

City of South Pasadena California

Comprehensive
Annual Financial Report
Fiscal Year Ended
June 30, 2008

CITY OF SOUTH PASADENA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

PREPARED BY: FINANCE DEPARTMENT

CITY OF SOUTH PASADENA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION [TAB]



CITY OF SOUTH PASADENA

FINANCE DEPARTMENT
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December 20, 2008

Honorable Mayor and Members of the City Council,

We proudly present to you the City of South Pasadena's Comprehensive Annual Financial Report (CAFR). This report consists of management's representations concerning the finances of the City of South Pasadena. It was prepared by the Finance Department with the assistance of the City's independent auditors, Lance, Soll & Lunghard, in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe that the data presented is complete and reliable in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of the City's various funds and account groups; and that all disclosures necessary to enable the reader to gain a good understanding of the City's financial activity have been included.

The City's financial statements have been audited by Lance, Soll & Lunghard, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of South Pasadena's financial statements for the fiscal year ended June 30, 2008, 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.

The independent audit of the financial statements of the City of South Pasadena was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving

the administration of federal awards. These reports are available in the City of South Pasadena's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of South Pasadena

South Pasadena is located approximately six miles northeast of downtown Los Angeles, on the west side of the San Gabriel Valley between the cities of Pasadena, San Marino, Los Angeles and Alhambra and has a population of 25,824. Founded in 1874 by the Indiana Colony, the City encompasses 3.44 square miles and was incorporated as a General Law city of the State of California on March 2, 1888. South Pasadena is noted for its beautiful, historically significant homes on tree-lined streets, for its excellent public schools and for a small-town atmosphere in the midst of greater Los Angeles.

The City is a full-service general law city that operates under the Council-Manager form of government. The City Council consists of five members elected to four-year staggered terms of office. The Mayor is selected from the City Council members and serves a one-year term. The City's other elected officials are the City Treasurer and City Clerk, each of whom serves a four-year term of office.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sewer services; water utility; refuse collection; public improvements; planning and zoning; recreational activities and cultural events; 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 any fund in the maintenance and operations portions of the budget without increasing total appropriations for that division. 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. Economic conditions both within the greater Los Angeles region and the State of California have realized steady expansion over a six-year period however is currently in a recession. In South Pasadena, General Fund revenue performance has consistently advanced, but at a lesser margin than other urban municipalities due in large part to a static sales tax base. Exceptional performance in property taxes continues, as the assessed value of South Pasadena real estate continues to be strong. Utility user's taxes and franchise fees change according to consumption and movement in the consumer price index.

Sales taxes, as mentioned, remain stable only, displaying little connection to the vagaries of exterior economic trends. While the residential character of our "quality-of-life" community limits change in our sales tax base, sales taxes have remained consistent for several years with the cost of living index. Expectations for marginally increased business development and expanded activity in the central business core of the City have grown with the sale of tax increment bonds by the South Pasadena Community Redevelopment Agency in July of 2000 and the continuation of activities for the Downtown Redevelopment Project. Operations at the Mission St. Gold Line Station, completion of the Mission/Meridian Village, development in the Ostrich Farm area, and successive steps in undertaking infrastructure construction projects suggest continued advances toward this end.

The City's largest tax source, property tax, has demonstrated several years of strong increases in growth in assessed values and in corresponding tax collections. Secured property taxes, the largest portion of the category, grew by an average of 9.06% over the five-year period ending at June 30, 2008. This is partially because the City's extremely high quality of life makes it a desirable place to live and work... Moreover, the City's proximity to commercial and cultural developments in greater Pasadena offers our residents distinct lifestyle advantages. While it appears possible that current widespread concern for declining housing sales prices and tightening credit markets may impact consumer spending in general in the shorter-term, assessed values and property taxes are expected to continue performing with similar forward momentum. Even so, we expect declining rates of annual increase in assessed valuations in the coming years with the phasing out of reassessments following sale and transfer of pre- Proposition 13 properties.

South Pasadena continues to remain in satisfactory financial condition thanks to a relatively stable revenue base. Our core services, in spite of steady and progressive revenue losses to the State of California, have remained consistent. We estimate that the City of South Pasadena loses at least \$2 million in General Fund property tax revenue each year resulting from property tax revenue shifts that commenced in 1992-93. Taking

matters into our own hands, the City has implemented the many findings of its various financial review committees, including a full allocation of costs between funds and a professional cost recovery/fee study in FY 2005. These changes have modestly impacted the General Fund bottom line.

Long-term financial planning In FY 2004, the City established a longer-range vision for its sewer system and water enterprise by adjusting charges for service to finance many necessary improvements. Review of these issues is continuing in FY 2009. In addition improvements to street related infrastructure are also being reviewed and considered.

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.

Cash management policies and practices Under the direction of the City Treasurer, working in collaboration with the Investment Policy Review Committee, cash temporarily idle during the year was invested in obligations of a federal agency bonds issued by the U.S. Treasury; demand deposits; and, predominantly, the State Treasurer's Local Agency Investment Fund (LAIF). Monies invested in LAIF have availability on one day's notice.

The City Council annually adopts, by resolution, an investment policy for the City's funds. Similarly, the Community Redevelopment Agency adopts an investment policy for Agency funds. The policy defines the objectives and priorities of the investment program, stressing the primary objectives of safety and liquidity of funds. The third priority is the achievement of maximum yield within the constraints of the primary objectives. The City Treasurer, charged with the responsibility of custody and investment of surplus City funds, prepares the investment policy in collaboration with the Investment Policy Review Committee.

Risk Management The City is a member of the California Joint Powers Insurance Authority (CJPIA). The CJPIA is composed of 120 California public entities. The CJPIA provides joint protection and administration for claims administration. Member cities pool their claims and losses, jointly purchase excess insurance, and share the costs of administration and related costs. The City participates in the CJPIA comprehensive liability and workers' compensation insurance programs through actuarially determined annual coverage contributions.

Pension and other postemployment benefits The City provides its full-time employees retirement benefits through two defined benefit pension plans, one for its sworn police and fire safety employees, and one for its miscellaneous employees. These

plans are part of the California Public Employee Retirement System (CalPERS). The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City also contributes the employees' required contributions, or a portion thereof, on their behalf and for their account. The City also provides employment and post-employment health benefits through PERS.

The City provides post-employment health benefits to its employees in accordance with agreements reached with the various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to the contribution limits established in the agreements with each respective bargaining unit. These payments are financed on a pay-as-you-go basis. As of June 30, 2008 the City was providing benefits to an average of 104 participants. Beginning with the annual financial report for fiscal year ending June 30, 2009, the City will include information pertinent to the unfunded actuarially accrued liability resulting from this post-employment benefit in conformity with the requirements of Government Accounting Standards Board Statement number 45.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Pasadena for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of South Pasadena has received a Certificate of Achievement for the last twenty consecutive years (fiscal years ended 1987 through 2007). We believe our current report continues to conform to the Certificate of Achievement program requirements, and will again submit it to GFOA for award consideration.

The Certificate of Achievement award program conducted by the California Society of Municipal Finance Officers (CSMFO) was discontinued for prior recipients of the award beginning with reports for the fiscal year ended June 30, 2006 due to concerns with the duplication of administrative effort required for participation in the CSMFO and GFOA award programs. Accordingly, the City of South Pasadena did not submit application for the CSMFO Certificate of Achievement program for the fiscal year ended June 30, 2006. Prior to discontinuation of the program, the City was awarded a Certificate for Outstanding Financial Reporting for its CAFR for nineteen consecutive years (fiscal years ended 1987 through 2005).

The preparation and publication of this report is made possible through the dedication of the entire Finance Department staff. Continued thanks are again extended to our audit firm, Lance, Soll & Lunghard, who are successfully completing the fifth year of audit contract work with the City, having added many contributions to our internal control structure and improvements in our financial reporting. We also thank the City Council for its commitment to conducting the financial operations and corresponding financial disclosures of the City in an open, public and transparent manner.

Respectfully submitted,

Tracey L. Hause
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Pasadena
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

Philip Putnam
Mayor

David Sifuentes
Mayor Pro Tempore

Dr. Richard D. Schneider
Council member

Michael A. Cacciotti
Council member

Mike Ten
Council member

ADMINISTRATION AND DEPARTMENT HEADS

City Manager and Executive Director of
South Pasadena Redevelopment Agency

Lilian Myers

Assistant City Manager

Andre Dupret

City Clerk

Sally Kilby

City Treasurer

Victor Robinette

Director of Finance (Interim)

Tracey Hause

Director of Public Works

Shin Furukawa

Director of Planning and Building

David Watkins

City Librarian

Steve Fjeldsted

Police Chief

Daniel Watson

Fire Chief

Gerald Wallace

Director of Community Services

Sergio Gonzalez

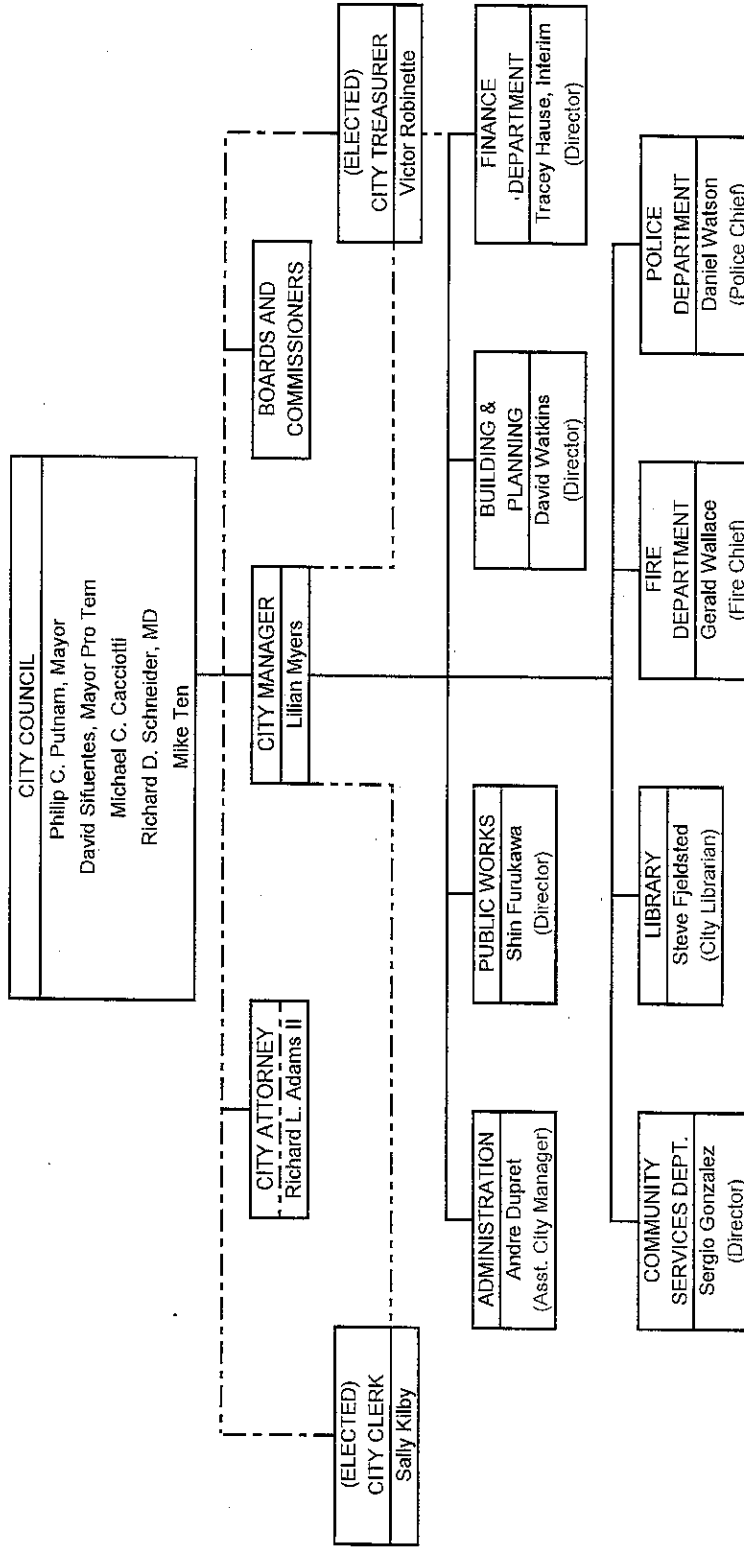
City Attorney

Richard L. Adams II

CITY OF SOUTH PASADENA

ORGANIZATIONAL CHART

2008 - 2009 Budget



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FINANCIAL SECTION [TAB]

Retired

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Pasadena, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of South Pasadena's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Pasadena as of June 30, 2008. The respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and the MTA Pedestrian Improvement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2008, on our consideration of the City of South Pasadena's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

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 introductory section, the combining and individual fund statements, schedules and statistical tables are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Lance, Soll & Lunghard, LLP

December 24, 2008

MANAGEMENT DISCUSSION AND ANALYSIS [TAB]

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

(A) Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$80,968,803 (*net assets*). Of this amount, \$11,934,425 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$4,011,415.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$15,374,168 an increase of \$4,757,314. Of this amount, \$9,878,564 or approximately 64.3% of total fund balances are available for spending at the City's discretion (*unreserved fund balance*).
- The increase in the City's governmental funds reported combined fund balances was the result of an overall excess of revenues of \$27,007,617 over expenditures of \$22,493,765. Further there was a prior period adjustment of \$243,452. Components of the prior period adjustment of \$243,452 are detailed in the Notes to the Financial Statements.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$8,398,099, or 46.4% of total General Fund Expenditures.
- The City's net capital assets increase of \$1,290,817 from the prior year.
- The City's net long-term liabilities decreased by \$269,643 or 2.3%. The decrease was a result primarily of principal payments made on the 2000 Tax Allocation Bonds and the 2004 Water Revenue Bonds.

(B) Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South Pasadena is improving or deteriorating.

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

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

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

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

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

The City of South Pasadena maintains 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, MTA Pedestrian Improvement Grant Fund, and the Community Redevelopment Agency Administration Fund, all of which are considered to be major funds for the purposes of this report. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

Proprietary funds. The City of South Pasadena maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account of its water utility. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

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

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

(C) Government-wide Financial Analysis.

