CITY OF SOUTH PASADENA
CITY COUNCIL AND THE FINANCE COMMISSION

AMENDED AGENDA

SPECIAL JOINT MEETING OF THE CITY COUNCIL
WEDNESDAY, JANUARY 21, 2026, AT 6:15 PM

AMEDEE O. "DICK" RICHARDS JR. COUNCIL CHAMBERS
1424 MISSION STREET, SOUTH PASADENA, CALIFORNIA 91030
AND AT A TELECONFERENCE LOCATION LOCATED AT
SUITES CAPI PETRARCA 118 (LOBBY) POLANCO, POLANCO V SECC, MIGUEL HIDALGO, 11570 CIUDAD DE MEXICO, CDMX, MEXICO AT 8:15 PM (CST)

NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY

The South Pasadena City Council Meeting will be conducted in-person from the Amedee O. "Dick" Richards, Jr. Council Chambers, located at 1424 Mission Street, South Pasadena, CA 91030.

Public participation may be made as follows:

- In-Person – Council Chambers, 1424 Mission Street, South Pasadena, CA 91030
- Live Broadcast via the City website – http://www.spectrumstream.com/streaming/south_pasadena/live.cfm
- Via Zoom – Meeting ID: **825 9999 2830**
- Written Public Comment – written comment must be submitted by 12:00 p.m. the day of the meeting by emailing to ccpubliccomment@southpasadenaca.gov
- Via Phone–+1-669-900-6833 and entering the Zoom Meeting ID listed above.

Meeting may be viewed at:

1. Go to the Zoom website, https://zoom.us/join and enter the Zoom Meeting information; or
2. Click on the following unique Zoom meeting link: https://us06web.zoom.us/j/82599992830 or
3. By calling: +1-669-900-6833 and entering the Zoom Meeting ID listed above; and viewing the meeting via http://www.spectrumstream.com/streaming/south_pasadena/live.cfm

CALL TO ORDER:	Mayor	Sheila Rossi
ROLL CALL OF CITY COUNCIL:	Mayor	Sheila Rossi
	Mayor Pro Tem	Omari Ferguson
	Councilmember	Michael A. Cacciotti
	Councilmember	Jon Primuth

	Councilmember	Janet Braun
ROLL CALL OF FINANCE COMMISSION:	Chair	Nevin Stanton-Trehan
	Vice Chair	Cynthia Quade
	Commissioner	Peter Giulioni, Jr.
	Commissioner	Y-Le Ho
	Commissioner	Renee Rubin

PUBLIC COMMENT

1. PUBLIC COMMENT

Public Comment will be limited to 3 minutes per speaker for the agendized items only.

CONSENT CALENDAR

OPPORTUNITY TO COMMENT ON CONSENT CALENDAR

Items listed under the Consent Calendar are considered by the City Manager to be routine in nature and will be enacted by one motion unless a public comment has been received or Councilmember requests otherwise, in which case the item will be removed for separate consideration. Any motion relating to an ordinance or a resolution shall also waive the reading of the ordinance or resolution and include its introduction or adoption as appropriate.

2. CONSIDERATION TO APPROVE UPDATED FINANCIAL POLICIES AND PROCEDURES MANUAL FOR FY 2025-2026

Recommendation

It is recommended that the City Council adopt the City's Financial Policies and Procedures Manual for 2026 as presented.

ACTION/DISCUSSION

3. CONSIDERATION TO RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR ENDED JUNE 30, 2025

Recommendation

It is recommended that the City Council and Finance Commission receive and file the annual audit reports for the year ended June 30, 2025.

ADJOURNMENT

FOR YOUR INFORMATION

FUTURE CITY COUNCIL MEETINGS

February 4, 2026	Regular City Council Meeting	7:00 P.M.
February 18, 2026	Regular City Council Meeting	7:00 P.M.

PUBLIC ACCESS TO AGENDA DOCUMENTS AND BROADCASTING OF MEETINGS

City Council meeting agenda packets, any agenda related documents, and additional documents are available online for public viewing on the City's website:
https://www.southpasadenaca.gov/Your-Government/Your-City-Council/City-Council-Agendas

Regular meetings are live streamed via the internet at:
http://www.spectrumstream.com/streaming/south_pasadena/live.cfm

AGENDA NOTIFICATION SUBSCRIPTION

If you wish to receive an agenda email notification please contact the City Clerk's Division via email at CityClerk@southpasadenaca.gov or call (626) 403-7230.

ACCOMMODATIONS

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

CERTIFICATION OF POSTING

I declare under penalty of perjury that I posted this notice of agenda for the meeting to be held on January 21, 2026, on the bulletin board in the courtyard of City Hall located at 1414 Mission Street, South Pasadena, CA 91030, and on the City, website as required by law, on the date listed below.

01/16/2026	/S/
Date	Aimee Gibbs, Executive Assistant

City Council and the Finance Commission Agenda Report

ITEM NO. 2

DATE: January 21, 2026

FROM: Todd Hileman, City Manager

PREPARED BY: Nick Kimball, Assistant City Manager/Chief Financial Officer
William Castrillon, Budget and Purchasing Manager

SUBJECT: **CONSIDERATION TO APPROVE UPDATED FINANCIAL POLICIES AND PROCEDURES MANUAL FOR FY 2025-2026**

Recommendation

It is recommended that the City Council adopt the City's Financial Policies and Procedures Manual for 2026 as presented.

Executive Summary

The Finance Policies and Procedures Manual serves as the City's comprehensive framework for sound fiscal management, internal control, and accountability. It consolidates policies governing purchasing, accounting, payroll, investments, and other financial operations to ensure compliance with state and federal law, generally accepted accounting principles (GAAP), and Government Finance Officers Association (GFOA) best practices.

Originally approved in 2022, the manual establishes clear roles and responsibilities for all City departments and formalizes the procedures necessary to protect public resources and ensure transparency.

Staff prepared a 2026 updated manual and presented it to the Finance Commission on November 20, 2025, for their review and recommendations. Their recommendations have been incorporated into the manual for City Council consideration. The manual includes current best practices, audit recommendations, and new technology workflows. This report provides a high-level summary of the manual's key sections.

Background

The City Council adopted the Finance Policies and Procedures Manual in October 2022 following review by the Finance Commission. The manual was developed to standardize financial practices, clarify departmental responsibilities, and establish consistent internal controls across all City operations.

On November 20, 2025, the Finance Commission reviewed the proposed updates to the Procedure Manual for 2026 and provided feedback.

Analysis
The Financial Policies and Procedures Manual establishes a comprehensive framework to guide the City's financial decision-making, internal controls, and day-to-day fiscal operations. Its purpose is to promote sound financial stewardship, transparency, consistency, and accountability in the management of public resources, while ensuring compliance with applicable laws, regulations, and best practices in municipal finance. By clearly defining roles, standards, and procedures, the manual supports long-term financial sustainability, enhances audit readiness, mitigates fiscal risk, and provides City staff and elected officials with a shared foundation for responsible budgeting, accounting, reporting, and financial oversight.

The manual should be reviewed annually, or more frequently as needed, based on changes to law, technology, or City operations. The updated 2026 manual strengthens internal control language, improves procurement transparency, and aligns local policy with modern GFOA and State Controller's Office standards.

The Finance Policies and Procedures Manual consists of eleven (11) major sections, each addressing a core area of financial management. A summary of each section is provided below.

1. Introduction
The Finance Department's Policies and Procedures Manual is intended to provide city employees with a comprehensive tool for complying with the City's financial policies and procedures. It establishes the purpose, authority, and guiding principles for the City's financial management framework, including fiscal stewardship, transparency, and internal control responsibilities based on the Committee of Sponsoring Organizations (OSO) internal control framework.

2. Finance Staff Positions
Defines Finance Department structure, roles, and qualifications; clarifies the Assistant City Manager / Chief Financial Officer's purchasing authority and the Treasurer's independent oversight of investments. In FY 2024/2025, the Finance Department underwent a major organizational change. Various positions were eliminated and others were added, changing the roles and responsibilities in Finance.

Proposed Updates: Please see Table 1. Major Responsibilities and Key Duties for updated positions and roles.

3. Purchasing
Outlines policies for procurement of goods, services, and public works projects, including bidding thresholds (City Manager authority < $30,000; City Council authority > $30,000), ethical standards, and local vendor preference. Promotes fairness, competition, and fiscal accountability. This section includes provisions for the appropriate use of non-competitive (sole/single source), cooperative purchasing (piggybacking), environmentally preferable purchasing, emergency procurements, and disposal of surplus assets.
Proposed Updates: Eliminate the Competitive Bidding Solution (E-Procurement) section. Currently, the City uses the E-procurement software, Planet Bids, to administer the competitive bidding process.

Table 2 - Competitive Bidding and Contract Award Thresholds, Public Works Projects Category was updated to reflect the current award authority in accordance with the values and methods pursuant to CUPCCAA, Public Contract Code sections 22000 et seq. and Article XIII commencing with section 2.99-34.

The bid opening procedure, which references physical bids and in-person bid opening, is outdated. Currently, no physical bids are accepted, and in-person bid openings are not required. Bid submissions are done electronically through the Planet Bids software. Language incorporating the use of Planet Bids or E-procurement software for electronic bid submission is included.

4. Accounts Payable
Details payment processing requirements, approval workflows, and documentation standards (purchase orders, invoices, direct payments). Identifies authorized approvers and reinforces segregation of duties, timely disbursement, and City Council warrant approval.

Proposed Updates: Form 1099 issued to vendors compensated more than $600 in a calendar year will increase to $2,000 in a calendar year 2026.

Under the Voided Checks and Stop Payment Requests, all uncashed checks greater than six months old will be investigated to determine if a new check is to be issued or escheat the funds in compliance with State of California regulations.

5. Utility Billing Operations
Describes billing, collections, and customer service procedures for water and sewer utilities, including oversight of the City's contracted billing provider and dispute resolution protocols.

6. Accounts Receivable and Revenue Collections
Sets standards for receiving, recording, and safeguarding City revenues. Establishes cash-handling controls, daily deposit procedures, and reconciliation requirements.

7. Payroll
Establishes payroll processing standards, timekeeping, and benefit administration procedures. Ensures accurate payment, tax compliance, and secure employee recordkeeping. The administration of payroll rests with the Finance Department, while the administration of benefits rests with the Human Resource Department.

8. Fixed Assets
Defines capitalization thresholds (i.e. $5,000 or more for non-infrastructure assets and $25,000 for infrastructure assets), asset tracking, and disposal procedures to ensure proper accounting and control of City-owned assets.

Proposed Updates: The City-owned capital asset amount has been updated to reflect the current amount as of June 30, 2024.

In Table 3. City Owned Capital Assets, the capital asset categories were updated to reflect current amounts as of June 30, 2024.

9. Investments and Debt Management
Provides policy guidance on investment objectives—safety, liquidity, and yield—and outlines

debt issuance and post-issuance compliance responsibilities. This section is meant to be followed in conjunction with the annual Investment Policy adopted by the City Council.

Proposed Updates: Remove from Types of Debt, Tax Allocation Bonds. The City finished paying the TABS 2000 bond debt in FY 2024/2025. The dissolution of the RDAs in 2012 has ended this type of debt from being issued by California cities and counties.

10. Governmental Accounting and General Ledger Maintenance
Describes the City's accounting framework, chart of accounts, reconciliation process, and financial reporting procedures to maintain GAAP compliance.

Proposed Updates: The Midyear and Quarterly Financial Reporting will be changed to Mid-Year and Monthly Financial reporting to reflect the City Council's desire to have a monthly report.

11. Acknowledgment Form
Requires employees and departmental liaisons to acknowledge receipt and understanding of financial policies, ensuring accountability and awareness.

Fiscal Impact
There is no direct fiscal impact associated with this report. Implementation of updated financial policies will enhance transparency, strengthen internal controls, and support long-term financial sustainability.

Attachment:
Attachment No. 1 - Draft 2026 Finance Policy Procedures Manual (Redline)
Attachment No. 2 - Draft 2026 Finance Policies and Procedures Manual

City Of South Pasadena Finance Policy and Procedures Manual

Draft 11/20/2025

Reviewed 01/09/2026

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Introduction

I. Overview

The City of South Pasadena Finance Department's Policies and Procedures Manual (manual) is designed to provide guidance to all stakeholders involved in the City's financial processes and transactions. Its purpose is to ensure that assets are safeguarded, transactions are conducted in accordance with established laws, policies and best practices, and duties are appropriately segregated. The manual also seeks to ensure that financial statements are prepared in conformity with generally accepted ~~government~~ accounting principles (GAAP), and that finances are managed with responsible stewardship. This manual is also intended to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

In approving the policies associated within this manual, the City Council establishes the authorities, responsibilities, and accountability requirements of those participating in the operations of South Pasadena City government to:

- Set forth principles for sound fiscal stewardship,
- Maintain appropriate financial capacity for present and future levels of service,
- Ensure the legal use of financial resources through an effective system of internal controls, and
- Provide financial transparency to the public.

The City of South Pasadena is accountable to its residents for the prudent use of public dollars. Municipal financial resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. These policies safeguard the fiscal stability required to achieve the City's goals and objectives.

Although the goal is to provide employees with a comprehensive reference tool for complying with the City's financial policies and procedures, this document is meant to augment, not supersede South Pasadena's Municipal Code requirements or state and federal laws that may be referenced herein. Any such references should be reviewed in conjunction with the manual. The manual is intended to be easily read and provide useful, up-to-date information on a broad range of financial topics. It has been prepared electronically in a PDF format and placed on the City's Intranet for access and to accommodate changes that will occur over time.

In the absence of policies herein not being adopted by ordinance, the manual shall have the force and effect of official policy of the City. This manual shall serve as the basis, along with City Council action in the future, for codified ordinances to implement purchasing policies.

In the event of a conflict between this manual and a codified or uncodified ordinance, the ordinance shall prevail regardless of date of adoption. In the event of a conflict between this manual and a resolution of the City Council, the more recent document shall prevail.

Organization of the Manual

This manual contains the following sections:

- Finance Staff Positions,
- Purchasing,
- Accounts Payable,
- Utility Billing Operations,
- Accounts Receivable,
- Payroll,
- Fixed Assets,
- Investments and Debt Management, and
- Governmental Accounting and General Ledger Maintenance.

Each section begins with an overview that provides context, a general description of the financial topic, and an objective statement to describe the purpose of the policy and associated procedures. This is followed by a list of the Finance Department classifications functionally responsible for the policies and procedures in the section.

Acknowledgement of Manual Content

Upon recommendation from the Finance Commission, the contents of this manual were approved as the official policy of the City of South Pasadena by the City Council ~~in~~ on [**INSERT DATE**~~June~~ 2022]. Routine changes and updates to this manual will be made on an annual basis in July or on an as-needed basis upon recommendation from the ~~Finance Director~~Assistant City Manager / ~~-~~Chief Financial Officer (CFO) and after review from the Finance Commission and approval by the City Council.

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All Finance Department employees and Finance liaisons in each department are bound by the policies contained or referenced herein, and any deviation from established policy is prohibited. Each applicable employee must read the manual and, if necessary, request clarification of the contents. Each employee must sign a statement of receipt acknowledging that they have received a copy or have been provided access to the manual and understand they are responsible for reading and becoming familiar with the contents of it.

This document is not intended to replace guidance provided by GAAP or by other external sources, such as procedures manuals related to the City's electronic financial management system. Please contact the Finance Department with any suggestions for improvement to the manual or any clarifications that may be needed.

II. Internal Control Policies

The City Council and City management are responsible for ensuring and maintaining a system of internal control to safeguard assets against loss, ensure the accuracy and reliability of the accounting data and financial information, promote operational efficiency, and encourage adherence to prescribed financial procedures.

The City's system of internal control is based on the framework designed by the Committee of Sponsoring Organizations' (COSO) Internal Control – Integrated Framework (2013). This framework is based on the following five components:

1. Control Environment,
2. Risk Assessment,
3. Control Activities,
4. Information and Communication, and
5. Monitoring.

While each component includes a set of guiding principles, it is beyond the scope of this manual to incorporate and explain all control elements. However, included below is an adaptation of best practice guidance provided by the Government Finance Officers Association (GFOA) based on the first of the five components, the control of environment. These standards set forth the basis for carrying out internal control:

1. The City Council, City management, and all levels of staff throughout the organization must demonstrate a commitment to the established internal control framework,
2. The City Council and City management are responsible for overseeing internal control,
3. City management will develop and maintain organizational structures and ensure staff accountability,
4. The City should commit to attracting and retaining competent employees, and
5. The City should hold individuals accountable for their internal control responsibilities.

Further details can be found on the GFOA website here: https://www.gfoa.org/materials.

Specific internal controls related to accounting procedures discussed in this manual will be described in each relevant section as appropriate. The Assistant City Manager / CFO ~~Finance Director~~ shall develop additional internal control processes or financial procedures, if warranted, to ensure and maintain a strong internal control function. Any weakness in internal control and accounting procedures shall be addressed immediately by the Assistant City Manager / CFO ~~City Manager or Finance Director~~ so a timeline to remedy improvement(s) can be established.

Investigating Misuse of Funds

It is important to remember that all funds received by the City can only be spent on goods and services that benefit the City. They must be spent in accordance with the budget appropriations approved by the City Council. Under no circumstances can City funds be used for personal goods or services for non-City purposes, whether by use of a purchase order, direct payment, procurement card, or any other means.

Supervisors are required to review invoices and credit card purchases before submitting them to the Finance Department for payment. As part of this review, should there be suspicion that City funds were used to purchase personal items for non-City purposes, the Finance Department should be notified immediately for further investigation. Any misuse of City funds could subject an employee to disciplinary action, up to and including termination.

III. Manual Updating and Distribution

The following procedures will be used in updating the manual.

- Finance Department staff will review the manual annually in July to determine what should be updated, added, removed, or otherwise modified.
- Revisions to the manual will be presented to the City's Finance Commission for review prior to seeking final approval from the City Council.
- Email notification will be used for all manual additions and updates and will reference the updated sections.
- The email notification will be sent to everyone on a distribution list to be maintained by the Finance Department

Availability of Manual

This Policies and Procedures Manual is uploaded to the City of South Pasadena's Shared Drive.

IV. Finance Staff Positions

~~IV.~~ **List of Positions**

The Finance Department has eleven ~~seven~~ full-time equivalent (FTE) positions as part of the FY ~~2021-22~~2025-2026 budget, as listed below.

- ~~Finance Director~~
- Department Head
  - Assistant City Manager / CFO
- Management

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- ~~Finance Manager~~Accounting Manager / Controller,
- ~~Deputy Finance Director~~Budget and Purchasing Manager,
- Information Technology and Systems Manager
- Procurement Contracts Administrator

- Full-Time Staff
  - ~~Payroll~~ Accountant,
  - ~~Accountant~~Accounting Technician~~, and~~
  - CIP Analyst
  - Management Analyst
  - Management Assistant
  - Senior Accountant

- ~~Management Analyst (2).~~

Note: As authorized staffing changes, this page should be updated.

The City also has an elected City Treasurer. The City Treasurer maintains an autonomous role for oversight and decisions relating to investment and safekeeping of City funds, is independent of the City Council, and is elected at large by the electorate. The City Treasurer works with Finance Department staff with regards to investments, banking, and cash flow. In addition, the Treasurer certifies the monthly investment report and meets with the City's Finance Commission. The Assistant City Manager / ~~Chief Financial Officer~~CFO is the point of contact for the City Treasurer.

V. Major Functional Responsibilities and Duties, including Qualifications

This section contains the major functional responsibilities and key tasks and activities for each of the positions in the Finance Department (as of ~~May 2022~~XXXX). Please see the qualifications for each of the designated positions below in their official job description(s) as found on the City's website at Human Resources South Pasadena, CA (southpasadenaca.gov).

Table 1. Major ~~Functional Activities~~ Responsibilities and Key ~~Activities~~Duties

~~Position Title~~	~~Responsibilities and Duties~~
Assistant City Manager / Chief Financial Officer (CFO)	Under the general direction of the City Manager, the Assistant City Manager/Chief Financial Officer leads the activities and operations of assigned departments. Provide highly responsible and complex financial and administrative support to the City Manager.

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	• Oversee assigned programs and administrative support functions; manage the operations of the City Manager's Office and Finance Department. • Develop, plan, recommend, and implement Citywide financial strategies and activities related to the administration of investment, financing, and banking/operational programs. • Direct, oversee, and participate in the development of the Finance Department's work plan • Supervise and participate in the development and administration of the City and Finance Department's annual operating budget and capital improvement budget; monitor and approve expenditures; implement mid-year adjustments. • Develop and implement long and short-term strategic plans in support of department and City-wide goals and objectives. • Oversee the preparation of documentation related to the refinancing of existing debt and the issuance of new debt; direct the preparation of financial reports as required by law; • Review, evaluate, and recommend improvements to the City's administrative and financial internal control systems and procedures and ensure audit compliance. • Oversee the general accounting functions of the City; provide financial support and assistance to City departments; ensure compliance with internal controls and standard accounting practices. • Serve as Acting City Manager in the absence of the City Manager.
Accounting Manager / Controller	Under the general direction of the Assistant City Manager / CFO, the Accounting Manager / Controller manages, plans, directs, supervises, and oversees activities related to the City's accounting processes, financial operations, and payroll procedures. Provides accounting services and instruction to City departments and ensures fiscal accountability. • Assists in managing, coordinating, planning, and facilitating the accounting operations of the Finance Department and accounting operations; • Manages the City's general and subsidiary accounting ledgers and systems, monthly and annual closings, trials balances, property/inventory control, budget control, project accounting, grant financial management, and financial reporting.

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	• Develops responses to all internal and external audit findings and recommends corrective action. Ensures corrective action is taken regarding these responses. • Keeps current with Governmental Accounting Standards Board (GASB) pronouncements and implements new standards; ensures compliance with provisions of Federal, State, County and City statutes relating to financial matters. • Oversees and performs banking operations, inclusive of bank reconciliations, and interacts with financial institutions and agencies to maintain City banking relationships. • Manages the accounts payable, accounts receivable, payroll, and other accounting divisions of the department. • Performs financial planning activities related to investment analysis, sources and uses of funds, accounting, and debt administration. • Analyzes, reviews, and prepares complex financial statements and reports; draws conclusions and makes recommendations; submits mandated reports to regulatory and grant agencies; ensures compliance with laws, codes, and regulations governing regulatory and municipal accounting. • Responsible for completing the State Controller's Report, the Annual Comprehensive Financial Report (ACFR), and preparing other annual financial reports; coordinates the annual financial audit with external auditors. • Performs other related duties as assigned.
Budget and Purchasing Manager	Under the general direction of the Assistant City Manager / CFO, the Budget and Purchasing Manager manages, plans, directs, supervises, and oversees activities related to the City's budgeting processes, financial operations, and purchasing procedures. Provides budget and fiscal analysis for the City departments. • Oversee and develop the annual budget, mid-year budget analysis, and develops the final City budget. • Directs and supervises the daily operations of the budget division; reviews and monitors fiscal aspects of City projects, programs and departmental budgets; reviews and/or participates in the preparation of all budget amendments. • Develops and maintaining financial forecast models; develops monitors and revises revenue and

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	expenditure forecasts; review and analyze economic forecasts as part of the City's fiscal position; monitor and prepare reports on economic trends that effect the City • Examines and approves all purchasing documents and transactions • Recommends and coordinates implementation of procedures and policies for the effective management of salvage properties; develops and implements plans of disposition. • Coordinates, implements, monitors and evaluates the administration of procurement and purchasing; assists in the department's formulation of pricing and procurement objectives and strategies. • Evaluates internal controls, policies, programs, operations, and implements and enforces internal budget and purchasing controls.~~Oversee and perform banking operations, interact with financial institutions and agencies to maintain City banking relationReview of the fiscal impact of the staff reports to the City Council by departments.~~ • Performs financial planning activities related to budget analysis, extensive budget planning, and forecasting. • Analyzes, reviews, and prepares complex financial statements and reports; draws conclusions and makes recommendations; submits mandated reports to regulatory and grant agencies; ensures compliance with laws, codes, and regulations ~~Evaluates internal controls, policies, programs, operations, and implements and enforces internudgeting and purchasing controls.~~ • Provides financial data, financial information, and guidance to other City departments; provides timely and accurate monthly reports to the Departments. • Supports the general operations of the Finance Department.
Information Technology & Systems Manager	Under general supervision of the Assistant City Manager/CFO, the Information Technology & Systems Manager will oversee all citywide IT systems through a contracted managed service provider (MSP) and act as the City's go-to technology expert for leadership and departments alike. • Evaluate and manage IT planning, vendor management, cloud systems, municipal applications, and cybersecurity.

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	• Oversee the execution of the City's IT infrastructure while driving innovation across departments. • Manage the daily IT operations and oversee the service provider by overseeing vendor performance, aligning services with City priorities. • Develop IT policies, standard operating procedures, training materials, and a strategic roadmap that guides major projects—such as the ERP system upgrade, full cloud migration, network modernization, and enhanced cybersecurity initiatives. • Primary liaison between internal stakeholders and technology vendors, ensures that department needs are clearly understood and addressed. • Provides strategic execution of the City's IT infrastructure across all departments.
Procurement Contracts Administrator	Under the direction of the Budget and Purchasing Manager, the Procurement Contracts Administrator performs a wide variety of purchasing tasks including but not limited to the purchasing of goods and services such as materials, equipment, tools, parts, supplies and professional services; to consult with and assist department staff with purchasing procedures and needs; and to assist with the administration of purchasing rules, regulations, processes and procedures. • Review and process requisitions for accuracy and availability of funds, and prepare purchase orders; determine the appropriate method of procurement, such as direct purchase, request for proposal, or formal bid. • Perform all aspects of the procurement process for the department, including but not limited to gathering and comparing information regarding price, quality, availability, and related information for varied services, equipment, and materials. Process requests for proposal and conduct formal bids. • Assist in administering purchasing rules, regulations, process, and procedures; coordinate purchasing activities with other departments and with outside agencies; maintain records of items purchased, costs, delivery, and purchasing reference files. • Conduct special studies and surveys, as requested; Interview vendors in person or by telephone to obtain information related to product, price, and availability of product, service, and delivery date.

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	• Consult departmental representatives regarding special projects, purchasing needs, procedures, complaints, and concerns. • Provide training to departments on purchasing procedures. • Perform related duties as assigned.
Accountant	Under the general supervision of the Accounting Manager / Controller, performs a variety of professional-level payroll functions in the preparation and maintenance of financial records, reports, and statements • Prepares and coordinates City payroll; reviews, codes, and enters bi-weekly time sheets; prints checks, distributes checks, and runs payroll reports; prepares deduction payments for garnishments, prepares quarterly tax reports, and W-2's. • Prepares and coordinates retirement reports for the City. • Performs advanced and complex professional-level tasks related to accounting and financial analysis related to payroll. • Performs analyses on various accounts as needed for audit and other purposes; assists managers and auditors in the preparation and completion of various financial audits. • Monitors payroll activities; posts and maintains financial records for various accounts and funds; provides analysis of other financial reports as required; • Prepares, when requested, month-end, quarter-end, mid-year, and end-of-year budget documents; makes adjusting and closing accounting journal entries; participates in preparing year-end audit schedules; and participates in the preparation of financial statements. • Builds databases and spreadsheets of financial, budgetary, and other data at an advanced level of complexity. • Assists in the preparation of reports and recommendations for various financial projects assigned. • Prepares clear, concise, and comprehensive financial analyses and prepares financial reports to illustrate the results of those analyses. • Assists in performing research projects; assists in developing new processes or procedures as

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	deemed necessary; researches and answers technical questions.
Accounting Technician	Under general supervision Accounting Manager / Controller, performs a variety of bookkeeping and complex clerical accounting duties involving transactions for accounts payable, accounts receivable, and payroll; assists with maintenance of the general ledger and bank reconciliations; provides technical assistance and instruction to clerical staff; and performs other related duties as required. • Processes purchase orders and invoices for payment; organizes, prepares, and codes invoices; maintains vendor list; prepares quarterly sales tax report; updates fund accounting; prepares warrant report for City Council; processes 1099's. • Verifies and records daily receipts of funds; prepares bank deposit; runs various reports to analyze and detect errors; balances total receipts to computer reports; interfaces utility payments to the utility system and other payments to fund accounting. • Reconciles various City bank accounts to general ledger. • Prepares month-end journal and general ledger entries; processes budget amendments; • Assists with preparation of financial reports; performs research for various projects. • Relieves clerks performing cashier function as required; backs up other accounting functions.
CIP Analyst	Under the general direction Budget and Purchasing Manager, the CIP Analyst performs a wide variety of complex, analytical, capital improvement management, financial management, and administrative duties as they relate to the capital improvement program and budget preparation and development. • Plans, organizes, and coordinates meetings with departments throughout the organization to develop new projects, determine budget carryovers, and future projects. • Monitors and manages existing funds for the CIP to meet established goals and objectives; analyzes assigned budget and CIP submissions, program workload estimates, and unit costs. • Plans and coordinates newly funded projects for review with appropriate management staff as part of

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	the CIP budget and approval process; meets and maintains established CIP schedules. • Monitors and reviews project status and financial activities of the project aspects and reviews for compliance. • Ensures that all performance targets are met, tracks budget adherence, and monitors the project through completion; • Ensures accuracy and clarity in communicating project standards and strategic goals; evaluates and proposes adjustments of future projects to funded projects based on need or funding opportunities. • Monitors to ensure that objectives are met and projects are completed on time and on budget. • Maintains regulatory compliance by keeping current on industry trends, regulations, and issues. • Identifies areas of concern for management review and potential action. • Reviews, tracks, and assists with the implementation of proposed projects, identifies funding, and resources to help develop assigned components of the Infrastructure Capital Improvement Plan. • Perform related duties and responsibilities as required.
Management Analyst	Under the general supervision Budget and Purchasing Manager, the Management Analyst performs a wide variety of complex analytical, general operations, and administrative support activities within the Finance Department. • Depending upon assigned department, a person in this position performs many of the following responsibilities and job duties, including assisting in the development and implementation of policies, programs, and procedures through research and analysis. • Manages or completes a variety of projects involving research and analysis. • Coordinates administrative activities for a variety of programs. Makes recommendations on policy procedures, workflow, employee training needs, and other work-related projects. • Interfaces with other city departments, outside auditors, and agencies. Assists in administering citywide programs and projects.

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	• Analyzes and interprets data collected and prepares periodic or special reports. Prepares written reports, visual aids, letters, contracts, and other written documents and computerized reports as needed. May make verbal and written presentations to the City Council and to other public and private groups. • Coordinates interdepartmental activities and issues as directed. Answers questions and provides information to City staff and the public regarding city policies, procedures, and contracts. • Conducts surveys, performs research and statistical analyses on administrative, fiscal/budgetary, personnel, and operational problems. • May serve as a representative or staff on committees, review boards, and management study teams. Serves as Commission Secretary for the Finance Commission. Represents the City with other governmental agencies and community groups as assigned. • Coordinates committee activities, meetings, related responsibilities and assigned projects. • Participates in formulating, implementing, and administering annual operating budgets, including recommendations for budget adjustments as necessary; assists staff in the analysis of monthly and periodic budget and expenditure reports, including researching variances. • Prepares clear, concise, and comprehensive financial analyses and prepares financial reports to illustrate the results of those analyses.
Management Assistant	Under general supervision Accounting Manager / Controller provides primary support for a department or division, performing a wide range of secretarial and clerical work. • Assists management in the following areas: basic research, studies, surveys, and data gathering; implementation of policies, procedures, and practices; monitoring and coordination of the daily operation of assigned project; planning and administering City events and special projects; processing of department invoices and purchase orders; responding to departmental and residents' inquiries; monitoring of contract compliance. • Supports payroll operations, manages the front offices, provides support for utility billing services,

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	reviews contractor reports, and manages the retention schedule of the finance department.
Senior Accountant	Under the general direction of the Accounting Manager-Controller, the Senior Accountant performs a variety of responsible professional accounting work for the City including the maintenance, compilation, and review of various financial records. Assists in developing and installing accounting systems; and prepares accounting and auditing reports. • Perform complex professional accounting and budgetary work involved in establishing, analyzing, auditing, reconciling, and maintaining financial records in support of designated programs or an assigned division or department; ensure financial activity of assigned accounts complies with applicable laws, codes, rules, regulations, policies, and procedures. • Provide administrative support in the planning, development, review, analysis, and implementation of designated budgets and accounts; monitor, evaluate, and reconcile accounts related to assigned funds and budgets; prepare income and expenditure projections to assist with budget preparation as directed; analyze program and project costs and provide recommendations concerning budgetary allocations as assigned. • Prepare and audit a variety of financial, statistical and budgetary reports, statements and records related to income, expenditures, reconciliations, budgets and assigned accounting functions; review and analyze financial statements, records and reports to ensure accuracy, completeness and compliance with established guidelines, procedures in accordance with Governmental Accounting Standards Board (GASB) and Generally Accepted Governmental Auditing Standards (GAGAS). • Perform duties in the maintenance and analysis of General Ledger Accounts and other subsystems such as accounts payable, accounts receivable, payroll, inventory, and fixed assets. • Calculate, post, audit, and adjust journal entries; update accounts to reflect revenue and expenditure; audit accounts for errors and make appropriate adjustments; reconcile various fiscal statements to ensure accurate fund accounting; ensure financial statements and cash amounts match organizational

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	records as assigned; initiate account transfers and other transactions as needed. • Train, supervise and evaluate assigned personnel; assign employee duties and review work for accuracy, completeness and compliance with established requirements; provide input concerning employee evaluations as requested; interview and select employees. • Monitor and assess accounting and budgetary systems, techniques and procedures for financial effectiveness and operational efficiency; monitor various grants, expenses and grant fund disbursements. • Provide recommendations concerning the development and implementation of policies, procedures, techniques and systems to enhance fiscal accuracy, operational efficiency, financial effectiveness and compliance with established requirements. • Communicate with personnel, governmental agencies and outside organizations to exchange information, coordinate activities and resolve issues or concerns. • Maintain current knowledge of laws, codes, rules, regulations and pending legislature related to assigned accounting functions. • Perform other related duties and responsibilities as required.

