti/>

⁹ Staff’s report and additional documents presented to the City Council outlining the scope of work for the FAHC, and approved 5-0 by the City Council, can be found on page 1-1 of the September 28, 2020 Special City Council Meeting Agenda located here: <https://www.southpasadenaca.gov/home/showpublisheddocument/24197/637366498690570000> and here: <https://www.southpasadenaca.gov/home/showpublisheddocument/24203/637369070841270000>

¹⁰ While the FAHC originally included two (2) members from the Finance Commission, one of those members resigned from the FAHC prior to the final version of this report.

¹¹ The October 26, 2020 vote is discussed in more detail later in this report.

¹² What had previously been known as a Comprehensive Annual Financial Report (CAFR) was changed to being called an Annual Comprehensive Financial Report (ACFR)

¹³ <https://www.investopedia.com/terms/f/forensic-audit.asp>

¹⁴ American Journal of Business Education – Fourth Quarter 2008, Volume 1, Number 2, Pg 116 (<https://files.eric.ed.gov/fulltext/EJ1052569.pdf>)

¹⁵ American Journal of Business Education – Fourth Quarter 2008, Volume 1, Number 2, Pg 125 (<https://files.eric.ed.gov/fulltext/EJ1052569.pdf>)

¹⁶ <https://www.investopedia.com/terms/f/forensic-audit.asp>

¹⁷ City Council meeting video for November 7, 2018 (see time stamp 00:53:59): http://www.spectrumstream.com/streaming/south_pasadena/2018_11_07.cfm

¹⁸ See City Gate Report, dated August 16, 2018, at Exec. Summary, p. 8 (<https://www.southpasadenaca.gov/home/showpublisheddocument/21224/637280665975830000>)

¹⁹ The Citygate report can be found on the Finance Department’s website here: <https://www.southpasadenaca.gov/government/departments/finance-department-resources>

²⁰ <https://southpasadenan.com/former-city-clerk-files-retaliation-suit-alleges-cover-up-by-city-managers/#:~:text=Lauren%20Rubin%2C%20a%20former%20long,a%20scandal%20over%20business%20licenses.>

²¹ The April 18, 2018 Staff report along with the Citygate contract and proposal can be found here: <https://opengov.southpasadenaca.gov/WebLink/DocView.aspx?id=96147&searchid=3b9d901b-9e75-450b-a60b-af5d9a48d0d6&dbid=0>

²² Employment histories for Green and DeWolfe can be found on LinkedIn here <https://www.linkedin.com/in/andrew-green-27a96357/> and here <https://www.linkedin.com/in/stephanie-dewolfe-96408062/>, respectively

²³ <https://www.pasadenastarnews.com/2015/01/20/two-pasadena-department-heads-fired-amid-64m-embezzlement-investigation/>

²⁴ <https://southpasadenan.com/former-city-clerk-files-retaliation-suit-alleges-cover-up-by-city-managers/#:~:text=Lauren%20Rubin%2C%20a%20former%20long,a%20scandal%20over%20business%20licenses.>

²⁵ South Pasadena City Code Article XI Purchasing, Subsection 2.99-29 Purchasing system (11)(e): <https://www.codepublishing.com/CA/SouthPasadena/#!/SouthPasadena02.html#2.99-29>

²⁶ The relevant code section found at Title 2, South Pas Municipal Code Section 2.99-29 paragraph (12) states: “(12) Professional and Contractual Services. Contracts for services of specially trained and professional persons or businesses shall be exempt from bidding. If possible, quotes from three qualified vendors shall be obtained prior to the award of a contract. If the contract is equal to or below twenty-five thousand dollars, the contract shall require the approval of, and be executed by, the city manager. All contracts exceeding twenty-five thousand dollars must be approved by the city council.”

²⁷ Comments and discussions regarding the City’s litigation accruals can be found from 0:59:59 to 1:04:33 and from 1:32:17 to 1:56:25 of the October 26, 2020 City Council meeting video available on the City’s website.

²⁸ Under GASB accounting standards, potential liabilities associated with litigation outstanding at June 30, 2019 would need to be reviewed for potential inclusion in a litigation accrual on the City balance sheet. Potential liabilities that presented subsequent to June 30, 2019 would be reviewed for potential inclusion in a subsequent event footnote.