Net assets may serve as a useful indicator of a government's financial position. In the case of the City of South Pasadena, assets exceeded liabilities by \$80,968,803 at the close of the most recent fiscal year. The primary reason for this change is increased cash and investments as a result of increased tax revenues and a less aggressive capital improvement program than in prior years. By far the largest portion of the City's net assets, \$62,429,549 or 77.1% reflects its investment in non liquid capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**City of South Pasadena Net Assets
As of June 30, 2008 and 2007**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$18,953,744	\$15,091,514	\$ 9,402,038	\$ 9,375,960	\$28,355,782	\$24,467,474
Capital assets	59,240,252	60,463,154	9,373,431	8,971,387	68,613,683	69,434,541
Total assets	\$78,193,996	\$75,554,668	\$18,775,469	\$18,347,347	\$96,969,465	\$93,902,015
Long-term liabilities outstanding	\$ 3,226,243	\$ 3,302,006	\$ 8,241,176	\$ 8,448,868	\$11,467,419	\$11,750,874
Other liabilities	3,211,348	3,526,669	1,321,895	1,667,084	4,533,243	5,193,753
Total liabilities	\$ 6,437,591	\$ 6,828,675	\$ 9,563,071	\$10,115,952	\$16,000,662	\$16,944,627
Net assets:						
Invested in capital assets	\$59,638,269	\$57,875,243	\$ 2,791,280	\$ 3,263,489	\$62,429,549	\$61,138,732
Restricted	3,725,863	4,454,617	2,878,966	2,136,719	6,604,829	6,591,336
Unrestricted	8,392,273	6,396,133	3,542,152	2,831,187	11,934,425	9,227,320
Total Net Assets	\$71,756,405	\$68,725,993	\$ 9,212,398	\$ 8,231,395	\$80,968,803	\$76,957,388

The second largest portion of the City net assets of \$11,934,425 or 14.74% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. The remaining portion of the City's net assets, \$6,604,829 or 8.16%, represents special revenue resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City of South Pasadena is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's governmental current assets increased by \$3,862,230 which resulted primarily from an increase in cash and investments \$3,871,595. This increase in cash is a result of additional revenues and less spending for capital projects than originally anticipated. The City's business-type current assets increased by \$26,078 primarily as a result in an increase of \$18,470 in inventories.

The City reported a net increase of \$1,290,817 in capital assets, an increase \$1,763,026 in governmental activities and a \$472,209 decrease in the business-type activities. The increases are a result of completed capital projects and the decreases a primarily a result of a change in accounting principles; specifically a change was made in the capitalization threshold from \$1,000 to \$5,000.

The City's governmental restricted assets decreased \$728,754 while the City's business-type restricted assets increased by \$742,247. The respective changes were a result of commitments for capital projects.

The City's net assets increased by \$4,011,415 during the current fiscal year, or a 5.2% increase the prior year. Total adjusted revenues increased by \$2,836,580. The City experienced increases in tax revenues \$1,833,965. Expenses decreased by \$183,634 or 0.7% over the prior year. The decrease was a result of a less aggressive capital improvement program in FY 2008.

Governmental Activities

Governmental activities net assets increased by \$3,030,412 thereby accounting for 4.4% of the total growth in the net assets of the City. Key elements of the increase in governmental activities net assets are as follow:

- Taxes for total governmental activities revenues, increased by \$1,684,066 (11.1%) from the prior year.
- Property taxes are levied based on assessed values, although increases in the assessed values of properties that do not change ownership are generally limited to 2% annually. Real estate sales in FY 2008 were strong due to high demand and historic low mortgage rates. This resulted in an \$869,878 (9.5%) increase.
- Sales taxes generally are a direct reflection of the general economy however with nature South Pasadena's tax bases, i.e. no big box stores, car dealerships, etc., sales tax remains strong with an increase of \$167,680 or 5.8%.
- Program revenues decreased by \$3,239,423 or 32.0% as a result of a decrease in grant funding.
- Investment earnings increased by \$50,335 (4.1%) during the year. This was primarily a result of more idle funds available for investment than originally anticipated.
- The City continues its efforts to maintain effective cost controls. As a result, governmental activities expense decreased by \$224,995 or 10.0% during FY 2008. Decreased expenditures are a result of a less aggressive capital program.

Business-type Activities

The City's proprietary fund (or enterprise fund) provides 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 assets of the fund at the end of the year amounted to \$3,542,152. Assets restricted for capital improvements were \$2,878,966. Total growth in net assets for these funds was an increase of \$981,003 or 11.9%.

(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 \$15,374,168 an increase of \$4,757,314 from the prior year. This increase is the net result of \$831,578 (3.1%) decrease in total revenues, however a \$3,453,438 (13.3%) decrease in total expenditures and an increase of \$539,827 (96.4%) in other financing sources as a result of the sale of property.

Approximately 64.3% of fund balances constitute the unreserved fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it: 1) has already been committed to liquidate contracts and purchase orders for the prior period (2.6%), 2) represents net assets that are not available spendable resources (31.8%), 3) represents assets set aside to pay debt service (1.3%).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$8,398,099, while the total fund balance reached \$9,851,947. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance represents of 46.4% General Fund expenditures, while the total fund balance represents 54.5% of that same amount.

The fund balance of the City's General Fund increased by \$3,103,035 during the current fiscal year. This represents an increase of 46% in fund balance from FY 2007. Key factors in this increase are as follows:

- Tax revenues increased \$1,502,757 or 10.8%. The majority of tax revenues is reported in and benefits General Fund activities. The nature of the taxes and the reasons for the change in these revenue sources is the same as described earlier for governmental activities.
- Expenditures increased by \$497,089 or 2.8% primarily as a result of salary and benefit increases to the employees.

The fund balance of the MTA Pedestrian Improvement Fund decreased into a further deficit position. This is primarily because expenditures are on a grant reimbursed basis. Additional grant reimbursements will be received in FY 2009 that will address the deficit.

In the Community Redevelopment Agency Capital Projects Fund, fund balance increased by \$173,825, which includes a minor restatement. The increase in fund balance is primarily a result of an excess of tax increment over anticipated expenditures.

Other governmental funds' fund balances increased \$1,955,847 (144.5%) during FY 2008. This resulted primarily from the sale of property.

General Fund Budgetary Highlights

The City adopts annual appropriated operating budgets for its governmental funds (General Fund, special revenue funds) and reports the results of operations on a budgetary comparison basis. The City also uses annual financial plans as a management tool for its enterprise fund, although the City doesn't 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 activates in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues if available to allow for expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget for additional various programs.

The General Fund reflected a net total favorable budget variance of \$3,907,128 (before transfers) when comparing actual amounts to the final budget for the current fiscal year. This budget variance reflects a favorable variance in revenues of \$1,341,130 and a favorable variance in total expenditures of \$2,565,998. There were no significant budgetary variances between the final amended budget and actual results.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$59,240,252 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, vehicles, computer equipment, furniture, other equipment, and construction in progress.

Additional information on the City's capital assets can be found in the notes to financial statements section of this report, Note 4.

Long-term debt. At the end of the current fiscal year, the City of South Pasadena had total debt outstanding of \$3,226,243.

City of South Pasadena Long-Term Debt

	Governmental Activities	
	2008	2007
Employee compensated absences	\$ 688,226	\$ 649,095
Capital Leases	398,017	437,911
2000 Tax Allocation Bonds	2,075,000	2,150,000
Claims and Judgments Payable	0	0
Loan Payable	65,000	65,000
Total	\$ 3,226,243	\$ 3,302,006

The City's long-term debt decreased during the current fiscal year primarily due to a principal payment of the 2000 Tax Allocation Bonds.

Proprietary Fund Long-Term Debt

	Business-Type Activities	
	2008	2007
2004 Water Revenue Bonds	\$ 8,190,000	\$ 8,400,000
Compensated Absences	37,995	35,056
Unamortized Bond Premium	13,181	13,812
Total	\$ 8,241,176	\$ 8,448,868

Proprietary fund long-term debt decreased by \$207,692 during the current fiscal year as debt service pertaining to water revenue bonds issued in 2004 was made.

Further details on long-term debt can be found in the notes to financial statements section of this report, Note 6.

Economic Factors and Next Year's Budget

- There exists regional concern over the housing values. This concern notwithstanding, South Pasadena's assessed property values and property tax collections remain strong. Assessed valuation increases of 9.0% and 9.16% have been realized in FY 2007 and FY 2008, respectively. Property tax revenue (38.5% of City-wide revenues) remains the primary foundation of general fund revenues.
- Increases in the contributions toward employee pensions through the California Public Employees Retirement System (PERS) remain a concern.

During the 2008 fiscal year, unrestricted fund balance in the General fund increased to \$8,398,099. Budgeting with the assumption that 2009 fiscal year revenues would comfortably exceed expenditures and with the increase of a voter approved Utility Users Tax, the City of South Pasadena appropriated more than \$1,400,000 in its fiscal year 2009 budget for infrastructure improvements, primarily street repairs. It remains the intention of City management not to use available fund balance for purposes of meeting costs of operations.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of South Pasadena for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Tracey Hause, Interim Finance Director, thause@ci.south-pasadena.ca.us, 626.403.7252, or by U.S. mail: Finance Department, 1414 Mission Street, South Pasadena, CA, 91030.

GOVERNMENT-WIDE FINANCIAL STATEMENTS [TAB]

CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 16,470,011	\$ 6,470,381	\$ 22,940,392
Receivables:			
Accounts	348,055	644,211	992,266
Taxes	1,172,479	-	1,172,479
Notes and loans	250,000	-	250,000
Accrued interest	122,012	46,765	168,777
Internal balances	(253,250)	253,250	-
Due from other governments	502,051	-	502,051
Inventories	141,889	184,213	326,102
Deferred charges	-	182,188	182,188
Restricted assets:			
Cash with fiscal agent	200,497	1,592,423	1,792,920
Capital assets not being depreciated	8,733,358	4,916,363	13,649,721
Capital assets, net of depreciation	50,506,894	4,485,675	54,992,569
Total Assets	78,193,996	18,775,469	96,969,465
Liabilities:			
Accounts payable	1,366,048	1,146,598	2,512,646
Accrued liabilities	424,962	22,510	447,472
Accrued interest	39,153	102,413	141,566
Unearned revenue	598,251	-	598,251
Deposits payable	732,108	27,738	759,846
Retentions payable	50,826	22,636	73,462
Noncurrent liabilities:			
Due within one year	250,668	223,800	474,468
Due in more than one year	2,975,575	8,017,376	10,992,951
Total Liabilities	6,437,591	9,563,071	16,000,662
Net Assets:			
Invested in capital assets, net of related debt	59,638,269	2,791,280	62,429,549
Restricted for:			
Community development	530,096	-	530,096
Public safety	227,123	-	227,123
Community services	687,375	-	687,375
Capital projects	2,080,772	2,878,966	4,959,738
Debt service	200,497	-	200,497
Unrestricted	8,392,273	3,542,152	11,934,425
Total Net Assets	\$ 71,756,405	\$ 9,212,398	\$ 80,968,803

CITY OF SOUTH PASADENA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 3,911,227	\$ 1,457,911	\$ 150,998	\$ -
Public safety	9,875,234	1,306,513	175,552	-
Community development	997,287	801,200	-	-
Community services	2,806,026	514,523	127,136	47,516
Public works	4,655,996	1,244,935	539,572	513,368
Interest on long-term debt	143,423	-	-	-
Total Governmental Activities	22,389,193	5,325,082	993,258	560,884
Business-Type Activities:				
Water	3,949,800	4,543,192	-	-
Total Business-Type Activities	3,949,800	4,543,192	-	-
Total Primary Government	\$ 26,338,993	\$ 9,868,274	\$ 993,258	\$ 560,884

General Revenues:

Taxes:

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

**Total General Revenues, Contributions,
Special Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

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

Governmental Activities	Business-Type Activities	Total
\$ (2,302,318)	\$ -	\$ (2,302,318)
(8,393,169)	-	(8,393,169)
(196,087)	-	(196,087)
(2,116,851)	-	(2,116,851)
(2,358,121)	-	(2,358,121)
(143,423)	-	(143,423)
(15,509,969)	-	(15,509,969)
-	593,392	593,392
-	593,392	593,392
(15,509,969)	593,392	(14,916,577)
9,986,309	-	9,986,309
3,078,717	-	3,078,717
777,675	-	777,675
344,497	-	344,497
2,666,063	-	2,666,063
492,406	-	492,406
110,144	-	110,144
921,232	370,557	1,291,789
69,013	14,695	83,708
1,100,000	11,075	1,111,075
19,546,056	396,327	19,942,383
4,036,087	989,719	5,025,806
68,725,993	8,231,395	76,957,388
(1,005,675)	(8,716)	(1,014,391)
\$ 71,756,405	\$ 9,212,398	\$ 80,968,803

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FUND FINANCIAL STATEMENTS [TAB]

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CITY OF SOUTH PASADENA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Special Revenue Funds MTA Pedestrian Improvement	Capital Projects Funds Community Redevelopment Agency
Assets:			
Pooled cash and investments	\$ 9,201,974	\$ -	\$ 2,909,694
Receivables:			
Accounts	303,995	-	1,400
Taxes	1,138,894	-	33,585
Notes and loans	250,000	-	-
Accrued interest	78,435	-	23,774
Due from other governments	-	256,863	-
Due from other funds	599,720	-	-
Inventories	141,889	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	200,497
Total Assets	\$ 11,714,907	\$ 256,863	\$ 3,168,950
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 632,066	\$ 307,095	\$ 40,598
Accrued liabilities	400,811	-	1,860
Deferred revenues	150,518	256,863	-
Unearned revenues	-	-	-
Deposits payable	678,855	-	50,000
Due to other funds	-	253,141	-
Advances from other funds	-	-	253,250
Retentions payable	716	50,110	-
Total Liabilities	1,862,966	867,209	345,708
Fund Balances:			
Reserved:			
Reserved for encumbrances	150,673	1,838	-
Reserved for inventory	141,889	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Designated for uninsured losses	401,000	-	-
Designated for equipment replacement	504,000	-	-
Designated for low and moderate housing	-	-	530,096
Designated for debt service	-	-	200,497
Designated for Arroyo Golf Course Facility	6,280	-	-
Designated for renewable energy sources	250,000	-	-
Undesignated	8,398,099	(612,184)	2,092,649
Total Fund Balances	9,851,941	(610,346)	2,823,242
Total Liabilities and Fund Balances	\$ 11,714,907	\$ 256,863	\$ 3,168,950

CITY OF SOUTH PASADENA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 4,358,343	\$ 16,470,011
Receivables:		
Accounts	42,660	348,055
Taxes	-	1,172,479
Notes and loans	-	250,000
Accrued interest	19,803	122,012
Due from other governments	245,188	502,051
Due from other funds	-	599,720
Inventories	-	141,889
Restricted assets:		
Cash and investments with fiscal agents	-	200,497
Total Assets	\$ 4,665,994	\$ 19,806,714
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 386,289	\$ 1,366,048
Accrued liabilities	22,291	424,962
Deferred revenues	-	407,381
Unearned revenues	598,251	598,251
Deposits payable	3,253	732,108
Due to other funds	346,579	599,720
Advances from other funds	-	253,250
Retentions payable	-	50,826
Total Liabilities	1,356,663	4,432,546
Fund Balances:		
Reserved:		
Reserved for encumbrances	252,940	405,451
Reserved for inventory	-	141,889
Unreserved:		
Unreserved, reported in nonmajor:		
Special revenue funds	3,056,391	3,056,391
Designated for uninsured losses	-	401,000
Designated for equipment replacement	-	504,000
Designated for low and moderate housing	-	530,096
Designated for debt service	-	200,497
Designated for Arroyo Golf Course Facility	-	6,280
Designated for renewable energy sources	-	250,000
Undesignated	-	9,878,564
Total Fund Balances	3,309,331	15,374,168
Total Liabilities and Fund Balances	\$ 4,665,994	\$ 19,806,714