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Position Title	Major Functional Responsibilities	Tasks/Activities
Finance Director	Financial and Administrative Management	• Represents financial services of the City administration to residents, organizations, auditors, and other City agencies and governmental organizations • Provides support to the Finance Commission and any other special projects or analysis as requested by the City Manager • Responsible for supervision and administrative support within the department • Acts as the City's purchasing agent • Primary point of contact for the City Treasurer

	Compliance	• Works directly with independent auditors on annual audit compliance at state and local levels • Oversees fund accounting, financial reporting, purchasing, and payroll systems • Ensures compliance with regulatory reporting, capital asset management and best practices in financial reporting • Recommends and implements enhanced internal controls and policy and procedure development

Position Title	Major Functional Responsibilities	Tasks/Activities
	Budget	• Directs Finance staff in coordination, development, analysis and implementation of the City budget • Assists department heads in financial matters pertaining to department operations
	Reporting	• Provides monthly and annual financial reports to the City Council through the City Manager • Prepares the Annual Comprehensive Financial Report • Performs financial review of staff reports for consideration by the City Council
Deputy Finance Director	Payroll	• Oversees, manages, and serves as a business partner with the City's electronic time and attendance tracking system
	Reporting	• Performs financial analyses and accounting functions in the preparation and maintenance of financial records, reports, and statements • Compiles and analyzes financial data to assist City administrators with financial planning and economic development
	Accounting	• Manages all aspects of the City and Successor Agency accounting operations • Oversees and performs bank reconciliations; interacts with financial institutions and agencies • Develops and implements specialized accounting procedures • Provides timely and accurate monthly reports to departments • Assists departments with the administration of fixed assets
	Procurement	• Reviews purchase requisitions and confers with departments to clarify requests, explain purchasing procedures, and provide additional information • Confers with product vendors regarding prices and specifications of goods • Analyzes bids received, compares specifications and prices, makes value analysis and recommendation of award of order • Prepares written bid specifications based on equipment, services or supplies as requested • Coordinates, implements, monitors, and evaluates procurement administration • Administers the procurement card program • Oversees contracts with vendors and vendor insurance compliance for the Finance Department • Oversees and manages the City's Payroll Processing Services, manages the retirement reporting, and tax deposits and reporting processes
Finance Manager	Management	• Assists the Finance Director in managing the financial operations of the Finance Department • Assists in the development and implementation of Finance Department goals, objectives, policies, and procedures, and measures accomplishments against stated objectives • Develops systems and policies to improve essential functions and services • Provides staff training and development • Assigns and reviews the work of subordinate employees
	Budget	• Coordinates, prepares, and administers the annual and mid-year budgets

Position Title	Major Functional Responsibilities	Tasks/Activities
	Reporting	• Prepares the Annual Comprehensive Financial Report (ACFR) • Prepares and maintains the City's Cash Flow Model on a regular basis • Submits mandated reports to regulatory and grant agencies • Directs and participates in the preparation of interim and annual financial reports in accordance with government standards
	Financial Planning	• Performs financial planning activities as related to investment analysis, sources and uses of funds, accounting, debt administration, and extensive budget planning and forecasting • Compiles and analyzes financial data to assist City administrators in financial planning and economic development • Analyzes, reviews, and prepares a variety of complex financial statements and reports
	Contracts	• Coordinates and reconciles the receipt of revenues from vendors • Works with departments to ensure draft contracts comply with purchasing policies and accounting standards • Reviews certain contracts to ensure areas related to Finance are reasonable
	Compliance	• Ensures compliance with laws, codes and regulations governing regulatory and municipal accounting • Maintains high standards of professional accounting and auditing • Develops, revises, and implements specialized accounting procedures and systems to increase efficiency and effectiveness • Coordinates the annual financial audit with external auditors
Payroll Accountant	Payroll	• Performs complex payroll functions involved in the processing and maintenance of the payroll system • Performs analyses on various accounts as needed for audit or other purposes • Performs a variety of professional-level accounting functions in the preparation and maintenance of financial records, reports, and statements
	General Accounting	• Monitors expenditures and revenue activities; posts and maintains financial records for various accounts and funds • Prepares budget documents; makes adjusting and closing accounting journal entries
Accountant	General Accounting	• Prepares journal entries and bank reconciliations • Processes property tax, sales tax, and gas tax payments • Performs analyses on accounts as needed for audits or preparation of financial reports • Monitors expenditures and revenue activities • Prepares budget documents • Builds databases and spreadsheets of financial, budgetary, and other data
Management Analyst	General	• Provides general office support • Coordinates Finance Commission agenda packets and liaison duties • Answers the Finance Department telephone line • Oversees the Low-Income Tax Exemption Program, User Utility Tax Exemption Program, and Property Tax Refund Program

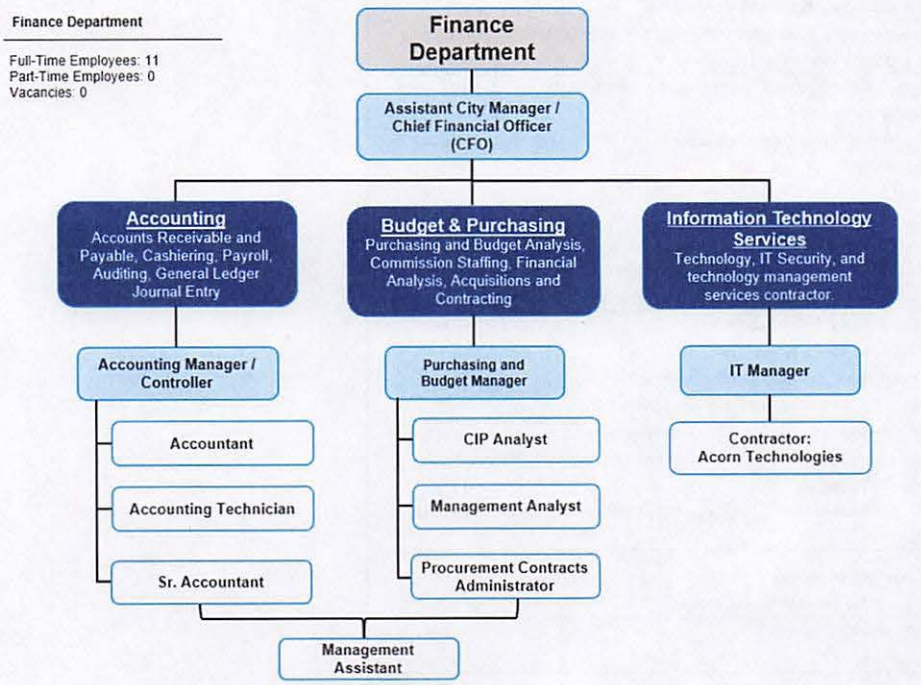
Position Title	Major Functional Responsibilities	Tasks/Activities
	General	• Provides general office support • Coordinates Finance Commission agenda packets and liaison duties • Answers the Finance Department telephone line • Oversees the Low-Income Tax Exemption Program, User Utility Tax Exemption Program, and Property Tax Refund Program
	Utility Billing	• Analyzes customer records to apply appropriate utility rates as prepared by the vendor (Munibilling) • Reviews, audits, analyzes, and reconciles customer billing records and makes adjustments as needed • Prepares journal entries for billing, revenue, etc. • Reviews audits, analyzes, and reconciles customer billing records and makes adjustments as needed • Investigates and resolves billing exceptions and serves as the primary contact for third-party utility billing vendors
	Accounts Receivable	• Manages the cash management contract • Coordinates petty cash within the City • Reconciles transactions processed in Springbrook • Creates bank deposit and sends to Bank of the West • Generates and submits reports to the Finance Manager for review and approval • Creates cash receipt batches, purchase order batches, and invoice batches for review by Accounts Payable • Process various revenue sources, such as Utility User Tax (UUT), grants, rental payments, etc.
	Business Licenses	• Coordinates quarterly meetings • Investigates application and billing Inquires
	Budgeting	• Creates budget and ACFR covers • Provides general support
Management Analyst	Budgeting	• Prepares monthly reports and mailings
	Accounts Payable	• Manages daily credit card requests and maintains internal control over cards • Processes and organize all requests for payments and purchase orders • Prepares warrant reports for the City Council • Generates and submit report to the Finance Director for review and approval of department invoices and purchase orders and journal entries • Collects and stamps incoming mail and routes mail to appropriate departments
	Payroll	• Assists in processing payroll-related reporting for the Warrant Report

~~VI.~~ Functional Organization Chart

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The Finance Department's current organization chart is provided in Figure 1 below.

Figure 1. ——Finance Department Organization Chart



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Purchasing

I. Introduction

The purpose of this section is to provide information for procuring goods and services consistent with adopted policies and procedures and best practices. This section is intended to provide sufficient information to enable employees to ~~be~~ fully understand~~aware of~~ and comply with City purchasing policies and to effectively participate in the purchasing system. This system was adopted to:

- Establish efficient procedures for the purchase of goods and services at the lowest possible cost commensurate with the quality needed~~.~~
- Exercise positive control over purchases~~.~~
- Clearly define authority for the purchasing function~~.~~
- Ensure the quality of purchases~~.~~

The City's purchasing system is codified in Articles XI (Purchasing) and XIII (Awarding Public Works Contracts) of Chapter 2 (Administration) of the South Pasadena Municipal Code (~~m~~Municipal C~~c~~ode).

The City's purchasing policy places an emphasis on competitive bidding to ensure best value in exchange for public funds, to facilitate fair and open competition, and to uphold the integrity of the purchasing system. However, there are alternatives to competitive bidding that may be used if appropriate~~ly justified~~, as explained in the Purchasing Related Programs, Procedures and Requirements subsection below.

II. Purchase Categories

City purchases generally consist of the following categories and ~~for which~~ different procurement methods may apply~~:~~

- **Goods**
  - ~~-~~The purchase of goods consists of materials, equipment and supplies needed by any department, including those items purchased with City funds and furnished to contractors for use with public projects. For contracts providing a mixed procurement of goods and services, the Purchasing Agent shall make a determination which category shall apply based on ~~the totality of~~ the circumstances related to that procurement.
- **Services~~.~~**
  - City staff may require contracts for services, which fall into two categories:
    - General Services~~:~~ General services are defined as services rendered by independent contractors such as custodial, building/equipment maintenance and machinery/ equipment rental (excluding public project construction).

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- ~~, excluding contracts to construct public projects.~~
- Professional Services. Professional services are those rendered by engineers, architects, accountants, attorneys, doctors, consultants, and other individuals or businesses with specialized scientific, expert, technical or other similar skills.~~skills of a similar nature.~~

Public Works Projects. Public works projects pertain to the construction, alteration, repair, painting, or improvement of any publicly owned, leased or operated facility, structure, building, road, or other public improvement of any kind, including demolitions, the construction and installation of drainage systems, lighting and signaling systems, sewer and water systems, and park and recreational facilities. (see Pub. Contract Code sec 22002(c)). Public works projects are awarded in accordance with Article XIII commencing with section 2.99-34 and the requirements of the Uniform Public Construction Cost Accounting Act (CUPCCAA, Public Contract Code sections 22000 et seq.)

- *Maintenance required to preserve a public improvement is not considered a public work. (see Pub. Contract Code sec 22002(d)).*

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~~Public works projects are awarded in accordance with Article XIII commencing with section 2.99-34 and the requirements of the Uniform Public Construction Cost Accounting Act (CUPCCAA, Public Contract Code sections 22000 et seq.)~~

III. Purchasing Authorities, Roles and Responsibilities

The South Pasadena Municipal Code establishes the following authorities, roles and responsibilities associated with the purchasing system.

Purchasing Agent

The Assistant City Manager / ~~Chief Financial Officer~~Finance~~CFO~~ ~~Director~~ is designated as the Purchasing Agent and may delegate purchasing responsibilities to another staff person. The Purchasing Agent is responsible for:

- Contracting for quality equipment, supplies and general ~~non-professional~~ services at the least expense and~~/or~~ best quality to the City~~.~~
- Where competitive bidding is required, ensuring that it is conducted with full and open competition and in full compliance with applicable law~~.~~

- Where competitive bidding is not required, ensuring that the City's procurement of services is undertaken in a fair and transparent manner, based on demonstrated competence and qualifications, at a fair and reasonable price~~.~~
- Preparing and recommending purchasing policies and procedures in accordance with established best practices~~.~~
- Prescribing and maintaining forms necessary to effectively administer the purchasing system~~.~~
- Keeping informed about procurement trends, market conditions, and new products to maximize value~~.~~
- Overseeing the disposal of surplus equipment and supplies that have become unsuitable for City use~~.~~

Other City Departments

To ensure that the purchasing system is efficiently and effectively administered, staff in City departments are responsible for:

- Preparing cost estimates of their purchase requirements.
- Clearly identifying procurement needs and funding availability.
- Submitting accurate and concise purchase order requisition forms.
- Preparing and maintaining bidder's lists, as requested or required.
- Soliciting and evaluating bids and proposals as required.
- Inspecting goods delivered and/or services performed in a timely manner to verify conformance with bid specifications and contractual obligations.
- Authorizing payment for conforming goods and/or services.
- Reporting surplus property to the purchasing agent for disposal.

Ability to Legally Bind the City

To exercise positive control over purchases using public funds, the ability to legally bind the City (award contracts, sign written agreements on behalf of the City, and approve purchase orders) is limited to the City Council, City Manager, ~~Finance Director~~Assistant City Manager / CFO (Purchasing Agent) and department directors, in accordance with the purchase types and dollar thresholds in accordance with Section E (Competitive Bidding and Contract Award Thresholds) below~~. Once codified by the City Council, those principles in Section E shall take full effect.~~

Unauthorized Purchases

Purchases not approved by the designated award authorities are unauthorized and do not constitute a valid charge against City funds. The City is under no obligation to pay vendors for unauthorized purchases, and employees who make or authorize such purchases without proper authority will be subject to disciplinary procedures in

accordance with the City's personnel policies, may be subject to criminal sanction, and may be required to provide reimbursement.

Encumbrance Requirement

Except in cases of emergency, or as approved by the City Manager, and later ratified by the City Council, the Purchasing Agent cannot issue a purchase order for goods or services purchased unless there is a sufficient budget appropriation against which the purchase would be charged. Emergency transactions may be subject to Public Contract Code Sections 1102 and 22050.

IV. Ethical Conduct

All employees are responsible for impartially ensuring fair competitive access to procurement opportunities by responsible suppliers and contractors. City officers and employees are prohibited from having financial interests in contracts made by them or by any board or body of which they are members. (Gov. Code sec. 1090). Additionally, all employees will conduct themselves in a manner that avoids any impropriety, or appearance of impropriety, and that fosters the highest level of public confidence in the integrity of the City's purchasing system.

1. Code of Conduct and Conflict of Interest. No employee shall participate in a procurement when the employee knows:
    a. The employee or employee's spouse, domestic partner, dependent relative (dependent child, stepchild, parent, or stepparent) will benefit financially from the procurement, and/or
    b. The employee or employee's spouse, domestic partner, dependent relative (dependent child, stepchild, parent, or stepparent) is negotiating or has an employment arrangement contingent on or will be affected by the procurement.

Upon discovery of an actual or potential conflict of interest, an employee shall immediately withdraw from further participation in the procurement. Notwithstanding the forgoing, nothing in this policy shall invalidate ~~abrogate~~ the common law rule of necessity, or the statutory exceptions of remote interests and non-interests as expressed in Gov. Code sec. 1091 et seq.

2. Gifts and Gratuities. No City employee shall solicit, demand, accept, or agree to accept a gift of goods or services, payment, loan, or employment offer presented, promised in return for, or in anticipation of favorable consideration in a City procurement. Unsolicited gifts sent to City employees by prospective or existing vendors shall follow the reporting requirements for public officials established by

the California Fair Political Practices Commission (FPPC) (https://www.fppc.ca.gov/)

3. Conduct with Vendors. Conduct with vendors who provide goods or services to the City shall be fair, open, and transparent. City employees must refrain from showing favoritism to vendors, safeguard confidentiality when required, and select vendors only on the basis of appropriate and fair criteria.

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V. Competitive Bidding and Contract Award Thresholds

The City has established the competitive bidding and contract award thresholds shown in Table 2 below.

Table 2~~1~~. ——Competitive Bidding and Contract Award Thresholds*

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Purchasing Category	Estimated Value	Method	Award Authority
Goods and/or General Services	Up to $2,500	Written quotations are encouraged but not required	Department Head
	$2,501 to $10,000	Written quotations	Department Head
	$10,001 to $30,000	Written quotations	Purchasing Agent
	Greater than $30,000	Sealed bidding	City Council
Professional Services (Architects and Engineers)	Any Value	Qualification-based selections**	City Manager (up to $30,000) City Council (greater than $30,000)
Professional Services (Other)	Any Value	If three (3) bids are not obtained, a justification of selection must be provided.	City Manager (up to $30,000) City Council (greater than $30,000)
Public Works Projects	In accordance with the values and methods pursuant to CUPCCAA, Public Contract Code sections 22000 et seq. and Article XIII commencing with section 2.99-34.		City Manager (up to $75,000) City Council (greater than $75,000)

*Note: Award thresholds to be reviewed annually to account for changes in the economy and ensure~~/or~~ consistency with industry trends

**Note: Qualifications Based Selection methods are explained in the Best Value Procurements section below.

Prohibition on Splitting

Purchases of goods and services cannot be split or separated into smaller components to avoid the City's competitive bidding requirements or more rigorous purchasing procedures. The only exception to this requirement would be to comply with diversity and inclusion goals required by federal or state grants.

Competitive Bidding Procedures

Whether soliciting price quotations or conducting sealed bidding, it is a best practice to provide notice in a timely manner to as many qualified bidders as possible to ensure fair and open competition. It is the policy of the City that a minimum of three quotations must be solicited whenever possible.

If less than three quotes are received, the using department must provide a written explanation with the purchase requisition to the awarding authority that good faith efforts were made to obtain the required number of quotations. The requisition must also include documentation of the good faith efforts, i.e., vendor "no bid" response, email(s) sent to prospective vendors, etc.

The competitive bidding dollar thresholds shown below apply specifically to goods and general services as defined above. While professional services are exempt from competitive bidding under the City's purchasing policy, proposals should be solicited from at least three sources to ensure best value and/or to comply with federal or state law as required.

Purchases up to $2,500 ~~(Over the Counter)~~

For purchases up to $2,500 for goods and/or general services, written quotations are not required but are strongly encouraged. The award authority is granted to the Dd~~d~~epartment Dd~~d~~irector.

Purchases Between $2,501 and $10,000 Department Directors (Open Market Procedure) For purchase of goods and /or general services between $2,501 and $10,000 written quotations are required. Written quotations must be submitted to the Dd~~d~~epartment Dd~~d~~irector, and routed to the Purchasing Agent for final verification. The award authority is granted to the Dd~~d~~epartment Dd~~d~~irector.

Purchases Between $10,001 and $30,000 Purchasing Agent ~~(Open Market Procedure)~~

For the purchase of goods and/or general services between $10,001 and up to $30,000 written quotations are required, to be solicited by written notice inviting quotations. Written quotations will be reviewed by the Purchasing Agent for final verification. The award authority is granted to the Ppurchasing Aagent.

Purchases Greater than $30,000 ~~(Formal Sealed Bidding)~~

Purchases greater than $30,000 for goods and general services require sealed bidding using the City's standard bidding template(s) and associated product specifications and/or scope of services. All purchases greater than $30,000 must be approved by the City Council, after having been reviewed and authorized to proceed by the Assistant City Manager / CFO ~~Ddepartment Ddirector~~, Purchasing Agent, and City Manager.

Notification to prospective bidders must be provided by issuing a notice inviting bids. This must be published at least ten days before the bid due date ~~the date of bid opening~~ in a newspaper of general circulation in the City. The notice inviting bids must include the following:

- General description of the items to be procured~~,~~
- Information on how to obtain the bid document and associated specifications~~, and~~
- **Time and place for the bid opening~~.~~**

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~~The notice inviting bids must be sent to a bidder's list, if one has been prepared and maintained for the items being procured.~~

~~Bidder's Security~~

~~When required, bidders must submit a bid security (bid bond) in an amount not to exceed 10% of the bid price, in further accordance with the instructions to bidders in the City's standard bidding template(s). A bid bond is a guarantee by a bidder that they will execute a contract if deemed to be the lowest responsive and responsible bidder. This entitles the City to compensation if the low bidder fails to execute a contract and the City must award a contract to a higher bidder. (The entitlement is the difference between the lowest responsive and responsible bidder and the bidder ultimately awarded a contract.)~~

Bid Submission

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~~All~~ Bbid ~~solicitations~~ shall be issued and submitted electronically through PlanetBids. Vendors are required to register with the City of South Pasadena using the City's Vendor Portal, available on the City's website. ~~PlanetBids~~ to access solicitation documents and to submit bids. Bid results will be published on ~~the~~ PlanetBids. ~~platform~~

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~~following the official bid opening.~~ No paper or alternate electronic submissions will be accepted for solicitations published on PlanetBids.

Bidder's Security

When required, bidders must submit a bid security (bid bond) in an amount not to exceed 10% of the bid price, in further accordance with the instructions to bidders in the City's standard bidding template(s). A bid bond is a guarantee by a bidder that they will execute a contract if deemed to be the lowest responsive and responsible bidder. This entitles the City to compensation if the low bidder fails to execute a contract and the City must award a contract to a higher bidder

Lowest Responsible Bidder

Contracts resulting from competitive bidding will be awarded by the appropriate award authority based on the lowest responsible bidder who submitted a bid that was responsive to the solicitation request. ~~A bid is considered to be responsive if it conforms in all material respects to the solicitation requirements; minor defects may be waived by the Purchasing Agent.~~A bid is responsive if it meets key solicitation requirements; minor defects may be waived by the Purchasing Agent.

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~~A bidder is considered to be responsible if they possess the demonstrated ability, capacity, experience and skill to provide the goods and/or services required by the solicitation.~~A responsible bidder has the proven ability, capacity, experience, and skill to supply the required goods or services.

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Best Value Procurements

Some procurements may require the use of a best value process where factors such as vendor qualifications and/or product or system functionality are evaluated in addition to ~~low~~ bid pricing. This means that a higher price can be paid for goods and/or services if the overall best value to the City can be justified.

When using the best value procurement method, the solicitation documents must include descriptive information that explains the evaluation process and criteria being used to award a contract. This type of solicitations is typically done using a request for proposals (RFP) process.

Note: When conducting a best value solicitation, the submitted proposals are not publicly opened and information on pricing is not read aloud (the evaluation process is confidential until a contract is awarded).

Qualifications Based Selection Process

Federal and state laws require that contracts for professional services provided by architects, engineers, land surveying and construction management firms be awarded based on demonstrated competence through a Qualifications Based Selection (QBS) process (see Section 4525 et. seq. of the California Government Code or its federal counterpart for federal aid projects, the Brooks Act). Such services shall be obtained at a fair and reasonable price. Staff will ensure that services are engaged ~~on the basis of~~based on ~~–~~demonstrated competence and qualifications for the types of services to be performed.

Payment and Performance Bonds

Depending on the type of goods and/or services being procured, payment and/or performance bonds may be required. A payment bond ensures that the prime contractor pays its subcontractors. A performance bond guarantees contractor performance in accordance with the City's specifications and contract terms and conditions. Bonds are typically set at 100% of the bid price.

If bonding is required, the bond form(s) and specified amount must be described in the notice inviting bids and sample forms included in the solicitation document.

Bidder's Lists

Establishing and maintaining lists of prospective bidders can be an effective way of facilitating open competition for planned purchases of goods and services where open market procedures and/or sealed bidding is required. Using departments are encouraged to establish/maintain such lists where it makes sense to do so. In any event, using departments should keep records of prospective bidders who contact the City to specifically request being included on a bidder's list for future business opportunities. The department should review and update the bidder's list annually.

~~Note: –~~Given the City's participation in CUPCCAA, the Public Works Department is required to establish and maintain lists of qualified contractors, identified by category of work, and provide notice to them of bidding opportunities for construction projects. This is ~~accopmplished~~accomplished through the use of PlanetBids.

Recordkeeping

Using departments must retain bid documents in accordance with the City's records retention schedule.

~~**Competitive Bidding Solution (E-Procurement)**~~

~~As part of the City's efforts to continually evaluate processes and procedures for efficiency improvements, Finance Department staff will partner with the City Clerk and other staff members to assess e-procurement solutions to determine whether such a system should be procured for administering competitive bidding processes. Any such system shall adhere to the purchasing requirements specified in this document.~~

VI. Purchasing Related Programs, Procedures and Requirements

This section of the manual includes information on purchasing-related programs and procedures.

Purchase Requisition and Purchase Order Required

Unless procured by City-issued purchasing card, all purchases of goods and services greater than

$2,500 ~~require~~ requires the submittal of a properly completed purchase requisition form and approval of a purchase order by the Purchasing Agent. The Purchasing A~~a~~gent shall develop workflow processes.

Use of Blanket Purchase Orders

Blanket purchase orders are term contracts (usually for one year) for goods and/or services that can be purchased as needed throughout the year, as opposed to purchase orders that are used for one-time purchases. Blanket purchase orders are typically used for operational supplies such as hand tools, equipment, parts for equipment, etc., but can also be evaluated for other supplies that are required by using departments.

Local Vendor Purchasing Preference

Purchases from South Pasadena vendors are strongly encouraged where competitive prices and quality are apparent. When general funds are used for a purchase, local (in-city) vendors will be given a five percent preference of the quoted price. The cost of doing business in the City of South Pasadena is acknowledged to be considerably higher compared to the cost of doing business outside of the city. ~~As~~A further rationale for local preference is that one percent of the sales tax on most acquisitions returns to the City General Fund as revenue, effectively reducing the procurement cost.

Cooperative Procurements ("Piggybacking")

The use of cooperative purchasing programs is encouraged ~~as a way~~ to obtain goods and/or services by aggregating volume, securing value pricing and reducing administrative overhead. Cooperative purchasing methods generally include the use of another public entity's (local or state) competitive bidding process to establish a contract with that agency's awardee (also known as "piggybacking").

Additionally, there are numerous regional and national purchasing cooperatives that offer cost free memberships to access databases of available goods and/or services. Examples of state contracts and purchasing cooperatives include:

- California Multiple Award Schedules (CMAS) of the Department of General Services (DGS),
- OMNIA Partners, Public Sector (formerly U.S. Communities),
- Sourcewell (formerly National Joint Partners Alliance),
- NASPO ValuePoint (formerly WSCA-NASPO, or the Western States Contracting Alliance- National Association of State Procurement Officials), and
- nppgov (national cooperative based in Seattle, WA)

Non-competitive Procurements

Non-competitive procurements represent purchases made without competitive bidding where it may otherwise be required. Examples of such procurements are provided below.

- Sole source:- A sole source procurement represents a purchase that can only be obtained from a single source.
- Single source:- A single source procurement represents a purchase that can be obtained from more than one source, but a decision is made to source the purchase based on compelling factors such as price/value, degree of specialization or technical expertise, or product standardization.
- Cooperative procurements:- Cooperative purchases leverage competitive bidding conducted by another agency, as specified above.

The City Manager or designee may authorize the purchase of goods and services up to $30,000 without competitive bidding if it is in the best interest of the City. The purchasing department must provide a written description explaining why competitive bidding is not in the City's best interest. Sourced purchases of goods and services greater than $30,000 must be approved by the City Council.

When submitting a purchase requisition for a sourced purchase, using departments must provide a written justification that explains why the procurement cannot be competitively bid.

Procuring Goods or Services During Emergencies

Emergency events that pose threats to life or property may require immediate purchases without complying with competitive bidding or other policy requirements. Requirements for making purchases in emergency situations are contained in Articles XI (Purchasing) and XIII (Awarding Public Works ~~Contracts~~) ~~(https://www.codepublishing.com/CA/SouthPasadena/#!/SouthPasadena02.html)~~. Emergency contracts may be subject to Public Contract Code Section 1102 and 22050.

~~23)~~ Emergency Situations.

(a) If the C~~c~~ity ~~m~~Manager determines there is an emergency situation that gives rise to the need to procure goods, supplies, equipment or services, the ~~c~~City ~~m~~Manager is authorized to expend ~~c~~City funds without limitation on amount and without following the purchasing or bidding procedures otherwise required by this article. An emergency purchase shall be limited to those goods, supplies, equipment or services necessary to satisfy the emergency ~~situation.~~

(b) Expenditures made in an emergency ~~situation~~ as determined by the C~~c~~ity M~~m~~anager must be reported to the C~~c~~ity ~~c~~Council for ratification at the next regular C~~c~~ouncil meeting, or as soon as is reasonably possible given the nature of the emergency ~~situation~~, if approval for such expenditures would otherwise have been made by the C~~c~~ity C~~oc~~~~o~~uncil.

(c) As used herein, an "emergency situation" is defined as an urgent or sudden unforeseen situation that threatens life, property, essential services, or general public health and safety and demands immediate action.

Note: During declared disasters where the City may seek reimbursement from the Federal Emergency Management Agency (FEMA), many purchases must be procured using competitive bidding methods as established by the granting agency.

Environmentally Preferable Purchasing

In seeking to encourage the preservation and improvement of the environment, the City is establishing an Environmentally Preferable Purchasing Policy (EPP). The overall objective of the EPP is to help ensure that City purchases:

- Conserve natural resources,
- Minimize environmental impacts such as pollution and use of water and energy (Energy Star and Low Emission Vehicles),

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- Strive to procure electric vehicles whenever reasonably feasible ~~with regard to~~regarding~~,~~ its intended function,
- Eliminate or reduce toxins that create hazards to workers and the community,
- Support strong recycling markets (recycled content paper),
- Reduce materials that would otherwise go to a landfill, and
- Increase the use and availability of products that protect the environment.

Additional EPP Resources

The Procurement Division of the California Department of General Services (DGS), as the lead state agency for implementing EPPs at the state level, can be used as a resource for best practice information on "buying green."

City Purchase Cards

The City has established a purchase card program whereby authorized employees may use a ~~c~~City~~-~~issued credit card for small dollar purchases of certain goods and services costing less than $~~1,000~~2,500. ~~As part of the program, the Finance Department has a purchase card available for "checkout" with department director approval.~~ Use of purchase cards is governed by the City's Purchase Card Use Policy.

Usage of a ~~c~~City-issued credit card is determined by the City Manager or ~~Finance Director~~Assistant City Manager / CFO based on operational need for employees who are granted purchasing authority. Cardholders are required to sign an agreement that acknowledges the obligation to comply with the purchase card and purchasing policies with the understanding that policy violations can lead to disciplinary measures, including termination of employment. Under no circumstances can the purchase card be used for personal purchases.

Note: Purchase card transactions are reviewed each month by the Finance Department ~~Finance Director~~ to ensure policy compliance. Additionally, the purchase card program is periodically reviewed by an independent party.

Detailed information such as allowable/prohibited uses, cardholder responsibilities, authorizations, conditions of use and penalties for incorrect use are provided in the Purchase Card Use Policy.

Amazon Business Account

The City has an online business account with Amazon~~, Inc.~~ to facilitate the purchase of goods and/or services costing less than $1,000 that are not available through other procurement means. Use of the Amazon business account is at the discretion of the ~~Finance Director~~ Assistant City Manager / CFO to employees who are granted purchasing authority.

Account holders are required to sign an agreement that acknowledges the obligation to comply with all applicable City policies and procedures and will be subject to disciplinary procedures for policy violations, including termination of employment and/or criminal prosecution.

Prohibited uses include:

- Purchase of items for personal use,~~.~~
- Splitting purchase transactions to circumvent policy requirements,~~.~~
- Sharing the account with unauthorized users, and~~, and~~
- Failure to follow City purchasing policies.~~.~~

Authorized account users must obtain transaction receipts and forward them, along with any required documentation, to the department head for approval.

Procurement Risk Management

Every purchase made by staff members carries an element of risk that must be mitigated ~~through the use~~using ~~of~~ contract terms and conditions that limit liability and/or through insurance requirements that vendors must meet to conduct business with the City.

Insurance Requirements

Typically, insurance is required for general services and public works construction where contractors are working on City property or in rights-of-way. Insurance is also required for professional services contracts.

Insurance is not typically required for goods purchases, unless there is a services component that requires onsite work such as installation or ongoing maintenance, or for off-site services or memberships.

The City Clerk is responsible for tracking insurance certificates and ensuring they are up to date. However, the using department responsible for procuring the services must ensure that insurance requirements are initially met when establishing a contract. This includes verifying that insurance certificates include policy endorsement pages and appropriately insure the City. Given that contract terms rarely match up with insurance coverage terms, the points of contact for service contracts must collaborate with the City Clerk to ensure coverage is ~~maintained at all times.~~always maintained.

Making Purchases that Utilize Federal Grant Funding

When purchasing goods and services that utilize federal grant~~s~~ funds, the City is required to follow the Uniform Guidance requirements contained in the Code of Federal Regulations at 2 CFR 200.318 through 327.

Disposal of Surplus Supplies and Equipment

Using departments are required to notify the Purchasing Agent when supplies and equipment are no longer needed or have reached the end of their useful life. With the concurrence of the Purchasing Agent, if the item is not reassigned to another department, ~~then~~ the using department has the authority to dispose of the item consistent with the Surplus Disposal Methods found in the Fixed Assets section of this manual. City Manager approval is needed for the sale of any surplus items for which the estimated value exceeds $10,000.

Depending on the estimated dollar value and other factors, the Purchasing Agent may require surplus supplies or equipment to be competitively bid or publicly auctioned.

Surplus items with no salvage value shall be disposed of in a manner that salvages recyclable components if practical.

No surplus supplies and equipment shall be purchased by any City officer, employee, or agent, except at public auction conducted by a third party. Surplus items with no salvage value shall not be acquired by any City officer, employee, or agent, except at public auction conducted by a third party.

Notwithstanding the foregoing, upon the approval of the department head and City Manager, sworn public safety personnel may acquire service firearms and other equipment used in their service with the City may, at the time of retirement or time of end of useful life of such equipment, acquire such equipment at the then fair market value for such item, as determined by the Purchasing Agent.

Accounts Payable

I. Introduction

The Accounts Payable (AP) function is responsible for processing vendor payments and printing checks in payment for goods and services purchased by the City. Depending on the nature of the purchase, different procedures may be required. For example, Accounts Payable makes payments from supporting documentation in the following forms:

- An invoice associated with a purchase order,
- An invoice without an associated purchase order (e.g., a utility payment), or
- A direct payment (such as a bond payment).

Regardless of the payment method, Accounts Payable must review all invoices and other payment-related documents in a timely manner to ensure that charges are legitimate and should be paid.

Additionally, except in cases of emergency, payments can only be made if there is a sufficient budget appropriation.

Appropriate documentation is essential, and payments will not be processed from packing slips, account statements, etc., without an associated invoice.

New Vendor Set-up

When doing business with a company or individual for the first time, it is necessary to set the vendor up in the financial system before a purchase order can be approved, or for an invoice to be approved when purchase orders are not required.

Using departments are responsible for providing the vendor with the City's standard Taxpayer Identification and W-9 Form letter (S:\A2 FREQUENTLY NEEDED DOCS\FINANCE Forms) and to obtain a completed W-9 form from the vendor. The completed W-9 form is then forwarded to Accounts Payable for entry into the Springbrook system.

The Finance Department must keep track of vendors that provide independent contractor services to the City so that Form 1099 can be issued on a calendar year basis for state and federal tax compliance. Form 1099 is issued to any vendor compensated more than $600 in a calendar year (increasing to $2,000 in calendar year 2026). The form is uploaded and digitally filed at fire.irs.gov by Finance staff.

Electronic Invoice Submittal Requirement

To reduce paper, the City has adopted a requirement that all invoices presented for payment must be sent electronically, i.e., paper invoices sent through the U.S. mail are not accepted. Invoices are typically sent as PDF files attached to emails.

II. Accounts Payable Policies and Procedures

It is the policy of the City that only original invoices as initially received by using departments will be processed for payment. If an original invoice is not provided, then a written explanation signed by an authorized department supervisor is required to justify payment.

As referenced in the Purchasing section of this manual, goods and services purchases greater than

$2,500 ~~require~~ requires a purchase order, with limited ~~exception~~ exceptions such as utility payments, rent/lease payments, or payments based on intergovernmental agreements. Every effort must be made by using departments to comply with this requirement.

Payments of Invoices Against a Purchase Order

The City's contracts and purchase orders contain payment terms and conditions that using departments must be aware of so that invoices can be received and paid in a timely manner. To facilitate payment efficiency, purchase orders issued to vendors contain instructions for including the purchase order number on the invoice. Purchase orders can also be routed digitally to vendors via Springbrook. However, vendors do not always comply with this requirement. Using departments should remind vendors of this requirement if invoices are routinely sent without a purchase order reference.

While it is a typical practice for vendors to email invoices directly to using department contacts, the Finance Department sometimes receives invoices directly. Invoices that are emailed directly to the Finance Department will be forwarded to using departments for processing.

Invoice Processing

Once invoices are received by using departments, they must be packaged for payment approval and entered into Springbrook. Departments are encouraged to create an AP Workflow Batch anytime there is more than one invoice to process. However, invoices should not be accumulated over a period ~~of time~~ to create a batch and should be packaged for payment approval within 48 hours of receipt. Detailed instructions on payment processing can be found in the AP Workflow Manual (S:\FINANCE\AP Workflow - Proof Lists and GL Reports\AP Workflow Training Manuals & Requisition ~~From~~ Form Templates).

When creating an invoice approval packet, the following items are required:

- Cover sheet with all fields correctly filled out (S:\FINANCE\AP Workflow - Proof Lists and GL Reports\AP Workflow Training Manuals & Requisition ~~From~~ Form Templates
    - Vendor name
    - Federal Tax ID number
    - Invoice number
    - Purchase order number
    - General Ledger (GL) account number
- Original invoice
- Necessary or required backup documentation

Once the using department enters the invoice packet into Springbrook, it is routed for internal approval to a manager, deputy director, or designee (if the position exists in the department), then to the D~~d~~epartment ~~d~~Director or designee. (Payment authorization within Springbrook constitutes signature approval.) Once approved by the D~~d~~epartment

Ddirector, the invoice packet is then routed to the ~~Finance Director~~Assistant City Manager / CFO for final approval.

Note: It is important that invoices are reviewed and approved in a timely manner. When the approval workflow has been generated, an automated email will be sent to the approver who has 96 hours to review the workflow before it expires, at which point a workflow must regenerated.

List of Authorized Approvers

For internal control purposes, the Finance Department maintains a list of citywide authorized payment approvers that is periodically updated to keep current. The list is maintained electronically in the Springbrook system.

Payments of Invoices without a Purchase Order

As specified above, most purchases of goods and services require competitive bidding or a sourcing justification and an associated purchase order. However, the following types of invoices can be paid without competitive bidding (unless otherwise required by law or authorized by management) or establishing a purchase order:

- Goods and/or services less than $2,500~~.1~~
- Utility payments such as electricity and natural gas,
- Legal fees,
- Legal notices,
- Payments to other governmental entities,
- Postage,
- Dues and Memberships,
- Seminars and Workshops,
- Advertisements and Notices,
- Subscriptions,
- Insurance Claims and Premiums,
- Mileage Reimbursements,
- Travel and Conference Expenses,
- Recreation Instructor Payments,
- Tuition Fees,
- Courier Delivery Services,
- Trade Circulars or Books,
- Medical Payments, and
- Real Property Purchase or Rental.

Invoice processing for these types of payments follows the same workflow for processing payments associated with purchase orders.

Direct Payments without an Invoice

In some instances, City staff make payments without a traditional invoice due to the nature of the payment being made. Examples of such payments include:

- Debt service payments,
- Payment of payroll withholdings,
- Refund checks for recreation services, and
- Lease and rental payments.

Purchasing Policy Compliance

When an invoice for goods and/or services greater than $2,500 is submitted, appropriate documentation must be provided that demonstrates compliance with the City's purchasing policy, as follows:

- If competitive bidding is required, written quotes or bids must be included and/or a bid log provided with the payment request.
- If a vendor other than the lowest bidder is selected, an explanation justifying the selection must be included in the invoice approval packet (typically a memo to the ~~Finance Director~~Assistant City Manager / ~~Chief Financial Officer (CFO)~~).

Examples include vendor selections made ~~on the basis of~~based on best value where allowed by law or policy; selections made in accordance with the City's local preference policy; and selections made because the low bidder's submitted bid/quote was not responsive to submittal requirements.

- If competitive bidding is not required, the invoice approval packet must include the appropriate exception to competitive bidding. This includes the items referenced above (utility payments, intergovernmental payments, etc.), as well as payments associated with professional services.

Note: Invoice packets that do not include required components will be returned to using departments for correction and resubmittal through the approval workflow process.

Note: City employees must make every effort to comply with purchasing policy requirements. If it is determined that a good has been received or service provided without complying with the City's purchasing policy, the using department must obtain authorization from the City Manager for the payment to proceed. Depending on the circumstances, City employees can be held personally responsible for payment to the vendor should they not comply with established procedures.

Preapproval Required for Check Disbursements

Currently, City staff pay ~~a majority~~ many of the bills by issuing checks every other week to payees. This process requires the preapproval of the City Council before payments can be made (a warrant report with payee information is submitted by the City Manager to Council on a regular basis to ensure that payments are timely approved).

Prior to obtaining Council approval, a "check run" is performed to print the checks in sequential order. For internal control and efficiency purposes, all checks should be processed through this workflow, rather than requesting one-time or off-cycle check requests.

Allowable Prepayments

While every effort must be made to ensure that payments are made through the City's warrant register workflow process, it may be necessary for the ~~Finance Director~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~ or City Manager to authorize prepayments before Council approval is obtained. These off-cycle payments are identified on the warrant register. Examples include payments that may accrue late fees or termination of services if not paid by the due date, urgencies such as debt service payments, payroll withholdings such as health insurance premiums and payroll taxes, and utility payments. In these rare occasions, all such requests must be sent to the ~~Finance Director~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~ in writing by the respective ~~d~~Department ~~d~~Director in the using department requesting the check and the reason(s) why the off-cycle check is warranted.

Check Preparation Requirements

To maintain effective internal control, checks shall only be prepared by persons independent of those who initiate or approve payments, as well as those who are authorized check signers. In addition to any other requirements established herein, all vendor and employee reimbursement checks shall be prepared in accordance with the following guidelines:

- Checks shall never be made payable to bearer or cash.
- Checks shall never be signed prior to being prepared, i.e., blank checks cannot be signed.
- Checks must be printed in numerical order.