²⁹ <https://southpasadenan.com/case-settled-city-settles-another-lawsuit/>

³⁰ <https://www.calcities.org/resource/practicing-ethics>

³¹ e.g. legal billings generated by Kane, Ballmer, Berkman on page 32 of the November 17, 1999 City Council Agenda Packet: <https://opengov.southpasadenaca.gov/WebLink/0/doc/220/Page1.aspx>

³² See legal billings generated by Colantuono, Highsmith and Whatley on page 10-9 of the October 6, 2021 City Council Agenda Packet: <https://www.southpasadenaca.gov/home/showpublisheddocument/27166/637686044516370000> vs billings generated by the same firm on page 7-13 of the August 18, 2021 City Council Agenda Packet: <https://www.southpasadenaca.gov/government/city-council-meetings/2021-council-meetings>

³³ Specific public comments regarding this note can be found on page AD-69 here: <https://www.southpasadenaca.gov/home/showpublisheddocument/26854/637649025770770000>; and pages AD-13 and AD-29 here: <https://www.southpasadenaca.gov/home/showpublisheddocument/26956/637661131074470000>; and page

³⁴ <https://southpasadenan.com/59-million-south-pasadena-city-budget-saved-by-voter-support-cell-tower-lease/#:~:text=The%20news%20comes%20as%20the,percent%20higher%20than%20fiscal%202020.&text=Including%20fund%20transfers%20such%20as,new%20capital%20spending%20being%20proposed.>

³⁵ The 2018-2019 budget adopted by City Council was labeled “DRAFT” and did not include a city manager’s budget message, the City’s financial policies for fiscal year 2018-2019, or an expenditure summary by fund. See [agenda packet](#) for the Council’s June 6, 2018, meeting, beginning at page 15-12. It should be noted that although a budget presentation was made to the Finance Commission at a May 22, 2018, meeting, this was a “receive and file” agenda item, and no recommendation was made to the City Council by the commission concerning adoption of the draft 2018-2019 budget.

³⁶ Although the fiscal year 2018-2019 budget document posted on the City’s website did include a city manager’s budget message and statement of financial policies for fiscal year 2018-2019, these items had mainly been cut and pasted from the adopted 2017-2018 budget without change or update, including the same summary charts and graphics from the prior fiscal year.

³⁷ South Pasadena City Code Article XI Purchasing, Subsection 2.99-29 Purchasing system (11)(e): <https://www.codepublishing.com/CA/SouthPasadena/#!/SouthPasadena02.html#2.99-29>

³⁸ “Material weakness” is defined as “a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.”

³⁹ “Significant deficiency” is defined as “a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.”

⁴⁰ The single vote against the receipt and file of the 2018-2019 CAFR has been discussed in more detail elsewhere in this report.

⁴¹ <https://tigernewspaper.com/finance-director-karen-aceves-resigns-from-city-post/>



Finance Commission Agenda Report

DATE: June 9, 2022
FROM: Ken Louie, Interim Finance Director
PREPARED BY: Stephanie Pinto, Management Assistant
SUBJECT: **Commissioner Congress Report**

Recommendation

It is recommended that the Finance Commission establish a Work Plan for fiscal year 2022-2023, as well as highlight the top three (3) accomplishments from this fiscal year (2021-2022)

Background

In past years, the City has gathered all commissions to reflect on the progress of the year. This tradition is being reintroduced this year by the Management Services Department. Each commission is to compile a list of the top 3 accomplishments from fiscal year 2021-2022. The Commission is also tasked with setting goals (i.e. Work Plan) for the upcoming fiscal year.

The Finance Commission's submittal will be presented at the Commissioner Congress on June 22, 2022 at 6PM in the War Memorial Building.

Analysis

N/A

Fiscal Impact

No Fiscal Impact

Attachments:

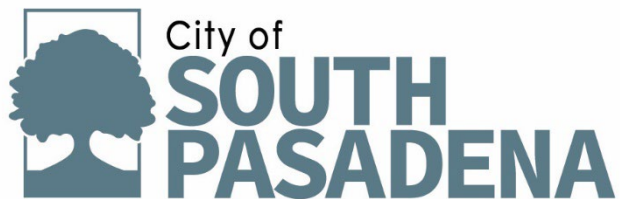
1. Draft Annual Report & Work Plan
2. Finance Commission Work Plan CY 2022
3. City's Strategic Plan



ANNUAL COMMISSION REPORT 2022

City of South Pasadena

(Finance Commission)



A Message from the Commission Chair

A brief message from the Chair person should be included. Could be 1-2 paragraphs in length.