CITY OF SOUTH PASADENA

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Fund balances of governmental funds	\$ 15,374,168
Amounts reported for governmental activities in the statement of net assets are different because:	-
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	59,240,252
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(3,187,112)
Compensated Absences	(39,131)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds	(39,153)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity	<u>407,381</u>
Net assets of governmental activities	<u>\$ 71,756,405</u>

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CITY OF SOUTH PASADENA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Special Revenue Funds MTA Pedestrian Improvement</u>	<u>Capital Projects Funds Community Redevelopment Agency</u>
Revenues:			
Taxes	\$ 15,376,055	\$ -	\$ 583,105
Assessments	-	-	-
Licenses and permits	893,188	-	-
Intergovernmental	556,959	336,446	-
Charges for services	2,127,387	-	-
Use of money and property	666,565	-	151,052
Fines and forfeitures	636,668	-	-
Contributions	-	-	-
Miscellaneous	469,528	-	22,640
Total Revenues	<u>20,726,350</u>	<u>336,446</u>	<u>756,797</u>
Expenditures:			
Current:			
General government	3,041,120	-	388,466
Public safety	10,574,689	-	-
Community development	1,005,406	-	-
Community services	2,126,730	-	-
Public works	1,100,055	-	-
Capital outlay	170,912	593,309	-
Debt service:			
Principal retirement	39,894	-	75,000
Interest and fiscal charges	21,414	-	124,583
Total Expenditures	<u>18,080,220</u>	<u>593,309</u>	<u>588,049</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,646,130</u>	<u>(256,863)</u>	<u>168,748</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from sale of capital asset	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>2,646,130</u>	<u>(256,863)</u>	<u>168,748</u>
Fund Balances, Beginning of Year, as previously reported	6,748,906	(353,483)	2,649,417
Restatements	456,905	-	5,077
Fund Balances, Beginning of Year, as restated	<u>7,205,811</u>	<u>(353,483)</u>	<u>2,654,494</u>
Fund Balances, End of Year	<u>\$ 9,851,941</u>	<u>\$ (610,346)</u>	<u>\$ 2,823,242</u>

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 891,492	\$ 16,850,652
Assessments	895,773	895,773
Licenses and permits	49	893,237
Intergovernmental	1,395,453	2,288,858
Charges for services	694,993	2,822,380
Use of money and property	103,615	921,232
Fines and forfeitures	-	636,668
Contributions	19,005	19,005
Miscellaneous	87,644	579,812
Total Revenues	4,088,024	25,907,617
Expenditures:		
Current:		
General government	425,936	3,855,522
Public safety	96,119	10,670,808
Community development	-	1,005,406
Community services	552,543	2,679,273
Public works	1,752,267	2,852,322
Capital outlay	405,312	1,169,533
Debt service:		
Principal retirement	-	114,894
Interest and fiscal charges	-	145,997
Total Expenditures	3,232,177	22,493,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	855,847	3,413,862
Other Financing Sources (Uses):		
Transfers in	42,573	42,573
Transfers out	(42,573)	(42,573)
Proceeds from sale of capital asset	1,100,000	1,100,000
Total Other Financing Sources (Uses)	1,100,000	1,100,000
Net Change in Fund Balances	1,955,847	4,513,862
Fund Balances, Beginning of Year, as previously reported	1,572,014	10,616,854
Restatements	(218,530)	243,452
Fund Balances, Beginning of Year, as restated	1,353,484	10,860,306
Fund Balances, End of Year	\$ 3,309,331	\$ 15,374,168

CITY OF SOUTH PASADENA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

Net change in fund balances - total governmental funds	\$ 4,513,862.00
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(5,404)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	114,894
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period	2,574
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(7,502)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity	<u>(582,337)</u>
Change in net assets of governmental activities	<u>\$ 4,036,087</u>

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$7,205,811	\$ 7,205,811	\$ 7,205,811	\$ -
Resources (Inflows):				
Taxes	14,806,000	14,806,000	15,376,055	570,055
Licenses and permits	808,300	808,300	893,188	84,888
Intergovernmental	507,500	518,500	556,959	38,459
Charges for services	1,930,000	1,930,000	2,127,387	197,387
Use of money and property	476,920	476,920	666,565	189,645
Fines and forfeitures	600,000	600,000	636,668	36,668
Miscellaneous	245,500	245,500	469,528	224,028
Amounts Available for Appropriation	26,580,031	26,591,031	27,932,161	1,341,130
Charges to Appropriation (Outflow):				
General government				
City council	45,866	45,866	27,722	18,144
City clerk	303,415	310,632	232,192	78,440
Elections	43,433	43,433	45,058	(1,625)
City manager	479,833	499,411	486,776	12,635
Personnel	109,350	109,350	114,993	(5,643)
Transportation planning	337,321	337,922	205,320	132,602
Legal services	250,000	250,000	294,619	(44,619)
Finance	417,918	428,205	455,500	(27,295)
City treasurer	10,255	10,255	10,287	(32)
Information services	213,380	213,380	171,241	42,139
Non-departmental	1,436,965	909,965	997,412	(87,447)
Public safety				
Police	6,625,189	6,909,923	6,776,475	133,448
Fire	3,522,121	3,713,800	3,798,214	(84,414)
Community development				
Community development	1,096,955	1,184,129	1,005,406	178,723
Parks and recreation				
Library	1,508,795	1,552,486	1,487,288	65,198
Senior center	182,601	185,778	151,436	34,342
Recreation	184,687	188,997	154,968	34,029
After-school day care	357,629	362,647	333,038	29,609
Public works				
Public works administration	488,595	504,981	254,825	250,156
Environmental services	98,720	109,925	94,235	15,690
Park maintenance	328,125	336,613	333,728	2,885
Facilities maintenance	499,915	510,302	417,267	93,035
Capital outlay	1,759,000	1,866,910	170,912	1,695,998
Debt service:				
Principal retirement	39,894	39,894	39,894	-
Interest and fiscal charges	21,414	21,414	21,414	-
Total Charges to Appropriations	20,361,376	20,646,218	18,080,220	2,565,998
Budgetary Fund Balance, June 30	\$ 6,218,655	\$ 5,944,813	\$ 9,851,941	\$ 3,907,128

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MTA PEDESTRIAN IMPROVEMENT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (353,483)	\$ (353,483)	\$ (353,483)	\$ -
Resources (Inflows):				
Intergovernmental	-	300,000	336,446	36,446
Amounts Available for Appropriation	(353,483)	(53,483)	(17,037)	36,446
Charges to Appropriation (Outflow):				
Capital outlay	-	674,607	593,309	81,298
Total Charges to Appropriations	-	674,607	593,309	81,298
Budgetary Fund Balance, June 30	\$ (353,483)	\$ (728,090)	\$ (610,346)	\$ 117,744

CITY OF SOUTH PASADENA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds Water</u>
Assets:	
Current:	
Cash and investments	6,470,381
Receivables:	
Accounts	644,211
Accrued interest	46,765
Inventories	184,213
Deferred Charges	182,188
Restricted:	
Cash with fiscal agent	1,592,423
Total Current Assets	9,120,181
Noncurrent:	
Advances to other funds	253,250
Capital assets - net of accumulated depreciation	9,402,038
Total Noncurrent Assets	9,655,288
Total Assets	\$ 18,775,469
 Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 1,146,598
Accrued liabilities	22,510
Accrued interest	102,413
Deposits payable	27,738
Retentions payable	22,636
Accrued compensated absences	3,800
Bonds, notes, and capital leases	220,000
Total Current Liabilities	1,545,695
Noncurrent:	
Accrued compensated absences	34,195
Bonds, notes, and capital leases	7,983,181
Total Noncurrent Liabilities	8,017,376
Total Liabilities	9,563,071
Net Assets:	
Invested in capital assets, net of related debt	2,791,280
Restricted for capital improvements	2,878,966
Unrestricted	3,542,152
Total Net Assets	9,212,398
Total Liabilities and Net Assets	\$ 18,775,469

CITY OF SOUTH PASADENA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds Water</u>
Operating Revenues:	
Sales and service charges	4,543,192
Miscellaneous	14,695
Total Operating Revenues	<u>4,557,887</u>
Operating Expenses:	
Administration and general	451,312
Water distribution	1,209,164
Water production	1,784,874
Depreciation expense	79,328
Total Operating Expenses	<u>3,524,678</u>
Operating Income (Loss)	<u>1,033,209</u>
Nonoperating Revenues (Expenses):	
Interest revenue	370,557
Interest expense	(416,412)
Debt issuance costs	(8,710)
Gain (loss) on disposal of fixed assets	11,075
Total Nonoperating Revenues (Expenses)	<u>(43,490)</u>
Changes in Net Assets	<u>989,719</u>
Net Assets:	
Beginning of Year, as previously reported	8,231,395
Restatements	(8,716)
Beginning of Fiscal Year, as restated	<u>8,222,679</u>
End of Fiscal Year	<u><u>\$ 9,212,398</u></u>

CITY OF SOUTH PASADENA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds Water</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 4,561,939
Cash paid to supplies for goods and services	(3,360,392)
Cash paid to employees for services	(444,050)
Net Cash Provided (Used) by Operating Activities	<u>757,497</u>
Cash Flows from Non-Capital Financing Activities:	
Restatements of net assets	324,188
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>324,188</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(842,883)
Principal paid on capital debt	(210,000)
Interest paid on capital debt	(419,142)
Proceeds from sales of capital assets	11,075
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,460,950)</u>
Cash Flows from Investing Activities:	
Interest received	380,061
Net Cash Provided (Used) by Investing Activities	<u>380,061</u>
Net Increase (Decrease) in Cash and Cash Equivalents	796
Cash and Cash Equivalents at Beginning of Year	8,062,008
Cash and Cash Equivalents at End of Year	<u>\$ 8,062,804</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,033,209.00
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	79,328
(Increase) decrease in accounts receivable	3,583
(Increase) decrease in inventories	(18,470)
Increase (decrease) in accounts payable	44,167
Increase (decrease) in accrued liabilities	4,324
Increase (decrease) in deposits payable	469
Increase (decrease) in retentions payable	(392,051)
Increase (decrease) in compensated absences	2,938
Total Adjustments	<u>(275,712)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 757,497</u>
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of bond premium and cost of issuance	\$ 8,080

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NOTES TO THE FINANCIAL STATEMENTS [TAB]

CITY OF SOUTH PASADENA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The accompanying basic financial statements of the City of South Pasadena (the City) include the financial activities of the City and the Community Redevelopment Agency of the City (the Agency).

City of South Pasadena

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

Community Redevelopment Agency of the City of South Pasadena

The Agency was established in 1953 by the South Pasadena City Council, pursuant to the California state law. The purpose of the Agency is to eliminate deterioration of the community and promote economic revitalization within the City through the process of redevelopment.

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement Nos. 14 and 39. The City of South Pasadena is the primary governmental unit. The Agency is a component unit of the City. Component units are those entities which are financially accountable to the primary government, either because the component unit will provide financial benefit or impose a financial burden on the primary government. The specific criterion used in determining that the Agency is a component unit of the City is that the members of the City Council are the same as the members of the Agency's governing board and all administrative and operational matters are performed by the City's staff acting on behalf of the Agency. The activities of the Redevelopment Agency are included within the Capital Projects Fund. The Agency's financial statements have been issued under a separate cover and may be obtained from the City of South Pasadena City Hall.

b. Government-Wide and Fund Financial Statements

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

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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 MTA Pedestrian Improvement Fund accounts for MTA grants used for the Fair Oaks / Mission pedestrian improvement projects which include pedestrian accessibility widen bikeways, landscaping, lighting modification and aesthetics.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

The Community Redevelopment Agency Capital Projects Fund accounts for the costs associated with the implementation of separate redevelopment projects and the required 20% set aside of tax increment revenues for low and moderate income housing.

The City reports the following major proprietary fund:

The Water Fund is used to account for the construction, operation and maintenance of the City-owned water system.

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

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

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

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

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

d. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Governmental and Proprietary Funds.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans), or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Functional Classifications

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

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

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.

City of South Pasadena
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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

Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories

Inventory consisting primarily of materials and supplies is held by the Water Enterprise Fund. Such goods are valued using the average-cost method applied on a first-in, first-out (FIFO) basis. Inventories reported in the City's General Fund are reported as assets and are offset by the corresponding reservations of fund balance to indicate that the inventory balance does not constitute "available expendable financial resources" even though they are a component of net current assets. Such General Fund materials and supplies are charged to inventories when purchased and treated as an expenditure when issued.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for non-infrastructure assets and \$25,000 for infrastructure assets (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Compensated Absences

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

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

Long-Term Obligations

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

City of South Pasadena
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

e. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(5,404) difference are as follows:

Capital outlay	\$ 2,305,755
Depreciation expense	<u>(2,311,159)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (5,404)</u>

Another element of that reconciliation states "the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." This transaction, however, has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$114,894 difference are as follows:

Principal repayments:	
Tax allocation bonds	\$ 75,000
Capital leases payable	<u>39,894</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 114,894</u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Appropriations and Budgetary Control

Budgetary control is an essential element in governmental financial reporting. The City, a general law city in the State of California, does not legally require a budget. However, the City Council annually reviews and adopts a budget for the General, Special Revenue, Capital Projects and Enterprise Fund types. To facilitate a greater understanding of the City's operations, budget information for the General, Special Revenue and Capital Projects Funds is included in the accompanying basic financial statements. This detailed budget document is published and is a matter of public record. Each year, the City Manager submits his proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. The legal level of expenditures is controlled at the fund level and operating appropriations lapse at the end of each fiscal year. All budgeted amounts are reported on the same basis as the fund types and adopted on a basis consistent with accounting principles generally accepted in the United States of America. Changes in appropriations at the fund level during the year must be submitted by the City's departments for City Council review and approval. The City Manager may, without Council approval, amend individual line items within any fund and between divisions and programs, in personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for that fund. Department heads may, without Council approval, amend individual line items within any fund in the maintenance and operations portions of the budget without increasing total appropriations for that division. Budget revisions made during fiscal year 2008 were not significant.