- Total cash requirements associated with each check run must be reviewed in conjunction with available bank balance(s) prior to the release of checks to ensure sufficient funds are available to make payments.
- All vendors should be paid within 30 days of City receipt of accurate, undisputed invoices.

- Timing of disbursements should be made to take advantage of early payment discounts offered by vendors.
- Checks will not be signed if supporting documentation is lacking or missing or if there are questions about a disbursement.
- Checks shall not be mailed by individuals who authorize expenditures.

Voided Checks and Stop Payment Requests

Checks may be voided due to processing errors by making proper notations in the check register and clearly marking the check as VOID. A journal entry is prepared for all voided checks via the Void Checks Module in Springbrook and retained on the Finance Drive in the Void Check folder.

If a check cannot be found, a stop payment request can be submitted to ~~Bank of the West~~BMO Bank. An associated journal entry will be prepared via the Void Checks Module in Springbrook. The journal entries prepared to document voided checks and stop payments are necessary for accounting records and bank reconciliations.

Uncashed checks greater than 6 months old will be investigated to determine if a new check is to be issued or escheat the funds in compliance with State of California regulations.

Automated Clearinghouse (ACH) Payments and Wire Transfers

In keeping with best practice goals for reducing paper-based processes, the City makes nearly half of its payments through ACH and wire transfer processes. (The City's Taxpayer Identification and W-9 Form letter sent by using departments to new vendors includes a checkbox for acceptance of ACH payments which is leveraged for increasing this type of payment.)

~~Similar to~~Like the check preparation requirements mentioned above, the person preparing the ACH or wire transfer payment request cannot authorize the payment or initiate payment approval. ACH and wire transfer payments are so noted and included in the warrant report as approved by Council.

In addition, payments associated with the City's Amazon, Inc. online business account and purchase card program are paid through the ACH process, as are utility bills and postage meter payments.

These payments are shown as "Supplemental ACH Payments" on the warrant register. The Supplemental ACH Payment expenses are recorded in ~~the~~ Springbrook via a Journal Entry~~,~~ or through the Manual Check Module.

Petty Cash Disbursements

Petty cash provides a convenient mechanism for the reimbursement of ~~employee's~~ employees' incidental expenses on the City's behalf, for purchases up to $100. A purchase transaction over this amount should be an anticipated expense to be procured in compliance with purchasing policies and procedures.

Utility Billing Operations

I. Introduction

The purpose of this section is to provide guidelines and procedures for the processing of utility bills consistent with best practices. South Pasadena operates its own water and sewer utility staffed by City employees (Public Works Department, Water Division), but contracts for billing and collections services. This section is intended to provide sufficient information to enable employees to be fully aware of and comply with standard operating procedures.

II. Billings and Collections

The City collects revenues from billing utility services to customers (which includes water and sewer charges) on a bimonthly basis. The City current contracts all utility billing and collection services. Utility rates are determined based on a rate study and are approved via resolution approved by City Council. City Council adopts a regular rate and a low-income rate. Utility rates are updated by the contractor. At the beginning of the calendar year, the management aide ~~analyst~~ must review the register for each of the eight cycles to ensure the new rates went into effect.

Accounts Receivable ~~The management analyst~~ reviews and approves the weekly bill register that is received from the Ceity's contractor through a service request ticket. At the end of the month, Accounts Receivable ~~the management analyst~~ downloads a monthly report that contains billing details, payment reports and other information to create monthly journal entries. Accounts Receivable ~~The management analyst~~ enters the information into an ~~excel~~ Excel sheet, creates a .csv file, and then imports the file into Springbrook. Weekly/monthly wires are reviewed in the bank reconciliation process.

Currently, Muni~~B~~billing is responsible for these services. Please refer to them at (877) 556-7929 for additional procedures.

III. Request for Service

The City's vendor for service requests is responsible for receiving new service requests from all new customers and setting up their accounts directly in the utility billing system. A $200 deposit or a letter of credit (stating the customer was always on time with the previous utility company) is required to open the account and provided directly to service

provider. Munibilling is current service provider. Please refer to Munibilling for further procedures.

IV. Billing/Shut Off Procedures

~~The City assesses a five percent penalty for delinquent bills. The City issues three notices after a customer's bill date if a payment is not received. The first is sent three days after the bill date with penalty charges with the warning of a door hanger is not paid by the stated date. The second is given at least ten calendar days after the first notice (not falling on a weekend or holiday). This is referred to as a door hanger, which gives the customer 24 hours to pay their past due amount to avoid shut off.~~

~~The third notice is given two business days after the second notice and may not be sent on a Friday, weekend, or holiday. This informs the customer that their water has been temporarily shut off. They must pay their bill to avoid further fees and keep their account open.~~

~~Door hangers and shut off notices are generated by service provider (e.g., Munibilling) and sent electronically to the Public Works Water Division to be printed and placed on customer's doors. Customers can make a payment directly to service provider via phone or online. Meter readers are prohibited from accepting payments from customers when they are in the field. Once a payment is received, the customer is removed from the shutoff list. If a customer does not make a payment within 24 hours of receiving the door hanger, the Public Works Water Division staff will go to the property and shut off the water from the meter. Eleven days after the water has been shut off, the meter is locked and the account is closed.~~

~~If a customer's water has been shut off, they must pay all reconnection fees (door hanger fee and disconnect for nonpayment) in addition to their past due balance for the water to be reconnected. If a customer wishes to have their water connected outside of normal business hours (normal business hours are normally Monday through Thursday from 7:30 a.m. to 5:00 p.m.), the customer must pay the after hours reconnection fee in addition to the past due charges and door hanger and disconnect for nonpayment fees.~~

~~For questions about the water meter reading process, please contact the Department of Public Works – Water Division.~~

Please refer to the City's Discontinuation of Residential Water Service Policy

V. Dispute Resolution Procedures

~~If a customer has a dispute about their utility bill, the process described below will take place.~~

1. ~~The customer shall notify service providerif there is a problem with their utility bill within ten working days of the due date printed on the disputed bill.~~
2. ~~Service provider will reviewand research the disputed bill. If a billing calculation error is found, it will be corrected upon notification to the City.~~
3. ~~If a reread is necessary, it will be done within 24 hours of the notice by the Public Works Department, Water Division. The meter reader will check the working condition of the meter at the time of the reread.~~
    a. ~~If the reread shows an error was made, or the meter was not working properly, the reading and/or meter will be changed and the bill will be adjusted accordingly.~~
    b. ~~If the reread shows the original reading was correct and the meter was working properly, no adjustment will be made.~~
    c. ~~The customer may request that a company specializing in such testing check the meter for accuracy. (The City currently uses Golden Meters Services, Inc.) If testing shows the meter is working accurately, the customer shall pay for the cost of the testing. If the test determines that the meter is not working accurately, the City of South Pasadena will pay the cost of testing.~~
4. ~~If the customer is not satisfied with service provider's decision, the customer has the right to request a further review from the management analyst~~aide~~.~~
5. ~~After reviewing information provided concerning the disputed bill, the management analyst~~ aide~~will make a decision about the disputed bill within five working days.~~
6. ~~If the customer is not satisfied with the management analyst's~~ aide's ~~decision, a written request may be submitted to have the disputed bill presented to the Finance Director (or appointed staff in place of the Finance Director). The written request must be received within ten days of the management analyst's decision, or the decision is final.~~
7. ~~Upon review of information provided by the customer and staff, the Finance Director will make a decision about the disputed bill. The Finance Director's decision is final.~~

Please refer to the City's Discontinuation of Residential Water Service Policy

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Irate Customers

When dealing with difficult customers it is important to keep language professional, friendly and respectful while remaining calm. If an employee feels threatened by a customer and has made attempts to calm them, the employee should contact their supervisor to diffuse the situation. If the situation is still not resolved, staff should contact the ~~Finance Director~~Assistant City Manager / CFO ~~-~~to assist.

If attempts to calm the customer are still not successful and the ~~Finance Director~~Assistant City Manager / CFO has not been able to diffuse the situation, then the customer should be advised that staff will be calling the Police Department, and the customer should be asked to stand aside.

VI. Adjustment of Charges

~~The Director of Finance or their designee, in conjunction with service provider, is responsible for these services, with service provider executing the City's direction. Please refer to service provider for procedures.~~

Please refer to the City's Discontinuation of Residential Water Service Policy.

Accounts Receivable and Revenue Collections

I. Introduction

The Accounts Receivable function of the Finance Department handles the collection of the City's various revenue sources and other receivables. Examples of such receipts include taxes, fees, fines, billed goods and services, grant funding, deposits, and damage to City property.

The City receives its revenue in a variety of ways such as:

- Receiving remittances directly from the state or other governmental entities;
- Accepting cash, checks, and credit card payments at cashiering counters at City facilities;
- Receiving payments through the U.S. mail;
- Accepting payments online;
- Accepting automated clearinghouse (ACH) and wire transfer payments through secure online banking portals; and
- Direct invoicing individuals or companies for monies owed.

This section focuses on the City's receivables other than tax revenue and grant funding, which are covered in the Governmental Accounting and General Ledger Maintenance Section of this manual. In addition to the policies and procedures on cash receipts described in this section of the manual, detailed instructions on cash handling and cash receipts are included in the citywide Cash Receipt Manual.

The timing and receipt of receivables ~~is~~ are critical for cashflow purposes. Equally important is the need to establish sound financial management and oversight practices and proper internal controls for handling and accounting for receivables. These principles and procedures are described below.

II. Cash Handling

All persons engaging in any activity related to the handling of cash or other forms of payment must adhere to a system of internal controls that safeguard City funds. Effective cash handling management principles employ industry approved best practices, as well as the implementation of sound internal controls. Utilization of the following will aid in the achievement of this common goal:

1. The organization's structure should provide for the segregation of functional responsibilities such as invoicing, receipt of payments, and recordkeeping.
2. The work environment must be conducive to safeguarding money. This includes proper office layout with counters, safes, cash boxes, cash registers/terminals, camera and video monitors, alarm buttons, etc.
3. Employees must be qualified and trained in proper cash handling techniques.
4. There must be sufficient staff to permit segregation of functions.
5. Limited access should be given to persons handling cash.
6. Cash should be counted daily by two persons that verify the proper counting of cash and document their count by signing/initialing cash receipt logs.
7. Sound practices and procedures must be established and followed at all times in the performance of department functions.
8. Where a work unit is not large enough to allow for proper segregation of functions, or if the work environment does not permit the optimal physical facilities, management oversight must be increased commensurately.

III. Cash Receipts

The City receives money through a centralized cashiering system. Money received for Planning and Public Works permits or plan checks, Recreation and Senior Classes, Library Fees etc. are processed by the department and reconciled by ~~m~~the Finance Department~~anagement analyst and a manager~~.

Each department opens a batch file in Springbrook to report the daily cash receipts.

Money is received through multiple channels: mail, walk-in, lockbox outside of City Hall, offsite departments, wire transfers, ACH, and online payments. The cashier assisting the walk-in customer will enter the payment details into Springbrook. Springbrook creates a receipt that is numbered automatically and given to the customer. The ~~management analyst~~Finance Department has access to the Utility Bill Dropbox (green box outside in front of the Police Department). The lock box is mostly for Water Utility payments. The ~~management analyst~~Finance Department mails bills to the processing center one to two times per week and keeps a log of payments received.

If the payments are coming from ~~d~~Departments off site (Community Services, Recreation, and Library), they are transported daily using Brinks armored services. Staff from the Police and Fire Departments walk the deposits to Finance on business days.

The City accepts the forms of payment ~~list~~ listed below.

Check Payments

Checks are placed together with the batch at the end of the day and placed in the safe after reconciliation with the Cash Receipts Proof List for the day's receipts on that register (close around 5:30 p.m.).

The cashier for each department recounts all the money and ensures it agrees to the attached Trial Balance reports. Information from ACH receipts ~~are~~ is obtained through bank statements and entered into Springbrook via the bank reconciliation process through a cash receipt.

Credit Card Payments

Handling of credit card payments is governed by the Payments Card Industry (PCI) Data Security Standards (DSS). The City must maintain PCI compliance in its handling and storage of customer credit card information. Walk-in credit card payments are charged and signed by the payee while at the counter. If the payee has authorized the City to charge the card and it ~~is not in a position~~cannot ~~to~~ sign the payment, then that will be noted on the payment.

At the end of the day, a Totals Report from the credit card machine (Bluefin) is automatically printed. The receipt amounts are counted and compared to the report from the credit card machine, as well as the Settlement Report. Credit card receipts from other departments are also counted against the report from their respective batch. Credit card payments are reconciled using the Proof List function from Springbrook. The credit card receipts are placed in the safe with the other payment types for the day.

Cash Payments

Cash is received and counted before being put into the cash register. All cash shall be counted separately by two employees of the Finance Department as indicated in the Cash Handling section above. At the end of the day, cash is placed in the safe with the other payment types.

When received from other departments, the management analyst recounts the cash and makes sure the report matches the amount of cash received. Otherwise, it is sent back to the department for them to reconcile. Finance staff will only receive cash from outside departments that ~~has~~have been properly accounted for and documented.

Online Payments

South Pasadena accepts online payments for water through the Munibilling portal, for Recreation through ~~Sportsman~~CivicRec~~d~~, and for other payments such as permits and plan checks through Heartland.

Departments will send a customer a digital cash receipt form that includes their total along with a link to the City's portal. The system sends payment confirmation, which the customer is required to forward to the ~~d~~Department to complete their application and/or project. Upon receipt of the confirmation from the customer, the D~~d~~epartment will forward this along with the cash receipt to the Finance Department. At the beginning of the following month, the ~~m~~Finance Department~~anagement analyst~~ generates a receipt report for each department and reconciles the cash receipts to the transactions, as well as the amounts received on the bank statement.

ACH Payments

Information from ACH receipts ~~are~~ is obtained through bank statements and entered into Springbrook by the ~~management analyst~~Finance Department weekly.

IV. Armored Transportation Service

City contracts with an armored transportation services to the City. Armored transportation service provider will bring any cash from other departments offsite twice weekly (Tuesday and Thursday) and pick up any bank deposits the Finance Department has prepared.

V. Revenue Reconciliation

The management analyst reconciles the cash, checks and credit card receipts and enters daily transactions on the Cash Receipts Reconciliation form on a weekly basis. Once confirmed, cash payments are put into a sealed bag with payment information for ~~Bank of the West~~BMO Bank. This bag is kept in the safe until it is picked by the armored services provider to be transported to City's selected financial institution (currently ~~Bank of the West~~BMO Bank). The ~~management analyst~~Finance Department scans checks directly to the financial institution once they have been reconciled.

All credit card receipts are kept in a locked cabinet in the office and filed ~~by day~~daily. ACH remittances are saved in the Finance Drive.

The combination to the safe shall be retained by management personnel authorized by City Manager to ~~need~~ have access based on their duties.

VI. Business License Payments

Business license applications are processed through the City's business license contractor (currently HdL). Customers are encouraged to make the payment directly to business license contractor through their website but may also mail-in payments.

VII. Billing for Services

The Finance Department invoices individuals and companies for services rendered or for damage to City property. In cases where a permit fee or deposit is required, the payment shall be made prior to the issuance of a permit or performance of other City services.

Unless otherwise required per ordinance, resolution, or other authority, all bills should have established terms (30 days from the invoice date). Invoices should include language to explicitly state the penalties and interest to be charged and the timeframe for which they will be charged. The City will ~~assesses~~ assess a five percent penalty for delinquent bills.

City staff ~~follows~~ follow the same billing procedures outlined in the Utility Billing Operations section of this manual for services rendered and damage to City property.

VIII. Water Bills

Water billing is outsourced to billing service provider (currently Munibilling). Service provider utilizes wire transfer service (currently Heartland) to wire cash receipts to the City on a weekly basis. The management analyst mails bill payments to the processing center one to two times per week and keeps a log of payments received.

Note: Billing and cash receipts data sourced from service provider currently require manual entry into the accounting system (i.e., Springbrook). The management analyst generates a summary report from Munibilling and translates it into a journal entry to upload into Springbrook.

IX. Delinquent Accounts

An allowance for delinquent accounts should be established to reflect the amount of the City's receivables that Finance Department staff estimates will be uncollectible. The establishment of an allowance account ensures that the City's receivables are not overstated and that accounts deemed uncollectible are timely and accurately recorded in the correct period for financial reporting purposes. Judgment will be exercised in determining the allowance for uncollectable receivables by the Assistant City Manager / CFO~~Finance Director~~.

Efforts should be made to pursue the timely collection of delinquent accounts. Write-offs should be performed annually to ensure account receivables are fairly stated. Collection efforts should be exhausted prior to any write-offs. Accountants and management analysts will identify accounts to be written off and submitted to the ~~Finance Director~~Assistant City Manager / CFO or designee for approval. All accounts referred for write-off must be reviewed and approved by management prior to final write-off.

Amounts under $5,000 may be written off with the approval of the ~~Deputy Finance Director or finance manager~~Accounting Manager / Controller after review by the ~~Finance Director~~Assistant City Manager / CFO. Amounts under $25,000 may be written off with the approval of the ~~Finance Director~~Assistant City Manager / ~~, and~~CFO and amounts over $25,000 shall be at City Manager's discretion.

Payroll

I. Introduction

The largest expenditure category of the City's budget is for the payment of salaries and benefits for its employees. It is critical, therefore, that the processing and accounting of these expenditures is performed accurately and efficiently. The payroll and benefits process is also one of the more complex functions in the Finance Department in that there are multiple bargaining groups, position classifications, and benefit plans, as well as the need to comply with all the reporting requirements of state and federal governments and the California Public Employees' Retirement System (CalPERS) related to payroll. This section provides guidance and procedures related to the proper processing and reporting of payroll and benefits. Overall responsibility for the administration of payroll rests with the Finance Department with the overall responsibility for benefit administration resting with the Human Resources ~~Division of the Management Services~~ Department.

This manual should be consulted in conjunction with appropriate instructions from state and federal agencies.

The objective of this section is to ensure:

- The timekeeping process is accurate and timely,
- The payroll process has proper internal controls and efficiently calculates pay and tax withholdings,
- Paychecks or direct deposits are timely and accurate and reflect valid services performed,
- Benefit costs deducted from pay are accurate, and
- Filings to other government agencies are on time and accurate (e.g., quarterly tax reporting, W2s, CalPERS reporting, etc.).

II. Pay Period

The City operates on a biweekly payroll period. The Finance Department maintains a calendar of pay periods, timecard/leave request submittals, and pay dates and issues this calendar to all operating departments for dissemination to all employees. Employees are responsible for filing timecards and/or leave reports consistent with the published biweekly payroll periods.

III. Employee Files

A personnel file is established for all employees with current documentation and is maintained by the Human Resources ~~Division of the Management Services~~ Department. The following payroll related forms, documents, and information shall be obtained and included in the personnel files of all employees:

- Emergency Contact form,
- Acknowledgement forms,
- Performance evaluations,
- Training certificates, college degrees required, and
- Personnel Action Forms indicating all pay-related information.

IV. Changes in Payroll Data

All the following changes in payroll data must be authorized in writing through a Personnel Action Form:

A. New hires
B. Terminations
C. Changes in salaries and pay rates
D. Voluntary payroll deductions
E. Changes in income tax withholding status
F. Court-ordered payroll deductions
G. Direct Deposit Authorization
H. Benefit Enrollment

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the Human Resources ~~Division~~Department.

When changes to salaries and benefits result from updated memoranda of understanding (MOU) with the City's bargaining units, the Human Resources ~~Division~~ Department is

responsible for indicating such changes on a timely basis to the Finance Department prior to the pay period in which the changes occur. Payroll will make the necessary modifications in the payroll system and will prepare a summary of all changes entered for review by the Human Resources ~~Division~~ Department to verify consistency with the negotiated changes in the MOUs. The Human Resources ~~Division~~ Department will submit written verification to Payroll indicating its review and approval of all changes.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee. Documentation of all changes in payroll data shall be maintained in each employee's personnel file, which is held in the Human Resources ~~Division of the Management Service~~ Department.

V. Payroll Taxes

The Finance Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid on a timely basis in accordance with federal, state and local requirements.

VI. Benefits Enrollment and Deductions

The Finance Department is responsible for ensuring all required benefits deductions (e.g., CalPERS deductions, health benefits, deferred compensation, flexible spending accounts) are properly completed and submitted, and that all deductions are withheld and paid to the third-party administrators on a timely basis in accordance with their requirements. The Human Resources ~~Division of the Management Services~~ Department is responsible for entering and maintaining benefit information.

VII. Preparation of Time Records

Each employee must submit an approved time record on the first day following the close of each pay period. It is the employee's responsibility to accurately account for and record time daily using the identified method in each respective division. This applies whether using a time clock, handwritten records, or any other type of time recording device. Employees are also responsible for promptly making any necessary corrections to the timesheet to accurately reflect hours worked or in a paid status.

Time records shall be prepared in accordance with the following guidelines:

- Each time record shall reflect all hours worked during the pay period (time spent on the job performing assigned duties), whether compensated or not.

- Time records shall be entered via the ~~time keeping~~timekeeping portal (i.e. ~~TimeClock plus~~Springbrook ESS, In Time, First Due) and attested to by the employee.
- The timesheet is submitted to the immediate supervisor for verification and approval.
- Time records are reviewed and corrections are made by payroll staff.
- Employees shall identify and record hours worked based on the nature of the work performed.
- Compensated absences (vacation, holiday, sick leave, etc.) or leave without pay should be clearly identified as such.

The department director or their designees must approve overtime requests prior to overtime being worked.

After employee time records are prepared, the department director or their designees approve timesheets, including overtime submittals and leave requests, prior to submission. Timesheet corrections identified by an employee's supervisor shall be returned to the employee to update. Supervisors are to ensure that employees make the necessary corrections to their timesheets to accurately reflect hours worked.

If an employee is unable to submit their timesheet, payroll staff will enter their time according to the operating department's supervisor/manager's instructions. In this situation, the employee is responsible for ensuring that the timesheet is submitted and approved by their supervisor/manager as soon as possible after payroll is processed. Any differences that vary from the time paid will be addressed in the pay period immediately following proper submittal and approval of the timesheet.

VIII. Processing of Timesheets

The payroll accountant will process the timesheets in ~~TimeClock Plus~~Springbrook submitted after departmental approval. The payroll accountant may change or correct timesheets to reflect payroll practices and notify the employee/supervisor of the change. Once the timesheet entries are completed and reviewed, the payroll accountant will run a report and download time data from ~~TimeClock Plus~~Springbrook ESS and upload it into Springbrook for processing. Any changes or corrected payroll errors will be made on the next payroll.

Intentional falsification of timesheets shall be cause for discipline up to and including termination in accordance with the City's personnel rules and regulations.

IX. Approval of Payroll

The ~~Finance Director~~ Assistant City Manager / ~~Chief Financial Officer (CFOCFO)~~ or ~~his/her~~the designee shall sign and date the payroll registers indicating approval of the payroll.

X. Payroll Processing

To process payroll, a positive pay file as well as an ACH NACHA file will be generated by the payroll accountant and saved in a payroll folder for each specific pay period. The ~~Deputy Finance Director or in their absence, the Finance Manager~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO or ~~his/her~~the designee will upload the positive pay file as well as the NACHA file to Bank of the West. The ~~Deputy Finance Director and the Finance Manager~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO or ~~his/her~~the designee are the only staff ~~members~~ member in the Finance Department who are authorized to upload the aforementioned files. Based on the total payroll payout for the ACH NACHA file and the positive pay files, a corresponding total amount of funds will be automatically transferred from the operating account at ~~Bank of the West~~BMO Bank to the zero-balance payroll account.

Employees receiving hard checks or direct deposits are noted in the positive pay file. As part of the payroll process the system will push through a report of standard checks for all staff that are on the positive pay file and will receive a hard check. The format and layout of the standard check mirror~~s~~ the City's blank check layout (payroll stub). Employees are encouraged to sign up for direct deposit with the payroll accountant to have their payroll deposited directly into their bank account.

Validated hard payroll checks or payroll stubs are individually presented to representatives from each operating department in sealed envelopes with the employees' name on it for distribution.

The ~~Deputy Finance Director and the Finance Manager~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO or ~~his/her~~the designee ~~have~~ has the signatures of the Mayor and the Treasurer, which are password protected. The blank check stock is kept under dual control with one key held by the management assistant with the ~~Deputy Finance Director and/or Finance Manager~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO or ~~his/her~~the designee having access to the other key. Once the number of blank checks (which are prenumbered) is selected, that information is written into the log for utilized checks and the payroll accountant will print the check utilizing the standard check template onto the blank check stock. The ~~Deputy Finance Director or in their absence, the Finance Manager~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO or ~~his/her~~ the designee will print the signatures onto the already prepared

check(s). On a monthly basis, a reconciliation of the operating and payroll accounts is performed by a designated staff member in the Finance Department.

XI. Separation of Employment

Employees separating from City services will receive in their last payroll check or direct deposit as a cash-out for all unused vacation leave time, management leave and/or compensatory leave time that they had on the books prior to separation. Procedures for processing unused sick leave will be outlined in the appropriate bargaining groups' Memoranda of Understanding (MOU).

XII. Post-Retirement Benefits

The Payroll Accountant is responsible for uploading payroll data after each payroll to the California Public Employees' Retirement System's (CalPERS) MyCalPERS website. Reconciliation is completed to ensure accuracy of the reports generated to CalPERS by the payroll accountant and payment to CalPERS is processed by the payroll accountant. The Human Resources ~~Division of the Management Services~~ Department is responsible for ensuring all required retirement procedures are processed as outlined by CalPERS and the appropriate Memoranda of Understanding (MOU) for bargaining groups.

Other Post-Employment Benefits (OPEB) is outlined in the respective MOUs and administered by the Human Resources Department.

Fixed Assets

I. Introduction

As of June 30, 202~~0~~4, the City owned capital assets amounting to $2~~2~~533.2~~8~~ million. They are broken down as shown in Table 3.

Table 3. ~~—~~City-Owned Capital Assets

Capital Assets	Amount
Land and Construction in Progress	$~~15.5~~4.6 million
Buildings and Improvements	$~~25.8~~41.4 million
Vehicles and Equipment	$1~~3~~4.~~9~~6 million
Infrastructure	$17~~0~~3.2 million

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Given the size and complexity of this portfolio of capital assets, it is incumbent on appropriate staff in the Finance Department to establish rules and procedures for the proper accounting of these assets in accordance with generally accepted accounting principles (GAAP) and for internal control purposes.

The objective of this section is to ensure that proper accounting procedures are in place to:

- Identify which expenditures qualify to be capitalized as fixed assets,
- Properly classify fixed assets,
- Determine proper depreciation of an asset (if appropriate),
- Determine which assets should be subject to periodic inventory, and
- Properly account for the disposal of an asset at the end of its useful life.

III. Capital Assets Policies and Procedures

Capitalization and Threshold

Capital assets are major assets that are used in governmental operations and that benefit beyond a single fiscal period. The City of South Pasadena will report the following major categories of capital assets that have an estimated useful life of more than one year from date of acquisition or construction.

- Land
- Intangible assets
- Construction in progress
- Buildings
- Improvements other than buildings
- Furnishings and equipment
- Infrastructure

Land

Land is always capitalized as a separate capital asset ~~in its own right~~, even if it is closely associated with some other capital asset. Thus, the land under a building or highway must be classified as land rather than included as part of the cost of the building or highway. The amount capitalized as land should include any land preparation costs that will have an indefinite useful life. Land is not depreciated because it has an indefinite useful life. The capitalization threshold for land will be set at $25,000, with an indefinite useful life.

Intangible Assets

Governmental Accounting Standards Board (GASB) Statement #51 deals with the reporting of intangible assets in financial statements. GASB #51 defines intangible assets

as assets that are identifiable and possess all ~~of~~ the following characteristics: lack of physical substance, nonfinancial nature (not in monetary form like cash or investment securities), and initial useful life extending beyond a single reporting period. It requires the recording and reporting of intangible assets such as easements, land use rights (i.e., water rights, timber rights, and mineral rights), patents, trademarks, and copyrights. In addition, computer software that is purchased, licensed, or internally generated (including websites), as well as outlays associated with an internally generated modification of computer software. The capitalization threshold for intangible assets will be set at $5,000, with an estimated useful life between 5 and 50 years.

Construction in Progress

Construction in progress is an asset class whereby the costs directly associated with constructing a capital asset are recorded. Once the asset is placed in service, all costs associated with it that are stored in the construction in progress account are shifted into whichever capital asset account is most appropriate for the asset. Costs in the construction in progress account are not depreciated until the asset is placed in service.

Buildings

Buildings are an asset class used to account for permanent (non-moveable) structures. The amount reported should include any costs incurred to increase the service utility of a building or to extend its total estimated useful life (improvements or betterments). The amount should also include restoration costs incurred as the result of capital asset impairment. The capitalization threshold for buildings will be set at $25,000 with an estimated useful life of 50 years.

Improvements other than Buildings

Improvements other than buildings include permanent (non-moveable) improvements to land that have a limited useful life (land improvements). Examples include roofing, fences, retaining walls, parking lots, and most landscaping. The capitalization threshold for improvements other than buildings is $25,000 with an estimated useful life of 10 years to 50 years.

Furnishings and Equipment

Furnishings and equipment constitute an asset class to account for moveable items. Some examples include secondary road equipment, HVAC systems, technology equipment and software systems, and vehicles. The capitalization threshold for furnishings and equipment is $5,000 with an estimated useful life between 3 years and 30 years.

Infrastructure Assets

This category involves long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are the basic physical assets that allow the City to function. Examples of infrastructure assets include streets, bridges, sidewalks, drainage systems, water and sewer systems, and lighting systems. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, parkways and medians, streetlights, and electronic control devices. These subsystems are delineated in the City's annual financial statements. The appropriate operating department maintains information regarding the subsystem. The capitalization threshold for infrastructure assets will be set at $25,000, with an estimated useful life as shown in Table 4 below.

Table 4. Infrastructure Assets Thresholds

Infrastructure	Years
Sewer collection system	60
Storm drain system	60
Bridges	60
Hardscape	40
Parkways and medians	40
Pavement, curbs and gutters, and sidewalks	35
Streetlights	20
Electronic traffic control devices	20

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Valuation Method of Capital Assets

Capital assets are to be reported at the cost at which they were initially acquired or constructed ("historical cost") or estimated historical cost if purchased or constructed. This should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition. The historical cost should include the cost of any subsequent additions or improvements, which would extend the expected useful life of the asset but exclude the cost of repairs or routine maintenance.

Items acquired to extend the life of a previously acquired asset are not required to be inventoried but are added to the historical cost of the asset and capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are to be expensed rather than 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.

The categorization of capital improvement costs as opposed to repair or maintenance will be determined based on the professional judgment of the asset operating department on a case-by- case basis. Trade-in value, if any, will be deducted from the asset cost. Additionally, if the asset traded was not fully depreciated, the ending book value will be added to the cash paid to determine the capitalized cost of the new asset. A trade-in can be defined as exchanging an existing asset as part of an agreement to acquire a new asset.

Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments. Donated capital assets are valued at their estimated acquisition value at the date of donation. Capital assets that are being depreciated will be reported net of accumulated depreciation in the statement of net position. Depreciation expense will be reported in the annual financial statement's Statement of Activities. Individual assets with an initial cost of less than $5,000 will be maintained on an inventory list for insurance purposes and said list shall be maintained by the Director of Finance.

Depreciation Method for Capital Assets

Depreciation expense will be measured by the straight-line depreciation method which is historical cost divided by the estimated useful life of the asset.

Formula = Historical cost/Estimated Useful Life

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Depreciation will be calculated annually based on the actual month of acquisition for the capital assets of machinery, equipment, vehicles, buildings and improvements other than buildings. Land, intangible assets and construction in progress are not depreciated. For intangible assets, if the useful life can be determined from contractual or other legal rights, then the intangible asset should be amortized over that useful life, and the service life should not exceed that contractual or legal rights limit.

If an asset's estimated useful life is either extended (increased) or reduced (decreased) at any time, depreciation expense will be adjusted prospectively to calculate depreciation based on the remaining undepreciated historical cost (historical cost less accumulated depreciation) divided by the remaining estimated useful life of the asset.

Estimated Useful Lives of Capital Assets

The standards or parameters for estimating the useful lives of capital assets are based on principles of objectivity and reasonableness. The professional judgment of staff in the

City's operating departments is relied upon for determining estimates of useful lives, considering ~~taking into account~~ industry averages where applicable.

A range approach is used as a matter of policy, with specific estimated useful lives attached to specific assets when recorded to facilitate depreciation and tracking.

IV. Disposal of Capital Assets

The disposal of capital assets shall be done pursuant to this section to provide:

- For donation of "as-is" surplus supplies and equipment to other governmental agencies or non-profits providing services directly to South Pasadena,
- An ability to avoid the costs of unnecessary purchases and storage by facilitating the reuse of valuable surplus property and the disposal of surplus property of no resale value,
- For the quick and easy removal of surplus items from the owning department's premises and to provide compensation from sale,
- Sustainable practices by recycling surplus property in lieu of sending property to landfills, and
- The availability and affordability of land for the development of affordable housing.

The Surplus Land Act went into effect on January 1, 2021, and was designed to increase the availability of real property in California for affordable housing development by requiring the prioritization of affordable housing when cities sell or lease public lands that are no longer ~~necessar~~necessary~~y~~ for City use. ~~y or City use. Accordingly, the City's policy regarding T~~the disposal of surplus land will be governed by the Surplus Land Act Guidelines as enacted and amended by the state legislature.

~~for City use. Accordingly, the City's policy regarding the disposal of surplus land will be governed by the Surplus Land Act Guidelines as enacted and amended by the state legislature.~~

Eligibility for Surplus Disposition

When it has been determined that an item has served its original purpose and no longer provides value to the City, the item shall be slated for determination of its eligibility for disposition. This policy covers items such as office furniture, office equipment, electronic equipment, City vehicles, computer hardware, and other capital outlays.

Surplus Disposal Methods

If an item is no longer of value to the City the item may be disposed of using one of the following methods:

1. Properly discard the item if it is broken, unusable, and/or hazardous.~~;~~
2. Retention of the property and reassignment to another City department.~~;~~
3. Trading the item in for new replacement equipment.~~;~~
4. Donation in accordance with the Surplus Property Donation limits and procedures of this Policy.~~;~~
5. Auction; and
6. Selling the item through a sealed-bid process.

Oversight of Surplus Property

As the City's designated Purchasing Agent, the ~~Finance Director~~ Assistant City Manager ~~/ Chief Financial Officer (CFO)~~CFO is responsible for managing the disposition of all City surplus property. The ~~Finance Director may~~ Assistant City Manager ~~/ Chief Financial Officer (CFO)~~CFO ~~delegate~~ delegates this routine administrative responsibility, as specified in this section to another department ~~staff member~~staff member. Once the request has been submitted, the ~~Finance Director~~ Assistant City Manager ~~/ Chief Financial Officer (CFO)~~CFO or the designated staff member will coordinate the removal of the items.

Items with a value of less than $5,000 may be declared surplus by the appropriate D~~d~~epartment head and disposed of by one of the Surplus Disposal Methods. For tracking and accounting purposes, D~~d~~epartments are to complete a Surplus Request Form when declaring property as surplus and sending it to the Finance Department.

Items with a value over more than $5,000 and less than $10,000 may be declared surplus by the ~~Finance Director~~ Assistant City Manager ~~/ Chief Financial Officer~~CFO ~~(CFO)~~ and disposed of by one of the surplus disposal methods. Items with a value of $10,000 or more must be declared surplus by the City Manager prior to disposal by one of the surplus disposal methods.

~~$10,000 or more must be declared surplus by the City Manager prior to disposal by one of the surplus disposal methods.~~

To dispose of the City's surplus property by auction, the City will establish a contract with ~~has contracted with~~ an outside vendor to pick up and auction the items. Checks for surplus items will be made payable to the City of South Pasadena.

Note: For health and safety reasons, no hazardous items will be picked up for disposal.

Table 5 reflects the ~~aforementioned~~ threshold amounts as well as authorization levels to declare property surplus.

Table 5. ~~—~~ Surplus Property Threshold and Approval Levels

Threshold Amount	Approval
Less than $5,000	Department may surplus/declare obsolete
$5,001 to $9,999	Requires Department to seek ~~Finance Director~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO approval
$10,000 or more	Requires City Manager Approval

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Reassignment of Assets

When a City department head determines that an asset is surplus to its needs, notification shall be made to the Assistant City Manager / CFO ~~Chief Financial Officer Finance Director t~~to coordinate the appropriate placement, storage, and disposal as determined. Prior to the declaration of surplus, the first option will be to reassign the asset within the City where it can be of most use or value. If it is not possible to be reassigned, the Assistant City Manager / CFO~~Chief Finance Officer Finance Director~~ shall prepare the asset for a City surplus determination by the City Manager, if it has a value of $10,000 or more.

The decision to designate an item for the City surplus originates with the D~~d~~epartment where the material is located, and the department staff person shall complete the surplus request form including a complete description of the item, location, approximate value, etc. If the condition of City surplus materials is deemed as broken, unusable, hazardous and/or having "no salvage value," then at the discretion of the Assistant City Manager / CFO ~~Chief Finance Officer Finance Director~~ an item may be discarded properly. The ~~Finance Director~~ Assistant City Manager / CFO must be notified and may authorize the disposal of City surplus materials valued at less than $10,000. The employee requesting that the item be declared surplus must sign the completed form before sending it to the Finance Department.

Statement of the Surplus Request on the Staff Report

Once the form is submitted to the Finance Department, the Surplus Request will be stated on the staff report for any item valued at $10,000 or more. The City Manager will have the discretion to approve the request. Finance will coordinate staff ~~report~~ reports to dispose of surplus materials on a quarterly basis.

Financial Reporting

The Finance Department will be responsible for all levels of recordkeeping and sale processes. It is the responsibility of all departments to process and complete the Surplus Request Form and submit it to the Finance Department. The Surplus Request Form can be found in the shared drive.