Sincerely,

Ed Elsner

Finance Commission, Chair

Powers and Duties

The powers and duties of the finance commission shall be to:

- (a) Provide high-level oversight and advice to the city council, city treasurer and finance director regarding financial matters affecting the city including, but not limited to, investments, budget development and monitoring, revenue development, taxation, debt financing, and internal controls;
- (b) Formulate and propose policies on financial matters for approval by the city council;
- (c) Recommend the adoption of standards on organizations, personnel, areas and facilities, program and financial support;
- (d) Make periodic inventories of financial services that exist or may be needed and interpret the needs of the public to the city council;
- (e) Aid in coordinating the financial services with the programs of other governmental agencies and voluntary organizations;
- (f) Inform the public of the policies and functions of the financial programs as directed by the city council. (Ord. No. 2294, § 1, 2016.)

Finance Commission

Ed Elsner Commission Chair

Fred Findley Commissioner

Zhen Tao Commissioner

Cynthia Quade Commissioner

Peter Giulioni Jr. Commissioner

Gary Pia City Treasurer

Evelyn Zneimer,
Councilmember
City Council Liaison

Stephanie Pinto,
Management Assistant
Staff Liaison

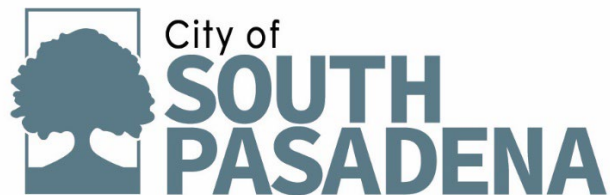
Finance Commission meetings are held every **Thursday** of the month at **6:30 PM**. Meetings are held at: **1424 Mission St**. Due to COVID-19 safety protocols, the Commission meetings have been held in virtual/hybrid mode.

Accomplishment or Notable Event

Top 3 accomplishments

ANNUAL WORKPLAN FY 2022-2023

(Name of Commission)



Fiscal Year 2022-2023 Work Plan

Goals for the upcoming year, aligned with the City's Strategic Plan



Objective	Tasks and Activities	Target Date	Purpose	Status
Mid-Year Budget	Review Mid-year budget	February (annually)	Financial Oversight	
CAFR/ Audits	Review results of annual audits	March (annually)	Financial Oversight	
Budget and CIP	Review fiscal year budget and Capital Improvement Program	June (annually)	Financial Oversight	
Development Impact Fees	Receive and files report on impact fees	June (annually)	Financial Oversight	
Master Fee Schedule	Review fee schedule for annual CPI adjustments	June (annually)	Financial Oversight	
PERS unfunded Liability	Evaluate PERS Unfunded liability; Contract for actuarial report (Strategic Plan Objective)	May	Financial Oversight	
Investment Performance	Review investment Portfolio and update Policy as needed	September (annually)	Financial Oversight	
Purchasing Policy	Revamp purchasing policy for the City	April	Financial Oversight	
Accounting Systems	Review Department proposal for new software, updated procurement and internal controls procedures	July	Financial Oversight	
Utility Users' Tax	Review potential renewal of UUT (measure for November ballot)	May	Financial Oversight	
Tax Revenues	Review quarterly reports on sales and property tax revenues (from HdL)	Quarterly	Financial Oversight	
Financial Sustainability Plan	Receive updates on Long Term Financial Sustainability Plan	Quarterly		



1. Develop and Implement Strong Fiscal Policies to Ensure a Resilient Financial Future

Task	Action Item	Target Date	Department
1a. Long Range Financial Plan	Complete Indirect Cost Allocation Plan to increase potential reimbursement for staff time on grants and special fund projects.	FY 22-23	Finance
1b. Reduce CalPERS unfunded liability	Explore and recommend options to reduce CalPERS and OPEB liability.	FY 21-22	Finance
1c. Financial policies	Develop comprehensive Finance Department Policies and Procedures manual.	FY 21-22	Finance
1d. Business License Tax	Research and recommend update to business license tax, business classifications and tax rates.	FY 22-23	Finance
1e. Library Parcel Tax	Library Parcel Tax Renewal (Nov 2022 Election)	FY 22-23	Finance/ Library



2. Create a Strong Economic Development Strategy to Strengthen Local Business

Task	Action Item	Target Date	Department
2a. Technology Upgrade	Recommend permit software & funding for building and planning to track permits online and streamline approval processes	FY 21-22 FY 22-23	Community Development
2b. Economic Development Program	Develop and Launch Economic Program <ul style="list-style-type: none">• City Branding and Marketing Plan• New City website• New Econ Dev website• Ombudsman services• develop a Guide on 'How to Do Business in the City'	FY 22-23	City Manager's Office
2c. Economic Development Plan	Produce a permit application guide to help streamline application process.	FY 21-22	CMO/ Community Development
2d. Redevelopment of Recreational Facilities	Evaluate redevelopment opportunities of recreational facilities in the Arroyo, including seeking restaurant operator at golf course.	FY 22-23	Community Services
2e. Parking Policy	Create comprehensive parking policy for the City.	FY 23-24	Community Development