The City did not adopt a budget for the following funds: Caltrans Gold Line Grant, Traffic Improvement, ISTEAM/METRO, Gold Line Betterments, MTA Circulator Bus Purchase Grant, State Park Bond, Asset Forfeiture, Federal Police Grants, CLEEP, Park Impact Fees and 99 Pasadena Avenue. Accordingly, such information is not included in the accompanying financial statements.

b. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts-in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

c. Excess of expenditures over appropriations by department or function is as follows:

Fund	Expenditures	Appropriations	Excess
General fund:			
Elections	\$ 45,058	\$ 43,433	\$ 1,625
Personnel	114,993	109,350	5,643
Legal services	294,619	250,000	44,619
Finance	455,500	428,205	27,295
City treasurer	10,287	10,255	32
Non-departmental	997,412	909,965	87,447
Fire	3,798,214	3,713,800	84,414

City of South Pasadena
Notes to Financial Statements (Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

d. Deficit Fund Balance

The following funds contained deficit fund balances at June 30, 2008:

Fund	Amount
Major government Funds:	
MTA Pedestrian Improvement	\$ 610,346
Nonmajor governmental funds:	
Traffic Improvement	\$ 108,739
Proposition A	86,743
MTA Circulator Bus Purchase Grant	24,136
Mission Oaks Parking	2,292
Mission Meridian Public	51,115
State Park Bond	18,388
Bike and Pedestrian Paths	550
C.D.B.G.	9,594

The City intends to fund these with future revenues, transfers, and reduction of expenditures/expenses in future years.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2008, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 16,670,508
Business-type activities	<u>8,062,804</u>
Total Cash and Investments	<u>\$ 24,733,312</u>

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

Deposits

At June 30, 2008, the carrying amount of the City's deposits was (\$157,982), and the bank balance was \$461,310. The \$619,292 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 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.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 3: Cash and Investments (Continued)

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Local Agency Investment Fund
- Certificates of Deposit (or time deposits, Fully insured by the FDIC)
- Securities of the U.S. Government
- Securities Issued by other Government Agencies (No options or like instruments)
- Callable Bonds and Notes

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2008, the City's investments in external investment pools and money market mutual funds are unrated.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

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

As of June 30, 2008, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy does not impose restrictions on the percentage that the City can invest in a single type of investment. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2008, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It states that no investments shall have a maturity date of more than three years and no more than one third of the investment portfolio shall have a maturity longer than two and a half years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2008, the City had the following investments and original maturities:

	Remaining Investment Maturities			Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	
Local agency investment fund	\$ 23,097,077	\$ -	\$ -	\$ 23,097,077
Cash with Fiscal Agent				
Money market mutual funds	201,901	-	-	201,901
Local agency investment fund	1,592,316	-	-	1,592,316
	<u>\$ 24,891,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,891,294</u>

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,103,538	\$ -	\$ -	\$ -	\$ 1,103,538
Construction-in-progress	8,348,403	1,660,256	-	(2,378,839)	7,629,820
Total Capital Assets, Not Being Depreciated	9,451,941	1,660,256	-	(2,378,839)	8,733,358
Capital assets, being depreciated:					
Buildings	9,768,313	145,810	121,714	100,185	9,892,594
Improvements other than buildings	1,435,966	-	129,540	235,855	1,542,281
Machinery, equipment and vehicles	7,386,486	376,581	1,436,784	-	6,326,283
Infrastructure	70,402,052	123,107	-	2,042,799	72,567,958
Total Capital Assets, Being Depreciated	88,992,817	645,498	1,688,038	2,378,839	90,329,116
Less accumulated depreciation:					
Buildings	4,576,675	199,697	9,315	-	4,767,057
Improvements other than buildings	679,949	49,652	(123,232)	-	852,833
Machinery, equipment and vehicles	4,495,367	379,718	584,458	-	4,290,627
Infrastructure	28,229,613	1,682,092	-	-	29,911,705
Total Accumulated Depreciation	37,981,604	2,311,159	470,541	-	39,822,222
Total Capital Assets, Being Depreciated, Net	51,011,213	(1,665,661)	1,217,497	2,378,839	50,506,894
Governmental Activities Capital Assets, Net	\$ 60,463,154	\$ (5,405)	\$ 1,217,497	\$ -	\$ 59,240,252

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

Governmental Activities:	
General government	\$ 70,009
Public safety	332,065
Community development	333
Community services	115,464
Public works	1,793,287
Total Governmental Activities	\$ 2,311,158

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 4: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 84,685	\$ -	\$ -	\$ -	\$ 84,685
Construction-in-progress	7,489,492	254,790	-	(2,912,603)	4,831,679
Total Capital Assets, Not Being Depreciated	<u>7,574,177</u>	<u>254,790</u>	<u>-</u>	<u>(2,912,603)</u>	<u>4,916,364</u>
Capital assets, being depreciated:					
Buildings	1,159,292	566,230	57,062	2,456,501	4,124,961
Improvements other than buildings	3,042,971	21,863	14,603	456,102	3,506,333
Machinery, equipment & vehicles	1,813,984	-	1,298,265	-	515,719
Total Capital Assets, Being Depreciated	<u>6,016,247</u>	<u>588,093</u>	<u>1,369,930</u>	<u>2,912,603</u>	<u>8,147,013</u>
Less Accumulated Depreciation					
Buildings	316,756	22,418	8,564	-	330,610
Improvements other than buildings	2,926,307	36,386	6,145	-	2,956,548
Machinery, equipment & vehicles	1,375,973	20,524	1,022,314	-	374,183
Total Accumulated Depreciation	<u>4,619,036</u>	<u>79,328</u>	<u>1,037,023</u>	<u>-</u>	<u>3,661,341</u>
Total Capital Assets, Being Depreciated, Net	<u>1,397,211</u>	<u>508,765</u>	<u>332,907</u>	<u>2,912,603</u>	<u>4,485,672</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,971,388</u>	<u>\$ 763,555</u>	<u>\$ 332,907</u>	<u>\$ -</u>	<u>\$ 9,402,036</u>

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

Business-Type Activities:	
Water	<u>\$ 79,328</u>

Note 5: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due To/From Other Funds

Funds	Due To Other Funds		
	MTA Pedestrian Improvement	Nonmajor Funds	Total
Due From Other Funds:			
General	\$ 253,141	\$ 346,579	\$ 599,720
Total	<u>\$ 253,141</u>	<u>\$ 346,579</u>	<u>\$ 599,720</u>

The due from General Fund of \$171,257 to the MTA Pedestrian Improvement Fund and \$466,906 to various nonmajor funds was a result of temporary deficit cash balances in those funds.

**City of South Pasadena
Notes to Financial Statements (Continued)**

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

Advances To/From Other Funds

Funds	Advances To Other Funds Water Fund
Advances From Other Funds:	
Community Redevelopment Agency	\$ 253,250

The City's Water Enterprise Fund advanced funds to the Downtown Project to fund redevelopment activities. Principal is being repaid from available tax increment revenue generated by the Agency's Downtown Project. Payment of interest by the Redevelopment Agency has been forgiven by the city council.

Transfers In/Out

Funds	Transfers Out Nonmajor Funds
Transfers In:	
Nonmajor Fund	\$ 42,573

Transfers were made from the MTA Traffic Improvement Grant Fund to the CTC Traffic Improvement Grant Fund to consolidate traffic grants into one fund.

Note 6: Long-Term Debt

a. Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2008:

	Outstanding July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 649,095	\$ 39,131	\$ -	\$ 688,226	\$ 68,823
Capital Leases	437,911	-	(39,894)	398,017	41,845
2000 Tax Allocation Bonds	2,150,000	-	(75,000)	2,075,000	75,000
Loan Payable	65,000	-	-	65,000	65,000
Total Governmental Funds	<u>\$ 3,302,006</u>	<u>\$ 39,131</u>	<u>\$ (114,894)</u>	<u>\$ 3,226,243</u>	<u>\$ 250,668</u>
Business-Type Activities:					
Compensated Absences	\$ 35,056	\$ 2,939	\$ -	\$ 37,995	\$ 3,800
2004 Water Revenue Bonds	8,400,000	-	(210,000)	8,190,000	220,000
Total Proprietary Funds	<u>\$ 8,435,056</u>	<u>\$ 2,939</u>	<u>\$ (210,000)</u>	8,227,995	<u>\$ 223,800</u>
Add: Unamortized bond premium				13,181	
Net Proprietary Funds				<u>\$ 8,241,176</u>	

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

b. Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The liability will be paid in future years as it becomes due by the General Fund.

c. Capital Lease

During fiscal year 2007-2008, the City entered into a \$495,173, ten-year equipment lease purchase agreement with Oshkosh Capital, for the purchase of a fire truck. The lease bears interest at a rate of 4.89%. The related asset has been capitalized in the government-wide financial statements in the equipment asset category. Amortization of the leased assets is included as part of depreciation expense. At June 30, 2008, the outstanding balance was \$398,017.

The annual requirements to amortize the capital lease as of June 30, 2008, including interest are as follows:

Fire Truck Lease		
Fiscal Year	Principal	Interest
2008 - 2009	\$ 41,845	\$ 19,463
2009 - 2010	43,892	17,417
2010 - 2011	46,038	15,271
2011 - 2012	48,289	13,019
2012 - 2013	50,650	10,658
2013 - 2017	167,303	16,622
Total	<u>\$ 398,017</u>	<u>\$ 92,450</u>

d. A description of individual issues of bonds (excluding defeased bonds) outstanding as of June 30, 2008, are as follows:

2000 Tax Allocation Bonds

In July 2000, the Agency issued \$2,600,000 in tax allocation bonds for the Downtown Revitalization Project No. 1, which mature annually from May 1, 2001 to May 1, 2025, in increasing amounts from \$55,000 to \$195,000, plus interest at 4.4% to 6.0%, payable semiannually on May 1 and November 1, commencing on November 1, 2000. Bonds are subject to redemption at the option of the Agency beginning May 1, 2010, at a price ranging from 102% to 100% of principal value. Debt service on the bonds is provided by incremental property tax revenues generated within the Downtown Redevelopment Project Area. At June 30, 2008, \$2,075,000 was outstanding.

The City has pledged a portion of future tax increment revenues to repay \$2,600,000 in tax allocation bonds issued in July of 2000. The bonds were issued to finance redevelopment activities within or of benefit to the project area. The bonds are payable solely from tax increment revenues. Tax increment revenues are projected to produce 147% of the debt services requirements over the life of the bonds. Total principal and interest requirements for the bonds is \$3,343,137 (\$2,075,000 principal, \$1,268,137 interest), payable semiannually through May 2025. For the current year, principal and interest paid and tax increment revenues received were \$ 199,583 and \$583,105.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest are as follows:

<u>2000 Tax Allocation Bonds</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008 - 2009	\$ 75,000	\$ 120,758
2009 - 2010	80,000	116,858
2010 - 2011	85,000	112,658
2011 - 2012	90,000	108,089
2012 - 2017	525,000	458,859
2017 - 2022	695,000	286,715
2022 - 2025	525,000	64,200
Total	<u>\$ 2,075,000</u>	<u>\$ 1,268,137</u>

2004 Water Revenue Bonds

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

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

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

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

The bonds are subject to optional redemption in whole or in part on or after October 1, 2013. On October 1, 2029, the bonds are subject to mandatory redemption which payments will become due. At June 30, 2008 \$8,190,000 was outstanding.

The City has pledged a portion of future Capital Improvement Program surcharge revenues to repay \$8,800,000 in Water and Wastewater Revenue bonds issued in June of 2004. Projections of future Capital Improvement Program surcharge revenues are not available. Total principal and interest requirements for the bonds is \$13,790,776 (\$8,190,000 principal, \$5,600,776 interest), payable semiannually through October 2029. For the current year, principal and interest paid and Capital Improvement Program surcharge revenues received were \$ 623,850 and \$1,376,198.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest are as follows:

Fiscal Year	2004 Water Revenue Bonds	
	Principal	Interest
2008 - 2009	220,000	409,650
2009 - 2010	225,000	400,850
2010 - 2011	235,000	392,750
2011 - 2012	245,000	383,350
2012 - 2017	1,410,000	1,721,250
2017 - 2022	1,810,000	1,322,663
2022 - 2027	1,820,000	796,263
2027 - 2029	2,225,000	174,000
Total	<u>\$ 8,190,000</u>	<u>\$ 5,600,776</u>

e. Loan Payable

In fiscal year 2006-2007, the City entered into an agreement with the City of Bradbury in which the City of Bradbury advanced \$65,000 in Proposition A funds to the City of South Pasadena. The loan will be repaid in full in fiscal year 2008-2009 when the Proposition A fund balance will be replenished through annual MTA disbursements.

IV. OTHER INFORMATION

Note 7: Construction Commitment

The City of South Pasadena has an active construction project as of June 30, 2008. The project include street improvements though out the City. At year end, the City's commitments with contractors are as follows.

<u>Projects</u>	<u>Spent-to-Date June 30, 2008</u>	<u>Remaining Commitment</u>
Street Improvements:		
Business District Pedestrian Improvements Construction	<u>\$ 1,360,130</u>	<u>\$ 71,586</u>

The commitment for the street improvement project is being financed from a combination of grants from Federal TIP/(FSTIP) and City Funds.

**City of South Pasadena
Notes to Financial Statements (Continued)**

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

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 11.412% for miscellaneous employees and 20.269% for safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2008, the City's annual pension cost of \$2,173,066 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administration expenses), (b) projected annual salary increases that vary by duration of the service and (c) 3% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, was 30 years.

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

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/2006	\$ 1,425	100%
6/30/2007	1,360	100%
6/30/2008	2,173	100%

For fiscal year 2007-2008, the City of South Pasadena participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 9: Other Post-Employment Employee Benefits

The City provides certain post-employment health care benefits. Specifically, the City provides health insurance for its retired employees according to the Personnel Rules and Regulations for each of the five employee groups. The authority to do so is included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The expenditure is accounted for within the general government funds and is funded on a pay as you go (cash) basis. The total post-employment health insurance expenditures for the fiscal year 2007-2008 were \$542,014. There are currently 104 participants receiving benefits.

Note 10: Self-Insurance Program

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

The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 114 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the board of directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

General Liability

Each member government pays a primary deposit to cover estimated losses for fiscal year 2008. Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on a member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the associated loss development reserve are pooled based on payroll. Costs of covered claims from \$10,000,000 to \$18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation

The City of South Pasadena also participates in the workers' compensation pool administered by the Authority. Each member government pays a primary deposit to cover estimated losses for fiscal year 2007. Six months after the close of a fiscal year, outstanding claims are valued. Claims are pooled separately between public safety and non-public safety. Each member's has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 10: Self-Insurance Program (Continued)

Losses from \$100,000 and \$2,000,000 and loss development reserves associated with losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties – Excess Insurance Authority members. Costs from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

c. Purchased Insurance

Property Insurance

The City of South Pasadena participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of South Pasadena property is currently insured according to a schedule of covered property submitted by the City of South Pasadena to the Authority. Total all-risk property insurance coverage is \$21,039,504. There is a \$5,000 per deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

The City of South Pasadena purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

e. Rights and Responsibilities

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; automobile liability and accident claims, injuries to employees (workers' compensation); and natural disasters.