Surplus Supplies and Equipment Eligible for Donation

Surplus supplies and equipment valued at less than $10,000 which are not reassigned to another City department use may be eligible for donation in the following priority:

1. To a non-profit organization formed by the City of South Pasadena for the benefit of its residents.
2. To another governmental agency, including a school district, which provides services to the City of South Pasadena or its residents.
3. To a non-profit organization (501-C(3)) which has either received a grant from the City to provide public services or has entered into a written agreement with the City or the donation would further a special project or City effort to benefit any group or community, including a community event, that the City wishes to provided assistance to.

No surplus supplies and equipment with an estimated value of $10,000 or more is eligible for donation unless authorized by the City Manager.

Process for Donation of Surplus Supplies and Equipment

A. For surplus supplies and equipment valued at less than $5,000:

1. The department head identifies surplus property available for donation in accordance with this policy,
2. Places a notice of availability of surplus property for donation on the City's website for a 30-day period to receive requests for donation and reaches out to potential ~~donees~~donation recipients,
3. Reviews all requests for donation and determines the ~~donee~~ donation recipients in accordance with the priority of donations, and
4. The decision of the department head is appealable to the ~~Finance Director~~Assistant City Manager / CFO.

B. For surplus supplies and equipment valued at $5,000 or more, but less than $10,000:

1. The Assistant City Manager / CFO ~~Finance Director~~ identifies all property available for donation in accordance with this policy,

2. Places notice of availability of surplus property for donation on the City's website for a 30-day period to receive requests for donation and reaches out to potential ~~donees~~donation recipients, and
3. Reviews all requests for donations.

C. For surplus supplies and equipment valued at more than $10,000:

1. The ~~Finance Director~~Assistant City Manager / CFO identifies all property available for donation in accordance with this policy,
2. Places notice of availability of surplus property for donation on the City's website for a 30-~~-~~day period to receive requests for donation and reaches out to potential ~~donees~~donation recipients, and
3. Reviews all requests for donation and submits eligible requests to the City Manager for determination.

D. Requirements applicable to all donations.

1. All requests for donation must state the benefit to be derived from the donated surplus supplies and equipment in the request for donation.
2. Such requests must ensure that the donated surplus supplies and equipment benefits the ~~donee~~ donation recipients as stated in the request for donation and that any ~~donee~~ donation recipient or ~~donee's~~ donation recipient's agent certify upon acceptance that no one involved in the donation process has received or will receive a profit or fee for the transaction.
3. Donations of surplus property are made "as is," without any warranty, express or implied. All ~~donees~~ donation recipients shall execute a waiver of claim or liability against the City and agree to defend, indemnity and hold harmless the City, its officers, and employees, form any claim, cause of action, damage, loss, or liability arising out of the condition of the property or its use by the ~~donees~~ donation recipients or subsequent transferee, as a condition of the donation.
4. Under normal circumstances, surplus supplies and equipment will not be donated to city employees without first receiving City Manager approval.

Investments and Debt Management

I. Introduction

This section of the manual includes information on how the City invests its idle funds and manages debt in accordance with applicable laws. In accordance with state law, the

investment policy must be approved by the City Council each year. The policy~~,~~ contains details about how the City can invest its funds and what the allowable investment instruments are. (This manual only contains a brief description of the policy.)

South Pasadena has an elected City Treasurer who is responsible (under delegated authority from the City Council) for establishing procedures and controls associated with the City's investment program. This delegation of authority extends to the ~~Finance Director and finance manager~~Assistant City Manager / CFO or designee, who ~~administer~~ administers and ~~manage~~ manages the City's investment portfolio and required monthly reporting.

II. City Investment Policy

To invest idle funds, the City must comply with state law that governs the types of allowable investments and explicitly requires that investment decisions be based first and foremost in the safety of the investment, followed by its liquidity, and only when these conditions are satisfied can yield be considered.

In addition to these requirements, the City Council is required to adopt a resolution to approve an investment policy every year. The City's investment policy covers all financial assets and investment activities under the direct control of the City. The key elements of the City's investment policy are briefly described below.

Prudent Investor Standard

The City Council and any staff members authorized to make investment decisions on behalf of the City are trustees subject to the prudent investor standard specified in section 53600.3 of the California Government Code. This standard essentially requires trustees to act with care, skill, prudence and diligence in investing the City's idle funds in accordance with lawful requirements.

All participants involved with investment processes must act as custodians of the public trust and recognize that the investment portfolio is subject to public review and evaluation. Accordingly, the overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

III. Investment Management and Reporting

The authority to manage the City's investment program is derived from California Government Code Sections 53600 et seq. In adopting the investment policy, the City Council delegates investment authority to the City Treasurer, who is responsible for

establishing procedures and controls for the operation of the investment program consistent with the investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. This delegation of authority extends to the ~~Finance Director and finance manager~~ Assistant City Manager / ~~Chief Financial Officer (CFO)~~CFO and Accounting Manager/Controller, recognized as deputy treasurer(s).

The names of those persons to whom investment authority is delegated will be submitted to City Council for approval. No person may engage in an investment transaction except as provided under the terms of the investment policy and its related procedures. The City Council may revoke the delegated authority of the City Treasurer in writing at any time.

Reporting Requirements

The deputy treasurers submit a monthly report to the City Council and copied to the Finance Commission. The report includes important information on investment activities. The investment policy includes the required reporting elements.

IV. Debt Management Policy

This Debt Management Policy establishes objectives, parameters, and guidelines for responsibly issuing and administering the City's debt. Prudent management of the City's debt program is necessary to achieve cost-effective access to the capital markets and demonstrates a commitment to long-term financial planning.

Scope

These policies establish the restrictions within which the City of South Pasadena and the South Pasadena Public Financing Authority, on behalf of the City, may issue debt. Additionally, these policies apply to debt issued by the City on behalf of assessment, community facilities, or other special districts, as well as conduit debt.

Debt Management Objectives

This policy sets forth key objectives for the City in issuing and administering the City's debt, which are to:

- Maintain the City's sound financial position.
- Minimize debt service and issuance costs.
- Maintain access to cost-effective borrowing.
- Achieve and maintain the highest reasonable credit rating.
- Ensure full and timely repayment of debt.
- Maintain full and complete financial disclosure and reporting.

- Ensure compliance with state and federal laws and regulations.

Governing Authority and Responsibility

A. Legal Authority. The City's debt portfolio for all City funds shall be administered in conformance with all applicable Federal, State, and other legal requirements. The City will comply with applicable law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates, and charges.

B. Delegation of Authority. The City Council has assigned duties to the ~~Finance Director~~Assistant City Manager / CFO for authorizing, managing, and coordinating activities related to the structure, issuance, and administration of the City's long-term and short-term debt. No debt obligations shall be presented to the City Council, including capital leases, for their authorization without a joint assessment and approval by the City Manager and ~~Finance Director~~Assistant City Manager / CFO. No department shall directly issue debt and departments planning debt-financed capital programs or equipment acquisitions will work in close coordination with the Finance Department and the City Manager's Office to provide information and facilitate the issuance and ongoing administration of debt.

C. Point of Contact. The ~~Finance Director~~ Assistant City Manager / CFO or designee shall be responsible for maintaining good communication with rating agencies, investors, other service providers, and the public regarding the City's financial ~~condition~~condition, and will enforce a policy of full disclosure.

D. Policy Approval and Review. This Debt Management Policy is an official policy of the City, approved by the City Manager as an Administrative Procedure Order. The Finance Department shall conduct an annual review of this policy and recommend amendments deemed necessary and appropriate.

E. Annual Debt Report. The Finance Department shall prepare an annual report to the City Council containing a summary of the City's current credit ratings, ~~and~~ outstanding and newly issued debt. This report shall be presented either separately or within another financial report.

F. Professional Assistance. The ~~Finance Director~~Assistant City Manager / CFO shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize debt costs. Such services may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, special tax consulting, and bond counsel. To achieve an appropriate balance between service and cost, the Finance Director is authorized to select such service providers through sole source selection or a competitive process using a request for proposals.

G. Method of Sale. Except to the extent a competitive bidding process is required by law, the ~~Finance Director~~Assistant City Manager / CFO shall determine the most appropriate manner in which to offer any securities to investors. The City's preferred method of sale is by competitive bid. However, other methods such as negotiated sale and private placement may be considered on a ~~case-by-case~~case-by-case basis.

Types and Purpose of Debt

The City may utilize the following types of municipal debt obligations to finance long-term capital projects. Long-term debt is only issued to finance the acquisition and/or construction of capital improvements unless otherwise decreed by court order or adjudicated settlement. Long-term debt financing shall never be used to fund operating or maintenance costs.

Types of Debt

A. Assessment Bonds. Proceeds from assessment bonds may be used to finance local public improvements and are repaid with taxes assessed on the parcels of land that benefit from the improvements. Local streets, streetlights, landscaping, sidewalks, and sanitary sewers are some examples of local improvements commonly financed by assessment bonds.

B. General Obligation (GO) Bonds. The City may issue GO Bonds with two-thirds approval of a popular vote as stated in the California State Constitution (Article XVI, Section 18). GO Bonds are secured by a pledge of the full faith and credit of the City, or by a levy on property taxes to pay the debt service. GO Bonds are used to finance the acquisition, construction, or improvement of public facilities such as parks and public safety facilities.

C. Pension Obligation Bonds. Pension Obligation Bonds may be issued to finance all or part of the City's unfunded pension liability and are a general obligation of the City. Typically, these bonds are issued at an interest rate that is lower than that being charged by CalPERS, the City's pension administrator.

D. ~~Enterprise~~ Mid Revenue Bonds. Enterprise Revenue Bonds may be issued to finance facilities for a revenue-producing enterprise and are payable from revenue sources generated and pledged by that enterprise. Water, sewer, refuse, storm water, and parking are examples of revenue-producing enterprises within the City.

E. Lease Revenue Bonds. Lease Revenue Bonds are secured by and payable from a pledge of revenues consisting primarily of lease payments on the capital project being financed. The City's General Fund is obligated to pay these lease payments.

F. Refunding Bonds. Pursuant to the California Government Code and various other financing statutes, the City is authorized to issue bonds for the purpose of refunding any long-term obligation of the City, provided it produces economic benefit to the City.

G. Conduit Financing Bonds. Conduit financing is a mechanism for other governmental entities, nonprofit agencies, or private companies to fund projects that provide a clear public benefit through the issuance of tax-exempt municipal bonds. These are essentially revenue bonds payable solely from the loan repayments received from the borrower under the loan agreement for which the City has no liability for debt service. They may also be known as private activity or pass-through bonds. The City may issue Conduit Financing Bonds for projects such as schools, hospitals, universities, public works, housing, and industrial development. In such cases, the City will take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of the borrower.

H. Certificates of Participation (COP). COPs are a form of lease revenue bond that permits the investor to participate in a stream of lease payments, installment payments, or loan payments relating to the acquisition or construction of specific equipment, land, or facilities. The City is obligated to make these debt service payments.

I. Lease Financing. The City may finance a capital asset by leasing it directly from the vendor or leasing company under a long-term agreement. This is essentially a lease-purchase contract with the lessor receiving a portion of each rental payment as tax-exempt interest.

J. Bank/Private Loans. The City may borrow directly through a loan with a commercial bank, Letter of Credit, or Line of Credit with a commercial bank, state revolving loan program, or other governmental agency. Each loan will have a specific purpose.

K. Tax Allocation Bonds. Before the dissolution of California Redevelopment Agencies (RDAs) in 2012, the City of South Pasadena RDA issued Tax Allocation Bonds using tax increment funds as a pledge for repayment. The taxes pledged to the repayment came from the increase of assessed value over and above a pre-established base. Dissolution of RDAs in 2012 has ended this type of debt from being issued by California cities and counties.

L. Infrastructure Loans. The City may apply for low-cost public financing through the California Infrastructure and Economic Development Bank's Infrastructure State Revolving Fund (ISRF) Program. ISRF loans can be used for a variety of local projects such as roads, transit, and water infrastructure upgrades, with loan terms for the useful life of a project up to a maximum of 30 years.

M. Other Obligations. There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes, tax and revenue anticipation notes, and judgment or settlement obligation bonds.

Purpose of Debt

A. Integration with the City's Capital Improvement Plan. The City is committed to long-term financial planning, including capital planning. This policy will be used in conjunction with the City's capital budget and the capital improvement plan. The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through its available operating revenues.

B. Long-Term Debt. Long-term debt may be used to finance the purchase or improvement of land, infrastructure, facilities, or equipment for which it is appropriate to spread these costs over more than one budget year. Long-term debt may also cover capitalized interest, costs of issuance, required reserves, and any other financing-related costs that may be legally capitalized. Long-term debt may not be used to fund City operating costs.

C. Short-Term Debt. Short-term borrowing, such as commercial paper and lines of credit, may be used as an interim source of funding in anticipation of long-term borrowing. Short-term debt is defined as debt repaid in twelve months or less and may be issued for the same purpose as

long-term debt, including capitalized interest and other financing-related costs. Short-term debt, such as tax and revenue anticipation notes, may be issued to address justifiable cash flow requirements for short-term operating needs to provide necessary public services.

D. Refunding. Periodic reviews of existing debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints) ~~if and~~ when there is a net benefit of the refunding.

Refunding's that produce a net present value savings of less than three percent will be viewed as economically viable and considered on a case-by-case basis to achieve City goals such as changes in covenants, call provisions, operational flexibility, tax status, issuer, or the debt service profile. Refunding~~s~~ with negative savings will not be considered unless there is a compelling public policy objective that is accomplished by retiring the debt. The City may purchase its own bonds in the open market for the purpose of retiring the obligation when the purchase is cost effective.

E. Lease Financing. The City may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest.

Debt Capacity

It is the City's policy that aggregate debt service payments funded from General Fund sources shall be no greater than 10% of primary General Fund revenues as reflected in the prior year adopted budget. Payments on bonds that are tied to a specified revenue stream other than General Fund sources (e.g., enterprise revenue bonds, tax allocation bonds, and assessment bonds) are not subject to this 10% limit. Each proposed financing will be individually assessed by the ~~Finance Director~~Assistant City Manager / CFO -and subject to the approval policies contained herein.

Debt Structure Features

A. Debt Repayment. The City will structure its debt issues, so the maturity of the debt does not exceed the economic or useful life of the capital project which is financed.

B. Maximum Maturity. The California Constitution allows for the issuance of long-term debt of up to forty years. The City's standard maximum maturity is thirty years, but up to forty years may be acceptable depending on cash flow assumptions, construction timeline, and remaining useful life of the asset being financed.

C. Credit Quality. The City seeks to obtain and maintain the highest possible credit ratings when required for issuing long-term and short-term debt.

D. Fixed-Rate Debt. Fixed-rate debt shall be the desired method of pricing.

E. Variable-Rate Debt. The City may choose to issue debt that pays a rate of interest that varies according to a pre-determined formula or index. There may be situations in which the City will benefit from variable-rate debt.

F. Call Options and Premium Provisions. Call options or optional redemption provisions can enable the City to partially or totally repay a bond issue before its stated maturity. These may be considered on a case-by-case basis when issuing bonds, provided they enhance the marketability of the bonds, ensure flexibility related to potential early redemption, or foster future refunding options. The potential for additional costs, such as a call premium or potentially higher interest rates, will be evaluated in the decision to redeem the bonds.

G. Credit Enhancement. To establish or improve the credit rating on a proposed debt issuance, the City may purchase credit enhancement such as bond insurance, surety policy, or letter of credit. The ~~Finance Director~~Assistant City Manager / CFO will consider

the use of credit enhancement if it reduces the overall cost of the proposed financing or furthers the City's overall financial objectives.

Debt Administration

The City's Finance Department shall maintain written directives and procedures detailing required actions to certify compliance with local, state, and federal regulations. The City is committed to full and complete financial disclosure in accordance with the requirements established by the Securities and Exchange Commission (SEC) rule 15c2-12 and the Municipal Securities Rulemaking Board. The City is also committed to fully supporting requests from rating agencies, institutional and individual investors, other governmental entities, and to the public to share clear, timely, and correct financial information.

In addition to financial disclosure and arbitrage rebate compliance, once bonds are issued the City is responsible for verifying compliance with all activities, agreements, and requirements outlined in the bond documents on an ongoing basis. This typically includes ensuring an annual appropriation to meet debt service payments; that relevant taxes, rates, and fees are levied and collected at a level sufficient to meet indenture requirements and debt service payments; the timely payment of debt service to a trustee or paying agent is completed; and compliance with insurance and other requirements.

Note: All investments of bond proceeds shall adhere to the City's Investment Policy, which is approved annually by the City Council, federal tax requirements, and with the requirements contained in the bond documents. Investments related to the bond proceeds shall not allow security types or credit standards less than those stated in the City's Investment Policy.

Governmental Accounting and General Ledger Maintenance

I. Introduction and Basis of Accounting

A core fiduciary function of the Finance Department is maintaining a system of monitoring, control and reporting for all operations and funds to provide effective means of ensuring that all City financial transactions are accounted for correctly. An accurate, up-to-date general ledger is critical as all financial reporting is based on information contained in the general ledger. It is important that staff has the appropriate skill sets and training to maintain a general ledger that is in accordance with generally accepted accounting principles (GAAP).

Basis of Accounting for Government-Wide, Governmental and Enterprise Funds

The City of South Pasadena's accounting records are maintained in full accordance with GAAP, as established by the Governmental Accounting Standards Board (GASB).

The City's government-wide financial statements, as well as all proprietary funds (including Enterprise and Internal Service Funds) shall be reported using the economic resources measurement focus and the accrual basis of accounting. Revenues will be recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes will be recognized as revenues in the fiscal year for which they are levied. Grants and similar items will be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For all governmental fund financial statements (General, Special Revenue, Debt Service and Capital), the current financial resources measurement focus and the modified accrual basis of accounting is followed. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Revenues are ~~considered to be~~ available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized generally when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments will be 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 will be recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period will be considered susceptible to accrual as revenue of the current period. Other general revenue items are ~~considered to be~~ measurable and available only when cash is received by the City.

II. Chart of Accounts

It is necessary to set up and maintain the financial software to ensure the General Ledger is accurate. The chart of accounts is used for this purpose. The chart of accounts is an index of all financial data in the City's General Ledger that is designed to separate and correctly classify revenues, expenditures, assets, and liabilities.

The chart of accounts is an essential tool for ensuring that the City's financial transactions are correctly coded, accounted for, segregated, and reported in compliance with governmental accounting standards covering budget appropriation controls, fund level accounting, grant accounting and capital projects accounting.

The City will establish its chart of accounts that is reflective of its accounting policies and consistent with GAAP. The following major fund groupings are established in the City's chart of accounts:

- General Funds,
- Special Revenue Funds,
- Debt Service Funds,
- Capital Projects Funds, and
- Proprietary Funds, which include~~s~~:
    - Enterprise Funds and
    - Internal Service Funds.

III. System Setup and Maintenance

New account strings must conform to the overall chart of accounts' numbering scheme for each portion of the account number. Any changes to the chart of accounts must be approved by the Finance Department.

Reconciliations are performed by Finance Department staff on a monthly and annual basis prior to and after closing the month's/year's general ledger to ensure accuracy of the books and financial statements.

The Finance Department (in conjunction with the Information Technology Division of the Management Services Department) is responsible for maintaining the security and running updates for the City's financial software system. The general ledger software system must be maintained so it is conducive to supporting internal controls by segregating duties of staff members.

IV. Recording Transactions in the General Ledger

The proper recording and posting of transactions to the General Ledger (GL) is an essential accounting task to ensure the accuracy, validity, and reliability of financial records. Accurate records are necessary to track revenues and expenses in the annual adopted budget and to monitor the City's fiscal position for short and long-term budgetary decision-making.

Posting Transactions

The accounts established in the GL must be kept up to date by routinely recording, adjusting, and correcting transactions. The following requirements apply to posting processes:

1. All transactions must include proper coding to the individual fund, department, program, project, and object code as applicable.
2. All transactions recorded in journals must be posted to the GL through Springbrook.
3. Recurring adjusting journal entries such as depreciation of fixed assets must be posted via journal vouchers every accounting period. These entries must be reviewed monthly and adjusted as necessary.
4. Adjusting journal entries must be made to correctly correct account balances or to record transactions not otherwise journaled. Examples of these entries include:
   a. Accrual of income and expense items
   b. Correction of errors
   c. Recording of non-cash transactions

All journal entries ~~are~~ prepared by the ~~accountant~~finance staff, must be reviewed and authorized by the Assistant City Manager / CFO or designee,~~Deputy Finance Director and/or finance manager~~ before being posted. Adequate backup documentation, including documentation of approval, must be prepared and maintained for each journal entry.

Trial Balance Preparation and Review

After posting all journal and adjusting entries, a trial balance is printed. The trial balance is reviewed by the accountant to ensure that the GL is in balance, with necessary corrections being made by another staff member in Finance to reconcile any discrepancies. A final review will be performed by the ~~Deputy Finance Director~~Assistant City Manager / CFO or designee before financial statements are prepared for documentation and reporting purposes.

V. Journal Entry Preparation, Review and Processing

The following procedures are necessary to ensure that all journal entries to the GL are properly prepared, documented, reviewed, approved, recorded, and maintained in accordance with GAAP.

1. Any journal entry must be documented by completing the journal voucher template.
2. All journal entries must be signed by both the preparer and reviewer prior to posting.

3. The person preparing a journal entry cannot approve the same journal entry.
4. The person preparing a journal entry is responsible for reviewing supporting documents and ensuring their accuracy, and for explaining the reason to justify the entry.
5. The person preparing a journal entry must ensure that the debits and credits are in balance.
6. All journal entries must include supporting documentation and a description that explains the nature of the entry and amounts being recorded.
7. All journal entries must be properly processed prior to closing the accounting period.
8. All posted journal entries and related documentation shall be maintained in an accessible file for review by management and external auditors as necessary.

Journal Entry Approval

Journal entries are prepared by the accountant or ~~one of~~ the management assistant~~s~~ and are reviewed and posted by the Accounting Manager / Controller ~~Deputy Finance Director and/or Finance Manager~~.

VI. Financial Reporting

The City must comply with all GAAP requirements and must publish an Annual Comprehensive Financial Report (ACFR). The ACFR shall be subject to an audit by an independent certified public accounting firm who shall render their opinion on the financial statements based on Government Auditing Standards issued by the Comptroller General of the United States. The ACFR, including the independent auditor's report, will be completed and published no later than six months after the end of the fiscal year. Any delay in meeting this timeline will require a written justification reviewed and approved by the City Manager and issued, as necessary, to other external entities that rely on the timely transmittal of the ACFR such as the State Controller's Office, granting agencies and debt issuers.

The Finance Department prepares the data for the statistical section, and the entire ACFR is prepared by the auditor. The complete ACFR is reviewed by the ~~Finance Director~~ Assistant City Manager / CFO and City Manager before it is submitted to the Finance Commission for review and then to the City Council during a Council meeting for approval.

To the extent that the City received and incurred expenditures of federal grants that are subject to the federally mandated Single Audit requirements, the City shall also request that the independent auditor issue a Single Audit Report on Federal Award Programs in

compliance with the U.S. Office of Management and Budget (OMB) Compliance Supplement.

The ACFR, along with the auditor's report on internal controls and compliance and any required Single Audit reports, is presented to the City Council at a public meeting, after first being presented to the Finance Commission. The City shall endeavor to achieve audits with minimal auditor findings in the form of significant deficiencies and will swiftly and thoroughly respond to auditor findings of material weakness.

As an additional independent confirmation of the quality of the City's financial reporting, the City will annually seek to obtain the GFOA Certificate of Achievement for Excellence in Financial Reporting. The ACFR will be presented in a way designed to effectively communicate with residents about the financial affairs of the city.

Midyear and Month~~Quarter~~ly Financial Reporting

In addition to the annual financial reporting process, the Finance Department monitors revenues and expenditures throughout the year and prepares a midyear budget update to the City Council not later than the end of February. The purpose of the midyear report is to consider changes in the City's fiscal condition and to make budget adjustments based on major changes to revenues or expenditures not anticipated at the time of budget adoption.

~~Quarterly~~ Monthly budget updates will be provided to the City Council. ~~in October, February (~~inclusive in the midyear report mentioned above.~~)~~ The monthly report for May~~and May,~~ will be ~~th~~ the final update provided with the subsequent year's recommended budget. ~~Additionally, the fourth quarter budget report will be presented as part of the ACFR presentation.~~

VII. Bank Reconciliation Procedures

As referenced in the Accounts Receivable Section of this manual, the City takes in cash, check and credit card payments ~~on a daily basis~~daily. Payments received are deposited as they are received.

Conversely, payments the City makes to vendors are typically made every other week. Given the many transactions that occur, and the timing of deposits and payments, it is essential that the City's bank accounts are periodically reconciled to the GL so it is kept up to date. At a minimum, all City bank accounts should be reconciled to the GL ~~on a monthly basis~~monthly with reconciling items promptly analyzed and adjusted with corresponding explanations and should be completed within 30 days of the end of the month.

The ~~finance manager~~senior accountant is responsible for preparing the monthly bank reconciliations and creating records of any adjustments. The monthly bank reconciliations must be reviewed and approved by the ~~Finance Director~~Accounting Manager / Controller.

The monthly bank reconciliation process consists of comparing cleared transactions on the bank statements to entries in the financial system to determine whether the bank balance equals the book balance from the GL. Any discrepancies between the two balances must be researched to determine the cause, such as recording errors, posting errors or omissions. This may also include recalculation of the bank statement for potential errors made by the bank.

Reconciling items such as interest, bank charges, and any recording errors must be summarized and journaled for recording to the GL, with supporting documentation maintained for audit purposes.

VIII. Budget Adjustments

While the following table shows the approval authority for budget amendments, any increase in fund appropriations must be approved by the City Council.

Table 6. Approval Authority for Budget Amendments

Approving Authority			
Description	**Department Heads**	**City Manager**	**City Council**
Budget transfer within the same division (O & M only)	X		
Budget transfer between different divisions but in the same department (O&M only)	X		
Budget transfer within the same department (O & M only)	X		
Budget transfer between salary and benefits within the same department		X	
Budget transfer between two different departments		X	
Budget transfer between two different funds			X
Budget increase			X
Any budget amendments not mentioned above			X

Approving Authority

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Description	Department Heads	City Manager	City Council
Budget transfer within the same division (O&M only)	X		
Budget transfer between different divisions but same department (O&M only)	X		
Budget transfer within the same department (O&M only)	X		
Budget transfer between Salaries and Benefits within the same department		X	
Budget transfer between two different departments		X	
Budget transfer between two different funds			X
Budget increase			X
Any budget amendments not mentioned above			X

IX. General Ledger Procedures

Month-End Closing Procedures

Today's general ledger systems typically do not require that GL periods be closed each month. However, it is important that all transactions and adjusting journal entries be properly recorded within the monthly period to which the transaction relates.

To properly report midyear financial transactions in the midyear financial report (upon which budget adjustments are based), the City will perform an abbreviated close of key revenues and expenditures such as property taxes, special assessments, sales taxes, franchise fees, water and sewer service charges, and other significant revenue sources. This close shall be completed as soon as practical and before preparing and finalizing the midyear financial report submitted for City Council review in February. Reversing journal entries shall be posted where necessary in the January period to maintain the appropriate GL balances.

Closing the Fiscal Year

The City will close its general ledger as soon as practical at the end of the fiscal year. Financial transactions for accounts payable are recorded until approximately the middle of August. Not later than September, the City will close the GL to all transactions recorded in the 12 monthly periods and starts to prepare worksheets with fund analysis for the year-end financial statements. Post-year end accounting periods (e.g., Period 13 for post-close transactions, Period 14 for audit adjustments) will be closed upon conclusion of the audit. The Finance team follows a financial close checklist to ensure all accounts are reconciled and accruals posted.

All manual journal entries prepared by the Finance staff are reviewed and approved by the ~~Deputy Finance Director and/or finance manager~~Accounting Manager / Controller

before posting. Support for manual journal entries and documentation of the review and approval process of journal entries are physically saved for records retention.

Acknowledgement Form

Please read the following statements and complete this form and return to your supervisor within one week of commencing employment with the City of South Pasadena or within one week of an update to the manual to indicate your receipt and acknowledgment of this manual.

This is to acknowledge that I have received and reviewed a copy of the City of South Pasadena Finance Policies and Procedures Manual dated~~,~~ [~~October 1, 2022~~INSERT DATE]. I have had an opportunity to ask questions and seek any clarifications necessary regarding the policies and procedures set forth in this manual, and I understand these policies and procedures. I understand this manual supersedes all previously issued policies and procedures, and that I may request clarification of policies from my supervisor or the ~~Finance Director~~Finance Department.

I understand that this manual contains important information about the City's financial policies and on my obligations as an employee. I acknowledge that I am expected to read, understand, and adhere to this manual. I understand that I am governed by the contents of the manual and that the City may change, rescind, or add to any policies, procedures or practices described in the manual, from time to time in its sole and absolute discretion, with or without prior notice. The City of South Pasadena will advise employees of material changes within a reasonable time. I am aware that violations of the policy may subject me to disciplinary action, up to and including termination of employment.

I understand that my signature below indicates that I have read and understand the above statements and that I have received a copy of the current City of South Pasadena Finance Policies and Procedures Manual.

Employee's Name (Print):

Employee's Signature:

Date:

The signed original copy of this acknowledgment should be given to management; it will be filed in your personnel file.

City Of South Pasadena Finance Policy and Procedures Manual

Draft 11/20/2025

Reviewed 01/09/2026

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Introduction

I. Overview

The City of South Pasadena Finance Department's Policies and Procedures Manual (manual) is designed to provide guidance to all stakeholders involved in the City's financial processes and transactions. Its purpose is to ensure that assets are safeguarded, transactions are conducted in accordance with established laws, policies, and best practices, and duties are appropriately segregated. The manual also seeks to ensure that financial statements are prepared in conformity with generally accepted accounting principles (GAAP), and that finances are managed with responsible stewardship. This manual is also intended to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

In approving the policies associated with this manual, the City Council establishes the authorities, responsibilities, and accountability requirements of those participating in the operations of South Pasadena City government to:

- Set forth principles for sound fiscal stewardship,
- Maintain appropriate financial capacity for present and future levels of service,
- Ensure the legal use of financial resources through an effective system of internal controls, and
- Provide financial transparency to the public.

The City of South Pasadena is accountable to its residents for the prudent use of public dollars. Municipal financial resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. These policies safeguard the fiscal stability required to achieve the City's goals and objectives.

Although the goal is to provide employees with a comprehensive reference tool for complying with the City's financial policies and procedures, this document is meant to augment, not supersede, South Pasadena's Municipal Code requirements or state and federal laws that may be referenced herein. Any such references should be reviewed in conjunction with the manual. The manual is intended to be easily read and provide useful, up-to-date information on a broad range of financial topics. It has been prepared electronically in a PDF format and placed on the City's Intranet for access and to accommodate changes that will occur over time.

In the absence of policies herein not being adopted by ordinance, the manual shall have the force and effect of official policy of the City. This manual shall serve as the basis, along with City Council action in the future, for codified ordinances to implement purchasing policies.

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In the event of a conflict between this manual and a codified or uncodified ordinance, the ordinance shall prevail regardless of date of adoption. In the event of a conflict between this manual and a resolution of the City Council, the more recent document shall prevail.

Organization of the Manual

This manual contains the following sections:

- Finance Staff Positions,
- Purchasing,
- Accounts Payable,
- Utility Billing Operations,
- Accounts Receivable,
- Payroll,
- Fixed Assets,
- Investments and Debt Management, and
- Governmental Accounting and General Ledger Maintenance.

Each section begins with an overview that provides context, a general description of the financial topic, and an objective statement to describe the purpose of the policy and associated procedures. This is followed by a list of the Finance Department classifications functionally responsible for the policies and procedures in the section.

Acknowledgement of Manual Content

Upon recommendation from the Finance Commission, the contents of this manual were approved as the official policy of the City of South Pasadena by the City Council on [**INSERT DATE**]. Routine changes and updates to this manual will be made on an annual basis in July or on an as-needed basis upon recommendation from the Assistant City Manager / Chief Financial Officer (CFO) and after review from the Finance Commission and approval by the City Council.

All Finance Department employees and Finance liaisons in each department are bound by the policies contained or referenced herein, and any deviation from established policy is prohibited. Each applicable employee must read the manual and, if necessary, request clarification of the contents. Each employee must sign a statement of receipt acknowledging that they have received a copy or have been provided access to the manual and understand they are responsible for reading and becoming familiar with the contents.

This document is not intended to replace guidance provided by GAAP or by other external sources, such as procedures manuals related to the City's electronic financial management system. Please contact the Finance Department with any suggestions for improvement to the manual or any clarifications that may be needed.

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II. Internal Control Policies

The City Council and City management are responsible for ensuring and maintaining a system of internal control to safeguard assets against loss, ensure the accuracy and reliability of the accounting data and financial information, promote operational efficiency, and encourage adherence to prescribed financial procedures.

The City's system of internal control is based on the framework designed by the Committee of Sponsoring Organizations' (COSO) Internal Control – Integrated Framework (2013). This framework is based on the following five components:

1. Control Environment,
2. Risk Assessment,
3. Control Activities,
4. Information and Communication, and
5. Monitoring.

While each component includes a set of guiding principles, it is beyond the scope of this manual to incorporate and explain all control elements. However, included below is an adaptation of best practice guidance provided by the Government Finance Officers Association (GFOA) based on the first of the five components, the control of environment. These standards set forth the basis for carrying out internal control:

1. The City Council, City management, and all levels of staff throughout the organization must demonstrate a commitment to the established internal control framework,
2. The City Council and City management are responsible for overseeing internal control,
3. City management will develop and maintain organizational structures and ensure staff accountability,
4. The City should commit to attracting and retaining competent employees, and
5. The City should hold individuals accountable for their internal control responsibilities.

Further details can be found on the GFOA website here: https://www.gfoa.org/materials.

Specific internal controls related to accounting procedures discussed in this manual will be described in each relevant section as appropriate. The Assistant City Manager / CFO shall develop additional internal control processes or financial procedures, if warranted, to ensure and maintain a strong internal control function. Any weakness in internal control and accounting procedures shall be addressed immediately by the Assistant City Manager / CFO, so a timeline to remedy improvement(s) can be established.

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Investigating Misuse of Funds

It is important to remember that all funds received by the City can only be spent on goods and services that benefit the City. They must be spent in accordance with the budget appropriations approved by the City Council. Under no circumstances can City funds be used for personal goods or services for non-City purposes, whether by use of a purchase order, direct payment, procurement card, or any other means.

Supervisors are required to review invoices and credit card purchases before submitting them to the Finance Department for payment. As part of this review, should there be suspicion that City funds were used to purchase personal items for non-City purposes, the Finance Department should be notified immediately for further investigation. Any misuse of City funds could subject an employee to disciplinary action, up to and including termination.

III. Manual Updating and Distribution

The following procedures will be used in updating the manual.

- Finance Department staff will review the manual annually in July to determine what should be updated, added, removed, or otherwise modified.
- Revisions to the manual will be presented to the City's Finance Commission for review prior to seeking final approval from the City Council.
- Email notification will be used for all manual additions and updates and will reference the updated sections.
- The email notification will be sent to everyone on a distribution list to be maintained by the Finance Department

Availability of Manual

This Policies and Procedures Manual is uploaded to the City of South Pasadena's Shared Drive.

IV. Finance Staff Positions

List of Positions

The Finance Department has eleven full-time equivalent (FTE) positions as part of the FY 2025-2026 budget, as listed below.

- Department Head
    - Assistant City Manager / CFO
- Management
    - Accounting Manager / Controller,
    - Budget and Purchasing Manager,
    - Information Technology and Systems Manager

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    - Procurement Contracts Administrator
- Full-Time Staff
    - Accountant,
    - Accounting Technician
    - CIP Analyst
    - Management Analyst
    - Management Assistant
    - Senior Accountant

Note: As authorized staffing changes, this page should be updated.

The City also has an elected City Treasurer. The City Treasurer maintains an autonomous role for oversight and decisions relating to investment and safekeeping of City funds, is independent of the City Council, and is elected at large by the electorate. The City Treasurer works with Finance Department staff regarding investments, banking, and cash flow. In addition, the Treasurer certifies the monthly investment report and meets with the City's Finance Commission. The Assistant City Manager / CFO is the point of contact for the City Treasurer.

V. Major Functional Responsibilities and Duties, including Qualifications

This section contains the major functional responsibilities and key tasks and activities for each of the positions in the Finance Department (as of XXXX). Please see the qualifications for each of the designated positions below in their official job description(s) as found on the City's website at Human Resources South Pasadena, CA (southpasadenaca.gov).

Table 1. Major Responsibilities and Key Duties

Position Title	Responsibilities and Duties
Assistant City Manager / Chief Financial Officer (CFO)	Under the general direction of the City Manager, the Assistant City Manager/Chief Financial Officer leads the activities and operations of assigned departments. Provide highly responsible and complex financial and administrative support to the City Manager. • Oversee assigned programs and administrative support functions; manage the operations of the City Manager's Office and Finance Department. • Develop, plan, recommend, and implement Citywide financial strategies and activities related to the administration of investment, financing, and banking/operational programs.

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	• Direct, oversee, and participate in the development of the Finance Department's work plan • Supervise and participate in the development and administration of the City and Finance Department's annual operating budget and capital improvement budget; monitor and approve expenditures; implement mid-year adjustments. • Develop and implement long and short-term strategic plans in support of department and City-wide goals and objectives. • Oversee the preparation of documentation related to the refinancing of existing debt and the issuance of new debt; direct the preparation of financial reports as required by law; • Review, evaluate, and recommend improvements to the City's administrative and financial internal control systems and procedures and ensure audit compliance. • Oversee the general accounting functions of the City; provide financial support and assistance to City departments; ensure compliance with internal controls and standard accounting practices. • Serve as Acting City Manager in the absence of the City Manager.
Accounting Manager / Controller	Under the general direction of the Assistant City Manager / CFO, the Accounting Manager / Controller manages, plans, directs, supervises, and oversees activities related to the City's accounting processes, financial operations, and payroll procedures. Provides accounting services and instruction to City departments and ensures fiscal accountability. • Assists in managing, coordinating, planning, and facilitating the accounting operations of the Finance Department and accounting operations; • Manages the City's general and subsidiary accounting ledgers and systems, monthly and annual closings, trials balances, property/inventory control, budget control, project accounting, grant financial management, and financial reporting.