3. Develop a Comprehensive Emergency Preparedness Plan to Ensure Public Safety through Active Response and Recovery Efforts

Task	Action Item	Target Date	Department
3a. Seismic Regulations	Contract with consultant to complete inventory of soft story buildings in preparation for consideration of future regulations.	FY-22-23	Community Development
3b. Crisis Comm. Systems	Promote crisis communication systems. City applied for and was granted licensing to conduct Wireless Emergency Alerting (WEA).	Ongoing	Fire/Police
3c. Local Emergency Partnerships	Prepare needs analysis & implementation schedule to address gaps in disaster coverage and seek appropriate contracts. Renew the city's Emergency Operations Plan (EOP) and Local Hazard Mitigation Plan (LHMP). Obtain Planet Bid for establishing contracts with vendors during a disaster.	FY-22-23	Fire/Police
3d. Emergency Preparedness	Initiate regular Emergency Operations Center (EOC) training for Department Directors and staff. Training will be provided during the renewals of the EOP and LHMP.	FY22-23	Fire/Police
3e. Wildfire Mitigation	Work with SGVCOG and apply for grants on wildfire mitigation on city-owned vacant lots. Research alternative methods of controlling/mitigating hazardous vegetation in the City's high hazard brush area.	FY 22-23	Fire
3f. Homeless Initiatives	<ul style="list-style-type: none"> Participate in Mental Health/Crisis Intervention Program Expand working relationship with community partners and Union Station 	FY 21-22	Police/ Community Development



4. Enhance Community Sustainability through Investment in Infrastructure and Environmental Management Programs.

Task	Action Item	Target Date	Department
4a. Renewable Energy	Implement Climate Action Plan for environmental initiatives. •Roll out electric leaf blower program (FY22-23)	FY 21-22 through FY 25-26	Public Works
4b. Water Resources	Implement Integrated Water Resources Plan to address ongoing aging infrastructure challenges, operational and supply sources, financial strategies, and a drought proof City.	FY 21-22 through FY 25-26	Public Works
4c. Pocket Parks	Award design contract and break ground on Berkshire & Grevelia pocket park project.	FY 21-22	Community Services
4d. Transportation and Mobility Projects	Contract technical team in anticipation of TDM TSM alternative.	FY 22-23	Public Works



4. Enhance Community Sustainability through Investment in Infrastructure and Environmental Management Programs. *(continued)*

Task	Action Item	Target Date	Department
4e. Capital Improvement Program	Bring forward a comprehensive Capital Improvement Plan (CIP).	FY 21-22	Public Works
4f. Mobility Master Plan	Update mobility master plan, with consideration for bike lanes, mobility, walkability and neighborhood traffic management.	FY 22-23	Public Works
4g. Traffic Management	Neighborhood Traffic management Policy Adoption and Implementation.	FY 22-23	Public Works
4h. Facilities Assessment	Conduct assessment of city facilities to determine repair costs for municipal buildings and costs for enhanced security measures and space planning.	FY 22-23	Public Works/ Mgmt Services/ Community Development
4i. Electrify fleet	Pursue electrification of city fleet.	FY 21-22 through FY 25-26	Public Works/Police/Fire/ Community Svcs



5. Plan for Affordable Housing to Comply with State Mandates and Respond to Community Needs.

Task	Action Item	Target Date	Department
5a. City Housing Division	Create a Housing Division in Community Development Department to focus on Housing related matters including funding opportunities, land use, partnership with stakeholder groups including other governments, federal and state laws, tenant protections/ relocation assistance measures.	FY 21-22	Community Development
5b. SB 381/ sale of unoccupied Caltrans properties	Implementation of SB 381 <ul style="list-style-type: none">• Commence policy discussions on the acquisition of unoccupied Caltrans surplus properties.• Identify HRE's to work with the City• Explore formation of Community Land Trust.	FY 21-22	Community Development
5c. Affordable Housing policies	Produce information on Inclusionary Housing Ordinance and ADU Ordinance. Public education on new housing laws affecting cities.	FY 21-22 FY 22-23	Community Development
5d. Housing Support	Present Occupancy inspection program and policy for adoption.	FY 22-23	Community Development
5e. Homeless Initiatives	Continue working with the SGVCOG on region-wide solutions	FY 21-22	Police/ Community Development