Note 11: Contingencies

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

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 12: Fund Equity and Net Assets

Beginning fund balance has been restated as follows:

Major governmental funds:

General Fund	
To record revenues and expenditures in the proper fiscal year	\$ 19,473
To accrue utility tax in prior fiscal year	143,396
To accrue golf course rental in prior fiscal year	44,036
To record receivable for City Manager equity sharing loan agreement	250,000
Total General Fund	<u>\$ 456,905</u>

Community Redevelopment Agency Capital Project Fund	
Interest earned in prior year not recorded	\$ 5,077

Nonmajor governmental funds:

Proposition "A" Fund - change in prior year accrual	(66,090)
Proposition "C" Fund - change in prior year accrual	(54,815)
Street Lighting - correct prior year expenditures	(71,602)
Clean Air Act - correct prior year revenues	12,437
MTA Traffic Improvement Grant - correct prior year expenditures	(3,847)
State Gas Tax - adjust gas tax to State Controller's reconciliation	(37,279)
State Park Bond Fund - correct prior year expenditures	8,168
State Prop 40 Bond Fund - correct prior year revenues	(5,502)
Total fund balance restatements	<u>\$ 243,452</u>

Net assets have been restated as follows:

Governmental activities:

Fund balance restatements	\$ 243,452
Adjust Capital Assets for changes in capitalization policy	(1,217,498)
To adjust prior year compensated absences payable balance	(31,629)
Total governmental activities	<u>\$ (1,005,675)</u>

Business-type activities:

Water Fund	
Adjust Capital Assets for changes in capitalization policy	\$ (332,904)
To correct prior year's expenses for a retention payment improperly accrued	324,188
Total business-type activities	<u>(8,716)</u>

Total net asset restatements	<u>\$ (1,014,391)</u>
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Note 13: ERAF Tax Increment Revenue Shift

On September 30, 2008 the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the State Educational Revenue Augmentation Fund (ERAF). It is estimated that the South Pasadena Redevelopment Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$44,661.

**City of South Pasadena
Notes to Financial Statements (Continued)**

Note 14: Subsequent Events-Financial Concerns Relating to the California Economy

As indicated in the State of California 2008-2009 Proposed Budget Summary-Economic Outlook:

“The California and national economies faced considerable headwinds – a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to records levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally.”

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City and its component unit operate. Therefore, the projection of the financial data for the City and its component units into future periods must recognize these factors and consider the effects of these on its operations and costs,

SUPPLEMENTARY SCHEDULES [TAB]

Special Revenue Funds

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than Capital Projects Funds) that are legally restricted to expenditures for specified purposes. Funds included are:

CALTRANS Gold Line Parking - to account for State funds used for the Gold Line/Blue line parking structure project.

Traffic Improvement Fund - to account for grant funds used for traffic congestion improvements on Fair Oaks Street and our other busiest intersections.

Proposition "A" - to account for all revenues and expenditures associated with the .5% 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.

Proposition "C" - to account for all revenues and expenditures associated with the .5% 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.

ISTEA/ Metro Fund - to account for project funds received from the federal government for restoration and paving projects.

Gold Line Betterments Fund - to account for Grant funds used for the Gold Line Station improvements.

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

CTC Traffic Improvement Grant - to account for State grant funds used for traffic congestion improvements.

Rogan HR Grant - to account for Federal grant funds used for traffic congestion improvements.

Street Lighting/Landscaping - 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.

Clean Air Act - to account for all revenues and expenditures associated with AB2766. All revenues and expenditures of this fund must be expended for air quality improvement projects as established by the South Coast Air Quality Management District.

Parking and Business Improvement - to account for taxes collected by the City from business licensees for the purpose of promoting retail business activities.

MTA Traffic Improvement Grants - to account for grants used for street and intersection improvements relieving congestion at our busiest intersections.

MTA Circulator Bus Purchase Grant Fund - to account for Grant Funds to fund the purchase of circulator gold link buses or trolleys.

Gold Line Mitigation - to account for revenues relating to potential settlement funds from the Construction Authority and the resulting construction related expenditures.

Special Revenue Funds
(Continued)

Mission Oaks Parking - to account for assessments from members of the Mission Oaks Parking district expended for parking improvements.

Mission Meridian Public Garage - to account for revenues and expenditures relating to the city's share of the general operation of the Mission Meridian Public Garage.

State Gas Tax - 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.

State Prop 40 Bond - to account for State Prop 40 funds used for the improvements in park landscape architecture.

County Park Bond Fund - to account for Prop A Safe Neighborhood Park Propositions of 1992 and 1996 County Park Bond funds used for park playground and picnic area improvements.

State Park Bond Fund - to account for State park bond funds (Prop 12) used for the improvements in park playground and restrooms.

Bike and Pedestrian Paths - to account for SCAG administered local transportation funds of the County, TDA Article 3 used for the improvement of the City's bike and pedestrian pathways.

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

CDBG - to account for Community Development Block Grants used for various CDBG projects in the City.

Asset Forfeiture - to account for proceeds received from forfeiture in narcotics investigations allocated for law enforcement activities.

Federal Police Grant - to account for the Local Law Enforcement Block Grant funds used to underwrite projects that reduce crime and improve public safety in the City.

CLEEP - to account for the California Law Enforcement Equipment Program grant used for the acquisition of high technology equipment in Public Safety.

Public Library Grant - to account for State PLF allocations used to fund the purchase of updated computers and equipment.

Proposition 1B Street and Road Improvements (200) – to account for resources originating with the November 2006 voter-approved measure that enabled the State of California to issue \$19.9 billion in bonds for highway safety, traffic reduction, port security and air quality.

State Police Grant - to account for State COPS funds restricted for enhancing front line police operations

Homeland Security (274) – to account for Homeland Security grants from the Federal Government for local preparedness.

Park Impact Fees (275) – to account for impact fees collected for development to address increased use of City's park facilities.

99 Pasadena Avenue (290) – to account for the proceeds of the sale of City owned land.

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CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds			
	Caltrans Gold Line Grant	Traffic Improvement	Proposition "A"	Proposition "C"
Assets:				
Pooled cash and investments	\$ 273	\$ -	\$ -	\$ 359,022
Receivables:				
Accounts	-	-	247	-
Accrued interest	-	-	-	2,535
Due from other governments	-	-	-	-
Total Assets	\$ 273	\$ -	\$ 247	\$ 361,557
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 44,273	\$ 105,862
Accrued liabilities	-	-	7,053	3,485
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	108,739	35,664	-
Total Liabilities	-	108,739	86,990	109,347
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	2,465	-
Undesignated	273	(108,739)	(89,208)	252,210
Total Fund Balances	273	(108,739)	(86,743)	252,210
Total Liabilities and Fund Balances	\$ 273	\$ -	\$ 247	\$ 361,557

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Continued

	Special Revenue Funds			
	ISTEA/METRO	Gold Line Betterments	Sewer	CTC Traffic Improvement Grant
Assets:				
Pooled cash and investments	\$ 10,842	\$ 14,913	\$ 373,317	\$ 640,824
Receivables:				
Accounts	-	-	12,057	-
Accrued interest	-	-	2,582	-
Due from other governments	-	-	-	-
Total Assets	\$ 10,842	\$ 14,913	\$ 387,956	\$ 640,824
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 46,659	\$ -
Accrued liabilities	-	-	3,271	-
Unearned revenues	-	-	-	598,251
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	49,930	598,251
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	488	-
Undesignated	10,842	14,913	337,538	42,573
Total Fund Balances	10,842	14,913	338,026	42,573
Total Liabilities and Fund Balances	\$ 10,842	\$ 14,913	\$ 387,956	\$ 640,824

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds			
	Rogan HR Grant	Street Lighting	Clean Air Act	Parking and Business Improvement
Assets:				
Pooled cash and investments	\$ -	\$ 136,019	\$ 122,675	\$ 78,690
Receivables:				
Accounts	-	30,256	-	-
Accrued interest	-	-	583	-
Due from other governments	-	-	8,060	-
Total Assets	\$ -	\$ 166,275	\$ 131,318	\$ 78,690
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 102,406	\$ -	\$ 51
Accrued liabilities	-	2,963	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	105,369	-	51
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	14,464	53,597	-
Undesignated	-	46,442	77,721	78,639
Total Fund Balances	-	60,906	131,318	78,639
Total Liabilities and Fund Balances	\$ -	\$ 166,275	\$ 131,318	\$ 78,690

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Continued

	Special Revenue Funds			
	MTA Traffic Improvement Grant	MTA Circulator Bus Purchase	Gold Line Mitigation	Mission Oaks Parking
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 310,341	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ -	\$ -	\$ 310,341	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,000	\$ 335
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	24,136	-	1,957
Total Liabilities	-	24,136	1,000	2,292
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	41,251	65,000	-
Undesignated	-	(65,387)	244,341	(2,292)
Total Fund Balances	-	(24,136)	309,341	(2,292)
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 310,341	\$ -

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds			
	Mission Meridian Public Garage	State Gas Tax	State Prop 40 Bond	County Park Bond
Assets:				
Pooled cash and investments	\$ -	\$ 243,410	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	2,049	-	-
Due from other governments	-	110,468	47,516	29,976
Total Assets	\$ -	\$ 355,927	\$ 47,516	\$ 29,976
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 793	\$ 17,643	\$ -	\$ 2,015
Accrued liabilities	-	5,519	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	50,322	-	40,419	14,661
Total Liabilities	51,115	23,162	40,419	16,676
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	3,234	-	960
Undesignated	(51,115)	329,531	7,097	12,340
Total Fund Balances	(51,115)	332,765	7,097	13,300
Total Liabilities and Fund Balances	\$ -	\$ 355,927	\$ 47,516	\$ 29,976

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Continued

	Special Revenue Funds			
	State Park Bond	Bike and Pedestrian Paths	Capital Growth Requirements	C.D.B.G.
Assets:				
Pooled cash and investments	\$ -	\$ 18,499	\$ 265,466	\$ -
Receivables:				
Accounts	-	-	-	100
Accrued interest	-	136	1,936	-
Due from other governments	-	-	-	49,168
Total Assets	\$ -	\$ 18,635	\$ 267,402	\$ 49,268
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 19,185	\$ 32,935	\$ 3,316
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	3,253
Due to other funds	18,388	-	-	52,293
Total Liabilities	18,388	19,185	32,935	58,862
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	24,095	47,386
Undesignated	(18,388)	(550)	210,372	(56,980)
Total Fund Balances	(18,388)	(550)	234,467	(9,594)
Total Liabilities and Fund Balances	\$ -	\$ 18,635	\$ 267,402	\$ 49,268

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds			
	Asset Forfeiture	Federal Police Grants	CLEEP	Public Library Grant
Assets:				
Pooled cash and investments	\$ 16,563	\$ 3,887	\$ 4,716	\$ 16,271
Receivables:				
Accounts	-	-	-	-
Accrued interest	121	29	35	-
Due from other governments	-	-	-	-
Total Assets	\$ 16,684	\$ 3,916	\$ 4,751	\$ 16,271
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	-	-	-	9,816
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	9,816
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Undesignated	16,684	3,916	4,751	6,455
Total Fund Balances	16,684	3,916	4,751	6,455
Total Liabilities and Fund Balances	\$ 16,684	\$ 3,916	\$ 4,751	\$ 16,271

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Continued

	Special Revenue Funds			
	Prop 1B Local Return	State Police Grant	Homeland Security Grant	Park Impact Fees
Assets:				
Pooled cash and investments	\$ 415,361	\$ 200,240	\$ -	\$ 49
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	1,532	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 415,361	\$ 201,772	\$ -	\$ 49
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Undesignated	415,361	201,772	-	49
Total Fund Balances	415,361	201,772	-	49
Total Liabilities and Fund Balances	\$ 415,361	\$ 201,772	\$ -	\$ 49

CITY OF SOUTH PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds	Total Governmental Funds
	99 Pasadena Avenue	
Assets:		
Pooled cash and investments	\$ 1,126,965	\$ 4,358,343
Receivables:		
Accounts	-	42,660
Accrued interest	8,265	19,803
Due from other governments	-	245,188
Total Assets	\$ 1,135,230	\$ 4,665,994
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 386,289
Accrued liabilities	-	22,291
Unearned revenues	-	598,251
Deposits payable	-	3,253
Due to other funds	-	346,579
Total Liabilities	-	1,356,663
Fund Balances:		
Reserved:		
Reserved for encumbrances	-	252,940
Undesignated	1,135,230	3,056,391
Total Fund Balances	1,135,230	3,309,331
Total Liabilities and Fund Balances	\$ 1,135,230	\$ 4,665,994

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CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Caltrans Gold Line Grant	Traffic Improvement	Proposition "A"	Proposition "C"
Revenues:				
Taxes	\$ -	\$ -	\$ 410,094	\$ 341,062
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	2,589	-
Use of money and property	-	-	-	13,850
Contributions	-	-	-	-
Miscellaneous	-	-	29,194	-
Total Revenues	-	-	441,877	354,912
Expenditures:				
Current:				
General government	-	-	173,434	29,095
Public safety	-	-	-	-
Community services	-	-	270,212	181,828
Public works	-	-	-	-
Capital outlay	-	2,269	48,672	135,125
Total Expenditures	-	2,269	492,318	346,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,269)	(50,441)	8,864
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(2,269)	(50,441)	8,864
Fund Balances, Beginning of Year	273	(106,470)	29,788	298,161
Restatements	-	-	(66,090)	(54,815)
Fund Balances, Beginning of Year, as Restated	273	(106,470)	(36,302)	243,346
Fund Balances, End of Year	\$ 273	\$ (108,739)	\$ (86,743)	\$ 252,210

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

Continued

	Special Revenue Funds			
	ISTEA/METRO	Gold Line Betterments	Sewer	CTC Traffic Improvement Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	22,263
Charges for services	-	-	558,635	-
Use of money and property	-	-	11,889	-
Contributions	-	-	-	-
Miscellaneous	-	-	3,020	-
Total Revenues	-	-	573,544	22,263
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	394,252	-
Capital outlay	-	-	24,579	22,263
Total Expenditures	-	-	418,831	22,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	154,713	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	42,573
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	42,573
Net Change in Fund Balances	-	-	154,713	42,573
Fund Balances, Beginning of Year	10,842	14,913	183,313	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	10,842	14,913	183,313	-
Fund Balances, End of Year	\$ 10,842	\$ 14,913	\$ 338,026	\$ 42,573