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	• Develops responses to all internal and external audit findings and recommends corrective action. Ensures corrective action is taken regarding these responses. • Keeps current with Governmental Accounting Standards Board (GASB) pronouncements and implements new standards; ensures compliance with provisions of Federal, State, County and City statutes relating to financial matters. • Oversees and performs banking operations, inclusive of bank reconciliations, and interacts with financial institutions and agencies to maintain City banking relationships. • Manages the accounts payable, accounts receivable, payroll, and other accounting divisions of the department. • Performs financial planning activities related to investment analysis, sources and uses of funds, accounting, and debt administration. • Analyzes, reviews, and prepares complex financial statements and reports; draws conclusions and makes recommendations; submits mandated reports to regulatory and grant agencies; ensures compliance with laws, codes, and regulations governing regulatory and municipal accounting. • Responsible for completing the State Controller's Report, the Annual Comprehensive Financial Report (ACFR), and preparing other annual financial reports; coordinates the annual financial audit with external auditors. • Performs other related duties as assigned.
Budget and Purchasing Manage	Under the general direction of the Assistant City Manager / CFO, the Budget and Purchasing Manager manages, plans, directs, supervises, and oversees activities related to the City's budgeting processes, financial operations, and purchasing procedures. Provides budget and fiscal analysis for the City departments. • Oversee and develop the annual budget, mid-year budget analysis, and develops the final City budget.

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	• Directs and supervises the daily operations of the budget division; reviews and monitors fiscal aspects of City projects, programs and departmental budgets; reviews and/or participates in the preparation of all budget amendments. • Develops and maintaining financial forecast models; develops monitors and revises revenue and expenditure forecasts; review and analyze economic forecasts as part of the City's fiscal position; monitor and prepare reports on economic trends that effect the City • Examines and approves all purchasing documents and transactions • Recommends and coordinates implementation of procedures and policies for the effective management of salvage properties; develops and implements plans of disposition. • Coordinates, implements, monitors and evaluates the administration of procurement and purchasing; assists in the department's formulation of pricing and procurement objectives and strategies. • Evaluates internal controls, policies, programs, operations, and implements and enforces internal budget and purchasing controls. • Performs financial planning activities related to budget analysis, extensive budget planning, and forecasting. • Analyzes, reviews, and prepares complex financial statements and reports; draws conclusions and makes recommendations; submits mandated reports to regulatory and grant agencies; ensures compliance with laws, codes, and regulations • Provides financial data, financial information, and guidance to other City departments; provides timely and accurate monthly reports to the Departments. • Supports the general operations of the Finance Department.
Information Technology & Systems Manager	Under general supervision of the Assistant City Manager/CFO, the Information Technology & Systems Manager will oversee all citywide IT systems through a

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	contracted managed service provider (MSP) and act as the City's go-to technology expert for leadership and departments alike. • Evaluate and manage IT planning, vendor management, cloud systems, municipal applications, and cybersecurity. • Oversee the execution of the City's IT infrastructure while driving innovation across departments. • Manage the daily IT operations and oversee the service provider by overseeing vendor performance, aligning services with City priorities. • Develop IT policies, standard operating procedures, training materials, and a strategic roadmap that guides major projects—such as the ERP system upgrade, full cloud migration, network modernization, and enhanced cybersecurity initiatives. • Primary liaison between internal stakeholders and technology vendors, ensures that department needs are clearly understood and addressed. • Provides strategic execution of the City's IT infrastructure across all departments.
Procurement Contracts Administrator	Under the direction of the Budget and Purchasing Manager, the Procurement Contracts Administrator performs a wide variety of purchasing tasks including but not limited to the purchasing of goods and services such as materials, equipment, tools, parts, supplies and professional services; to consult with and assist department staff with purchasing procedures and needs; and to assist with the administration of purchasing rules, regulations, processes and procedures. • Review and process requisitions for accuracy and availability of funds, and prepare purchase orders; determine the appropriate method of procurement, such as direct purchase, request for proposal, or formal bid. • Perform all aspects of the procurement process for the department, including but not limited to gathering and comparing information regarding price, quality, availability, and related information for

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	varied services, equipment, and materials. Process requests for proposal and conduct formal bids. • Assist in administering purchasing rules, regulations, process, and procedures; coordinate purchasing activities with other departments and with outside agencies; maintain records of items purchased, costs, delivery, and purchasing reference files. • Conduct special studies and surveys, as requested; Interview vendors in person or by telephone to obtain information related to product, price, and availability of product, service, and delivery date. • Consult departmental representatives regarding special projects, purchasing needs, procedures, complaints, and concerns. • Provide training to departments on purchasing procedures. • Perform related duties as assigned.
Accountant	Under the general supervision of the Accounting Manager / Controller, performs a variety of professional-level payroll functions in the preparation and maintenance of financial records, reports, and statements • Prepares and coordinates City payroll; reviews, codes, and enters bi-weekly time sheets; prints checks, distributes checks, and runs payroll reports; prepares deduction payments for garnishments, prepares quarterly tax reports, and W-2's. • Prepares and coordinates retirement reports for the City. • Performs advanced and complex professional-level tasks related to accounting and financial analysis related to payroll. • Performs analyses on various accounts as needed for audit and other purposes; assists managers and auditors in the preparation and completion of various financial audits. • Monitors payroll activities; posts and maintains financial records for various accounts and funds; provides analysis of other financial reports as required;

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	• Prepares, when requested, month-end, quarter-end, mid-year, and end-of-year budget documents; makes adjusting and closing accounting journal entries; participates in preparing year-end audit schedules; and participates in the preparation of financial statements. • Builds databases and spreadsheets of financial, budgetary, and other data at an advanced level of complexity. • Assists in the preparation of reports and recommendations for various financial projects assigned. • Prepares clear, concise, and comprehensive financial analyses and prepares financial reports to illustrate the results of those analyses. • Assists in performing research projects; assists in developing new processes or procedures as deemed necessary; researches and answers technical questions.
Accounting Technician	Under general supervision Accounting Manager / Controller, performs a variety of bookkeeping and complex clerical accounting duties involving transactions for accounts payable, accounts receivable, and payroll; assists with maintenance of the general ledger and bank reconciliations; provides technical assistance and instruction to clerical staff; and performs other related duties as required. • Processes purchase orders and invoices for payment; organizes, prepares, and codes invoices; maintains vendor list; prepares quarterly sales tax report; updates fund accounting; prepares warrant report for City Council; processes 1099's. • Verifies and records daily receipts of funds; prepares bank deposit; runs various reports to analyze and detect errors; balances total receipts to computer reports; interfaces utility payments to the utility system and other payments to fund accounting. • Reconciles various City bank accounts to general ledger.

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	• Prepares month-end journal and general ledger entries; processes budget amendments; • Assists with preparation of financial reports; performs research for various projects. • Relieves clerks performing cashier function as required; backs up other accounting functions.
CIP Analyst	Under the general direction Budget and Purchasing Manager, the CIP Analyst performs a wide variety of complex, analytical, capital improvement management, financial management, and administrative duties as they relate to the capital improvement program and budget preparation and development. • Plans, organizes, and coordinates meetings with departments throughout the organization to develop new projects, determine budget carryovers, and future projects. • Monitors and manages existing funds for the CIP to meet established goals and objectives; analyzes assigned budget and CIP submissions, program workload estimates, and unit costs. • Plans and coordinates newly funded projects for review with appropriate management staff as part of the CIP budget and approval process; meets and maintains established CIP schedules. • Monitors and reviews project status and financial activities of the project aspects and reviews for compliance. • Ensures that all performance targets are met, tracks budget adherence, and monitors the project through completion; • Ensures accuracy and clarity in communicating project standards and strategic goals; evaluates and proposes adjustments of future projects to funded projects based on need or funding opportunities. • Monitors to ensure that objectives are met and projects are completed on time and on budget. • Maintains regulatory compliance by keeping current on industry trends, regulations, and issues.

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	• Identifies areas of concern for management review and potential action. • Reviews, tracks, and assists with the implementation of proposed projects, identifies funding, and resources to help develop assigned components of the Infrastructure Capital Improvement Plan. • Perform related duties and responsibilities as required.
Management Analyst	Under the general supervision of the Budget and Purchasing Manager, the Management Analyst performs a wide variety of complex analytical, general operations, and administrative support activities within the Finance Department. • Depending upon assigned department, a person in this position performs many of the following responsibilities and job duties, including assisting in the development and implementation of policies, programs, and procedures through research and analysis. • Manages or completes a variety of projects involving research and analysis. • Coordinates administrative activities for a variety of programs. Makes recommendations on policy procedures, workflow, employee training needs, and other work-related projects. • Interfaces with other city departments, outside auditors, and agencies. Assists in administering citywide programs and projects. • Analyzes and interprets data collected and prepares periodic or special reports. Prepares written reports, visual aids, letters, contracts, and other written documents and computerized reports as needed. May make verbal and written presentations to the City Council and to other public and private groups. • Coordinates interdepartmental activities and issues as directed. Answers questions and provides information to City staff and the public regarding city policies, procedures, and contracts.

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	• Conducts surveys, performs research and statistical analyses on administrative, fiscal/budgetary, personnel, and operational problems. • May serve as a representative or staff on committees, review boards, and management study teams. Serves as Commission Secretary for the Finance Commission. Represents the City with other governmental agencies and community groups as assigned. • Coordinates committee activities, meetings, related responsibilities and assigned projects. • Participates in formulating, implementing, and administering annual operating budgets, including recommendations for budget adjustments as necessary; assists staff in the analysis of monthly and periodic budget and expenditure reports, including researching variances. • Prepares clear, concise, and comprehensive financial analyses and prepares financial reports to illustrate the results of those analyses.
Management Assistant	Under general supervision Accounting Manager / Controller provides primary support for a department or division, performing a wide range of secretarial and clerical work. • Assists management in the following areas: basic research, studies, surveys, and data gathering; implementation of policies, procedures, and practices; monitoring and coordination of the daily operation of assigned project; planning and administering City events and special projects; processing of department invoices and purchase orders; responding to departmental and residents' inquiries; monitoring of contract compliance. • Supports payroll operations, manages the front offices, provides support for utility billing services, reviews contractor reports, and manages the retention schedule of the finance department.
Senior Accountant	Under the general direction of the Accounting Manager-Controller, the Senior Accountant performs a variety of responsible professional accounting work for the City

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	including the maintenance, compilation, and review of various financial records. Assists in developing and installing accounting systems; and prepares accounting and auditing reports. • Perform complex professional accounting and budgetary work involved in establishing, analyzing, auditing, reconciling, and maintaining financial records in support of designated programs or an assigned division or department; ensure financial activity of assigned accounts complies with applicable laws, codes, rules, regulations, policies, and procedures. • Provide administrative support in the planning, development, review, analysis, and implementation of designated budgets and accounts; monitor, evaluate, and reconcile accounts related to assigned funds and budgets; prepare income and expenditure projections to assist with budget preparation as directed; analyze program and project costs and provide recommendations concerning budgetary allocations as assigned. • Prepare and audit a variety of financial, statistical and budgetary reports, statements and records related to income, expenditures, reconciliations, budgets and assigned accounting functions; review and analyze financial statements, records and reports to ensure accuracy, completeness and compliance with established guidelines, procedures in accordance with Governmental Accounting Standards Board (GASB) and Generally Accepted Governmental Auditing Standards (GAGAS). • Perform duties in the maintenance and analysis of General Ledger Accounts and other subsystems such as accounts payable, accounts receivable, payroll, inventory, and fixed assets. • Calculate, post, audit, and adjust journal entries; update accounts to reflect revenue and expenditure; audit accounts for errors and make appropriate adjustments; reconcile various fiscal statements to ensure accurate fund accounting; ensure financial

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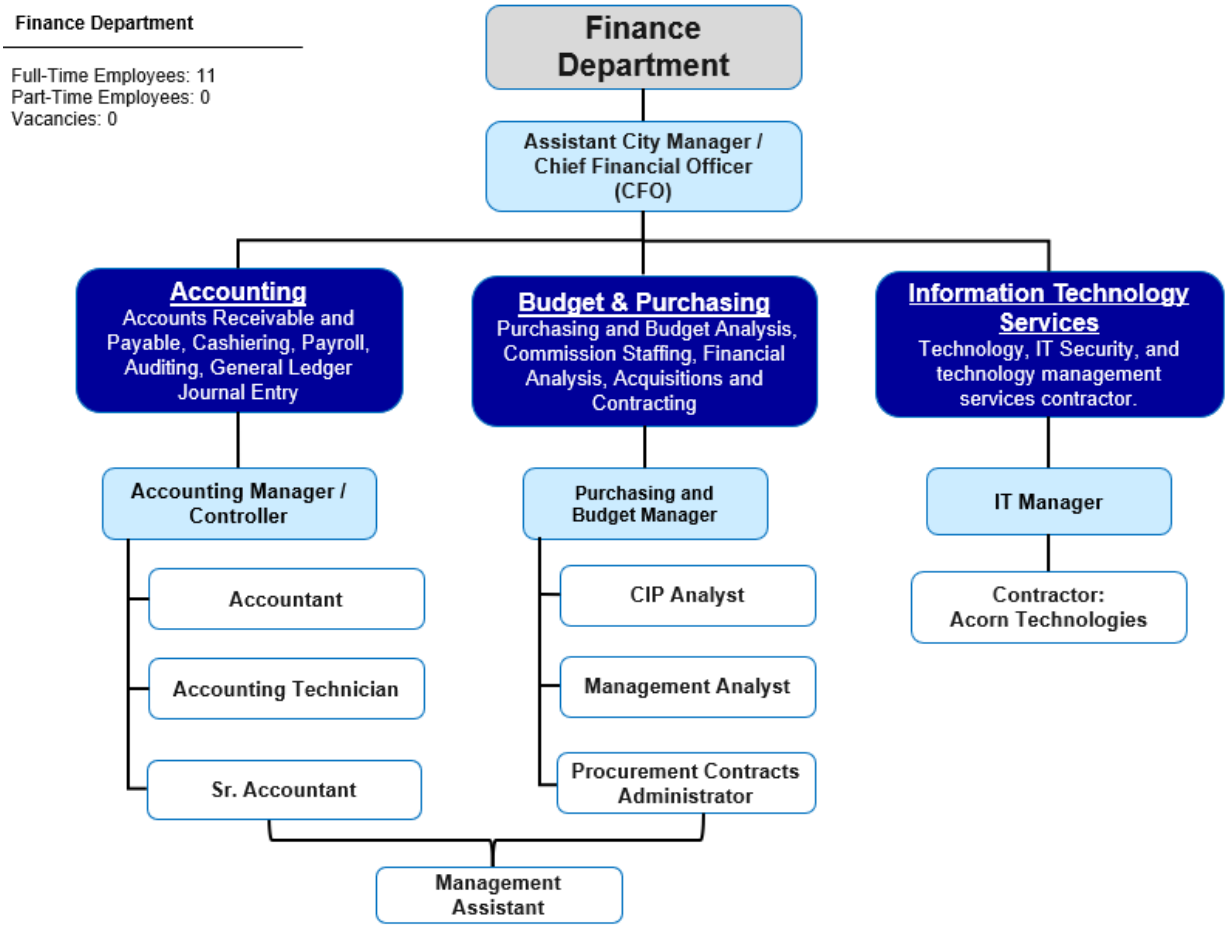
	statements and cash amounts match organizational records as assigned; initiate account transfers and other transactions as needed. • Train, supervise and evaluate assigned personnel; assign employee duties and review work for accuracy, completeness and compliance with established requirements; provide input concerning employee evaluations as requested; interview and select employees. • Monitor and assess accounting and budgetary systems, techniques and procedures for financial effectiveness and operational efficiency; monitor various grants, expenses and grant fund disbursements. • Provide recommendations concerning the development and implementation of policies, procedures, techniques and systems to enhance fiscal accuracy, operational efficiency, financial effectiveness and compliance with established requirements. • Communicate with personnel, governmental agencies and outside organizations to exchange information, coordinate activities and resolve issues or concerns. • Maintain current knowledge of laws, codes, rules, regulations and pending legislature related to assigned accounting functions. • Perform other related duties and responsibilities as required.

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Functional Organization Chart

The Finance Department's current organization chart is provided in Figure 1 below.

Figure 1. Finance Department Organization Chart



Purchasing

I. Introduction

The purpose of this section is to provide information for procuring goods and services consistent with adopted policies and procedures and best practices. This section is intended to provide sufficient information to enable employees to fully understand and comply with City purchasing policies and to effectively participate in the purchasing system. This system was adopted to:

- Establish efficient procedures for the purchase of goods and services at the lowest possible cost commensurate with the quality needed
- Exercise positive control over purchases
- Clearly define authority for the purchasing function
- Ensure the quality of purchases

The City's purchasing system is codified in Articles XI (Purchasing) and XIII (Awarding Public Works Contracts) of Chapter 2 (Administration) of the South Pasadena Municipal Code (Municipal Code).

The City's purchasing policy places an emphasis on competitive bidding to ensure best value in exchange for public funds, to facilitate fair and open competition, and to uphold the integrity of the purchasing system. However, there are alternatives to competitive bidding that may be used if appropriate, as explained in the Purchasing Related Programs, Procedures and Requirements subsection below.

II. Purchase Categories

City purchases generally consist of the following categories and different procurement methods may apply:

- **Goods**
  The purchase of goods consists of materials, equipment, and supplies needed by any department, including those items purchased with City funds and furnished to contractors for use with public projects. For contracts providing a mixed procurement of goods and services, the Purchasing Agent shall make a determination which category shall apply based on the circumstances related to that procurement.
- **Services**
  City staff may require contracts for services, which fall into two categories:
    - General Services: General services are defined as services rendered by independent contractors such as custodial, building/equipment maintenance and machinery/ equipment rental (excluding public project construction).
    - Professional Services. Professional services are those rendered by engineers, architects, accountants, attorneys, doctors, consultants, and other

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individuals or businesses with specialized scientific, expert, technical or other similar skills.

- Public Works Projects. Public works projects pertain to the construction, alteration, repair, painting, or improvement of any publicly owned, leased or operated facility, structure, building, road, or other public improvement of any kind, including demolitions, the construction and installation of drainage systems, lighting and signaling systems, sewer and water systems, and park and recreational facilities. (see Pub. Contract Code sec 22002(c)). Public works projects are awarded in accordance with Article XIII commencing with section 2.99-34 and the requirements of the Uniform Public Construction Cost Accounting Act (CUPCCAA, Public Contract Code sections 22000 et seq.)
- Maintenance required to preserve a public improvement is not considered a public work. (See Pub. Contract Code sec 22002(d)).

III. Purchasing Authorities, Roles and Responsibilities

The South Pasadena Municipal Code establishes the following authorities, roles and responsibilities associated with the purchasing system.

Purchasing Agent

The Assistant City Manager / CFO is designated as the Purchasing Agent and may delegate purchasing responsibilities to another staff person. The Purchasing Agent is responsible for:

- Contracting for quality equipment, supplies, and general services at the least expense and best quality to the City
- Where competitive bidding is required, ensuring that it is conducted with full and open competition and in full compliance with applicable law
- Where competitive bidding is not required, ensuring that the City's procurement of services is undertaken in a fair and transparent manner, based on demonstrated competence and qualifications, at a fair and reasonable price
- Preparing and recommending purchasing policies and procedures in accordance with established best practices
- Prescribing and maintaining forms necessary to effectively administer the purchasing system
- Keeping informed about procurement trends, market conditions, and new products to maximize value
- Overseeing the disposal of surplus equipment and supplies that have become unsuitable for City use

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Other City Departments

To ensure that the purchasing system is efficiently and effectively administered, staff in City departments are responsible for:

- Preparing cost estimates of their purchase requirements.
- Clearly identifying procurement needs and funding availability.
- Submitting accurate and concise purchase order requisition forms.
- Preparing and maintaining bidder's lists, as requested or required.
- Soliciting and evaluating bids and proposals as required.
- Inspecting goods delivered and/or services performed in a timely manner to verify conformance with bid specifications and contractual obligations.
- Authorizing payment for conforming goods and/or services.
- Reporting surplus property to the purchasing agent for disposal.

Ability to Legally Bind the City

To exercise positive control over purchases using public funds, the ability to legally bind the City (award contracts, sign written agreements on behalf of the City, and approve purchase orders) is limited to the City Council, City Manager, Assistant City Manager / CFO (Purchasing Agent) and department directors, in accordance with the purchase types and dollar thresholds in accordance with Section E (Competitive Bidding and Contract Award Thresholds) below

Unauthorized Purchases

Purchases not approved by the designated award authorities are unauthorized and do not constitute a valid charge against City funds. The City is under no obligation to pay vendors for unauthorized purchases, and employees who make or authorize such purchases without proper authority will be subject to disciplinary procedures in accordance with the City's personnel policies, may be subject to criminal sanction, and may be required to provide reimbursement.

Encumbrance Requirement

Except in cases of emergency, or as approved by the City Manager, and later ratified by the City Council, the Purchasing Agent cannot issue a purchase order for goods or services purchased unless there is a sufficient budget appropriation against which the purchase would be charged. Emergency transactions may be subject to Public Contract Code Sections 1102 and 22050.

IV. Ethical Conduct

All employees are responsible for impartially ensuring fair competitive access to procurement opportunities by responsible suppliers and contractors. City officers and

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employees are prohibited from having financial interests in contracts made by them or by any board or body of which they are members. (Gov. Code sec. 1090). Additionally, all employees will conduct themselves in a manner that avoids any impropriety or appearance of impropriety and that fosters the highest level of public confidence in the integrity of the City's purchasing system.

1. Code of Conduct and Conflict of Interest. No employee shall participate in a procurement when the employee knows:
    a. The employee or employee's spouse, domestic partner, dependent relative (dependent child, stepchild, parent, or stepparent) will benefit financially from the procurement, and/or
    b. The employee or employee's spouse, domestic partner, dependent relative (dependent child, stepchild, parent, or stepparent) is negotiating or has an employment arrangement contingent on or will be affected by the procurement.

Upon discovery of an actual or potential conflict of interest, an employee shall immediately withdraw from further participation in the procurement. Notwithstanding the forgoing, nothing in this policy shall invalidate the common law rule of necessity, or the statutory exceptions of remote interests and non-interests as expressed in Gov. Code sec. 1091 et seq.

2. Gifts and Gratuities. No City employee shall solicit, demand, accept, or agree to accept a gift of goods or services, payment, loan, or employment offer presented, promised in return for, or in anticipation of favorable consideration in a City procurement. Unsolicited gifts sent to City employees by prospective or existing vendors shall follow the reporting requirements for public officials established by the California Fair Political Practices Commission (FPPC) (https://www.fppc.ca.gov/)
3. Conduct with Vendors. Conduct with vendors who provide goods or services to the City shall be fair, open, and transparent. City employees must refrain from showing favoritism to vendors, safeguard confidentiality when required, and select vendors only on the basis of appropriate and fair criteria.

V. Competitive Bidding and Contract Award Thresholds

The City has established the competitive bidding and contract award thresholds shown in Table 2 below.

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Table 2. Competitive Bidding and Contract Award Thresholds*

Purchasing Category	Estimated Value	Method	Award Authority
Goods and/or General Services	Up to $2,500	Written quotations are encouraged but not required	Department Head
	$2,501 to $10,000	Written quotations	Department Head
	$10,001 to $30,000	Written quotations	Purchasing Agent
	Greater than $30,000	Sealed bidding	City Council
Professional Services (Architects and Engineers)	Any Value	Qualification-based selections**	City Manager (up to $30,000) City Council (greater than $30,000)
Professional Services (Other)	Any Value	If three (3) bids are not obtained, a justification of selection must be provided.	City Manager (up to $30,000) City Council (greater than $30,000)
Public Works Projects	In accordance with the values and methods pursuant to CUPCCAA, Public Contract Code sections 22000 et seq. and Article XIII commencing with section 2.99-34.		City Manager (up to $75,000) City Council (greater than $75,000)

*Note: Award thresholds to be reviewed annually to account for changes in the economy and ensure consistency with industry trends.

**Note: Qualifications Based Selection methods are explained in the Best Value Procurements section below.

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Prohibition on Splitting

Purchases of goods and services cannot be split or separated into smaller components to avoid the City's competitive bidding requirements or more rigorous purchasing procedures. The only exception to this requirement would be to comply with diversity and inclusion goals required by federal or state grants.

Competitive Bidding Procedures

Whether soliciting price quotations or conducting sealed bidding, it is a best practice to provide notice in a timely manner to as many qualified bidders as possible to ensure fair and open competition. It is the policy of the City that a minimum of three quotations must be solicited whenever possible.

If less than three quotes are received, the using department must provide a written explanation with the purchase requisition to the awarding authority that good faith efforts were made to obtain the required number of quotations. The requisition must also include documentation of the good faith efforts, i.e., vendor “no bid” response, email(s) sent to prospective vendors, etc.

The competitive bidding dollar thresholds shown below apply specifically to goods and general services as defined above. While professional services are exempt from competitive bidding under the City’s purchasing policy, proposals should be solicited from at least three sources to ensure best value and/or to comply with federal or state law as required.

Purchases up to $2,500

For purchases up to $2,500 for goods and/or general services, written quotations are not required but are strongly encouraged. The award authority is granted to the Department Director.

Purchases Between $2,501 and $10,000 Department Directors (Open Market Procedure) For purchase of goods and /or general services between $2,501 and $10,000, written quotations are required. Written quotations must be submitted to the Department Director, and routed to the Purchasing Agent for final verification. The award authority is granted to the Department Director.

Purchases Between $10,001 and $30,000 Purchasing Agent

For the purchase of goods and/or general services between $10,001 and up to $30,000, written quotations are required, to be solicited by written notice inviting quotations. Written quotations will be reviewed by the Purchasing Agent for final verification. The award authority is granted to the Purchasing Agent.

Purchases Greater than $30,000

Purchases greater than $30,000 for goods and general services require sealed bidding using the City’s standard bidding template(s) and associated product specifications and/or scope of services. All purchases greater than $30,000 must be approved by the City Council, after having been reviewed and authorized to proceed by the Assistant City Manager / CFO, Purchasing Agent, and City Manager.

Notification to prospective bidders must be provided by issuing a notice inviting bids. This must be published at least ten days before the bid due date in a newspaper of general circulation in the City. The notice inviting bids must include the following:

- General description of the items to be procured
- Information on how to obtain the bid document and associated specifications

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Time And Place for the Bid Opening

Bid Submission

Bidshall be issued and submitted electronically through PlanetBids. Vendors are required to register with the City of South Pasadena using the City's Vendor Portal, available on the City's website. to access solicitation documents and to submit bids. Bid results will be published on PlanetBids. No paper or alternate electronic submissions will be accepted for solicitations published on PlanetBids.

Bidder's Security

When required, bidders must submit a bid security (bid bond) in an amount not to exceed 10% of the bid price, in further accordance with the instructions to bidders in the City's standard bidding template(s). A bid bond is a guarantee by a bidder that they will execute a contract if deemed to be the lowest responsive and responsible bidder. This entitles the City to compensation if the low bidder fails to execute a contract and the City must award a contract to a higher bidder

Lowest Responsible Bidder

Contracts resulting from competitive bidding will be awarded by the appropriate award authority based on the lowest responsible bidder who submitted a bid that was responsive to the solicitation request. A bid is responsive if it meets key solicitation requirements; minor defects may be waived by the Purchasing Agent.

A responsible bidder has the proven ability, capacity, experience, and skill to supply the required goods or services.

Best Value Procurements

Some procurements may require the use of a best value process where factors such as vendor qualifications and/or product or system functionality are evaluated in addition to bid pricing. This means that a higher price can be paid for goods and/or services if the overall best value to the City can be justified.

When using the best value procurement method, the solicitation documents must include descriptive information that explains the evaluation process and criteria being used to award a contract. This type of solicitation is typically done using a request for proposals (RFP) process.

Note: When conducting a best value solicitation, the submitted proposals are not publicly opened, and information on pricing is not read aloud (the evaluation process is confidential until a contract is awarded).

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Qualifications Based Selection Process

Federal and state laws require that contracts for professional services provided by architects, engineers, land surveying and construction management firms be awarded based on demonstrated competence through a Qualifications Based Selection (QBS) process (see Section 4525 et. seq. of the California Government Code or its federal counterpart for federal aid projects, the Brooks Act). Such services shall be obtained at a fair and reasonable price. Staff will ensure that services are engaged based on demonstrated competence and qualifications for the types of services to be performed.

Payment and Performance Bonds

Depending on the type of goods and/or services being procured, payment and/or performance bonds may be required. A payment bond ensures that the prime contractor pays its subcontractors. A performance bond guarantees contractor performance in accordance with the City's specifications and contract terms and conditions. Bonds are typically set at 100% of the bid price.

If bonding is required, the bond form(s) and specified amount must be described in the notice inviting bids and sample forms included in the solicitation document.

Bidder's Lists

Establishing and maintaining lists of prospective bidders can be an effective way of facilitating open competition for planned purchases of goods and services where open market procedures and/or sealed bidding is required. Using departments are encouraged to establish/maintain such lists where it makes sense to do so. In any event, using departments should keep records of prospective bidders who contact the City to specifically request being included on a bidder's list for future business opportunities. The department should review and update the bidder's list annually. Given the City's participation in CUPCCAA, the Public Works Department is required to establish and maintain lists of qualified contractors, identified by category of work, and provide notice to them of bidding opportunities for construction projects. This is accomplished through the use of PlanetBids.

Recordkeeping

Using departments must retain bid documents in accordance with the City's records retention schedule.

VI. Purchasing Related Programs, Procedures, and Requirements

This section of the manual includes information on purchasing-related programs and procedures.

Purchase Requisition and Purchase Order Required

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Unless procured by City-issued purchasing card, all purchases of goods and services greater than

$2,500 requires the submittal of a properly completed purchase requisition form and approval of a purchase order by the Purchasing Agent. The Purchasing Agent shall develop workflow processes.

Use of Blanket Purchase Orders

Blanket purchase orders are term contracts (usually for one year) for goods and/or services that can be purchased as needed throughout the year, as opposed to purchase orders that are used for one-time purchases. Blanket purchase orders are typically used for operational supplies such as hand tools, equipment, parts for equipment, etc., but can also be evaluated for other supplies that are required by using departments.

Local Vendor Purchasing Preference

Purchases from South Pasadena vendors are strongly encouraged where competitive prices and quality are apparent. When general funds are used for a purchase, local (in-city) vendors will be given a five percent preference of the quoted price. The cost of doing business in the City of South Pasadena is acknowledged to be considerably higher compared to the cost of doing business outside of the city. A further rationale for local preference is that one percent of the sales tax on most acquisitions returns to the City General Fund as revenue, effectively reducing the procurement cost.

Cooperative Procurements (“Piggybacking”)

The use of cooperative purchasing programs is encouraged to obtain goods and/or services by aggregating volume, securing value pricing and reducing administrative overhead. Cooperative purchasing methods generally include the use of another public entity’s (local or state) competitive bidding process to establish a contract with that agency’s awardee (also known as “piggybacking”).

Additionally, there are numerous regional and national purchasing cooperatives that offer cost free memberships to access databases of available goods and/or services. Examples of state contracts and purchasing cooperatives include:

- California Multiple Award Schedules (CMAS) of the Department of General Services (DGS),
- OMNIA Partners, Public Sector (formerly U.S. Communities),
- Sourcewell (formerly National Joint Partners Alliance),
- NASPO ValuePoint (formerly WSCA-NASPO, or the Western States Contracting Alliance- National Association of State Procurement Officials), and
- nppgov (national cooperative based in Seattle, WA)

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Non-competitive Procurements

Non-competitive procurements represent purchases made without competitive bidding where it may otherwise be required. Examples of such procurements are provided below.

- Sole source: A sole source procurement represents a purchase that can only be obtained from a single source.
- Single source: A single source procurement represents a purchase that can be obtained from more than one source, but a decision is made to source the purchase based on compelling factors such as price/value, degree of specialization or technical expertise, or product standardization.
- Cooperative procurements: Cooperative purchases leverage competitive bidding conducted by another agency, as specified above.

The City Manager or designee may authorize the purchase of goods and services up to $30,000 without competitive bidding if it is in the best interest of the City. The purchasing department must provide a written description explaining why competitive bidding is not in the City's best interest. Sourced purchases of goods and services greater than $30,000 must be approved by the City Council.

When submitting a purchase requisition for a sourced purchase, using departments must provide a written justification that explains why the procurement cannot be competitively bid.

Procuring Goods or Services During Emergencies

Emergency events that pose threats to life or property may require immediate purchases without complying with competitive bidding or other policy requirements. Requirements for making purchases in emergency situations are contained in Articles XI (Purchasing) and XIII (Awarding Public Works). Emergency contracts may be subject to Public Contract Code Section 1102 and 22050.Emergency Situations.

(a) If the City Manager determines there is an emergency situation that gives rise to the need to procure goods, supplies, equipment or services, the City Manager is authorized to expend City funds without limitation on amount and without following the purchasing or bidding procedures otherwise required by this article. An emergency purchase shall be limited to those goods, supplies, equipment, or services necessary to satisfy the emergency.

(b) Expenditures made in an emergency, as determined by the City Manager, must be reported to the City Council for ratification at the next regular Council meeting, or as soon as is reasonably possible given the nature of the emergency, if approval for such expenditures would otherwise have been made by the City Council.

(c) As used herein, an “emergency situation” is defined as an urgent or sudden unforeseen situation that threatens life, property, essential services, or general public health and safety and demands immediate action.

Note: During declared disasters where the City may seek reimbursement from the Federal Emergency Management Agency (FEMA), many purchases must be procured using competitive bidding methods as established by the granting agency.

Environmentally Preferable Purchasing

In seeking to encourage the preservation and improvement of the environment, the City is establishing an Environmentally Preferable Purchasing Policy (EPP). The overall objective of the EPP is to help ensure that City purchases:

- Conserve natural resources,
- Minimize environmental impacts such as pollution and use of water and energy (Energy Star and Low Emission Vehicles),
- Strive to procure electric vehicles whenever reasonably feasible regarding its intended function,
- Eliminate or reduce toxins that create hazards to workers and the community,
- Support strong recycling markets (recycled content paper),
- Reduce materials that would otherwise go to a landfill, and
- Increase the use and availability of products that protect the environment.

Additional EPP Resources

The Procurement Division of the California Department of General Services (DGS), as the lead state agency for implementing EPPs at the state level, can be used as a resource for best practice information on "buying green."

City Purchase Cards

The City has established a purchase card program whereby authorized employees may use a City-issued credit card for small dollar purchases of certain goods and services costing less than $2,500. Use of purchase cards is governed by the City’s Purchase Card Use Policy.

Usage of a City-issued credit card is determined by the City Manager or Assistant City Manager / CFO based on operational need for employees who are granted purchasing authority. Cardholders are required to sign an agreement that acknowledges the obligation to comply with the purchase card and purchasing policies with the understanding that policy violations can lead to disciplinary measures, including termination of employment. Under no circumstances can the purchase card be used for personal purchases.

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Note: Purchase card transactions are reviewed each month by the Finance Department to ensure policy compliance. Additionally, the purchase card program is periodically reviewed by an independent party.

Detailed information such as allowable/prohibited uses, cardholder responsibilities, authorizations, conditions of use and penalties for incorrect use are provided in the Purchase Card Use Policy.

Amazon Business Account

The City has an online business account with Amazon to facilitate the purchase of goods and/or services costing less than $1,000 that are not available through other procurement means. Use of the Amazon business account is at the discretion of the Assistant City Manager / CFO to employees who are granted purchasing authority.

Account holders are required to sign an agreement that acknowledges the obligation to comply with all applicable City policies and procedures and will be subject to disciplinary procedures for policy violations, including termination of employment and/or criminal prosecution.

Prohibited uses include:

- Purchase of items for personal use.
- Splitting purchase transactions to circumvent policy requirements.
- Sharing the account with unauthorized users, and
- Failure to follow City purchasing policies.

Authorized account users must obtain transaction receipts and forward them, along with any required documentation, to the department head for approval.

Procurement Risk Management

Every purchase made by staff members carries an element of risk that must be mitigated using contract terms and conditions that limit liability and/or through insurance requirements that vendors must meet to conduct business with the City.

Insurance Requirements

Typically, insurance is required for general services and public works construction where contractors are working on City property or in rights-of-way. Insurance is also required for professional services contracts.

Insurance is not typically required for goods purchases, unless there is a services component that requires onsite work such as installation or ongoing maintenance, or for off-site services or memberships.

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The City Clerk is responsible for tracking insurance certificates and ensuring they are up to date. However, the using department responsible for procuring the services must ensure that insurance requirements are initially met when establishing a contract. This includes verifying that insurance certificates include policy endorsement pages and appropriately insure the City. Given that contract terms rarely match up with insurance coverage terms, the points of contact for service contracts must collaborate with the City Clerk to ensure coverage is always maintained.

Making Purchases that Utilize Federal Grant Funding

When purchasing goods and services that utilize federal grant funds, the City is required to follow the Uniform Guidance requirements contained in the Code of Federal Regulations at 2 CFR 200.318 through 327.

Disposal of Surplus Supplies and Equipment

Using departments are required to notify the Purchasing Agent when supplies and equipment are no longer needed or have reached the end of their useful life. With the concurrence of the Purchasing Agent, if the item is not reassigned to another department, the using department has the authority to dispose of the item consistent with the Surplus Disposal Methods found in the Fixed Assets section of this manual. City Manager approval is needed for the sale of any surplus items for which the estimated value exceeds $10,000.

Depending on the estimated dollar value and other factors, the Purchasing Agent may require surplus supplies or equipment to be competitively bid or publicly auctioned.

Surplus items with no salvage value shall be disposed of in a manner that salvages recyclable components if practical.

No surplus supplies and equipment shall be purchased by any City officer, employee, or agent, except at public auction conducted by a third party. Surplus items with no salvage value shall not be acquired by any City officer, employee, or agent, except at public auction conducted by a third party.

Notwithstanding the foregoing, upon the approval of the department head and City Manager, sworn public safety personnel may acquire service firearms and other equipment used in their service with the City may, at the time of retirement or time of end of useful life of such equipment, acquire such equipment at the then fair market value for such item, as determined by the Purchasing Agent.