6. Enhance Customer Service through Innovation to More Effectively Respond to Community Priorities.

Task	Action Item	Target Date	Department
6a. Accessibility/ Customer Service	Bring forward a recommendation for an automated customer care application.	FY 22-23	CMO
6b. Centralized Operations	Centralize grants management and contract management.	FY 21-22	Mgmt Svcs
6c. Update Policies	Develop comprehensive administrative policies manual – including ADA, FMLA, Harassment, etc. with the Internal Policy Committee. <ul style="list-style-type: none"> •Police Department assessment. •Update the Rules & Regs 	FY 21-22	Mgmt Svcs
6d. Improve technology	Create an IT Master Plan for introducing or updating technologies in all departments.	FY 21-22	Mgmt Svcs
6e. Public Engagement	Establish and implement a targeted Community Outreach Program.	FY 21-22	CMO
6f. Governance	Review all Boards and Commissions.	FY 21-22	CMO/ Mgmt. Services
6g. Governance	Undertake process for Redistricting.	FY 21-22	Mgmt Svcs
6h. City Workforce	Pursue a healthy Workplace Culture including efforts to raise employee morale <ul style="list-style-type: none"> • Establish Employee Committee to assist with morale boosting initiatives and events • Create new Training an Mentoring Program Create new branding for HR and City through Onboarding Process.	Ongoing	CMO/ Mgmt. Services
6i. Modernize Division	Human Resources Division enhancements.	Ongoing	Mgmt Svcs

**City of South Pasadena Finance Commission
Minutes for Special Meeting of:
September 23, 2021 6:30 P.M.**

Broadcast via ZOOM conference call.

- I. Roll Call
Commission Chair Elsner – Present
Commission Vice-Chair Choi – Present
Commissioner Findley – Present
Commissioner Tao – Absent
Commissioner Wood – Present
City Treasurer Pia – Present

- II. Public Comment - None

- III. Action/Discussion
 1. Pension and OPEB Liability Alternatives
 - i. Motion by Commissioner Findley to set up a trust for \$600,000 for OPEB Funding remaining balance is recommended to be used as a payment toward unfunded liability to CALPERS, second by Commission Vice Chair Choi. Approved 4-0.

 2. Finance Dept. Policy and Procedures Update
 - i. Motion by Commission Chair Elsner to recommend the City Council approve the proposal by Management Partners, second by Commissioner Wood. Approved 4-0

 3. Sales Tax Update
 - i. Motion by Commissioner Findley to receive and file the Sales Tax Update, second by Commission Chair Elsner. Approved 4-0

 4. FY 2021 ACFR Status (on every agenda)

 5. Approval of Minutes from May & July Meetings (3)
 - i. Motion by Commission Chair Elsner to approve the minutes for the May 20th and July 14th, second by Commissioner Findley. Approved 4-0

- IV. Communications - NONE

Next regular meeting –October 27, 2021
Meeting Adjourned at 8:54 PM

**City of South Pasadena Finance Commission
Minutes for Special Meeting of:
February 7, 2022 1:30 P.M.**

Broadcast via ZOOM conference call.

- I. Roll Call
Commission Chair Elsner – Present
Commissioner Findley – Present
Commissioner Tao – Present
Commissioner Wood – Present
City Treasurer Pia – Present

- II. Public Comment - None

- III. Action/Discussion
 1. Review o the Preliminary Mid-Year Report
 - i. Motion by Commissioner Findley to receive and file the Mid-Year Report, second by Commissioner Wood. Approved 4-0

 2. Update on Cell Tower Revenue – No action required

- IV. Communications - NONE

Next regular meeting – February 24, 2022

Meeting Adjourned at 2:00 PM

**City of South Pasadena Finance Commission
Minutes for Regular Meeting of:
February 24, 2022 6:30 P.M.**

Broadcast via ZOOM conference call.

- I. Roll Call
Commission Chair Elsner – Present
Commissioner Findley – Present
Commissioner Tao – Absent
Commissioner Wood – Present
City Treasurer Pia – Present

- II. Public Comment - None

- III. Action/Discussion
 1. Selection of OPEB Trustee
 - i. Motion by Commissioner Findley to recommend the City Council select CALPEERS OPEB Trustee for an investment of \$1.2 Million, second by Commissioner Wood. Approved 3-0
 2. Update on Investment Philosophy (verbal) – No Action Required
 3. Selection of a Commission Chair and Vice Chair
 - i. Motion by Commissioner Wood to postpone the election of Commission Chair and Vice Chair until new commissioners are appointed by the Mayor, second by Commissioner Findley. Approved 3-0
 4. Approval of Minutes for the December 16th Meeting
 - i. Motion by Commissioner Findley to approve the minutes for December 16, 2022, second by Commissioner Wood. Approved 3-0

- IV. Communications - NONE

Next regular meeting – March 31, 2022

Meeting Adjourned at 7:00 PM