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Rogan HR Grant	Street Lighting	Clean Air Act	Parking and Business Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 140,336
Assessments	-	895,773	-	-
Licenses and permits	-	-	-	-
Intergovernmental	48,939	-	47,265	-
Charges for services	-	-	-	-
Use of money and property	-	-	4,300	-
Contributions	-	19,005	-	-
Miscellaneous	-	23,561	-	-
Total Revenues	48,939	938,339	51,565	140,336
Expenditures:				
Current:				
General government	-	-	6,181	132,575
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	881,817	-	-
Capital outlay	-	22,758	-	-
Total Expenditures	-	904,575	6,181	132,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,939	33,764	45,384	7,761
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	48,939	33,764	45,384	7,761
Fund Balances, Beginning of Year	(48,939)	98,744	73,497	70,878
Restatements	-	(71,602)	12,437	-
Fund Balances, Beginning of Year, as Restated	(48,939)	27,142	85,934	70,878
Fund Balances, End of Year	\$ -	\$ 60,906	\$ 131,318	\$ 78,639

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

Continued

	Special Revenue Funds			
	MTA Traffic Improvement Grant	MTA Circulator Bus Purchase	Gold Line Mitigation	Mission Oaks Parking
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	14,755	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	-	4
Contributions	-	-	-	-
Miscellaneous	-	-	-	2,544
Total Revenues	-	14,755	-	2,548
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	6,013
Capital outlay	-	-	14,572	-
Total Expenditures	-	-	14,572	6,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	14,755	(14,572)	(3,465)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(42,573)	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	(42,573)	-	-	-
Net Change in Fund Balances	(42,573)	14,755	(14,572)	(3,465)
Fund Balances, Beginning of Year	46,420	(38,891)	323,913	1,173
Restatements	(3,847)	-	-	-
Fund Balances, Beginning of Year, as Restated	42,573	(38,891)	323,913	1,173
Fund Balances, End of Year	\$ -	\$ (24,136)	\$ 309,341	\$ (2,292)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Mission Meridian Public Garage	State Gas Tax	State Prop 40 Bond	County Park Bond
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	455,585	47,516	30,231
Charges for services	-	-	-	-
Use of money and property	310	14,228	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	310	469,813	47,516	30,231
Expenditures:				
Current:				
General government	80,689	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	441,816	-	28,369
Capital outlay	-	-	(48,365)	-
Total Expenditures	80,689	441,816	(48,365)	28,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,379)	27,997	95,881	1,862
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(80,379)	27,997	95,881	1,862
Fund Balances, Beginning of Year	29,264	342,047	(96,952)	11,438
Restatements	-	(37,279)	8,168	-
Fund Balances, Beginning of Year, as Restated	29,264	304,768	(88,784)	11,438
Fund Balances, End of Year	\$ (51,115)	\$ 332,765	\$ 7,097	\$ 13,300

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

Continued

	Special Revenue Funds			
	State Park Bond	Bike and Pedestrian Paths	Capital Growth Requirements	C.D.B.G.
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	68,887	36,741	-	97,991
Charges for services	-	-	133,769	-
Use of money and property	-	1,002	10,995	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	29,325
Total Revenues	68,887	37,743	144,764	127,316
Expenditures:				
Current:				
General government	-	-	-	3,962
Public safety	-	-	-	-
Community services	-	-	-	90,687
Public works	-	-	-	-
Capital outlay	-	27,878	112,980	42,581
Total Expenditures	-	27,878	112,980	137,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,887	9,865	31,784	(9,914)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	68,887	9,865	31,784	(9,914)
Fund Balances, Beginning of Year	(81,773)	(10,415)	202,683	320
Restatements	(5,502)	-	-	-
Fund Balances, Beginning of Year, as Restated	(87,275)	(10,415)	202,683	320
Fund Balances, End of Year	\$ (18,388)	\$ (550)	\$ 234,467	\$ (9,594)

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Asset Forfeiture	Federal Police Grants	CLEEP	Public Library Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	9,919
Charges for services	-	-	-	-
Use of money and property	772	182	221	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	772	182	221	9,919
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	9,816
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	9,816
Excess (Deficiency) of Revenues Over (Under) Expenditures	772	182	221	103
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	772	182	221	103
Fund Balances, Beginning of Year	15,912	3,734	4,530	6,352
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	15,912	3,734	4,530	6,352
Fund Balances, End of Year	\$ 16,684	\$ 3,916	\$ 4,751	\$ 6,455

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

Continued

	Special Revenue Funds			
	Prop 1B Local Return	State Police Grant	Homeland Security Grant	Park Impact Fees
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	49
Intergovernmental	415,361	100,000	-	-
Charges for services	-	-	-	-
Use of money and property	-	10,632	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	415,361	110,632	-	49
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	96,119	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	96,119	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	415,361	14,513	-	49
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	415,361	14,513	-	49
Fund Balances, Beginning of Year	-	187,259	-	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	-	187,259	-	-
Fund Balances, End of Year	\$ 415,361	\$ 201,772	\$ -	\$ 49

CITY OF SOUTH PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Total Governmental Funds
	99 Pasadena Avenue	
Revenues:		
Taxes	\$ -	\$ 891,492
Assessments	-	895,773
Licenses and permits	-	49
Intergovernmental	-	1,395,453
Charges for services	-	694,993
Use of money and property	35,230	103,615
Contributions	-	19,005
Miscellaneous	-	87,644
Total Revenues	35,230	4,088,024
Expenditures:		
Current:		
General government	-	425,936
Public safety	-	96,119
Community services	-	552,543
Public works	-	1,752,267
Capital outlay	-	405,312
Total Expenditures	-	3,232,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,230	855,847
Other Financing Sources (Uses):		
Transfers in	-	42,573
Transfers out	-	(42,573)
Proceeds from sale of capital asset	1,100,000	1,100,000
Total Other Financing Sources (Uses)	1,100,000	1,100,000
Net Change in Fund Balances	1,135,230	1,955,847
Fund Balances, Beginning of Year	-	1,572,014
Restatements	-	(218,530)
Fund Balances, Beginning of Year, as Restated	-	1,353,484
Fund Balances, End of Year	\$ 1,135,230	\$ 3,309,331

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION "A"
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (36,302)	\$ (36,302)	\$ (36,302)	\$ -
Resources (Inflows):				
Taxes	460,000	460,000	410,094	(49,906)
Charges for services	3,600	3,600	2,589	(1,011)
Miscellaneous	10,350	10,350	29,194	18,844
Amounts Available for Appropriation	437,648	437,648	405,575	(32,073)
Charges to Appropriation (Outflow):				
General government	172,940	172,940	173,434	(494)
Parks and recreation	290,086	290,086	270,212	19,874
Capital outlay	-	51,945	48,672	3,273
Total Charges to Appropriations	463,026	514,971	492,318	22,653
Budgetary Fund Balance, June 30	\$ (25,378)	\$ (77,323)	\$ (86,743)	\$ (9,420)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION "C"
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 243,346	\$ 243,346	\$ 243,346	\$ -
Resources (Inflows):				
Taxes	360,000	360,000	341,062	(18,938)
Use of money and property	5,000	5,000	13,850	8,850
Amounts Available for Appropriation	608,346	608,346	598,258	(10,088)
Charges to Appropriation (Outflow):				
General government	55,417	55,417	29,095	26,322
Parks and recreation	165,509	165,509	181,828	(16,319)
Capital outlay	220,000	357,855	135,125	222,730
Total Charges to Appropriations	440,926	578,781	346,048	232,733
Budgetary Fund Balance, June 30	\$ 167,420	\$ 29,565	\$ 252,210	\$ 222,645

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
SEWER
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 183,313	\$ 183,313	\$ 183,313	\$ -
Resources (Inflows):				
Charges for services	554,900	554,900	558,635	3,735
Use of money and property	-	-	11,889	11,889
Miscellaneous	-	-	3,020	3,020
Amounts Available for Appropriation	738,213	738,213	756,857	18,644
Charges to Appropriation (Outflow):				
Public works	472,725	473,974	394,252	79,722
Capital outlay	250,000	339,719	24,579	315,140
Total Charges to Appropriations	722,725	813,693	418,831	394,862
Budgetary Fund Balance, June 30	\$ 15,488	\$ (75,480)	\$ 338,026	\$ 413,506

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CTC TRAFFIC IMPROVEMENT GRANT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	-	22,263	22,263
Transfers in	-	-	42,573	42,573
Amounts Available for Appropriation	-	-	64,836	64,836
Charges to Appropriation (Outflow):				
Capital outlay	-	64,592	22,263	42,329
Total Charges to Appropriations	-	64,592	22,263	42,329
Budgetary Fund Balance, June 30	\$ -	\$ (64,592)	\$ 42,573	\$ 107,165

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 ROGAN HR GRANT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (48,939)	\$ (48,939)	\$ (48,939)	\$ -
Resources (Inflows):				
Intergovernmental	8,808,860	8,808,860	48,939	(8,759,921)
Amounts Available for Appropriation	8,759,921	8,759,921	-	(8,759,921)
Charges to Appropriation (Outflow):				
Capital outlay	8,808,860	9,403,644	-	9,403,644
Total Charges to Appropriations	8,808,860	9,403,644	-	9,403,644
Budgetary Fund Balance, June 30	\$ (48,939)	\$ (643,723)	\$ -	\$ 643,723

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 27,142	\$ 27,142	\$ 27,142	\$ -
Resources (Inflows):				
Assessments	878,000	878,000	895,773	17,773
Contributions	-	-	19,005	19,005
Miscellaneous	7,500	7,500	23,561	16,061
Amounts Available for Appropriation	912,642	912,642	965,481	52,839
Charges to Appropriation (Outflow):				
Public works	772,786	780,899	881,817	(100,918)
Capital outlay	95,000	95,000	22,758	72,242
Total Charges to Appropriations	867,786	875,899	904,575	(28,676)
Budgetary Fund Balance, June 30	\$ 44,856	\$ 36,743	\$ 60,906	\$ 24,163

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CLEAN AIR ACT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 85,934	\$ 85,934	\$ 85,934	\$ -
Resources (Inflows):				
Intergovernmental	80,000	80,000	47,265	(32,735)
Use of money and property	2,000	2,000	4,300	2,300
Amounts Available for Appropriation	167,934	167,934	137,499	(30,435)
Charges to Appropriation (Outflow):				
General government	12,700	12,700	6,181	6,519
Capital outlay	98,000	144,000	-	144,000
Total Charges to Appropriations	110,700	156,700	6,181	150,519
Budgetary Fund Balance, June 30	\$ 57,234	\$ 11,234	\$ 131,318	\$ 120,084

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARKING AND BUSINESS IMPROVEMENT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 70,878	\$ 70,878	\$ 70,878	\$ -
Resources (Inflows):				
Taxes	128,000	128,000	140,336	12,336
Amounts Available for Appropriation	198,878	198,878	211,214	12,336
Charges to Appropriation (Outflow):				
General government	131,300	131,300	132,575	(1,275)
Total Charges to Appropriations	131,300	131,300	132,575	(1,275)
Budgetary Fund Balance, June 30	\$ 67,578	\$ 67,578	\$ 78,639	\$ 11,061

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MTA TRAFFIC IMPROVEMENT GRANT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,573	\$ 42,573	\$ 42,573	\$ -
Resources (Inflows):				
Intergovernmental	817,856	817,856	-	(817,856)
Amounts Available for Appropriation	860,429	860,429	42,573	(817,856)
Charges to Appropriation (Outflow):				
Capital outlay	817,856	918,785	-	918,785
Transfers out	-	-	42,573	(42,573)
Total Charges to Appropriations	817,856	918,785	42,573	876,212
Budgetary Fund Balance, June 30	\$ 42,573	\$ (58,356)	\$ -	\$ 58,356

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 GOLD LINE MITIGATION
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 323,913	\$ 323,913	\$ 323,913	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	323,913	323,913	323,913	-
Charges to Appropriation (Outflow):				
Capital outlay	125,000	348,543	14,572	333,971
Total Charges to Appropriations	125,000	348,543	14,572	333,971
Budgetary Fund Balance, June 30	\$ 198,913	\$ (24,630)	\$ 309,341	\$ 333,971

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
MISSION OAKS PARKING
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,173	\$ 1,173	\$ 1,173	\$ -
Resources (Inflows):				
Use of money and property	-	-	4	4
Miscellaneous	6,915	6,915	2,544	(4,371)
Amounts Available for Appropriation	8,088	8,088	3,721	(4,367)
Charges to Appropriation (Outflow):				
Public works	7,000	7,000	6,013	987
Total Charges to Appropriations	7,000	7,000	6,013	987
Budgetary Fund Balance, June 30	\$ 1,088	\$ 1,088	\$ (2,292)	\$ (3,380)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 MISSION MERIDIAN PUBLIC GARAGE
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 29,264	\$ 29,264	\$ 29,264	\$ -
Resources (Inflows):				
Charges for services	26,416	26,416	-	(26,416)
Use of money and property	-	-	310	310
Amounts Available for Appropriation	55,680	55,680	29,574	(26,106)
Charges to Appropriation (Outflow):				
General government	69,500	69,500	80,689	(11,189)
Total Charges to Appropriations	69,500	69,500	80,689	(11,189)
Budgetary Fund Balance, June 30	\$ (13,820)	\$ (13,820)	\$ (51,115)	\$ (37,295)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 304,768	\$ 304,768	\$ 304,768	\$ -
Resources (Inflows):				
Intergovernmental	478,000	478,000	455,585	(22,415)
Use of money and property	2,500	2,500	14,228	11,728
Amounts Available for Appropriation	785,268	785,268	774,581	(10,687)
Charges to Appropriation (Outflow):				
Public works	488,310	505,310	441,816	63,494
Capital outlay	320,000	333,237	-	333,237
Total Charges to Appropriations	808,310	838,547	441,816	396,731
Budgetary Fund Balance, June 30	\$ (23,042)	\$ (53,279)	\$ 332,765	\$ 386,044

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE PROP 40 BOND
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (88,784)	\$ (88,784)	\$ (88,784)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	47,516	47,516
Amounts Available for Appropriation	(88,784)	(88,784)	(41,268)	47,516
Charges to Appropriation (Outflow):				
Capital outlay	-	2,274	(48,365)	50,639
Total Charges to Appropriations	-	2,274	(48,365)	50,639
Budgetary Fund Balance, June 30	\$ (88,784)	\$ (91,058)	\$ 7,097	\$ 98,155

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 COUNTY PARK BOND
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,438	\$ 11,438	\$ 11,438	\$ -
Resources (Inflows):				
Intergovernmental	-	-	30,231	30,231
Amounts Available for Appropriation	11,438	11,438	41,669	30,231
Charges to Appropriation (Outflow):				
Public works	11,375	11,375	28,369	(16,994)
Total Charges to Appropriations	11,375	11,375	28,369	(16,994)
Budgetary Fund Balance, June 30	\$ 63	\$ 63	\$ 13,300	\$ 13,237