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Accounts Payable

I. Introduction

The Accounts Payable (AP) function is responsible for processing vendor payments and printing checks in payment for goods and services purchased by the City. Depending on the nature of the purchase, different procedures may be required. For example, Accounts Payable makes payments from supporting documentation in the following forms:

- An invoice associated with a purchase order,
- An invoice without an associated purchase order (e.g., a utility payment), or
- A direct payment (such as a bond payment).

Regardless of the payment method, Accounts Payable must review all invoices and other payment-related documents in a timely manner to ensure that charges are legitimate and should be paid.

Additionally, except in cases of emergency, payments can only be made if there is a sufficient budget appropriation.

Appropriate documentation is essential, and payments will not be processed from packing slips, account statements, etc., without an associated invoice.

New Vendor Set-up

When doing business with a company or individual for the first time, it is necessary to set the vendor up in the financial system before a purchase order can be approved, or for an invoice to be approved when purchase orders are not required.

Using departments are responsible for providing the vendor with the City's standard Taxpayer Identification and W-9 Form letter (S:\A2 FREQUENTLY NEEDED DOCS\FINANCE Forms) and to obtain a completed W-9 form from the vendor. The completed W-9 form is then forwarded to Accounts Payable for entry into the Springbrook system.

The Finance Department must keep track of vendors that provide independent contractor services to the City so that Form 1099 can be issued on a calendar year basis for state and federal tax compliance. Form 1099 is issued to any vendor compensated more than $600 in a calendar year (increasing to $2,000 in calendar year 2026). The form is uploaded and digitally filed at fire.irs.gov by Finance staff.

Electronic Invoice Submittal Requirement

To reduce paper, the City has adopted a requirement that all invoices presented for payment must be sent electronically, i.e., paper invoices sent through the U.S. mail are not accepted. Invoices are typically sent as PDF files attached to emails.

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II. Accounts Payable Policies and Procedures

It is the policy of the City that only original invoices as initially received by using departments will be processed for payment. If an original invoice is not provided, then a written explanation signed by an authorized department supervisor is required to justify payment.

As referenced in the Purchasing section of this manual, goods and services purchases greater than

$2,500 requires a purchase order, with limited exceptions such as utility payments, rent/lease payments, or payments based on intergovernmental agreements. Every effort must be made by using departments to comply with this requirement.

Payments of Invoices Against a Purchase Order

The City's contracts and purchase orders contain payment terms and conditions that using departments must be aware of so that invoices can be received and paid in a timely manner. To facilitate payment efficiency, purchase orders issued to vendors contain instructions for including the purchase order number on the invoice. Purchase orders can also be routed digitally to vendors via Springbrook. However, vendors do not always comply with this requirement. Using departments should remind vendors of this requirement if invoices are routinely sent without a purchase order reference.

While it is a typical practice for vendors to email invoices directly to using department contacts, the Finance Department sometimes receives invoices directly. Invoices that are emailed directly to the Finance Department will be forwarded to using departments for processing.

Invoice Processing

Once invoices are received by using departments, they must be packaged for payment approval and entered into Springbrook. Departments are encouraged to create an AP Workflow Batch anytime there is more than one invoice to process. However, invoices should not be accumulated over a period to create a batch and should be packaged for payment approval within 48 hours of receipt. Detailed instructions on payment processing can be found in the AP Workflow Manual (S:\FINANCE\AP Workflow - Proof Lists and GL Reports\AP Workflow Training Manuals & Requisition Form Templates).

When creating an invoice approval packet, the following items are required:

- Cover sheet with all fields correctly filled out (S:\FINANCE\AP Workflow - Proof Lists and GL Reports\AP Workflow Training Manuals & Requisition Form Templates)
    - Vendor name

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    - Federal Tax ID number
    - Invoice number
    - Purchase order number
    - General Ledger (GL) account number
- Original invoice
- Necessary or required backup documentation

Once the using department enters the invoice packet into Springbrook, it is routed for internal approval to a manager, deputy director, or designee (if the position exists in the department), then to the Department Director or designee. (Payment authorization within Springbrook constitutes signature approval.) Once approved by the Department Director, the invoice packet is then routed to the Assistant City Manager / CFO for final approval.

Note: It is important that invoices are reviewed and approved in a timely manner. When the approval workflow has been generated, an automated email will be sent to the approver who has 96 hours to review the workflow before it expires, at which point a workflow must regenerated.

List of Authorized Approvers

For internal control purposes, the Finance Department maintains a list of citywide authorized payment approvers that is periodically updated to keep current. The list is maintained electronically in the Springbrook system.

Payments of Invoices without a Purchase Order

As specified above, most purchases of goods and services require competitive bidding or a sourcing justification and an associated purchase order. However, the following types of invoices can be paid without competitive bidding (unless otherwise required by law or authorized by management) or establishing a purchase order:

- Goods and/or services less than $2,500,
- Utility payments such as electricity and natural gas,
- Legal fees,
- Legal notices,
- Payments to other governmental entities,
- Postage,
- Dues and Memberships,
- Seminars and Workshops,
- Advertisements and Notices,
- Subscriptions,
- Insurance Claims and Premiums,
- Mileage Reimbursements,
- Travel and Conference Expenses,

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- Recreation Instructor Payments,
- Tuition Fees,
- Courier Delivery Services,
- Trade Circulars or Books,
- Medical Payments, and
- Real Property Purchase or Rental.

Invoice processing for these types of payments follows the same workflow for processing payments associated with purchase orders.

Direct Payments without an Invoice

In some instances, City staff make payments without a traditional invoice due to the nature of the payment being made. Examples of such payments include:

- Debt service payments,
- Payment of payroll withholdings,
- Refund checks for recreation services, and
- Lease and rental payments.

Purchasing Policy Compliance

When an invoice for goods and/or services greater than $2,500 is submitted, appropriate documentation must be provided that demonstrates compliance with the City's purchasing policy, as follows:

- If competitive bidding is required, written quotes or bids must be included and/or a bid log provided with the payment request.
- If a vendor other than the lowest bidder is selected, an explanation justifying the selection must be included in the invoice approval packet (typically a memo to the Assistant City Manager / CFO).

Examples include vendor selections made based on best value where allowed by law or policy; selections made in accordance with the City's local preference policy; and selections made because the low bidder's submitted bid/quote was not responsive to submittal requirements.

- If competitive bidding is not required, the invoice approval packet must include the appropriate exception to competitive bidding. This includes the items referenced above (utility payments, intergovernmental payments, etc.), as well as payments associated with professional services.

Note: Invoice packets that do not include required components will be returned to using departments for correction and resubmittal through the approval workflow process.

Note: City employees must make every effort to comply with purchasing policy requirements. If it is determined that a good has been received or service provided without complying with the City's purchasing policy, the using department

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must obtain authorization from the City Manager for the payment to proceed. Depending on the circumstances, City employees can be held personally responsible for payment to the vendor should they not comply with established procedures.

Preapproval Required for Check Disbursements

Currently, City staff pay many of the bills by issuing checks every other week to payees. This process requires the preapproval of the City Council before payments can be made (a warrant report with payee information is submitted by the City Manager to Council on a regular basis to ensure that payments are timely approved).

Prior to obtaining Council approval, a “check run” is performed to print the checks in sequential order. For internal control and efficiency purposes, all checks should be processed through this workflow, rather than requesting one-time or off-cycle check requests.

Allowable Prepayments

While every effort must be made to ensure that payments are made through the City’s warrant register workflow process, it may be necessary for the Assistant City Manager / CFO or City Manager to authorize prepayments before Council approval is obtained. These off-cycle payments are identified on the warrant register. Examples include payments that may accrue late fees or termination of services if not paid by the due date, urgencies such as debt service payments, payroll withholdings such as health insurance premiums and payroll taxes, and utility payments. In these rare occasions, all such requests must be sent to the Assistant City Manager / CFO in writing by the respective Department Director in the using department requesting the check and the reason(s) why the off-cycle check is warranted.

Check Preparation Requirements

To maintain effective internal control, checks shall only be prepared by persons independent of those who initiate or approve payments, as well as those who are authorized check signers. In addition to any other requirements established herein, all vendor and employee reimbursement checks shall be prepared in accordance with the following guidelines:

- Checks shall never be made payable to bearer or cash.
- Checks shall never be signed prior to being prepared, i.e., blank checks cannot be signed.
- Checks must be printed in numerical order. Total cash requirements associated with each check run must be reviewed in conjunction with available bank balance(s) prior to the release of checks to ensure sufficient funds are available to make payments.
- All vendors should be paid within 30 days of City receipt of accurate, undisputed invoices.

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- Timing of disbursements should be made to take advantage of early payment discounts offered by vendors.
- Checks will not be signed if supporting documentation is lacking or missing or if there are questions about a disbursement.
- Checks shall not be mailed by individuals who authorize expenditures.

Voided Checks and Stop Payment Requests

Checks may be voided due to processing errors by making proper notations in the check register and clearly marking the check as VOID. A journal entry is prepared for all voided checks via the Void Checks Module in Springbrook and retained on the Finance Drive in the Void Check folder.

If a check cannot be found, a stop payment request can be submitted to BMO Bank. An associated journal entry will be prepared via the Void Checks Module in Springbrook. The journal entries prepared to document voided checks and stop payments are necessary for accounting records and bank reconciliations.

Uncashed checks greater than 6 months old will be investigated to determine if a new check is to be issued or escheat the funds in compliance with State of California regulations.

Automated Clearinghouse (ACH) Payments and Wire Transfers

In keeping with best practice goals for reducing paper-based processes, the City makes nearly half of its payments through ACH and wire transfer processes. (The City's Taxpayer Identification and W-9 Form letter sent by using departments to new vendors includes a checkbox for acceptance of ACH payments which is leveraged for increasing this type of payment.)

Like the check preparation requirements mentioned above, the person preparing the ACH or wire transfer payment request cannot authorize the payment or initiate payment approval. ACH and wire transfer payments are so noted and included in the warrant report as approved by Council.

In addition, payments associated with the City's Amazon, Inc. online business account and purchase card program are paid through the ACH process, as are utility bills and postage meter payments.

These payments are shown as "Supplemental ACH Payments" on the warrant register. The Supplemental ACH Payment expenses are recorded in Springbrook via a Journal Entry or through the Manual Check Module.

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Petty Cash Disbursements

Petty cash provides a convenient mechanism for the reimbursement of employees' incidental expenses on the City's behalf, for purchases up to $100. A purchase transaction over this amount should be an anticipated expense to be procured in compliance with purchasing policies and procedures.

Utility Billing Operations

I. Introduction

The purpose of this section is to provide guidelines and procedures for the processing of utility bills consistent with best practices. South Pasadena operates its own water and sewer utility staffed by City employees (Public Works Department, Water Division), but contracts for billing and collections services. This section is intended to provide sufficient information to enable employees to be fully aware of and comply with standard operating procedures.

II. Billings and Collections

The City collects revenues from billing utility services to customers (which includes water and sewer charges) on a bimonthly basis. The City currently contracts all utility billing and collection services. Utility rates are determined based on a rate study and are approved via a resolution approved by City Council. City Council adopts a regular rate and a low-income rate. Utility rates are updated by the contractor. At the beginning of the calendar year, the management aide must review the register for each of the eight cycles to ensure the new rates went into effect.

Accounts Receivable reviews and approves the weekly bill register that is received from the City's contractor through a service request ticket. At the end of the month, Accounts Receivable downloads a monthly report that contains billing details, payment reports and other information to create monthly journal entries. Accounts Receivable enters the information into an Excel sheet, creates a .csv file, and then imports the file into Springbrook. Weekly/monthly wires are reviewed in the bank reconciliation process.

Currently, MuniBilling is responsible for these services. Please refer to them at (877) 556-7929 for additional procedures.

III. Request for Service

The City's vendor for service requests is responsible for receiving new service requests from all new customers and setting up their accounts directly in the utility billing system. A $200 deposit or a letter of credit (stating the customer was always on time with the previous utility company) is required to open the account and provided directly to service

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provider. MuniBilling is current service provider. Please refer to MuniBilling for further procedures.

IV. Billing/Shut Off Procedures

Please refer to the City's Discontinuation of Residential Water Service Policy.

V. Dispute Resolution Procedures

Please refer to the City's Discontinuation of Residential Water Service Policy.

Irate Customers

When dealing with difficult customers, it is important to keep language professional, friendly, and respectful while remaining calm. If an employee feels threatened by a customer and has made attempts to calm them, the employee should contact their supervisor to diffuse the situation. If the situation is still not resolved, staff should contact the Assistant City Manager / CFO to assist.

If attempts to calm the customer are still not successful and the Assistant City Manager / CFO has not been able to diffuse the situation, then the customer should be advised that staff will be calling the Police Department, and the customer should be asked to stand aside.

VI. Adjustment of Charges

Please refer to the City's Discontinuation of Residential Water Service Policy.

Accounts Receivable and Revenue Collections

I. Introduction

The Accounts Receivable function of the Finance Department handles the collection of the City's various revenue sources and other receivables. Examples of such receipts include taxes, fees, fines, billed goods and services, grant funding, deposits, and damage to City property.

The City receives its revenue in a variety of ways such as:

- Receiving remittances directly from the state or other governmental entities.
- Accepting cash, checks, and credit card payments at cashiering counters at City facilities.
- Receiving payments through the U.S. mail.
- Accepting payments online.
- Accepting automated clearinghouse (ACH) and wire transfer payments through secure online banking portals; and

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- Direct invoicing individuals or companies for monies owed.

This section focuses on the City's receivables other than tax revenue and grant funding, which are covered in the Governmental Accounting and General Ledger Maintenance Section of this manual. In addition to the policies and procedures on cash receipts described in this section of the manual, detailed instructions on cash handling and cash receipts are included in the citywide Cash Receipt Manual.

The timing and receipt of receivables are critical for cashflow purposes. Equally important is the need to establish sound financial management and oversight practices and proper internal controls for handling and accounting for receivables. These principles and procedures are described below.

II. Cash Handling

All persons engaging in any activity related to the handling of cash or other forms of payment must adhere to a system of internal controls that safeguard City funds. Effective cash handling management principles employ industry approved best practices, as well as the implementation of sound internal controls. Utilization of the following will aid in the achievement of this common goal:

1. The organization's structure should provide for the segregation of functional responsibilities such as invoicing, receipt of payments, and recordkeeping.
2. The work environment must be conducive to safeguarding money. This includes proper office layout with counters, safes, cash boxes, cash registers/terminals, camera and video monitors, alarm buttons, etc.
3. Employees must be qualified and trained in proper cash handling techniques.
4. There must be sufficient staff to permit segregation of functions.
5. Limited access should be given to persons handling cash.
6. Cash should be counted daily by two persons that verify the proper counting of cash and document their count by signing/initialing cash receipt logs.
7. Sound practices and procedures must be established and followed at all times in the performance of department functions.
8. Where a work unit is not large enough to allow for proper segregation of functions, or if the work environment does not permit the optimal physical facilities, management oversight must be increased commensurately.

III. Cash Receipts

The City receives money through a centralized cashiering system. Money received for Planning and Public Works permits or plan checks, Recreation and Senior Classes, Library Fees etc., are processed by the department and reconciled by the Finance Department.

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Each department opens a batch file in Springbrook to report the daily cash receipts.

Money is received through multiple channels: mail, walk-in, lockbox outside of City Hall, offsite departments, wire transfers, ACH, and online payments. The cashier assisting the walk-in customer will enter the payment details into Springbrook. Springbrook creates a receipt that is numbered automatically and given to the customer. The Finance Department has access to the Utility Bill Dropbox (green box outside in front of the Police Department). The lock box is mostly for Water Utility payments. The Finance Department mails bills to the processing center one to two times per week and keeps a log of payments received.

If the payments are coming from Departments off site (Community Services, Recreation, and Library), they are transported daily using Brinks armored services. Staff from the Police and Fire Departments walk the deposits to Finance on business days.

The City accepts the forms of payment listed below.

Check Payments

Checks are placed together with the batch at the end of the day and placed in the safe after reconciliation with the Cash Receipts Proof List for the day's receipts on that register (close around 5:30 p.m.).

The cashier for each department recounts all the money and ensures it agrees to the attached Trial Balance reports. Information from ACH receipts is obtained through bank statements and entered into Springbrook via the bank reconciliation process through a cash receipt.

Credit Card Payments

Handling of credit card payments is governed by the Payments Card Industry (PCI) Data Security Standards (DSS). The City must maintain PCI compliance in its handling and storage of customer credit card information. Walk-in credit card payments are charged and signed by the payee while at the counter. If the payee has authorized the City to charge the card and it cannot sign the payment, then that will be noted on the payment.

At the end of the day, a Totals Report from the credit card machine (Bluefin) is automatically printed. The receipt amounts are counted and compared to the report from the credit card machine, as well as the Settlement Report. Credit card receipts from other departments are also counted against the report from their respective batch. Credit card payments are reconciled using the Proof List function from Springbrook. The credit card receipts are placed in the safe with the other payment types for the day.

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Cash Payments

Cash is received and counted before being put into the cash register. All cash shall be counted separately by two employees of the Finance Department as indicated in the Cash Handling section above. At the end of the day, cash is placed in the safe with the other payment types.

When received from other departments, the management analyst recounts the cash and makes sure the report matches the amount of cash received. Otherwise, it is sent back to the department for them to reconcile. Finance staff will only receive cash from outside departments that have been properly accounted for and documented.

Online Payments

South Pasadena accepts online payments for water through the Munibilling portal, for Recreation through CivicRec, and for other payments such as permits and plan checks through Heartland.

Departments will send a customer a digital cash receipt form that includes their total along with a link to the City's portal. The system sends payment confirmation, which the customer is required to forward to the Department to complete their application and/or project. Upon receipt of the confirmation from the customer, the Department will forward this along with the cash receipt to the Finance Department. At the beginning of the following month, the Finance Department generates a receipt report for each department and reconciles the cash receipts to the transactions, as well as the amounts received on the bank statement.

ACH Payments

Information from ACH receipts is obtained through bank statements and entered into Springbrook by the Finance Department weekly.

IV. Armored Transportation Service

City contracts with an armored transportation services to the City. Armored transportation service provider will bring any cash from other departments offsite twice weekly (Tuesday and Thursday) and pick up any bank deposits the Finance Department has prepared.

V. Revenue Reconciliation

The management analyst reconciles the cash, checks and credit card receipts and enters daily transactions on the Cash Receipts Reconciliation form on a weekly basis. Once confirmed, cash payments are put into a sealed bag with payment information for BMO Bank. This bag is kept in the safe until it is picked by the armored services provider to be transported to City's selected financial institution (currently BMO Bank). The Finance

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Department scans checks directly to the financial institution once they have been reconciled.

All credit card receipts are kept in a locked cabinet in the office and filed daily. ACH remittances are saved in the Finance Drive.

The combination to the safe shall be retained by management personnel authorized by City Manager to have access based on their duties.

VI. Business License Payments

Business license applications are processed through the City's business license contractor (currently HdL). Customers are encouraged to make the payment directly to business license contractor through their website but may also mail-in payments.

VII. Billing for Services

The Finance Department invoices individuals and companies for services rendered or for damage to City property. In cases where a permit fee or deposit is required, the payment shall be made prior to the issuance of a permit or performance of other City services.

Unless otherwise required per ordinance, resolution, or other authority, all bills should have established terms (30 days from the invoice date). Invoices should include language to explicitly state the penalties and interest to be charged and the timeframe for which they will be charged. The City will assess a five percent penalty for delinquent bills.

City staff follow the same billing procedures outlined in the Utility Billing Operations section of this manual for services rendered and damage to City property.

VIII. Water Bills

Water billing is outsourced to billing service provider (currently Munibilling). Service provider utilizes wire transfer service (currently Heartland) to wire cash receipts to the City on a weekly basis. The management analyst mails bill payments to the processing center one to two times per week and keeps a log of payments received.

Note: Billing and cash receipts data sourced from service provider currently require manual entry into the accounting system (i.e., Springbrook). The management analyst generates a summary report from Munibilling and translates it into a journal entry to upload into Springbrook.

IX. Delinquent Accounts

An allowance for delinquent accounts should be established to reflect the amount of the City's receivables that Finance Department staff estimates will be uncollectible. The establishment of an allowance account ensures that the City's receivables are not overstated and that accounts deemed uncollectible are timely and accurately recorded in

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the correct period for financial reporting purposes. Judgment will be exercised in determining the allowance for uncollectable receivables by the Assistant City Manager / CFO.

Efforts should be made to pursue the timely collection of delinquent accounts. Write-offs should be performed annually to ensure account receivables are fairly stated. Collection efforts should be exhausted prior to any write-offs. Accountants and management analysts will identify accounts to be written off and submitted to the Assistant City Manager / CFO or designee for approval. All accounts referred for write-off must be reviewed and approved by management prior to final write-off.

Amounts under $5,000 may be written off with the approval of the Accounting Manager / Controller after review by the Assistant City Manager / CFO. Amounts under $25,000 may be written off with the approval of the Assistant City Manager / CFO and amounts over $25,000 shall be at City Manager's discretion.

Payroll

I. Introduction

The largest expenditure category of the City's budget is for the payment of salaries and benefits for its employees. It is critical, therefore, that the processing and accounting of these expenditures is performed accurately and efficiently. The payroll and benefits process is also one of the more complex functions in the Finance Department in that there are multiple bargaining groups, position classifications, and benefit plans, as well as the need to comply with all the reporting requirements of state and federal governments and the California Public Employees' Retirement System (CalPERS) related to payroll. This section provides guidance and procedures related to the proper processing and reporting of payroll and benefits. Overall responsibility for the administration of payroll rests with the Finance Department with the overall responsibility for benefit administration resting with the Human Resources Department.

This manual should be consulted in conjunction with appropriate instructions from state and federal agencies.

The objective of this section is to ensure:

- The timekeeping process is accurate and timely,
- The payroll process has proper internal controls and efficiently calculates pay and tax withholdings,
- Paychecks or direct deposits are timely and accurate and reflect valid services performed,
- Benefit costs deducted from pay are accurate, and

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- Filings to other government agencies are on time and accurate (e.g., quarterly tax reporting, W2s, CalPERS reporting, etc.).

II. Pay Period

The City operates on a biweekly payroll period. The Finance Department maintains a calendar of pay periods, timecard/leave request submittals, and pay dates and issues this calendar to all operating departments for dissemination to all employees. Employees are responsible for filing timecards and/or leave reports consistent with the published biweekly payroll periods.

III. Employee Files

A personnel file is established for all employees with current documentation and is maintained by the Human Resources Department. The following payroll related forms, documents, and information shall be obtained and included in the personnel files of all employees:

- Emergency Contact form,
- Acknowledgement forms,
- Performance evaluations,
- Training certificates, college degrees required, and
- Personnel Action Forms indicating all pay-related information.

IV. Changes in Payroll Data

All the following changes in payroll data must be authorized in writing through a Personnel Action Form:

A. New hires
B. Terminations
C. Changes in salaries and pay rates
D. Voluntary payroll deductions
E. Changes in income tax withholding status
F. Court-ordered payroll deductions
G. Direct Deposit Authorization
H. Benefit Enrollment

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the Human Resources Department.

When changes to salaries and benefits result from updated memoranda of understanding (MOU) with the City's bargaining units, the Human Resources Department is responsible for indicating such changes on a timely basis to the Finance Department prior to the pay

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period in which the changes occur. Payroll will make the necessary modifications in the payroll system and will prepare a summary of all changes entered for review by the Human Resources Department to verify consistency with the negotiated changes in the MOUs. The Human Resources Department will submit written verification to Payroll indicating its review and approval of all changes.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee. Documentation of all changes in payroll data shall be maintained in each employee's personnel file, which is held in the Human Resources Department.

V. Payroll Taxes

The Finance Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid on a timely basis in accordance with federal, state and local requirements.

VI. Benefits Enrollment and Deductions

The Finance Department is responsible for ensuring all required benefits deductions (e.g., CalPERS deductions, health benefits, deferred compensation, flexible spending accounts) are properly completed and submitted, and that all deductions are withheld and paid to the third-party administrators on a timely basis in accordance with their requirements. The Human Resources Department is responsible for entering and maintaining benefit information.

VII. Preparation of Time Records

Each employee must submit an approved time record on the first day following the close of each pay period. It is the employee's responsibility to accurately account for and record time daily using the identified method in each respective division. This applies whether using a time clock, handwritten records, or any other type of time recording device. Employees are also responsible for promptly making any necessary corrections to the timesheet to accurately reflect hours worked or in a paid status.

Time records shall be prepared in accordance with the following guidelines:

- Each time record shall reflect all hours worked during the pay period (time spent on the job performing assigned duties), whether compensated or not.
- Time records shall be entered via the timekeeping portal (i.e., Springbrook ESS, In Time, First Due) and attested to by the employee.
- The timesheet is submitted to the immediate supervisor for verification and approval.
- Time records are reviewed and corrections are made by payroll staff.
- Employees shall identify and record hours worked based on the nature of the work performed.

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- Compensated absences (i.e., vacation, holiday, sick leave, etc.) or leave without pay should be clearly identified as such.

The department director or their designees must approve overtime requests prior to overtime being worked.

After employee time records are prepared, the department director or their designees approve timesheets, including overtime submittals and leave requests, prior to submission. Timesheet corrections identified by an employee's supervisor shall be returned to the employee to update. Supervisors are to ensure that employees make the necessary corrections to their timesheets to accurately reflect hours worked.

If an employee is unable to submit their timesheet, payroll staff will enter their time according to the operating department's supervisor/manager's instructions. In this situation, the employee is responsible for ensuring that the timesheet is submitted and approved by their supervisor/manager as soon as possible after payroll is processed. Any differences that vary from the time paid will be addressed in the pay period immediately following proper submittal and approval of the timesheet.

VIII. Processing of Timesheets

The payroll accountant will process the timesheets in Springbrook submitted after departmental approval. The payroll accountant may change or correct timesheets to reflect payroll practices and notify the employee/supervisor of the change. Once the timesheet entries are completed and reviewed, the payroll accountant will run a report and download time data from Springbrook ESS and upload it into Springbrook for processing. Any changes or corrected payroll errors will be made on the next payroll.

Intentional falsification of timesheets shall be cause for discipline up to and including termination in accordance with the City's personnel rules and regulations.

IX. Approval of Payroll

The Assistant City Manager / CFO or the designee shall sign and date the payroll registers indicating approval of the payroll.

X. Payroll Processing

To process payroll, a positive pay file as well as an ACH NACHA file will be generated by the payroll accountant and saved in a payroll folder for each specific pay period. The Assistant City Manager / CFO or the designee will upload the positive pay file as well as the NACHA file to Bank of the West. The Assistant City Manager / CFO or the designee is the only staff member in the Finance Department who are authorized to upload the aforementioned files. Based on the total payroll payout for the ACH NACHA file and the

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positive pay files, a corresponding total amount of funds will be automatically transferred from the operating account at BMO Bank to the zero-balance payroll account.

Employees receiving hard checks or direct deposits are noted in the positive pay file. As part of the payroll process the system will push through a report of standard checks for all staff that are on the positive pay file and will receive a hard check. The format and layout of the standard check mirror the City's blank check layout (payroll stub). Employees are encouraged to sign up for direct deposit with the payroll accountant to have their payroll deposited directly into their bank account.

Validated hard payroll checks or payroll stubs are individually presented to representatives from each operating department in sealed envelopes with the employees' name on it for distribution.

The Assistant City Manager / CFO or the designee has the signatures of the Mayor and the Treasurer, which are password protected. The blank check stock is kept under dual control, with one key held by the Finance Department with the Assistant City Manager / CFO or the designee having access to the other key. Once the number of blank checks (which are prenumbered) is selected, that information is written into the log for utilized checks and the payroll accountant will print the check utilizing the standard check template onto the blank check stock. The Assistant City Manager / CFO or the designee will print the signatures onto the already prepared check(s). On a monthly basis, a reconciliation of the operating and payroll accounts is performed by a designated staff member in the Finance Department.

XI. Separation of Employment

Employees separating from City services will receive in their last payroll check or direct deposit as a cash-out for all unused vacation leave time, management leave and/or compensatory leave time that they had on the books prior to separation. Procedures for processing unused sick leave will be outlined in the appropriate bargaining groups' Memoranda of Understanding (MOU).

XII. Post-Retirement Benefits

The Payroll Accountant is responsible for uploading payroll data after each payroll to the California Public Employees' Retirement System's (CalPERS) MyCalPERS website. Reconciliation is completed to ensure accuracy of the reports generated to CalPERS by the payroll accountant and payment to CalPERS is processed by the payroll accountant. The Human Resources Department is responsible for ensuring all required retirement procedures are processed as outlined by CalPERS and the appropriate Memoranda of Understanding (MOU) for bargaining groups.

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Other Post-Employment Benefits (OPEB) is outlined in the respective MOUs and administered by the Human Resources Department.

Fixed Assets

I. Introduction

As of June 30, 2024, the City owned capital assets amounting to $233.8 million. They are broken down as shown in Table 3.

Table 3. City-Owned Capital Assets

Capital Assets	Amount
Land and Construction in Progress	$4.6 million
Buildings and Improvements	$41.4 million
Vehicles and Equipment	$14.6 million
Infrastructure	$173.2 million

Given the size and complexity of this portfolio of capital assets, it is incumbent on appropriate staff in the Finance Department to establish rules and procedures for the proper accounting of these assets in accordance with generally accepted accounting principles (GAAP) and for internal control purposes.

The objective of this section is to ensure that proper accounting procedures are in place to:

- Identify which expenditures qualify to be capitalized as fixed assets,
- Properly classify fixed assets,
- Determine proper depreciation of an asset (if appropriate),
- Determine which assets should be subject to periodic inventory, and
- Properly account for the disposal of an asset at the end of its useful life.

III. Capital Assets Policies and Procedures

Capitalization and Threshold

Capital assets are major assets that are used in governmental operations and that benefit beyond a single fiscal period. The City of South Pasadena will report the following major categories of capital assets that have an estimated useful life of more than one year from date of acquisition or construction.

- Land
- Intangible assets

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- Construction in progress
- Buildings
- Improvements other than buildings
- Furnishings and equipment
- Infrastructure

Land

Land is always capitalized as a separate capital asset, even if it is closely associated with some other capital asset. Thus, the land under a building or highway must be classified as land rather than included as part of the cost of the building or highway. The amount capitalized as land should include any land preparation costs that will have an indefinite useful life. Land is not depreciated because it has an indefinite useful life. The capitalization threshold for land will be set at $25,000, with an indefinite useful life.

Intangible Assets

Governmental Accounting Standards Board (GASB) Statement #51 deals with the reporting of intangible assets in financial statements. GASB #51 defines intangible assets as assets that are identifiable and possess all the following characteristics: lack of physical substance, nonfinancial nature (not in monetary form like cash or investment securities), and initial useful life extending beyond a single reporting period. It requires the recording and reporting of intangible assets such as easements, land use rights (i.e., water rights, timber rights, and mineral rights), patents, trademarks, and copyrights. In addition, computer software that is purchased, licensed, or internally generated (including websites), as well as outlays associated with an internally generated modification of computer software. The capitalization threshold for intangible assets will be set at $5,000, with an estimated useful life between 5 and 50 years.

Construction in Progress

Construction in progress is an asset class whereby the costs directly associated with constructing a capital asset are recorded. Once the asset is placed in service, all costs associated with it that are stored in the construction in progress account are shifted into whichever capital asset account is most appropriate for the asset. Costs in the construction in progress account are not depreciated until the asset is placed in service.

Buildings

Buildings are an asset class used to account for permanent (non-moveable) structures. The amount reported should include any costs incurred to increase the service utility of a building or to extend its total estimated useful life (improvements or betterments). The amount should also include restoration costs incurred as the result of capital asset

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impairment. The capitalization threshold for buildings will be set at $25,000 with an estimated useful life of 50 years.

Improvements other than Buildings

Improvements other than buildings include permanent (non-moveable) improvements to land that have a limited useful life (land improvements). Examples include roofing, fences, retaining walls, parking lots, and most landscaping. The capitalization threshold for improvements other than buildings is $25,000 with an estimated useful life of 10 years to 50 years.

Furnishings and Equipment

Furnishings and equipment constitute an asset class to account for moveable items. Some examples include secondary road equipment, HVAC systems, technology equipment and software systems, and vehicles. The capitalization threshold for furnishings and equipment is $5,000 with an estimated useful life between 3 years and 30 years.

Infrastructure Assets

This category involves long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are the basic physical assets that allow the City to function. Examples of infrastructure assets include streets, bridges, sidewalks, drainage systems, water and sewer systems, and lighting systems. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, parkways and medians, streetlights, and electronic control devices. These subsystems are delineated in the City's annual financial statements. The appropriate operating department maintains information regarding the subsystem. The capitalization threshold for infrastructure assets will be set at $25,000, with an estimated useful life as shown in Table 4 below.

Table 4. Infrastructure Assets Thresholds

Infrastructure	Years
Sewer collection system	60
Storm drain system	60
Bridges	60
Hardscape	40
Parkways and medians	40
Pavement, curbs and gutters, and sidewalks	35

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Streetlights	20
Electronic traffic control devices	20

Valuation Method of Capital Assets

Capital assets are to be reported at the cost at which they were initially acquired or constructed ("historical cost") or estimated historical cost if purchased or constructed. This should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition. The historical cost should include the cost of any subsequent additions or improvements, which would extend the expected useful life of the asset but exclude the cost of repairs or routine maintenance.

Items acquired to extend the life of a previously acquired asset are not required to be inventoried but are added to the historical cost of the asset and capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are to be expensed rather than 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.

The categorization of capital improvement costs as opposed to repair or maintenance will be determined based on the professional judgment of the asset operating department on a case-by- case basis. Trade-in value, if any, will be deducted from the asset cost. Additionally, if the asset traded was not fully depreciated, the ending book value will be added to the cash paid to determine the capitalized cost of the new asset. A trade-in can be defined as exchanging an existing asset as part of an agreement to acquire a new asset.

Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments. Donated capital assets are valued at their estimated acquisition value at the date of donation. Capital assets that are being depreciated will be reported net of accumulated depreciation in the statement of net position. Depreciation expense will be reported in the annual financial statement's Statement of Activities. Individual assets with an initial cost of less than $5,000 will be maintained on an inventory list for insurance purposes and said list shall be maintained by the Director of Finance.

Depreciation Method for Capital Assets

Depreciation expense will be measured by the straight-line depreciation method which is historical cost divided by the estimated useful life of the asset.

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Formula = Historical cost/Estimated Useful Life

Depreciation will be calculated annually based on the actual month of acquisition for the capital assets of machinery, equipment, vehicles, buildings and improvements other than buildings. Land, intangible assets and construction in progress are not depreciated. For intangible assets, if the useful life can be determined from contractual or other legal rights, then the intangible asset should be amortized over that useful life, and the service life should not exceed that contractual or legal rights limit.

If an asset's estimated useful life is either extended (increased) or reduced (decreased) at any time, depreciation expense will be adjusted prospectively to calculate depreciation based on the remaining undepreciated historical cost (historical cost less accumulated depreciation) divided by the remaining estimated useful life of the asset.

Estimated Useful Lives of Capital Assets

The standards or parameters for estimating the useful lives of capital assets are based on principles of objectivity and reasonableness. The professional judgment of staff in the City's operating departments is relied upon for determining estimates of useful lives, considering industry averages where applicable.

A range approach is used as a matter of policy, with specific estimated useful lives attached to specific assets when recorded to facilitate depreciation and tracking.

IV. Disposal of Capital Assets

The disposal of capital assets shall be done pursuant to this section to provide:

- For donation of "as-is" surplus supplies and equipment to other governmental agencies or non-profits providing services directly to South Pasadena,
- An ability to avoid the costs of unnecessary purchases and storage by facilitating the reuse of valuable surplus property and the disposal of surplus property of no resale value,
- For the quick and easy removal of surplus items from the owning department's premises and to provide compensation from sale,
- Sustainable practices by recycling surplus property in lieu of sending property to landfills, and
- The availability and affordability of land for the development of affordable housing.

The Surplus Land Act went into effect on January 1, 2021, and was designed to increase the availability of real property in California for affordable housing development by requiring the prioritization of affordable housing when cities sell or lease public lands that are no longer necessary for City use. The disposal of surplus land will be governed by the Surplus Land Act Guidelines as enacted and amended by the state legislature.

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Eligibility for Surplus Disposition

When it has been determined that an item has served its original purpose and no longer provides value to the City, the item shall be slated for determination of its eligibility for disposition. This policy covers items such as office furniture, office equipment, electronic equipment, City vehicles, computer hardware, and other capital outlays.

Surplus Disposal Methods

If an item is no longer of value to the City the item may be disposed of using one of the following methods:

1. Properly discard the item if it is broken, unusable, and/or hazardous.
2. Retention of the property and reassignment to another City department.
3. Trading the item in for new replacement equipment.
4. Donation in accordance with the Surplus Property Donation limits and procedures of this Policy.
5. Auction; and
6. Selling the item through a sealed-bid process.

Oversight of Surplus Property

As the City's designated Purchasing Agent, the Assistant City Manager / CFO is responsible for managing the disposition of all City surplus property. The Assistant City Manager / CFO delegates this routine administrative responsibility, as specified in this section, to another department staff member. Once the request has been submitted, the Assistant City Manager / CFO or the designated staff member will coordinate the removal of the items.

Items with a value of less than $5,000 may be declared surplus by the appropriate Department head and disposed of by one of the Surplus Disposal Methods. For tracking and accounting purposes, Departments are to complete a Surplus Request Form when declaring property as surplus and sending it to the Finance Department.

Items with a value over more than $5,000 and less than $10,000 may be declared surplus by the Assistant City Manager / CFO and disposed of by one of the surplus disposal methods. Items with a value of $10,000 or more must be declared surplus by the City Manager prior to disposal by one of the surplus disposal methods.

To dispose of the City's surplus property by auction, the City will establish a contract with an outside vendor to pick up and auction the items. Checks for surplus items will be made payable to the City of South Pasadena.

Note: For health and safety reasons, no hazardous items will be picked up for disposal.

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Table 5 reflects the threshold amounts as well as authorization levels to declare property surplus.