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 BIKE AND PEDESTRIAN PATHS
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (10,415)	\$ (10,415)	\$ (10,415)	\$ -
Resources (Inflows):				
Intergovernmental	20,000	20,000	36,741	16,741
Use of money and property	500	500	1,002	502
Amounts Available for Appropriation	10,085	10,085	27,328	17,243
Charges to Appropriation (Outflow):				
Capital outlay	-	25,730	27,878	(2,148)
Total Charges to Appropriations	-	25,730	27,878	(2,148)
Budgetary Fund Balance, June 30	\$ 10,085	\$ (15,645)	\$ (550)	\$ 15,095

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 CAPITAL GROWTH REQUIREMENTS
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 202,683	\$ 202,683	\$ 202,683	\$ -
Resources (Inflows):				
Charges for services	86,500	86,500	133,769	47,269
Use of money and property	3,000	3,000	10,995	7,995
Amounts Available for Appropriation	292,183	292,183	347,447	55,264
Charges to Appropriation (Outflow):				
Capital outlay	89,000	150,991	112,980	38,011
Total Charges to Appropriations	89,000	150,991	112,980	38,011
Budgetary Fund Balance, June 30	\$ 203,183	\$ 141,192	\$ 234,467	\$ 93,275

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 C.D.B.G.
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 320	\$ 320	\$ 320	\$ -
Resources (Inflows):				
Intergovernmental	170,688	170,688	97,991	(72,697)
Miscellaneous	34,000	34,000	29,325	(4,675)
Amounts Available for Appropriation	205,008	205,008	127,636	(77,372)
Charges to Appropriation (Outflow):				
General government	10,886	10,886	3,962	6,924
Parks and recreation	103,804	103,804	90,687	13,117
Capital outlay	90,000	90,000	42,581	47,419
Total Charges to Appropriations	204,690	204,690	137,230	67,460
Budgetary Fund Balance, June 30	\$ 318	\$ 318	\$ (9,594)	\$ (9,912)

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC LIBRARY GRANT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,352	\$ 6,352	\$ 6,352	\$ -
Resources (Inflows):				
Intergovernmental	14,000	14,000	9,919	(4,081)
Amounts Available for Appropriation	20,352	20,352	16,271	(4,081)
Charges to Appropriation (Outflow):				
Parks and recreation	14,000	14,000	9,816	4,184
Total Charges to Appropriations	14,000	14,000	9,816	4,184
Budgetary Fund Balance, June 30	\$ 6,352	\$ 6,352	\$ 6,455	\$ 103

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 PROP 1B LOCAL RETURN
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	245,000	245,000	415,361	170,361
Amounts Available for Appropriation	245,000	245,000	415,361	170,361
Charges to Appropriation (Outflow):				
Capital outlay	245,000	245,000	-	245,000
Total Charges to Appropriations	245,000	245,000	-	245,000
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 415,361	\$ 415,361

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 STATE POLICE GRANT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 187,259	\$ 187,259	\$ 187,259	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	2,000	2,000	10,632	8,632
Amounts Available for Appropriation	289,259	289,259	297,891	8,632
Charges to Appropriation (Outflow):				
Public safety	-	88,597	96,119	(7,522)
Total Charges to Appropriations	-	88,597	96,119	(7,522)
Budgetary Fund Balance, June 30	\$ 289,259	\$ 200,662	\$ 201,772	\$ 1,110

CITY OF SOUTH PASADENA

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY REDEVELOPMENT AGENCY
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,654,494	\$ 2,654,494	\$ 2,654,494	\$ -
Resources (Inflows):				
Taxes	475,000	475,000	583,105	108,105
Use of money and property	69,972	69,972	151,052	81,080
Miscellaneous	-	-	22,640	22,640
Amounts Available for Appropriation	3,199,466	3,199,466	3,411,291	211,825
Charges to Appropriation (Outflow):				
General government	352,239	352,239	388,466	(36,227)
Debt service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	149,503	149,503	124,583	24,920
Total Charges to Appropriations	576,742	576,742	588,049	(11,307)
Budgetary Fund Balance, June 30	\$ 2,622,724	\$ 2,622,724	\$ 2,823,242	\$ 200,518

STATISTICAL SECTION [TAB]

Statistical Section

This part of the City of South Pasadena's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

CITY OF SOUTH PASADENA

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Government activities						
Invested in capital assets, net of related debt	\$ 53,848,000	\$ 53,712,779	\$ 52,586,854	\$ 53,938,246	\$ 57,875,243	\$ 59,638,269
Restricted	875,676	3,134,933	2,985,309	3,700,356	4,454,617	3,725,863
Unrestricted	5,037,527	3,109,784	2,866,719	3,351,709	6,396,133	8,392,273
Total governmental activities net assets	\$ 59,761,203	\$ 59,957,496	\$ 58,438,882	\$ 60,990,311	\$ 68,725,993	\$ 71,756,405
Business-type activities						
Invested in capital assets, net of related debt	\$ -	\$ 2,084,629	\$ 3,290,506	\$ 3,042,921	\$ 3,263,489	\$ 2,791,280
Restricted	-	-	769,344	1,391,957	2,136,719	2,878,966
Unrestricted	5,645,780	4,323,054	2,952,479	3,319,590	2,831,187	3,542,152
Total business-type activities net assets	\$ 5,645,780	\$ 6,407,683	\$ 7,012,329	\$ 7,754,468	\$ 8,231,395	\$ 9,212,398
Primary government						
Invested in capital assets, net of related debt	\$ 53,848,000	\$ 55,797,408	\$ 55,877,360	\$ 56,981,167	\$ 61,138,732	\$ 62,429,549
Restricted	875,676	3,134,933	3,754,653	5,092,313	6,591,336	6,604,829
Unrestricted	10,683,307	7,432,838	5,819,198	6,671,299	9,227,320	11,934,425
Total primary government activities net assets	\$ 65,406,983	\$ 66,365,179	\$ 65,451,211	\$ 68,744,779	\$ 76,957,388	\$ 80,968,803

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CITY OF SOUTH PASADENA

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
General government	\$ 3,347,378	\$ 4,539,884	\$ 5,238,131	\$ 4,623,433	\$ 4,401,369	\$ 3,911,227
Public safety	7,629,324	8,926,614	9,631,689	9,823,747	9,779,691	9,875,234
Community development	874,087	763,683	786,021	770,006	883,972	997,287
Community Services	2,225,418	2,183,071	2,426,270	2,446,291	2,523,119	2,806,026
Public works	4,416,784	3,672,143	4,351,990	4,804,715	4,876,678	4,655,996
Interest on long-term debt	149,200	146,641	178,245	172,698	149,359	143,423
Total Governmental Activities expenses	18,642,191	20,232,036	22,612,346	22,640,890	22,614,188	22,389,193
Business-Type Activities:						
Water utility	2,643,259	2,558,200	3,607,186	4,160,990	3,908,439	3,949,800
Total Business-Type Activities Expenses	2,643,259	2,558,200	3,607,186	4,160,990	3,908,439	3,949,800
Total Primary Government Expenses	\$ 21,285,450	\$ 22,790,236	\$ 26,219,532	\$ 26,801,880	\$ 26,522,627	\$ 26,338,993
Program Revenues						
Governmental Activities:						
Charges for services:						
General government	\$ 726,699	\$ 1,054,576	\$ 1,108,740	\$ 1,238,045	\$ 1,358,711	\$ 1,457,911
Public safety	501,708	550,729	579,762	589,211	569,946	1,306,513
Community development	552,806	579,502	715,107	715,970	598,718	801,200
Community Services	570,127	691,141	683,576	686,560	690,544	514,523
Public works	1,294,161	1,503,901	1,146,864	1,119,950	1,079,883	1,244,935
Total Charges for Services	3,645,501	4,379,849	4,234,049	4,349,736	4,297,802	5,325,082
Operating Contributions and Grants:						
General government	784,587	1,108,032	787,784	1,397,311	500,002	150,998
Public safety	116,182	249,686	746,820	987,107	2,422,944	175,552
Community Services	71,840	95,308	55,596	53,013	63,472	127,136
Public works	63,695	119,812	167,641	131,107	122,292	539,572
Total Operating Contributions and Grants	1,036,304	1,572,838	1,757,841	2,568,538	3,108,710	993,258
Capital Contributions and Grants:						
Public safety	34,123	-	-	-	-	-
Community Services	-	-	-	-	-	47,516
Public works	4,457,348	1,561,750	1,259,811	2,536,724	2,712,135	513,368
Total Capital Contributions and Grants	4,491,471	1,561,750	1,259,811	2,536,724	2,712,135	560,884
Total Governmental Activities Program Revenue	9,173,276	7,514,437	7,251,701	9,454,998	10,118,647	6,879,224
Business-Type Activities:						
Charges for services:						
Water utility	2,850,357	3,217,446	3,902,977	4,442,966	4,687,499	4,543,192
Total Business-Type Activities Program Revenues	2,850,357	3,217,446	3,902,977	4,442,966	4,687,499	4,543,192
Total Primary Government Program Revenues	\$ 6,495,858	\$ 7,597,295	\$ 8,137,026	\$ 8,792,702	\$ 14,806,146	\$ 11,422,416
Net (Expense)/Revenue						
Governmental Activities	\$ (9,468,915)	\$ (12,717,599)	\$ (15,360,645)	\$ (13,185,892)	\$ (12,495,541)	\$ (15,509,969)
Business-Type Activities	207,098	659,246	295,791	281,976	779,060	593,392
Total primary Government Net Expense	\$ (9,261,817)	\$ (12,058,353)	\$ (15,064,854)	\$ (12,903,916)	\$ (11,716,481)	\$ (14,916,577)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues and Other Charges in Net Assets						
Governmental Activities:						
Taxes:						
Property taxes, levied for general purpose	\$ 5,401,391	\$ 5,878,748	\$ 6,152,773	\$ 8,367,587	\$ 9,116,431	\$ 9,986,309
Sales taxes	2,334,636	2,388,269	2,572,929	2,890,126	2,911,037	3,078,717
Franchise taxes	566,280	624,327	671,111	717,624	769,549	777,675
Business licenses taxes	257,047	257,799	273,432	323,055	334,840	344,497
Other taxes	1,826,864	1,988,990	2,113,733	2,104,870	2,250,281	3,158,469
Motor Vehicle In Lieu	1,428,810	1,167,965	2,034,071	88,757	129,564	110,144
Use of money and property	438,050	439,308	489,121	619,237	839,529	921,232
Gain on sale of assets	12,683	(63,817)	-	-	-	1,100,000
Other	33,086	97,564	154,813	646,065	127,106	69,013
Total Governmental Activities	12,298,847	12,779,153	14,461,983	15,757,321	16,649,836	19,546,056
Business-Type Activities:						
Use of money and property	64,757	48,131	211,678	369,399	401,925	370,557
Gain on sale of assets	-	-	-	-	-	11,075
Other	186,132	54,526	97,177	90,764	54,042	14,695
Total Business-Type Activities	250,889	102,657	308,855	460,163	455,967	396,327
Total Primary Government	\$ 12,549,736	\$ 12,881,810	\$ 14,770,838	\$ 16,217,484	\$ 17,105,803	\$ 19,942,383
Changes in Net Assets						
Governmental Activities	\$ 2,829,932	\$ 61,554	\$ (898,662)	\$ 2,571,429	\$ 4,154,295	\$ 4,036,087
Business-Type Activities	457,987	761,903	604,646	742,139	1,235,027	989,719
Total Primary Government	\$ 3,287,919	\$ 823,457	\$ (294,016)	\$ 3,313,568	\$ 5,389,322	\$ 5,025,806

CITY OF SOUTH PASADENA

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 368,202	\$ 455,087	\$ 542,341	\$ 645,341	\$ 397,742	\$ 292,562
Unreserved	3,100,339	3,414,972	3,459,743	4,489,626	6,351,164	9,559,379
Total General Fund	<u>\$3,468,541</u>	<u>\$3,870,059</u>	<u>\$ 4,002,084</u>	<u>\$ 5,134,967</u>	<u>\$ 6,748,906</u>	<u>\$ 9,851,941</u>
All Other Governmental Funds						
Reserved	\$ 755,491	\$ 266,517	\$ 293,809	\$ 2,456,501	\$ 1,537,309	\$ 254,778
Unreserved:						
Unreserved, reported in nonmajor, Special revenue funds	1,223,747	1,321,075	1,440,330	205,647	384,352	3,056,391
Designated for:						
Low & moderate housing	-	-	436,976	463,776	488,506	530,096
Debt service	-	-	198,968	202,044	197,110	200,497
Undesignated	2,191,930	2,512,672	2,012,312	941,127	1,260,671	1,480,465
Total all other Governmental Funds	<u>\$4,171,168</u>	<u>\$4,100,264</u>	<u>\$ 4,382,395</u>	<u>\$ 4,269,095</u>	<u>\$ 3,867,948</u>	<u>\$ 5,522,227</u>

CITY OF SOUTH PASADENA

Changes In Fund Balances Of Governmental Funds
Last Six Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues:						
Taxes	\$ 10,130,600	\$ 10,880,019	\$ 11,449,664	\$ 13,972,117	\$ 15,166,586	\$ 16,850,652
Assessments	1,106,389	1,113,278	1,097,970	1,068,561	1,133,914	895,773
Licenses and permits	646,955	750,566	791,522	842,947	876,297	893,237
Intergovernmental	6,601,782	3,237,991	3,996,994	3,584,136	5,089,034	2,288,858
Charges for services	1,949,856	2,386,005	2,649,613	2,683,695	2,398,566	2,822,380
Use of money and property	438,050	439,308	509,282	642,950	868,349	921,232
Fines and forfeitures	303,814	561,435	544,883	603,086	643,055	636,668
Contributions	-	-	-	14,053	20,114	19,005
Miscellaneous	294,677	548,180	790,231	1,231,214	543,280	579,812
Total revenues	21,472,123	19,916,782	21,830,159	24,642,759	26,739,195	25,907,617
Expenditures:						
Current:						
General government	3,293,781	3,950,276	4,427,679	4,467,746	4,188,718	3,855,522
Public safety	7,416,733	8,808,933	9,496,581	9,703,634	9,727,416	10,670,808
Community development	870,779	769,466	781,903	766,775	880,902	1,005,406
Community services	2,049,272	2,029,889	2,270,982	2,299,564	2,507,378	2,679,273
Public works	2,248,896	2,501,017	2,511,989	2,721,530	2,777,051	2,852,322
Capital outlay	4,897,143	1,280,203	1,634,550	3,790,870	5,609,950	1,169,533
Debt service:						
Principal retirement	105,140	104,110	109,826	112,359	127,262	114,894
Interest and fiscal charges	149,612	142,274	179,240	177,557	128,516	145,997
Total expenses	21,031,356	19,586,168	21,412,750	24,040,035	25,947,193	22,493,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	440,767	330,614	417,409	602,724	792,002	3,413,862
Other financing sources (uses):						
Transfers in	-	10,032	96,541	-	18,000	42,573
Transfers out	-	(10,032)	(96,541)	-	(18,000)	(42,573)
Proceed from sale of capital assets	-	-	-	-	-	1,100,000
Capital leases	15,105	-	-	-	495,173	-
Notes and loans issued	-	-	-	-	65,000	-
Total other financing sources (uses)	15,105	-	-	-	560,173	1,100,000
Net change in fund balances / net assets	\$ 455,872	\$ 330,614	\$ 417,409	\$ 602,724	\$ 1,352,175	\$ 4,513,862
Debt service as a percentage of noncapital expenditures	1.6%	1.3%	1.5%	1.4%	1.3%	1.3%

CITY OF SOUTH PASADENA

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	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
1999	1,391,462	137,560	90,463	(11,567)	1,607,918	0.241%	N/A	N/A
2000	1,475,059	138,637	99,709	(14,851)	1,698,554	0.241%	N/A	N/A
2001	1,569,274	144,395	106,400	(15,643)	1,804,426	0.241%	N/A	N/A
2002	1,667,313	151,345	110,090	(11,430)	1,917,318	0.241%	N/A	N/A
2003	1,783,248	157,091	109,963	(19,275)	2,031,027	0.241%	N/A	N/A
2004	1,930,016	168,874	117,217	(13,863)	2,202,244	0.241%	N/A	N/A
2005	2,087,821	177,629	118,885	(20,516)	2,363,819	0.241%	N/A	N/A
2006	2,262,942	189,286	132,004	(28,647)	2,555,585	0.241%	N/A	N/A
2007	2,478,782	207,724	130,527	(27,756)	2,789,277	0.241%	N/A	N/A
2008	2,690,867	211,373	133,651	(30,013)	3,005,878	0.241%	N/A	N/A

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

Note: ^aEstimated Actual Taxable Value is not available.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%).

CITY OF SOUTH PASADENA

Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates				
	General Basic Tax Levy	Total Direct Rate	Los Angeles County (1)	Educational Revenue Augmentation Fun	Los Angeles County Fire FFW	Los Angeles County Flood Control	Community College
1999	\$ 0.2412	\$ 0.2412	\$ 0.2860	\$ 0.2536	\$ 0.0060	\$ 0.0096	\$ 0.0320
2000	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2001	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2002	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2003	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2004	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2005	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2006	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2007	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320
2008	0.2412	0.2412	0.2860	0.2536	0.0060	0.0096	0.0320

Fiscal Year	Overlapping Rates								Total
	School District	Upper San Gabriel Valley Municipal Water District	South Pasadena Unified School District	Los Angeles County Flood Control	Upper San Gabriel Valley Municipal Water District	Detention Facilities	Pasadena Community College District		
1999	\$ 0.1712	\$ 0.0005	\$ 0.0810	\$ 0.0020	\$ 0.0089	\$ 0.0015	\$ -	\$ 1.0733	
2000	0.1712	0.0005	0.0629	0.0018	0.0089	0.0014	-	1.0750	
2001	0.1712	0.0005	0.0643	0.0016	0.0088	0.0013	-	1.0760	
2002	0.1712	0.0005	0.0673	0.0011	0.0077	0.0011	-	1.0772	
2003	0.1712	0.0005	0.0676	0.0009	0.0067	0.0010	-	1.0762	
2004	0.1712	0.0005	0.1105	0.0005	0.0061	0.0010	0.0068	1.1248	
2005	0.1712	0.0005	0.1041	0.0002	0.0058	0.0009	0.0088	1.1199	
2006	0.1712	0.0005	0.0957	0.0001	0.0052	0.0008	0.0041	1.1058	
2007	0.1712	0.0005	0.0897	0.0001	0.0047	0.0007	0.0208	1.1159	
2008	0.1712	0.0005	0.0860	-	0.0045	-	0.0197	1.1104	

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	2008			1999		
	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value
Cal Empire Limited Partnership	\$ 8,424,938	1	0.28%	\$ -	-	-
Vons Companies Inc.	6,452,923	2	0.21%	-	-	-
Richard Wagner Trust	4,929,601	3	0.16%	-	-	-
Saj LLC	4,446,494	4	0.15%	-	-	-
H & O Fair Oaks Partners	15,664,070	5	0.52%	13,323,804	1	0.83%
Bristol Farm Inc.	3,022,882	6	0.10%	-	-	-
Richard Wagner Trust	2,889,364	7	0.10%	-	-	-
Mt. Olive Sepulveda Limited Partnership	10,149,550	8	0.34%	-	-	-
Golden Oaks Investment Limited Partnership	8,796,669	9	0.29%	-	-	-
Bank of America	2,220,734	10	0.07%	-	-	-
Jerry B. & Roberta L. Furry	-	-	-	7,368,608	2	0.46%
Andrew J. & Peggy T. Cherng	-	-	-	6,849,188	3	0.43%
Time Warner Entertainment	-	-	-	6,347,915	4	0.39%
Joseph M. & Linda E. Dipaulo Trust	-	-	-	4,712,757	5	0.29%
Young Properties	-	-	-	4,473,720	6	0.28%
James L.Roper	-	-	-	4,241,531	7	0.26%
L & W Partnership	-	-	-	3,804,480	8	0.24%
Ralphs Grocery Company	-	-	-	3,791,745	9	0.24%
Pasadena Industrial Associates	-	-	-	3,712,930	10	0.23%
Total	\$ 66,997,225		2.23%	\$ 58,626,678		3.65%

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

CITY OF SOUTH PASADENA

Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	3,793,688	3,631,407	95.7%	(4,495)	3,626,912	95.6%
2000	4,072,985	3,826,047	93.9%	(27,553)	3,798,494	93.3%
2001	4,287,879	4,079,596	95.1%	(10,207)	4,069,389	94.9%
2002	4,602,846	4,494,678	97.6%	29,821	4,524,499	98.3%
2003	4,729,803	4,656,978	98.5%	25,961	4,682,939	99.0%
2004	4,855,643	4,760,451	98.0%	77,643	4,838,094	99.6%
2005	5,241,559	4,807,080	91.7%	157,836	4,964,916	94.7%
2006	5,700,244	5,288,176	92.8%	117,615	5,405,791	94.8%
2007	6,257,208	5,882,613	94.0%	99,287	5,981,900	95.6%
2008	6,756,257	6,561,803	97.1%	4,193	6,565,996	97.2%

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

CITY OF SOUTH PASADENA

Ratios of Outstanding Debt by Type,
Last Six Fiscal Years

Fiscal Year	Government Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Tax Allocation Bonds	Capital Leases	Loans	Water Revenue Bonds				
2003	\$ 2,410,000	\$ -	\$ -	\$ -		\$ 2,410,000	0.58%	97
2004	2,350,000	-	-	8,880,000		11,230,000	2.63%	445
2005	2,285,000	-	-	8,800,000		11,085,000	2.44%	434
2006	2,220,000	-	-	8,685,000		10,905,000	2.26%	423
2007	2,150,000	437,911	65,000	8,400,000		11,052,911	2.15%	431
2008	2,075,000	398,017	65,000	8,190,000		10,728,017	1.99%	417

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

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

CITY OF SOUTH PASADENA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2008**

Fiscal Year 2007-08 Assessed Valuation : \$2,682,010,283 After Deducting Redevelopment increment.

<u>Overlapping Debt:</u>	<u>Debt Outstanding</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/08</u>
Metropolitan Water District	\$ 150,054,336	0.338%	\$ 507,708
Pasadena Area Community College District 2002 Ser A	4,570,000	5.582%	255,094
Pasadena Area Community College District 2006 Ser B	58,840,000	5.582%	3,284,405
Pasadena Area Community College District 2006 Ser C	21,705,552	5.582%	1,211,588
Total Overlapping Tax and Assessment Debt			<u>\$ 5,258,795</u>
<u>Direct Debt:</u>			
South Pasadena Unified 96 Ser A	\$ 4,065,000	100.000%	\$ 4,065,000
South Pasadena Unified DS 95 Ser B	5,719,877	100.000%	5,719,877
South Pasadena Unified SD DS 95 S-C	8,572,110	100.000%	8,572,110
South Pasadena USD SD DS 95 Ser D	1,825,890	100.000%	1,825,890
South Pasadena USD DS 2002 S-03 A	19,945,000	100.000%	19,945,000
Total Direct and Overlapping General Fund Obligation Debt			<u>\$ 40,127,877</u>
COMBINED TOTAL DEBT			<u>\$ 45,386,672</u>

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

Note:

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

Debt to Assessed Valuation Ratios :

Direct Debt	1.50%
Overlapping Debt	0.20%
Total Debt	1.69%

CITY OF SOUTH PASADENA

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

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 3,005,878
Debt limit (15% of assessed value)	450,882
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>\$ 450,882</u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Limit</u>	<u>Total net debt Applicable to the Limit as a Percentage of Debt limit</u>
1999	\$ 241,188	\$ -	\$ 241,188	0.00%
2000	254,783	-	254,783	0.00%
2001	270,664	-	270,664	0.00%
2002	287,598	-	287,598	0.00%
2003	304,654	-	304,654	0.00%
2004	330,337	-	330,337	0.00%
2005	354,573	-	354,573	0.00%
2006	383,338	-	383,338	0.00%
2007	418,392	-	418,392	0.00%
2008	450,882	-	450,882	0.00%

CITY OF SOUTH PASADENA

**Pledged-Revenue Coverage
Last Five Fiscal Years
(in thousands)**

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	3,217	2,522	695	-	-	N/A
2005	3,903	3,170	733	-	432	1.70
2006	4,443	3,727	716	195	434	1.14
2007	4,687	3,379	1,308	205	433	2.05
2008	4,543	3,446	1,097	210	414	1.76

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

The Water Revenue bonds were issued in 2004.

Source: City of South Pasadena Finance Department.

CITY OF SOUTH PASADENA

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

Calendar Year	Population (1)	Personal Income * (2) <i>(thousands of dollars)</i>	Per Capita * Personal Income (2)	Unemployment Rate (3)
1999	25,743	360,275	29,402	N/A
2000	25,997	385,053	31,045	2.6%
2001	24,820	403,519	32,152	2.7%
2002	24,952	412,753	32,522	3.5%
2003	25,226	427,041	33,318	3.6%
2004	25,519	453,902	35,188	3.4%
2005	25,789	482,011	37,411	2.6%
2006	25,674	513,123	39,880	2.2%
2007	25,708	539,163	41,875	2.4%
2008	25,824	N/A	N/A	3.4%

* NOTE: This is the data of the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area. The data for the City is not available.

Sources: (1) State of California Department of Finance
 (2) U.S. Department of Commerce Bureau of Economic Analysis
 (3) State of California Economic Development Department

CITY OF SOUTH PASADENA

Principal Employers
Current Year and Nine Years Ago

Employer	2007-08			1998-99 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Vons Companies	199	1	5.19%			
So. Pasadena Convalescent Hospital	159	2	4.15%			
Bristol Farms	147	3	3.84%			
WNC Insurance Services, Inc.	122	4	3.18%			
Abbott Diagnostics Div. Abbott Labs	83	5	2.17%			
Trader Joe's	73	6	1.91%			
Mission Hospice	73	7	1.91%			
Jupiter Images	67	8	1.75%			
Orchard Supply Hardware	63	9	1.64%			
Law Offices of Harris & Zide	62	10	1.62%			
	<u>1,048</u>		<u>27.36%</u>	<u>0</u>		<u>0.00%</u>

* Information not available.

Source: South Pasadena Finance Department/Business License

CITY OF SOUTH PASADENA

**Full-time-Equivalent City Government Employees by Function/Program
Last Five Fiscal Years**

	<u>As of 06/30/08</u>	<u>As of 06/30/07</u>	<u>As of 06/30/06</u>	<u>As of 06/30/05</u>	<u>As of 06/30/04</u>
<u>Function/Program</u>					
General government					
Legislative	7	7	7	7	7
City Manager	7	7	7	7	7
Finance	8	9	8	9	8
Public Safety	81	81	81	81	78
Community Development	7	7	6	6	6
Community Services	39	38	36	34	34
Public Works	22	16	16	16	16
Water Utility	9	14	14	14	14
Total	<u>181</u>	<u>179</u>	<u>175</u>	<u>174</u>	<u>170</u>

Source: South Pasadena Finance Department

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

CITY OF SOUTH PASADENA

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Building permits issued	615	522	535	544	551	578	311	381	381	318
Building inspections conducted	N/A	2,223	2,083	2,125	2,310	2,355	1,888	2,154	2,154	2,230
Refuse collection										
Refuse collected (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	79.3	79.3	79.3
Recyclables collected (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32.6	32.6	36.0
Other public works										
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.9	0.7	0.0
Potholes repaired ***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	545	450	340
Water										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18	20	16
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	4	9	10	13
Average daily consumption (million gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.52	4.85	4.52
Peak daily consumption (million gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.65	6.96	6.96
Fire Department										
Total number of emergency calls responded in a year	N/A	N/A	1,691	1,992	2,028	2,017	1,902	1,620	1,807	1,785
Total number of fire inspections in a year	N/A	N/A	N/A	N/A	N/A	360	317	480	480	480
Police Department										
Arrest stats **	N/A	627	804	1,093	1,051	1,113	1,127	1,392	1,392	1,540
Traffic citations	N/A	N/A	N/A	N/A	3,734	4,136	4,101	5,762	1,858	6,669
Parking citations	N/A	N/A	N/A	N/A	9,145	16,117	14,401	13,308	11,387	14,806
Community Services										
Facility rentals	N/A	N/A	N/A	31	21	36	29	36	34	40
Recreation classes	N/A	N/A	N/A	175	174	188	212	207	246	248

NOTE:

*** Based on average sized potholes and cold patch purchased.

** Data is kept on a calendar year basis.

Sources: Various city departments.

CITY OF SOUTH PASADENA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other public works										
Streets (miles)	55	55	55	55	55	55	59	59	55	55
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30	30	30
Parks and recreation										
Parks	5	5	5	5	5	5	6	6	6	6
Acreage	85	85	85	85	85	85	86	89	89	89
Playgrounds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Baseball/softball diamonds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	6
Soccer/football fields	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Community centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	5
Water										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	165	165	165
Storage capacity (million gallons)	13	13	13	13	13	13	13	13	13	13
Sewage System										
Sanitary sewers (miles)	55	55	55	55	55	55	55	55	55	55
Storm sewers (miles)	2	2	2	2	2	2	2	2	2	2

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

Sources: Various city departments.