Table 5. Surplus Property Threshold and Approval Levels

Threshold Amount	Approval
Less than $5,000	Department may surplus/declare obsolete
$5,001 to $9,999	Requires Department to seek Assistant City Manager / CFO approval
$10,000 or more	Requires City Manager Approval

Reassignment of Assets

When a City department head determines that an asset is surplus to its needs, notification shall be made to the Assistant City Manager / CFO to coordinate the appropriate placement, storage, and disposal as determined. Prior to the declaration of surplus, the first option will be to reassign the asset within the City where it can be of most use or value. If it is not possible to be reassigned, the Assistant City Manager / CFO shall prepare the asset for a City surplus determination by the City Manager, if it has a value of $10,000 or more.

The decision to designate an item for the City surplus originates with the Department where the material is located, and the department staff person shall complete the surplus request form including a complete description of the item, location, approximate value, etc. If the condition of City surplus materials is deemed as broken, unusable, hazardous and/or having “no salvage value,” then at the discretion of the Assistant City Manager / CFO an item may be discarded properly. The Assistant City Manager / CFO must be notified and may authorize the disposal of City surplus materials valued at less than $10,000. The employee requesting that the item be declared surplus must sign the completed form before sending it to the Finance Department.

Statement of the Surplus Request on the Staff Report

Once the form is submitted to the Finance Department, the Surplus Request will be stated on the staff report for any item valued at $10,000 or more. The City Manager will have the discretion to approve the request. Finance will coordinate staff reports to dispose of surplus materials on a quarterly basis.

Financial Reporting

The Finance Department will be responsible for all levels of recordkeeping and sale processes. It is the responsibility of all departments to process and complete the Surplus

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Request Form and submit it to the Finance Department. The Surplus Request Form can be found in the shared drive.

Surplus Supplies and Equipment Eligible for Donation

Surplus supplies and equipment valued at less than $10,000 which are not reassigned to another City department use may be eligible for donation in the following priority:

1. To a non-profit organization formed by the City of South Pasadena for the benefit of its residents.
2. To another governmental agency, including a school district, which provides services to the City of South Pasadena or its residents.
3. To a non-profit organization (501-C(3)) which has either received a grant from the City to provide public services or has entered into a written agreement with the City or the donation would further a special project or City effort to benefit any group or community, including a community event, that the City wishes to provided assistance to.

No surplus supplies and equipment with an estimated value of $10,000 or more is eligible for donation unless authorized by the City Manager.

Process for Donation of Surplus Supplies and Equipment

A. For surplus supplies and equipment valued at less than $5,000:

1. The department head identifies surplus property available for donation in accordance with this policy,
2. Places a notice of availability of surplus property for donation on the City's website for a 30-day period to receive requests for donation and reaches out to potential donation recipients,
3. Reviews all requests for donation and determines the donation recipients in accordance with the priority of donations, and
4. The decision of the department head is appealable to the Assistant City Manager / CFO.

B. For surplus supplies and equipment valued at $5,000 or more, but less than $10,000:

1. The Assistant City Manager / CFO identifies all property available for donation in accordance with this policy,
2. Places notice of availability of surplus property for donation on the City's website for a 30-day period to receive requests for donation and reaches out to potential donation recipients, and
3. Reviews all requests for donations.

C. For surplus supplies and equipment valued at more than $10,000:

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1. The Assistant City Manager / CFO identifies all property available for donation in accordance with this policy,
2. Places notice of availability of surplus property for donation on the City's website for a 30-day period to receive requests for donation and reaches out to potential donation recipients, and
3. Reviews all requests for donation and submits eligible requests to the City Manager for determination.

D. Requirements applicable to all donations.

1. All requests for donation must state the benefit to be derived from the donated surplus supplies and equipment in the request for donation.
2. Such requests must ensure that the donated surplus supplies and equipment benefits the donation recipients as stated in the request for donation and that any donation recipient or donation recipient's agent certify upon acceptance that no one involved in the donation process has received or will receive a profit or fee for the transaction.
3. Donations of surplus property are made "as is," without any warranty, express or implied. All donation recipients shall execute a waiver of claim or liability against the City and agree to defend, indemnity and hold harmless the City, its officers, and employees, form any claim, cause of action, damage, loss, or liability arising out of the condition of the property or its use by the donation recipients or subsequent transferee, as a condition of the donation.
4. Under normal circumstances, surplus supplies and equipment will not be donated to city employees without first receiving City Manager approval.

Investments and Debt Management

I. Introduction

This section of the manual includes information on how the City invests its idle funds and manages debt in accordance with applicable laws. In accordance with state law, the investment policy must be approved by the City Council each year. The policy contains details about how the City can invest its funds and what the allowable investment instruments are. (This manual only contains a brief description of the policy.)

South Pasadena has an elected City Treasurer who is responsible (under delegated authority from the City Council) for establishing procedures and controls associated with the City's investment program. This delegation of authority extends to the Assistant City Manager / CFO or designee, who administers and manages the City's investment portfolio and required monthly reporting.

II. City Investment Policy

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To invest idle funds, the City must comply with state law that governs the types of allowable investments and explicitly requires that investment decisions be based first and foremost in the safety of the investment, followed by its liquidity, and only when these conditions are satisfied can yield be considered.

In addition to these requirements, the City Council is required to adopt a resolution to approve an investment policy every year. The City's investment policy covers all financial assets and investment activities under the direct control of the City. The key elements of the City's investment policy are briefly described below.

Prudent Investor Standard

The City Council and any staff members authorized to make investment decisions on behalf of the City are trustees subject to the prudent investor standard specified in section 53600.3 of the California Government Code. This standard essentially requires trustees to act with care, skill, prudence and diligence in investing the City's idle funds in accordance with lawful requirements.

All participants involved with investment processes must act as custodians of the public trust and recognize that the investment portfolio is subject to public review and evaluation. Accordingly, the overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

III. Investment Management and Reporting

The authority to manage the City's investment program is derived from California Government Code Sections 53600 et seq. In adopting the investment policy, the City Council delegates investment authority to the City Treasurer, who is responsible for establishing procedures and controls for the operation of the investment program consistent with the investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. This delegation of authority extends to the Assistant City Manager / CFO and Accounting Manager/Controller, recognized as deputy treasurer(s).

The names of those persons to whom investment authority is delegated will be submitted to City Council for approval. No person may engage in an investment transaction except as provided under the terms of the investment policy and its related procedures. The City Council may revoke the delegated authority of the City Treasurer in writing at any time.

Reporting Requirements

The deputy treasurers submit a monthly report to the City Council and copied to the Finance Commission. The report includes important information on investment activities. The investment policy includes the required reporting elements.

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IV. Debt Management Policy

This Debt Management Policy establishes objectives, parameters, and guidelines for responsibly issuing and administering the City's debt. Prudent management of the City's debt program is necessary to achieve cost-effective access to the capital markets and demonstrates a commitment to long-term financial planning.

Scope

These policies establish the restrictions within which the City of South Pasadena and the South Pasadena Public Financing Authority, on behalf of the City, may issue debt. Additionally, these policies apply to debt issued by the City on behalf of assessment, community facilities, or other special districts, as well as conduit debt.

Debt Management Objectives

This policy sets forth key objectives for the City in issuing and administering the City's debt, which are to:

- Maintain the City's sound financial position.
- Minimize debt service and issuance costs.
- Maintain access to cost-effective borrowing.
- Achieve and maintain the highest reasonable credit rating.
- Ensure full and timely repayment of debt.
- Maintain full and complete financial disclosure and reporting.
- Ensure compliance with state and federal laws and regulations.

Governing Authority and Responsibility

A. Legal Authority. The City's debt portfolio for all City funds shall be administered in conformance with all applicable Federal, State, and other legal requirements. The City will comply with applicable law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates, and charges.

B. Delegation of Authority. The City Council has assigned duties to the Assistant City Manager / CFO for authorizing, managing, and coordinating activities related to the structure, issuance, and administration of the City's long-term and short-term debt. No debt obligations shall be presented to the City Council, including capital leases, for their authorization without a joint assessment and approval by the City Manager and Assistant City Manager / CFO. No department shall directly issue debt and departments planning debt-financed capital programs or equipment acquisitions will work in close coordination with the Finance Department and the City Manager's Office to provide information and facilitate the issuance and ongoing administration of debt.

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C. Point of Contact. The Assistant City Manager / CFO or designee shall be responsible for maintaining good communication with rating agencies, investors, other service providers, and the public regarding the City's financial condition, and will enforce a policy of full disclosure.

D. Policy Approval and Review. This Debt Management Policy is an official policy of the City, approved by the City Manager as an Administrative Procedure Order. The Finance Department shall conduct an annual review of this policy and recommend amendments deemed necessary and appropriate.

E. Annual Debt Report. The Finance Department shall prepare an annual report to the City Council containing a summary of the City's current credit ratings, outstanding and newly issued debt. This report shall be presented either separately or within another financial report.

F. Professional Assistance. The Assistant City Manager / CFO shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize debt costs. Such services may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, special tax consulting, and bond counsel. To achieve an appropriate balance between service and cost, the Finance Director is authorized to select such service providers through sole source selection or a competitive process using a request for proposals.

G. Method of Sale. Except to the extent a competitive bidding process is required by law, the Assistant City Manager / CFO shall determine the most appropriate manner in which to offer any securities to investors. The City's preferred method of sale is by competitive bid. However, other methods such as negotiated sale and private placement may be considered on a case-by-case basis.

Types and Purpose of Debt

The City may utilize the following types of municipal debt obligations to finance long-term capital projects. Long-term debt is only issued to finance the acquisition and/or construction of capital improvements unless otherwise decreed by court order or adjudicated settlement. Long-term debt financing shall never be used to fund operating or maintenance costs.

Types of Debt

A. Assessment Bonds. Proceeds from assessment bonds may be used to finance local public improvements and are repaid with taxes assessed on the parcels of land that benefit from the improvements. Local streets, streetlights, landscaping, sidewalks, and sanitary sewers are some examples of local improvements commonly financed by assessment bonds.

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B. General Obligation (GO) Bonds. The City may issue GO Bonds with two-thirds approval of a popular vote as stated in the California State Constitution (Article XVI, Section 18). GO Bonds are secured by a pledge of the full faith and credit of the City, or by a levy on property taxes to pay the debt service. GO Bonds are used to finance the acquisition, construction, or improvement of public facilities such as parks and public safety facilities.

C. Pension Obligation Bonds. Pension Obligation Bonds may be issued to finance all or part of the City's unfunded pension liability and are a general obligation of the City. Typically, these bonds are issued at an interest rate that is lower than that being charged by CalPERS, the City's pension administrator.

D. Mid Revenue Bonds. Enterprise Revenue Bonds may be issued to finance facilities for a revenue-producing enterprise and are payable from revenue sources generated and pledged by that enterprise. Water, sewer, refuse, storm water, and parking are examples of revenue-producing enterprises within the City.

E. Lease Revenue Bonds. Lease Revenue Bonds are secured by and payable from a pledge of revenues consisting primarily of lease payments on the capital project being financed. The City's General Fund is obligated to pay these lease payments.

F. Refunding Bonds. Pursuant to the California Government Code and various other financing statutes, the City is authorized to issue bonds for the purpose of refunding any long-term obligation of the City, provided it produces economic benefit to the City.

G. Conduit Financing Bonds. Conduit financing is a mechanism for other governmental entities, nonprofit agencies, or private companies to fund projects that provide a clear public benefit through the issuance of tax-exempt municipal bonds. These are essentially revenue bonds payable solely from the loan repayments received from the borrower under the loan agreement for which the City has no liability for debt service. They may also be known as private activity or pass-through bonds. The City may issue Conduit Financing Bonds for projects such as schools, hospitals, universities, public works, housing, and industrial development. In such cases, the City will take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of the borrower.

H. Certificates of Participation (COP). COPs are a form of lease revenue bond that permits the investor to participate in a stream of lease payments, installment payments, or loan payments relating to the acquisition or construction of specific equipment, land, or facilities. The City is obligated to make these debt service payments.

I. Lease Financing. The City may finance a capital asset by leasing it directly from the vendor or leasing company under a long-term agreement. This is essentially a lease-

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purchase contract with the lessor receiving a portion of each rental payment as tax-exempt interest.

J. Bank/Private Loans. The City may borrow directly through a loan with a commercial bank, Letter of Credit, or Line of Credit with a commercial bank, state revolving loan program, or other governmental agency. Each loan will have a specific purpose.

K. Tax Allocation Bonds. Before the dissolution of California Redevelopment Agencies (RDAs) in 2012, the City of South Pasadena RDA issued Tax Allocation Bonds using tax increment funds as a pledge for repayment. The taxes pledged to the repayment came from the increase of assessed value over and above a pre-established base. Dissolution of RDAs in 2012 has ended this type of debt from being issued by California cities and counties.

L. Infrastructure Loans. The City may apply for low-cost public financing through the California Infrastructure and Economic Development Bank's Infrastructure State Revolving Fund (ISRF) Program. ISRF loans can be used for a variety of local projects such as roads, transit, and water infrastructure upgrades, with loan terms for the useful life of a project up to a maximum of 30 years.

M. Other Obligations. There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes, tax and revenue anticipation notes, and judgment or settlement obligation bonds.

Purpose of Debt

A. Integration with the City's Capital Improvement Plan. The City is committed to long-term financial planning, including capital planning. This policy will be used in conjunction with the City's capital budget and the capital improvement plan. The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through its available operating revenues.

B. Long-Term Debt. Long-term debt may be used to finance the purchase or improvement of land, infrastructure, facilities, or equipment for which it is appropriate to spread these costs over more than one budget year. Long-term debt may also cover capitalized interest, costs of issuance, required reserves, and any other financing-related costs that may be legally capitalized. Long-term debt may not be used to fund City operating costs.

C. Short-Term Debt. Short-term borrowing, such as commercial paper and lines of credit, may be used as an interim source of funding in anticipation of long-term borrowing. Short-term debt is defined as debt repaid in twelve months or less and may be issued for the same purpose as

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long-term debt, including capitalized interest and other financing-related costs. Short-term debt, such as tax and revenue anticipation notes, may be issued to address justifiable cash flow requirements for short-term operating needs to provide necessary public services.

D. Refunding. Periodic reviews of existing debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints) when there is a net benefit of the refunding.

Refunding's that produce a net present value savings of less than three percent will be viewed as economically viable and considered on a case-by-case basis to achieve City goals such as changes in covenants, call provisions, operational flexibility, tax status, issuer, or the debt service profile. Refunding with negative savings will not be considered unless there is a compelling public policy objective that is accomplished by retiring the debt. The City may purchase its own bonds in the open market for the purpose of retiring the obligation when the purchase is cost effective.

E. Lease Financing. The City may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest.

Debt Capacity

It is the City's policy that aggregate debt service payments funded from General Fund sources shall be no greater than 10% of primary General Fund revenues as reflected in the prior year adopted budget. Payments on bonds that are tied to a specified revenue stream other than General Fund sources (e.g., enterprise revenue bonds, tax allocation bonds, and assessment bonds) are not subject to this 10% limit. Each proposed financing will be individually assessed by the Assistant City Manager / CFO and subject to the approval policies contained herein.

Debt Structure Features

A. Debt Repayment. The City will structure its debt issues, so the maturity of the debt does not exceed the economic or useful life of the capital project which is financed.

B. Maximum Maturity. The California Constitution allows for the issuance of long-term debt of up to forty years. The City's standard maximum maturity is thirty years, but up to forty years may be acceptable depending on cash flow assumptions, construction timeline, and remaining useful life of the asset being financed.

C. Credit Quality. The City seeks to obtain and maintain the highest possible credit ratings when required for issuing long-term and short-term debt.

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D. Fixed-Rate Debt. Fixed-rate debt shall be the desired method of pricing.

E. Variable-Rate Debt. The City may choose to issue debt that pays a rate of interest that varies according to a pre-determined formula or index. There may be situations in which the City will benefit from variable-rate debt.

F. Call Options and Premium Provisions. Call options or optional redemption provisions can enable the City to partially or totally repay a bond issue before its stated maturity. These may be considered on a case-by-case basis when issuing bonds, provided they enhance the marketability of the bonds, ensure flexibility related to potential early redemption, or foster future refunding options. The potential for additional costs, such as a call premium or potentially higher interest rates, will be evaluated in the decision to redeem the bonds.

G. Credit Enhancement. To establish or improve the credit rating on a proposed debt issuance, the City may purchase credit enhancement such as bond insurance, surety policy, or letter of credit. The Assistant City Manager / CFO will consider the use of credit enhancement if it reduces the overall cost of the proposed financing or furthers the City's overall financial objectives.

Debt Administration

The City's Finance Department shall maintain written directives and procedures detailing required actions to certify compliance with local, state, and federal regulations. The City is committed to full and complete financial disclosure in accordance with the requirements established by the Securities and Exchange Commission (SEC) rule 15c2-12 and the Municipal Securities Rulemaking Board. The City is also committed to fully supporting requests from rating agencies, institutional and individual investors, other governmental entities, and to the public to share clear, timely, and correct financial information.

In addition to financial disclosure and arbitrage rebate compliance, once bonds are issued the City is responsible for verifying compliance with all activities, agreements, and requirements outlined in the bond documents on an ongoing basis. This typically includes ensuring an annual appropriation to meet debt service payments; that relevant taxes, rates, and fees are levied and collected at a level sufficient to meet indenture requirements and debt service payments; the timely payment of debt service to a trustee or paying agent is completed; and compliance with insurance and other requirements.

Note: All investments of bond proceeds shall adhere to the City's Investment Policy, which is approved annually by the City Council, federal tax requirements, and with the requirements contained in the bond documents. Investments related to the bond

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proceeds shall not allow security types or credit standards less than those stated in the City's Investment Policy.

Governmental Accounting and General Ledger Maintenance

I. Introduction and Basis of Accounting

A core fiduciary function of the Finance Department is maintaining a system of monitoring, control and reporting for all operations and funds to provide effective means of ensuring that all City financial transactions are accounted for correctly. An accurate, up-to-date general ledger is critical as all financial reporting is based on information contained in the general ledger. It is important that staff has the appropriate skill sets and training to maintain a general ledger that is in accordance with generally accepted accounting principles (GAAP).

Basis of Accounting for Government-Wide, Governmental and Enterprise Funds

The City of South Pasadena's accounting records are maintained in full accordance with GAAP, as established by the Governmental Accounting Standards Board (GASB).

The City's government-wide financial statements, as well as all proprietary funds (including Enterprise and Internal Service Funds), shall be reported using the economic resources measurement focus and the accrual basis of accounting. Revenues will be recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes will be recognized as revenues in the fiscal year for which they are levied. Grants and similar items will be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For all governmental fund financial statements (General, Special Revenue, Debt Service and Capital), the current financial resources measurement focus and the modified accrual basis of accounting is followed. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Revenues are available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized generally when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments will be 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 will be recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within

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the current fiscal period will be considered susceptible to accrual as revenue of the current period. Other general revenue items are measurable and available only when cash is received by the City.

II. Chart of Accounts

It is necessary to set up and maintain the financial software to ensure the General Ledger is accurate. The chart of accounts is used for this purpose. The chart of accounts is an index of all financial data in the City's General Ledger that is designed to separate and correctly classify revenues, expenditures, assets, and liabilities.

The chart of accounts is an essential tool for ensuring that the City's financial transactions are correctly coded, accounted for, segregated, and reported in compliance with governmental accounting standards covering budget appropriation controls, fund level accounting, grant accounting and capital projects accounting.

The City will establish its chart of accounts that is reflective of its accounting policies and consistent with GAAP. The following major fund groupings are established in the City's chart of accounts:

- General Funds,
- Special Revenue Funds,
- Debt Service Funds,
- Capital Projects Funds, and
- Proprietary Funds, which include:
    - Enterprise Funds and
    - Internal Service Funds.

III. System Setup and Maintenance

New account strings must conform to the overall chart of accounts' numbering scheme for each portion of the account number. Any changes to the chart of accounts must be approved by the Finance Department.

Reconciliations are performed by Finance Department staff on a monthly and annual basis prior to and after closing the month's/year's general ledger to ensure accuracy of the books and financial statements.

The Finance Department (in conjunction with the Information Technology Division of the Management Services Department) is responsible for maintaining the security and running updates for the City's financial software system. The general ledger software system must be maintained so it is conducive to supporting internal controls by segregating duties of staff members.

IV. Recording Transactions in the General Ledger

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The proper recording and posting of transactions to the General Ledger (GL) is an essential accounting task to ensure the accuracy, validity, and reliability of financial records. Accurate records are necessary to track revenues and expenses in the annual adopted budget and to monitor the City's fiscal position for short and long-term budgetary decision-making.

Posting Transactions

The accounts established in the GL must be kept up to date by routinely recording, adjusting, and correcting transactions. The following requirements apply to posting processes:

1. All transactions must include proper coding to the individual fund, department, program, project, and object code as applicable.
2. All transactions recorded in journals must be posted to the GL through Springbrook.
3. Recurring adjusting journal entries such as depreciation of fixed assets must be posted via journal vouchers every accounting period. These entries must be reviewed monthly and adjusted as necessary.
4. Adjusting journal entries must be made to correctly correct account balances or to record transactions not otherwise journaled. Examples of these entries include:
    a. Accrual of income and expense items
    b. Correction of errors
    c. Recording of non-cash transactions

All journal entries prepared by the finance staff, must be reviewed and authorized by the Assistant City Manager / CFO or designee, before being posted. Adequate backup documentation, including documentation of approval, must be prepared and maintained for each journal entry.

Trial Balance Preparation and Review

After posting all journal and adjusting entries, a trial balance is printed. The trial balance is reviewed by the accountant to ensure that the GL is in balance, with necessary corrections being made by another staff member in Finance to reconcile any discrepancies. A final review will be performed by the Assistant City Manager / CFO or designee before financial statements are prepared for documentation and reporting purposes.

V. Journal Entry Preparation, Review and Processing

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The following procedures are necessary to ensure that all journal entries to the GL are properly prepared, documented, reviewed, approved, recorded, and maintained in accordance with GAAP.

1. Any journal entry must be documented by completing the journal voucher template.
2. All journal entries must be signed by both the preparer and reviewer prior to posting.
3. The person preparing a journal entry cannot approve the same journal entry.
4. The person preparing a journal entry is responsible for reviewing supporting documents and ensuring their accuracy, and for explaining the reason to justify the entry.
5. The person preparing a journal entry must ensure that the debits and credits are in balance.
6. All journal entries must include supporting documentation and a description that explains the nature of the entry and amounts being recorded.
7. All journal entries must be properly processed prior to closing the accounting period.
8. All posted journal entries and related documentation shall be maintained in an accessible file for review by management and external auditors as necessary.

Journal Entry Approval

Journal entries are prepared by the accountant or the management assistant and are reviewed and posted by the Accounting Manager / Controller.

VI. Financial Reporting

The City must comply with all GAAP requirements and must publish an Annual Comprehensive Financial Report (ACFR). The ACFR shall be subject to an audit by an independent certified public accounting firm who shall render their opinion on the financial statements based on Government Auditing Standards issued by the Comptroller General of the United States. The ACFR, including the independent auditor's report, will be completed and published no later than six months after the end of the fiscal year. Any delay in meeting this timeline will require a written justification reviewed and approved by the City Manager and issued, as necessary, to other external entities that rely on the timely transmittal of the ACFR such as the State Controller's Office, granting agencies and debt issuers.

The Finance Department prepares the data for the statistical section, and the entire ACFR is prepared by the auditor. The complete ACFR is reviewed by the Assistant City Manager / CFO and City Manager before it is submitted to the Finance Commission for review and then to the City Council during a Council meeting for approval.

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To the extent that the City received and incurred expenditures of federal grants that are subject to the federally mandated Single Audit requirements, the City shall also request that the independent auditor issue a Single Audit Report on Federal Award Programs in compliance with the U.S. Office of Management and Budget (OMB) Compliance Supplement.

The ACFR, along with the auditor's report on internal controls and compliance and any required Single Audit reports, is presented to the City Council at a public meeting, after first being presented to the Finance Commission. The City shall endeavor to achieve audits with minimal auditor findings in the form of significant deficiencies and will swiftly and thoroughly respond to auditor findings of material weakness.

As an additional independent confirmation of the quality of the City's financial reporting, the City will annually seek to obtain the GFOA Certificate of Achievement for Excellence in Financial Reporting. The ACFR will be presented in a way designed to effectively communicate with residents about the financial affairs of the city.

Midyear and Monthly Financial Reporting

In addition to the annual financial reporting process, the Finance Department monitors revenues and expenditures throughout the year and prepares a midyear budget update to the City Council not later than the end of February. The purpose of the midyear report is to consider changes in the City's fiscal condition and to make budget adjustments based on major changes to revenues or expenditures not anticipated at the time of budget adoption. Monthly budget updates will be provided to the City Council, inclusive in the midyear report mentioned above. The monthly report for May will be the final update provided with the subsequent year's recommended budget.

VII. Bank Reconciliation Procedures

As referenced in the Accounts Receivable Section of this manual, the City takes in cash, check and credit card payments daily. Payments received are deposited as they are received.

Conversely, payments the City makes to vendors are typically made every other week. Given the many transactions that occur, and the timing of deposits and payments, it is essential that the City's bank accounts are periodically reconciled to the GL so it is kept up to date. At a minimum, all City bank accounts should be reconciled to the GL monthly with reconciling items promptly analyzed and adjusted with corresponding explanations and should be completed within 30 days of the end of the month.

The senior accountant is responsible for preparing the monthly bank reconciliations and creating records of any adjustments. The monthly bank reconciliations must be reviewed and approved by the Accounting Manager / Controller.

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The monthly bank reconciliation process consists of comparing cleared transactions on the bank statements to entries in the financial system to determine whether the bank balance equals the book balance from the GL. Any discrepancies between the two balances must be researched to determine the cause, such as recording errors, posting errors or omissions. This may also include recalculation of the bank statement for potential errors made by the bank.

Reconciling items such as interest, bank charges, and any recording errors must be summarized and journaled for recording to the GL, with supporting documentation maintained for audit purposes.

VIII. Budget Adjustments

While the following table shows the approval authority for budget amendments, any increase in fund appropriations must be approved by the City Council.

Table 6. Approval Authority for Budget Amendments

Approving Authority			
Description	**Department Heads**	**City Manager**	**City Council**
Budget transfer within the same division (O & M only)	X		
Budget transfer between different divisions but in the same department (O&M only)	X		
Budget transfer within the same department (O & M only)	X		
Budget transfer between salary and benefits within the same department		X	
Budget transfer between two different departments		X	
Budget transfer between two different funds			X
Budget increase			X
Any budget amendments not mentioned above			X

IX. General Ledger Procedures

Month-End Closing Procedures

Today's general ledger systems typically do not require that GL periods be closed each month. However, it is important that all transactions and adjusting journal entries be properly recorded within the monthly period to which the transaction relates.

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To properly report midyear financial transactions in the midyear financial report (upon which budget adjustments are based), the City will perform an abbreviated close of key revenues and expenditures such as property taxes, special assessments, sales taxes, franchise fees, water and sewer service charges, and other significant revenue sources. This close shall be completed as soon as practical and before preparing and finalizing the midyear financial report submitted for City Council review in February. Reversing journal entries shall be posted where necessary in the January period to maintain the appropriate GL balances.

Closing the Fiscal Year

The City will close its general ledger as soon as practical at the end of the fiscal year. Financial transactions for accounts payable are recorded until approximately the middle of August. Not later than September, the City will close the GL to all transactions recorded in the 12 monthly periods and starts to prepare worksheets with fund analysis for the year-end financial statements. Post-year end accounting periods (e.g., Period 13 for post-close transactions, Period 14 for audit adjustments) will be closed upon conclusion of the audit. The Finance team follows a financial close checklist to ensure all accounts are reconciled and accruals posted.

All manual journal entries prepared by the Finance staff are reviewed and approved by the Accounting Manager / Controller before posting. Support for manual journal entries and documentation of the review and approval process of journal entries are physically saved for records retention.

Acknowledgement Form

Please read the following statements and complete this form and return to your supervisor within one week of commencing employment with the City of South Pasadena or within one week of an update to the manual to indicate your receipt and acknowledgment of this manual.

This is to acknowledge that I have received and reviewed a copy of the City of South Pasadena Finance Policies and Procedures Manual dated [**INSERT DATE**]. I have had an opportunity to ask questions and seek any clarifications necessary regarding the policies and procedures set forth in this manual, and I understand these policies and procedures. I understand this manual supersedes all previously issued policies and procedures, and that I may request clarification of policies from my supervisor or the Finance Department.

I understand that this manual contains important information about the City's financial policies and on my obligations as an employee. I acknowledge that I am expected to read, understand, and adhere to this manual. I understand that I am governed by the contents

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of the manual and that the City may change, rescind, or add to any policies, procedures or practices described in the manual, from time to time in its sole and absolute discretion, with or without prior notice. The City of South Pasadena will advise employees of material changes within a reasonable time. I am aware that violations of the policy may subject me to disciplinary action, up to and including termination of employment.

I understand that my signature below indicates that I have read and understand the above statements and that I have received a copy of the current City of South Pasadena Finance Policies and Procedures Manual.

Employee's Name (Print):

Employee's Signature:

Date:

The signed original copy of this acknowledgment should be given to management; it will be filed in your personnel file.

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City Council and the Finance Commission Agenda Report

ITEM NO. 3

DATE: January 21, 2026

FROM: Todd Hileman, City Manager

PREPARED BY: Nick Kimball, Assistant City Manager/CFO
Mark Siegfried, Accounting Manager/Controller

SUBJECT: **CONSIDERATION TO RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR ENDED JUNE 30, 2025**

Recommendation

It is recommended that the City Council and Finance Commission receive and file the annual audit reports for the year ended June 30, 2025.

Executive Summary

At the close of each fiscal year, the Finance Department is responsible for the preparation and publication of the City's Annual Comprehensive Finance Report (ACFR) following an independent, certified audit. The goal of the financial audit and report is to provide users with a reasonable assurance that the information presented in the statements is accurate and timely.

After a year where the fiscal year ended June 30, 2024 ACFR was delivered almost nine (9) months late due to significant staff shortages in the Finance Department, the City is back on track to approve the audit within approximately 6 months after fiscal year end. The audit was completed in December 2025 and City staff is proud to present the timely audit results. The City received an unmodified opinion from the auditors. However, there were a number findings of deficiencies in internal control over financial reporting and other compliance matters identified that carried over from prior years that staff has addressed moving forward. These findings are discussed in more detail in this Agenda Report.

Overall, the City's total net position, a measure of fiscal health of an organization over time, increased by almost $11.9 million to $140,283,843 over the prior year, due to larger increases in revenues from charges for services, operating contributions and grants, property and other taxes, as well as uses of money and property than increases in expenses in General Government, Community Development, and Public Works. The General Fund unassigned fund balance, which is a measure of the City's operating liquidity and ability to address financial uncertainty while sustaining services into the future, ended FY 2024-25 at $18,980,691, representing 50% of General Fund expenditures.

Background

On June 18, 2024, the City Council awarded a five-year professional services agreement to Clifton Larson Allen LLP (CLA) to provide professional independent auditing services.

Throughout Fiscal Year 2024-2025, the Finance Department experienced a significant staff shortage and was unable to complete the fiscal year-end close procedures for FY 2023- 2024 in a timely manner. Consequently, the audit for the period ending June 30, 2024, was significantly delayed and approved on September 17, 2025. Once the fiscal year ended June 30, 2024 audit was completed, City staff started work on preparing for the fiscal year ended June 30, 2025, audit. CLA began their audit work at the end of October 2025 to ensure a final report could be presented for this meeting.

The 2025 Audit was completed by CLA in December 2025, and the auditors rendered an unmodified opinion, which is the highest and optimal opinion issued by independent auditors. However, there were a number of deficiencies in internal controls over financial reporting and compliance matters identified, which will be discussed in this report.

Analysis

The Annual Comprehensive Financial Report (ACFR) presents information on the status of the City's financial affairs, first on a citywide basis through the government-wide financial statements, and second, on a more detailed basis through the fund financial statements. Government-wide statements present the City's overall financial position, much like a business, by reporting all assets, liabilities, revenues, and expenses across the entire organization. In contrast, fund financial statements focus on individual funds such as the General Fund, capital project funds, or special revenue funds. These provide a more detailed view of how resources were received and spent within each fund, ensuring compliance with legal and budgetary requirements.

Although Government-wide financial statements and fund financial statements serve different purposes, they are complementary in nature and together, they provide both a "big picture" of the City's financial health and a detailed account of financial activity in specific areas.

The ACFR is organized into three primary sections:

1. *Introductory Section* – Provides background about the City, its organizational structure, and a letter of transmittal that sets the stage for the financial information.
2. *Financial Section* – Contains the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), and the basic financial statements, consisting of the combined financial statements, detailed notes that explain the City's financial position and results, and supplementary information.
3. *Statistical Section* – Presents multi-year trend data, financial and demographic information, and other context - such as expenditures, revenues, assessed valuations, tax levies, demographic data, and performance measurements - to help readers understand long-term patterns and the City's overall fiscal capacity.

The ACFR is important for a number of reasons: 1) it serves as a public information tool in the form of a comprehensive presentation of all of the City's financial information, 2) it is utilized by the investment community, including bond buyers, underwriters, bond issuers, and credit rating agencies, and 3) due to a standardized format, the ACFR serves as a tool to provide a meaningful comparison to similar data for other cities.

The ACFR is a complete set of financial statements that summarizes the City's financial position for the Fiscal Year. The report is prepared annually by City staff, and audited by an independent auditing firm, with the purpose of providing a reasonable assurance from an independent source that the information is reliable.

The audit-related items provided within this report include:

1. City of South Pasadena – Annual Comprehensive Financial Report (ACFR) (Attachment 1)
2. Independent Auditor's Report – Government Auditing Standards (GAS) (Attachment 2)
3. Fiscal Year 2024-25 Statement on Auditing Standards (SAS) 114 Letter (Attachment 3)
4. Fiscal Year 2024-25 Management Letter (Attachment 4)

Fiscal Year 2024-25 Audit Results

For Fiscal Year 2024-25, CLA performed an independent audit to determine that the financial statements are fairly presented and free from material misstatement. The independent auditor concluded there was reasonable basis for rendering an unmodified opinion, and that City's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

Listed below are financial highlights for Fiscal Year 2024-25:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $140,283,843.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $61,884,730, an increase of $13,863,540 from the prior year. Of this amount, $14,061,234 or approximately 23% of total fund balances are available for spending at the City's discretion (unassigned fund balance). $6.6 million is due to the sales of the CalTrans properties during the year. Another $3.4 million is due to investment income realized during the year. $2.6 million was also due to Metro Local Return Funds and Gas Tax Funds received during the year which are programmed to be sent in FY 2025-26.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $18,980,691, or 50% of the total General Fund Expenditures.

Audit Findings

In Fiscal Year 2023-24, the auditors noted that four (4) findings and one (1) compliance matter that were present and had not been addressed.

In Fiscal Year 2024-25, the auditors noted that three (3) findings and one (1) compliance matter that were present and had not been addressed.

Since the financials for both fiscal years were completed within months of each other, and the measurement period for the FY 2024-2025 audit is through June 30, 2025, before many of the current staff in the Finance Department were hired, it was expected that these findings would be reflected in both years.

These findings, with management's response, are provided below:

Finding 2025-001: Material Weakness in Internal Control Over Financial Reporting - Financial Close and Reporting

Cause: Due to significant shortages in the Finance Department, there were not sufficient staff

available to closely analyze invoices, accruals, and project close-out procedures as part of year-end financial close and reporting. Staff turnover also led to year-end closing entries to be inadvertently missed.

Management Response: City Management engaged an accounting firm, as well as a number of contract municipal finance professionals, to supplement City staff to analyze invoices, accruals and project close-out procedures throughout Fiscal Year 2024-25. The Finance Department is currently fully staffed, including the hiring of a new Assistant City Manager/Chief Financial Officer, Accounting Manager/Controller and Senior Accountant to address financial close and reporting issues as well as provide consistency as it relates to reporting of the City.

Finding 2025-002: Significant Deficiency in Internal Control Over Financial Reporting – Bank Reconciliations

Cause: Due to significant shortages in the Finance Department, there were not sufficient staff available to complete bank reconciliations timely.

Management Response: City Management engaged an accounting firm to supplement City staff to, among other accounting tasks, complete bank reconciliations. Additionally, City Management hired a retired finance director specifically to clear the backlog of bank reconciliations and complete bank reconciliations for Fiscal Year 2024-25 in a timely manner. Six (6) new Finance Department staff were hired subsequent to June 30, 2024 and City staff has resumed responsibility for bank reconciliations effective July 2025, which will continue to be completed in a timely manner. City staff has caught up with bank reconciliations and is working to have them completed within 30-45 days after month-end to ensure proper controls related to financial reporting.

Finding 2025-003: Significant Deficiency in Internal Control Over Financial Reporting – Deficit Fund Balance

Cause: Transfers from several special revenue funds were made to the Capital Improvement Program Capital Project Fund in anticipation of future capital project outlay funded by reimbursement grants.

Management Response: City staff has started work in Fiscal Year 2025-26 to charge capital outlay to the budgeted special revenue funds to properly track expenditures as well as to ensure reimbursements from grants are submitted timely to properly show the fund balance and cash positions.

Finding 2025-004: Compliance and Other Matter – Budget Compliance

Cause: Due to staff turnover, a mid-year budget adjustment was not requested to City Council to account for State and Local Recovery Fund (SLRF) monies that were transferred to the Special Projects Fund. Expenditures had already been encumbered in SLRF through purchase orders but were not properly transferred between the funds.

Management Response: As part of revised Finance Department policies and procedures, staff will track budget to actual expenditures monthly with various departments. The Finance Department will also be providing quarterly year-to-date reports to the City Council to determine if budget adjustments are needed for a fund if expenditures are expected to exceed

the amount approved in the adopted budget.

The full description of findings as well as management's responses and planned corrective actions may be found in Attachment 2. These findings are being addressed and are not expected to carry over to the FY 2025-2026 financial statements.

Audit Overview

There are two primary citywide financial statements: 1) Statement of Net Position and 2) Statement of Activities. Similar to a balance sheet in private sector accounting, the Statement of Net Position presents the City's overall financial position at a specific point in time – in the City's case, this is as of the last day of the fiscal year (June 30, 2025).

City of South Pasadena Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 75,483,555	$ 63,332,376	$ 48,038,458	$ 46,973,827	$ 123,522,013	$ 110,306,203
Capital assets, net	57,065,905	55,855,277	80,204,333	82,375,337	137,270,238	138,230,614
Total assets	132,549,460	119,187,653	128,242,791	129,349,164	260,792,251	248,536,817
Deferred outflow of resources	14,725,997	19,713,736	5,375,570	5,813,594	20,101,567	25,527,330
Long-term liabilities	58,328,713	57,177,904	57,929,467	59,828,775	116,258,180	117,006,679
Other liabilities	8,814,880	11,337,508	4,924,547	4,419,359	13,739,427	15,756,867
Total liabilities	67,143,593	68,515,412	62,854,014	64,248,134	129,997,607	132,763,546
Deferred inflow of resources	9,865,011	11,931,556	747,357	939,718	10,612,368	12,871,274
Net investment in capital assets	54,706,272	54,539,590	29,701,029	29,804,142	84,407,301	84,343,732
Restricted	25,494,941	19,180,500	713,107	1,132,283	26,208,048	20,312,783
Unrestricted (deficit)	(9,934,360)	(15,265,669)	39,602,854	39,038,481	29,668,494	23,772,812
Total net position	$ 70,266,853	$ 58,454,421	$ 70,016,990	$ 69,974,906	$ 140,283,843	$ 128,429,327

The table above presents a summarized version of the City's Statement of Net Position for Fiscal Year 2024-25, and a comparison to the previous fiscal year. Net position may serve as a useful indicator of a government's financial position. For South Pasadena, assets exceeded liabilities by $140,283,843 at the close of the fiscal year. This represents an increase of $11,854,516, or 9%, from the prior year, primarily due to an increase in unrestricted assets, which consists of investments.

Net investment in capital assets of $84,407,301 are by far the largest portion of the City's net position, and 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. The second portion of the City's net position, $26,208,048, represents special revenue resources that are subject to external restrictions on how they may be used.

The City's net investment in capital assets for its governmental activities and business-type activities as of June 30, 2025, amounts to $84,407,301 (net of accumulated depreciation), an increase of $63,569. This investment in capital assets includes land, buildings, park improvements, roadways, vehicles, computer equipment, furniture, other equipment, and

construction in progress.

The Statement of Activities is similar to the income statement, presenting the City's results of operations over a period of time.

City of South Pasadena Statement of Activities
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 6,941,514	$ 6,345,125	$ 16,834,354	$ 16,469,017	$ 23,775,868	$ 22,814,142
Operating contributions and grants	13,251,231	12,483,951	553,176	-	13,804,407	12,483,951
Capital contributions and grants	30,754	756,584	-	-	30,754	756,584
General revenues:						
Property taxes	20,886,401	19,761,396	-	-	20,886,401	19,761,396
Other taxes	13,149,262	12,340,977	-	-	13,149,262	12,340,977
Use of money and property	3,448,370	2,722,337	2,392,609	1,793,749	5,840,979	4,516,086
Other	248,366	124,214	8,521	13,690	256,887	137,904
Total revenues	57,955,898	54,534,584	19,788,660	18,276,456	77,744,558	72,811,040
Expenses:						
General government	10,681,982	10,361,297	-	-	10,681,982	10,361,297
Public safety	23,845,216	20,412,191	-	-	23,845,216	20,412,191
Community development	3,460,064	3,120,691	-	-	3,460,064	3,120,691
Community services	4,751,454	5,060,306	-	-	4,751,454	5,060,306
Public works	7,780,239	8,057,754	-	-	7,780,239	8,057,754
Interest	9,654	20,724	-	-	9,654	20,724
Water	-	-	11,941,949	10,839,957	11,941,949	10,839,957
Sewer	-	-	1,797,229	1,614,268	1,797,229	1,614,268
Arroyo Seco Golf Course	-	-	1,622,255	1,506,219	1,622,255	1,506,219
Total expenses	50,528,609	47,032,963	15,361,433	13,960,444	65,890,042	60,993,407
Income before transfers	7,427,289	7,501,621	4,427,227	4,316,012	11,854,516	11,817,633
Transfers	4,385,143	80,944	(4,385,143)	(80,944)	-	-
Increase in net position	11,812,432	7,582,565	42,084	4,235,068	11,854,516	11,817,633
Net position, beginning	58,454,421	50,871,856	69,974,906	65,739,838	128,429,327	116,611,694
Net position, ending	$ 70,266,853	$ 58,454,421	$ 70,016,990	$ 69,974,906	$ 140,283,843	$ 128,429,327

Governmental activities net position increased by $11,812,432, due to larger increases in revenues from general revenues such as property taxes, as well as interest income and expenses in for the City remaining flat as a whole.

Business activities net position increased by $42,084 over the prior year, mainly due to charges for services and interest income offset by transfers

Conclusion

For Fiscal Year 2024-25, the City received an independent audit confirming that its financial statements are fairly presented in accordance with Generally Accepted Accounting Principles. While the auditors issued an unmodified opinion, they also identified several ongoing and new internal control weaknesses and deficiencies, which Finance staff have already begun addressing with corrective actions and best practices. Despite these findings, the City's overall financial position remains strong, with assets exceeding liabilities by $140.3 million, combined fund balances increasing to $61.9 million, and the General Fund maintaining a healthy unassigned fund balance equal to 50% of expenditures. These results demonstrate the City's continued financial stability and capacity to meet community needs while also highlighting areas for improvement in financial reporting and compliance.

Fiscal Impact
There is no budget impact related to consideration to receive and file the FY 2025 Audit. Preparation and completion of the annual audit is part of the Finance Department's annual work plan and included in the Adopted Budget.

Key Performance Indicators and Strategic Plan
This item is in line with the Finance Department's Key Performance Indicator. With the Fiscal Year 2024-25 audit complete, Finance Department staff has already started preparing for the mid-year report to discuss how the Fiscal Year 2025-26 financials are in comparison to budgeted figures.

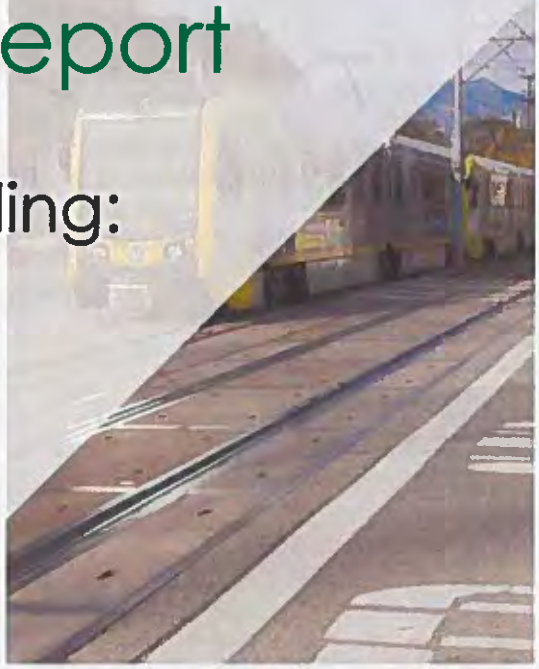
Attachment:
Attachment No. 1 - Draft City of South Pasadena ACFR Year Ending June 30, 2025
Attachment No. 2 - City of South Pasadena Internal Control Communication
Attachment No. 3 - FY 25 City of South Pasadena Governance Communication
Attachment No. 4 - FY 25 City of Pasadena Management Letter

City of South Pasadena, CA

Annual Comprehensive Financial Report

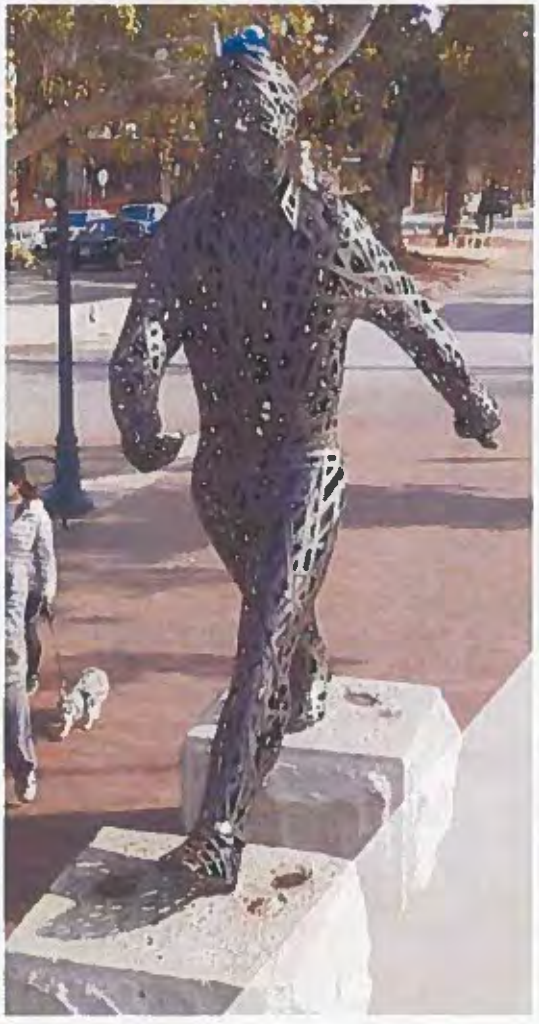
Fiscal Year Ending:
June 30, 2025

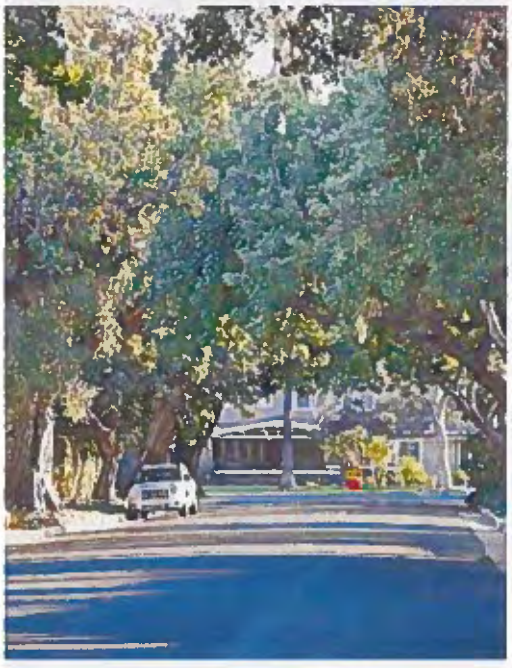














CITY OF SOUTH PASADENA, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

PREPARED BY THE FINANCE DEPARRTMENT
OF THE CITY OF SOUTH PASADENA

CITY OF SOUTH PASADENA
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INTRODUCTORY SECTION

CITY OF SOUTH PASADENA
FINANCE DEPARTMENT
1414 MISSION STREET, SOUTH PASADENA, CA 91030
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January 12, 2026

Honorable Mayor, Councilmembers, and the Residents of the City of South Pasadena,

The Finance Department is pleased to present to the City Council the City of South Pasadena's (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. The ACFR is intended to provide readers with a clearly articulated, user-friendly reporting of the City's financial affairs. Within the ACFR, readers will find reporting on all funds and account groups for the City. This report consists of management's representations concerning the finances of the City. As such, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable assurance, rather than absolute assurance, that the financial statements are free of any material misstatements.

State Law requires the City to prepare an annual financial report. This report fulfills that obligation. CliftonLarsonAllen LLP, an independent firm of certified public accountants, has issued an unmodified opinion on the financial statements of the City for the year ended June 30, 2025. The independent auditors' report is located at the front of the financial section of this ACFR. The ACFR has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB). These reporting requirements specify that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). The MD&A, which immediately follows the independent auditors' report, complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of South Pasadena

The City 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 26,943[1]. Founded in 1874 by the Indiana Colony, the City was incorporated as a General Law city of the State of California on March 2, 1888.



South Pasadena is known for its tree-lined streets, historic California Craftsman-style homes, unique small businesses and its outstanding public schools. This small-town atmosphere makes South Pasadena one of California's most desirable locations. South Pasadena has quality education, a strong religious community, an extensive network of parks and a rich architectural heritage. Dynamic civic organizations, a population of ethnic and cultural diversity, and a vital seniors' group further enrich the small-town quality of life. Small, proud and independent, the City of South Pasadena has battled for a hundred years to preserve its status as a distinct—and distinctive—community.

South Pasadena 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 official is the City Treasurer who serves a four-year term of office.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; sewer services; water utility; public improvements; planning and zoning; recreational activities and cultural events; library operations; and general administrative and support services.

Annual Budget and Budget Control

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

[1] Per United States Census Bureau:
https://data.census.gov/profile/South_Pasadena_city,_California?g=160XX00US0673220; visited 1/6/2026

the end of each fiscal year unless encumbered for re-appropriation by the City Council in the following fiscal year. Re-appropriation by the City Council only occurs for multi-year infrastructure and capital projects. Department heads may, without Council approval, amend individual line items within their departments, within the same fund and only within the maintenance and operations portions of the budget, without increasing total appropriations. Certain funds have no budget adopted as noted in the Supplementary Information section of the ACFR. 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.

City History

In early 1874, the area that is now South Pasadena was a part of the San Gabriel-Orange Grove Association. In 1875, the stockholders of the association voted to name their town Pasadena and just three years later, residents living in the southern portion of Pasadena considered themselves South Pasadenans.

In February of 1888, in order to control their own territory, South Pasadenans voted eighty-five to twenty-five for incorporation. A board of trustees were elected, and Ammon B. Cobb was appointed as the first marshal, with Marshal B. Selmen as his deputy.

On March 2, 1888, South Pasadena officially incorporated with a population of slightly over 500. The City's boundaries established in 1889 are essentially the same today. South Pasadena consists of 3.44 square miles of prime residential property. In 1876, unimproved land with water was selling from $75 to $150 an acre. Today a vacant lot in South Pasadena can be sold for more than $200,000.

Few cities in California are better recognized for the quality of its small-town atmosphere and rich legacy of intact late 19th and early 20th century neighborhoods and residences. South Pasadena also has a strong claim to having the oldest and most historic sites in the San Gabriel Valley. For many centuries, its adjacency to a natural fording place along the Arroyo Seco had served as a gateway to travel and commerce for aboriginal peoples here and along the coast. It was here that Hahamognas greeted Portola and the missionaries who later established the San Gabriel Mission a few miles to the west.

The initial buildings on the Rancho San Pascual, which subsequently gave birth to the Cities of Pasadena, South Pasadena and Altadena, were built here. The first of these adobe structures became headquarters for General Flores and his staff in 1847, where they agreed to surrender to American forces, ending Mexican Colonial rule in California.

In 1888, South Pasadena incorporated the southern portion of the Indiana Colony and land south and eastward to the Los Angeles border, becoming the sixth municipality in Los Angeles County. With the establishment of the Raymond Hotel and the Cawston Ostrich Farm, the small community was able to attract tourists and increasingly large waves of new residents to the Pasadena area in the late 19th and early 20th Centuries. With the completion of the Pacific Electric Short Line, putting the entire city within easy walking distance of the "red car" stations, South Pasadena also became one of the first suburbs of Los Angeles. It is now certainly one of the best-preserved cities, maintaining a small-town quality and humanity in the scale of its buildings, its residential streetscapes and historic commercial core.

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 operates.

Local Economy[2]

For the fiscal year ended June 30, 2025, the City's local economy remained stable as broader economic conditions moderated following the post-pandemic recovery period. Elevated interest rates and easing inflation influenced economic activity throughout the fiscal year, contributing to slower but continued economic expansion.

The City's General Fund remained primarily supported by four major revenue sources: property taxes, utility users' taxes, sales taxes, and charges for services. Together, these revenues continued to represent the majority of General Fund resources during fiscal year 2024-25, reinforcing the City's sensitivity to broader economic conditions.

Property taxes remained the City's largest revenue source. Assessed valuation continued to increase during the fiscal year, reflecting prior-year residential sales activity and the City's strong housing market fundamentals. Although higher interest rates reduced home sales volume, assessed values remained resilient due to limited housing supply and sustained demand.

Sales tax revenues experienced modest growth during fiscal year 2024-25, supported primarily by restaurants, consumer goods, and fuel and service station activity. Statewide sales tax trends reflected a cooling consumer environment, with growth moderating compared to prior fiscal years as inflation eased and consumer spending normalized.

The City continued to utilize State and Local Fiscal Recovery Funds (SLFRF) authorized under the American Rescue Plan Act (ARPA), which were received in prior fiscal years. During fiscal year 2024-25, these one-time funds supported eligible programs and services in accordance with federal guidelines, reducing pressure on the General Fund while advancing City Council-identified priorities.

Overall, the City remained in satisfactory financial condition during the fiscal year ended June 30, 2025, supported by stable core revenues, inflation-adjusted fee schedules, and prudent fiscal management.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, error and omissions; injuries to employees and natural disasters. The City utilizes a

[2] Local economic data provided through the following sources:
Los Angeles County EDD Labor Market — LA County, https://labormarketinfo.edd.ca.gov/geography/losangeles-county.html;
California Dept of Tax and Fee Administration — Sales and Use Tax Research & Statistics, https://cdtfa.ca.gov/legal/research-and-statistics/sales-and-use-tax.htm;
Los Angeles County Assessor — Annual Assessment Roll, https://assessor.lacounty.gov/news-information/annualroll.

combination of self-insurance and excess insurance to address these concerns. The City's primary coverage provider is Public Risk Innovation, Solutions, and Management (PRISM). The purpose of this organization is to provide a form of liability, workers compensation and property coverage.

For general liability claims, the City has a self-insured retention of $100,000, losses exceeding the self-insured retention limit up to $4.9 million per claim are recovered a risk pool through PRISM. Reinsurance coverage in excess of the pool layer up to $25 million is purchased through PRISM. PRISM retains responsibility for claims in excess of each member's self-insured retention.

For workers' compensation claims, the City has a self-insured retention of $125,000, losses exceeding the self-insured retention limit up to $5,000,000 is provided by PRISM. PRISM participates in an excess pool which provides coverage from $5,000,000 to $50,000,000 and purchases excess insurance above $50,000,000 to the statutory limit. Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension Obligations

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the pension plan will be able to fully meet its obligations to retired employees on a timely basis.

As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by its funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over a set number of years for safety and miscellaneous employees as part of the annual required contribution calculated by the actuary. The City also provides postemployment health care benefits for certain retired employees. Most recently, the City updated its retiree health contribution to the Public Employees' Medical & Hospital Care Act (PEMHCA) minimum. Additional information regarding the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

The City offers one of the lowest pension formulas (2% at 55 for Non-Safety staff and 2% at 50 for Safety staff) which has kept the City's liability low compared to Cities who pay 2.5%, 2.7% or even 3.0% at 55. Nonetheless, the City must bear the cost of increased payments to PERS over the next five years at least. Further, it remains unclear how PERS management decisions will impact the City in the future. Investment funds continue to fluctuate from projected returns and required annual contributions are based on actuarial reports with a one year lag between the valuation date and the start of the contribution fiscal year. Many cities are hiring independent actuarial consultants to better analyze future impacts and plan appropriate strategies.

Retiree Health

In FY 2021-22, the City reduced its retiree healthcare contribution for all employees hired after July 1, 2020. The future retirees will receive a medical benefit equal only to the PEMHCA minimum. By reducing the retiree health contributions for future employees from $625/month to the PEMHCA minimum (currently $158/month for calendar year 2025) the City will see significant long-term savings and substantially reduce the City's unfunded liabilities.

During FY 2021-22, the City established an Other Postemployment Benefits Trust Fund with monies from the sale of the City's cell tower lease contract and Designated General Fund Reserves. The investments held in the Trust Fund will pay for some of the future postemployment benefits costs.

Cash Management Policies and Practices

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

Internal Controls. The management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate account data is compiled for the preparation of the annual budget and annual 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.

Independent Audit

For the fiscal year ended June 30, 2025, the City's financial statements were audited by the certified public accounting firm of CliftonLarsonAllen LLP to ensure that the financial statements of the City were free of material misstatement. As part of their engagement, the auditor performed the following: a) examined activities, documents, and disclosures used to create the financial statements, b) assessed the accounting principles used by management, and c) evaluated the overall financial statement presentation.

The results of the audit, as stated in the independent auditor's report, are as follows: Financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025.

In this, it is management's goal to provide readers and citizens with an accurate depiction of the financial standing and activities regarding the City. Please reference the MD&A section of this report for a more complete and detailed accounting of financial performance for the fiscal year ended June 30, 2025.

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 ACFR for the fiscal year ended June 30, 2023. The Certificate of Achievement for Excellence in Financial Reporting 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 for Excellence in Financial Reporting, the City published an ACFR that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that ensures users of the financial statements have the necessary information to assess the City's financial health.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. The City has received a Certificate of Achievement for Excellence in Financial Reporting for many years starting with the fiscal year ended June 30, 1987. Due to staff turnover during the 2024 calendar year, City staff was not able to complete the audit in time to apply for a Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2024. City staff will be submitting the ACFR to GFOA for the fiscal year ended June 30, 2025 in order to provide assurance to the residents of the City of South Pasadena that the City is committed to financial reporting excellence.

The ACFR stands as a testament to the dedication, expertise, and unwavering commitment exhibited by staff of the Finance Department. This document's completion was made possible through their diligent effort and support. We extend our heartfelt appreciation to all department members who actively participated and contributed to the preparation of the report.

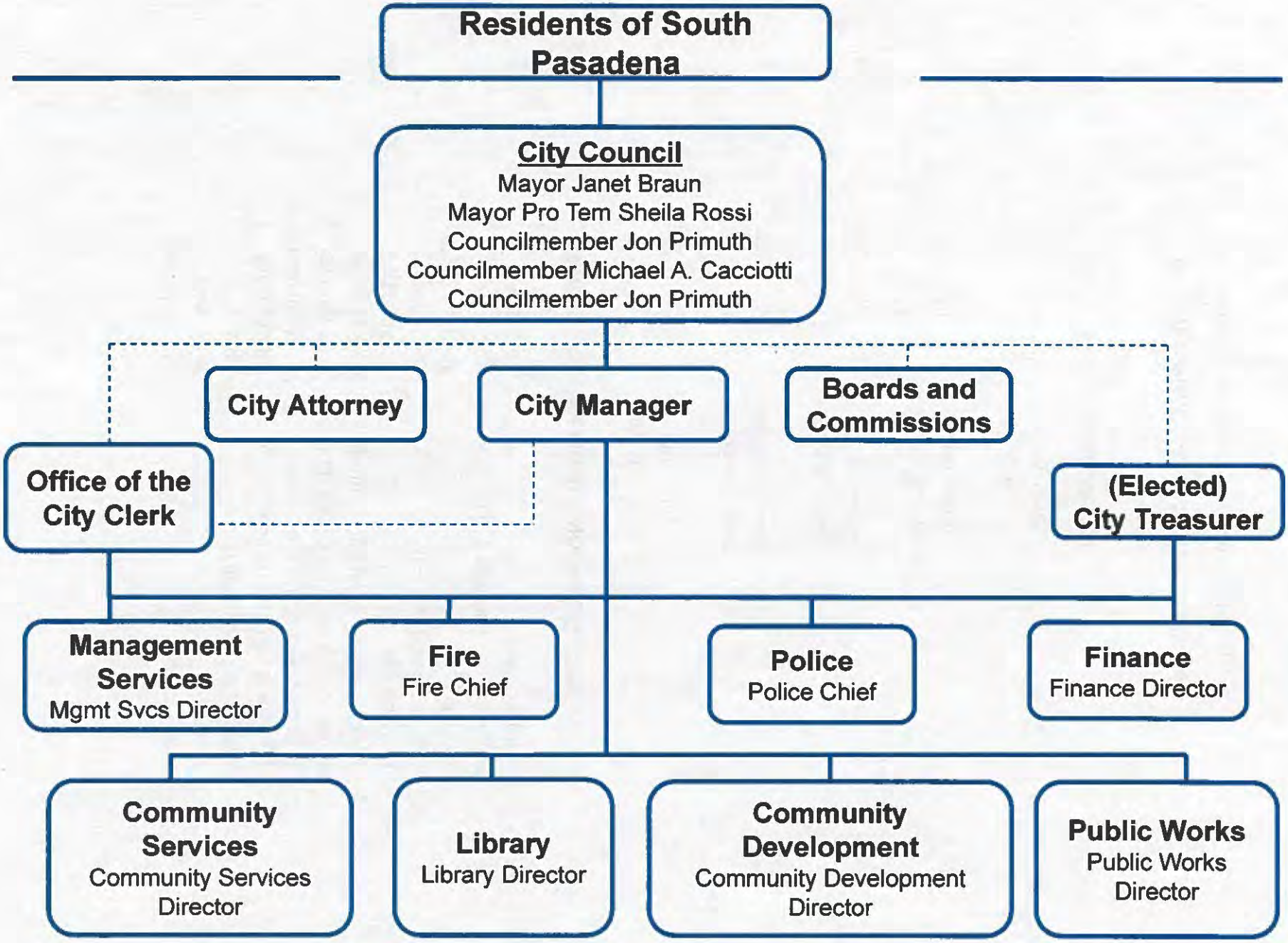
We also wish to express our gratitude to the Finance Commission, City Treasurer, the City's executive team, and the residents of South Pasadena for their steadfast support of the City's financial operations in the past fiscal year. Additionally, we acknowledge the Mayor and Councilmembers for their consistent adherence to the highest standards of professionalism in the management of the City's finances. Their collective efforts have been instrumental in ensuring the financial well-being of our city.

Finally, thanks are extended to the firm of CliftonLarsonAllen LLP, for their contributions towards improving our financial reporting and year end processes.

Respectfully submitted,

Todd Hileman
City Manager

Nick Kimball
Assistant City Manager/Chief Financial Officer


Residents of South Pasadena
City Council
Mayor Janet Braun
Mayor Pro Tem Sheila Rossi
Councilmember Jon Primuth
Councilmember Michael A. Cacciotti
Councilmember Jon Primuth
City Attorney
City Manager
Boards and Commissions
Office of the City Clerk
(Elected) City Treasurer
Management Services
Mgmt Svcs Director
Fire
Fire Chief
Police
Police Chief
Finance
Finance Director
Community Services
Community Services Director
Library
Library Director
Community Development
Community Development Director
Public Works
Public Works Director

CITY OF SOUTH PASADENA, CALIFORNIA

OFFICIALS OF THE CITY OF SOUTH PASADENA

CITY COUNCIL

Janet Braun
Mayor

Sheila Rossi
Mayor Pro Tempore

Michael A. Cacciotti
Councilmember

Omari Ferguson
Councilmember

Jon Primuth
Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Todd Hileman
Assistant City Manager/CFO	Nick Kimball
City Clerk	Vacant
City Treasurer (Elected)	Zhen Tao
City Attorney	Roxanne Diaz
Director of Library, Arts and Culture	Cathy Billings
Director of Community Development	Erika Ramirez
Director of Community Services	Lucy Hakobian
Director of Library, Arts and Culture	Cathy Billings
Director of Public Works	Vacant
Fire Chief	Greg Lloyd
Police Chief	Brian Solinsky

FINANCIAL SECTION

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Pasadena, California (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison, the schedule of proportionate share of net pension liability and related ratios; the schedule of plan contributions; the schedule of changes in the OPEB liability and related ratios; and schedule of OPEB contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable City Council
of the City of South Pasadena

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 12, 2026

Management's Discussion and Analysis

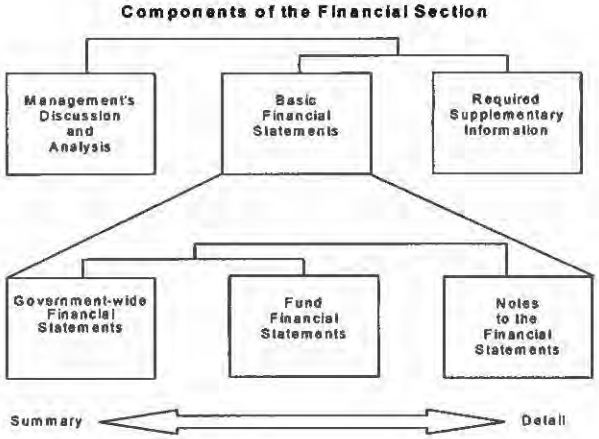
The Management Discussion and Analysis provides a narrative overview and analysis of the financial activities of the City of South Pasadena (the City) for the fiscal year ended June 30, 2025. As management of the City, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

(A) Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $140,283,843. Unrestricted net position in an amount of $29,668,494 is primarily due to the City recording the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, and information about the fiduciary net position of the City's CalPERS plans per GASB Statements No. 68 and 71 and 75.
- The City's total net position increased from $128,429,327 as of June 30, 2024 to $140,283,843 as of June 30, 2025 for a total increase of $11,854,516
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $61,884,730, an increase of $13,863,540 from the prior year. Of this amount, $14,061,234 or approximately 23% of total fund balances are available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $18,980,691, or 50% of the total General Fund Expenditures.
- The City's net investment in capital assets increased from $84,343,732 as of June 30, 2024 to $84,407,301 as of June 30, 2025 for a total increase of $63,569 from the prior fiscal year due primarily to budgeted capital expenditures.

(B) Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial



statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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, 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 maintains 44 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, the Affordable Housing Trust and Capital Improvement Programs, which are considered to be major funds for the purposes of this report. Data from the other 41 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 adopts an annual appropriated budget for its General Fund and each of its special revenue funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget. The budgetary comparison statement for the General Fund is located in the basic financial statements; the budgetary comparison statements for the non-major governmental funds are presented in the Additional Financial Information section of this report.

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

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

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

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

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

(C) Government-wide Financial Analysis.

Net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $140,283,843 as of June 30, 2025. This represents an increase of $11,854,516, or 9%, from the prior year, primarily due to an increase in unrestricted assets, which consists of investments.

City of South Pasadena Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 75,483,555	$ 63,332,376	$ 48,038,458	$ 46,973,827	$ 123,522,013	$ 110,306,203
Capital assets, net	57,065,905	55,855,277	80,204,333	82,375,337	137,270,238	138,230,614
Total assets	132,549,460	119,187,653	128,242,791	129,349,164	260,792,251	248,536,817
Deferred outflow of resources	14,725,997	19,713,736	5,375,570	5,813,594	20,101,567	25,527,330
Long-term liabilities	58,328,713	57,177,904	57,929,467	59,828,775	116,258,180	117,006,679
Other liabilities	8,814,880	11,337,508	4,924,547	4,419,359	13,739,427	15,756,867
Total liabilities	67,143,593	68,515,412	62,854,014	64,248,134	129,997,607	132,763,546
Deferred inflow of resources	9,865,011	11,931,556	747,357	939,718	10,612,368	12,871,274
Net investment in capital assets	54,706,272	54,539,590	29,701,029	29,804,142	84,407,301	84,343,732
Restricted	25,494,941	19,180,500	713,107	1,132,283	26,208,048	20,312,783
Unrestricted (deficit)	(9,934,360)	(15,265,669)	39,602,854	39,038,481	29,668,494	23,772,812
Total net position	$ 70,266,853	$ 58,454,421	$ 70,016,990	$ 69,974,906	$ 140,283,843	$ 128,429,327

Capital Assets are by far the largest category of the City's net position; $84,407,301 or 60% 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.

The second category of the City net position of $26,208,048 represents special revenue resources that are subject to external restrictions on how they may be used. Restricted assets increased by $5,895,265, or 29% from prior year.

The unrestricted net position shows a positive balance of $29,668,494, which is an increase of $5,895,682, or 25%.

Governmental Activities and Business-type Activities

The City's governmental current assets are $75,483,555, which is an increase of $12,151,179, or 19%. Capital assets stayed relatively flat at $57,065,905, which is an increase of $1,210,628, or (2.1%). Current assets increased due to more cash on hand, while capital assets remained consistent over the prior year.

The City's business-type current assets increased to $48,038,458 from $46,973,827 in 2024, or 2.2%, primarily due to more cash on hand. The City reported a net decrease of $2,171,004 in capital assets due to an increase in current year depreciation.

Governmental activities' net position increased by $11,812,432 to $70,266,853, or 20.2%, due to increases in operating grants and contributions for general government, property taxes, and decrease to general government expenditures.

The City's Business-type activities' unrestricted net position increased to $39,602,854, or 1.5%. Total net position for these funds is $70,016,990, an increase of $42,084, or 0.1%, over the prior year due to increase in unrestricted assets.

The table below provides the same type of information found in the Statement of Net Position, but offers more detail in the form of a Statement of Cash Flows and Change in Net Position.

City of South Pasadena Change in Net Position
For the Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 6,941,514	$ 6,345,125	$ 16,834,354	$ 16,469,017	$ 23,775,868	$ 22,814,142
Operating contributions and grants	13,251,231	12,483,951	553,176	-	13,804,407	12,483,951
Capital contributions and grants	30,754	756,584	-	-	30,754	756,584
General revenues:						
Property taxes	20,886,401	19,761,396	-	-	20,886,401	19,761,396
Other taxes	13,149,262	12,340,977	-	-	13,149,262	12,340,977
Use of money and property	3,448,370	2,722,337	2,392,609	1,793,749	5,840,979	4,516,086
Other	248,366	124,214	8,521	13,690	256,887	137,904
Total revenues	57,955,898	54,534,584	19,788,660	18,276,456	77,744,558	72,811,040
Expenses:						
General government	10,681,982	10,361,297	-	-	10,681,982	10,361,297
Public safety	23,845,216	20,412,191	-	-	23,845,216	20,412,191
Community development	3,460,064	3,120,691	-	-	3,460,064	3,120,691
Community services	4,751,454	5,060,306	-	-	4,751,454	5,060,306
Public works	7,780,239	8,057,754	-	-	7,780,239	8,057,754
Interest	9,654	20,724	-	-	9,654	20,724
Water	-	-	11,941,949	10,839,957	11,941,949	10,839,957
Sewer	-	-	1,797,229	1,614,268	1,797,229	1,614,268
Arroyo Seco Golf Course	-	-	1,622,255	1,506,219	1,622,255	1,506,219
Total expenses	50,528,609	47,032,963	15,361,433	13,960,444	65,890,042	60,993,407
Income before transfers	7,427,289	7,501,621	4,427,227	4,316,012	11,854,516	11,817,633
Transfers	4,385,143	80,944	(4,385,143)	(80,944)	-	-
Increase in net position	11,812,432	7,582,565	42,084	4,235,068	11,854,516	11,817,633
Net position, beginning	58,454,421	50,871,856	69,974,906	65,739,838	128,429,327	116,611,694
Net position, ending	$ 70,266,853	$ 58,454,421	$ 70,016,990	$ 69,974,906	$ 140,283,843	$ 128,429,327

(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.

City of South Pasadena Change in Fund Balances
As of June 30, 2025 and 2024

	2025	2024
Assets:		
Cash and Investments	69,076,185	55,530,773
Receivables	5,157,248	5,355,680
Due from Other Governments	129,629	121,269
Due from Other Funds	5,249,572	535,758
Inventories	12,691	8,729
Prepaid Items	-	60,071
Total Assets	79,625,325	61,612,280
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts Payable	4,663,380	2,702,368
Accrued Liabilities	1,255,151	1,016,868
Deposits Payable	933,119	1,864,632
Due to Other Funds	4,991,157	535,758
Unearned Revenue	94,220	1,477,565
Total Liabilities	11,937,027	7,597,191
Deferred Inflows of Resources:		
Unavailable Revenues	990,368	963,739
Future Revenues	3,959,229	4,053,275
Lease Related	853,971	976,885
Total Deferred Inflows of Resources	5,803,568	5,993,899
Fund Balances		
Nonspendable	12,691	68,800
Restricted	25,482,892	19,075,636
Committed	22,060,790	11,531,745
Assigned	267,123	182,098
Unassigned	14,061,234	17,162,911
Total Funds Balances	61,884,730	48,021,190
Total Liabilities, Deferred Inflows of Resources and Fund Balances	79,625,325	61,612,280

As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $61,884,730, an increase of $13,863,540, or 28.9%, from the prior fiscal year. Approximately 23% of fund balances constitute the unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either restricted for projects undertaken in the Special Revenue Funds

(41%), committed by City Council action for specific purposes (36%), or represents net position that are non-spendable resources (0%).

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $18,980,691, while the total fund balance reached $27,245,951. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 50% of General Fund expenditures, while the total fund balance represents 71% of that same amount.

The fund balance of the City's General Fund increased by $2,087,019, or 8%, as of June 30, 2025. This was the result of overall increase in revenues, offset by an overall greater decrease in expenditures and Transfers Out.

General Fund Budgetary Highlights

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

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

City of South Pasadena General Fund Budget to Actual

	FY 2024/25 Budget	FY 2024/25 Actuals
Revenues and Other Financing Sources:		
Taxes	$ 29,488,515	$ 29,382,292
Licenses and permits	879,463	1,336,179
Intergovernmental	4,320,789	4,268,380
Charges for services	4,641,366	4,773,327
Use of money and property	1,048,715	2,255,019
Fines and forfeitures	58,000	79,703
Miscellaneous	580,812	643,240
Transfers In	150,000	79,612
Total Revenues and Other Financing Sources	$ 41,167,660	$ 42,817,752
Expenditures and Other Financing Uses:		
General Government	$ 10,014,196	$ 9,371,806
Public Safety	19,355,695	18,126,469
Community Development	3,759,204	3,031,014
Community Services	4,055,895	3,639,176
Public Works	3,791,755	3,267,011
Debt Service:		
Principal	-	136,778
Interest and Fiscal Charges	-	3,106
Capital Outlay	1,544,183	604,401
Transfers Out	2,307,578	2,550,972
Total Expenditures and Other Financing Uses	$ 44,828,506	$ 40,730,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,660,846)	2,087,019

The General Fund reflected a net total favorable budget variance of $5,747,865 when comparing actual amounts to the final budget for the current fiscal year. This budget variance reflects a favorable variance in revenues of $1,720,480, a favorable variance in total expenditures of $4,341,167, and an unfavorable variance in other financing sources (uses) of ($313,782). The favorable budget variance is due to a decrease in departmental expenditures across multiple expenditure categories such as salaries and benefits, and contractual and professional services.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental activities and business-type activities as of June 30, 2025, amounts to $57,065,905 and $80,204,333 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, park improvements, roadways, vehicles, computer equipment, furniture, other equipment, and construction in progress.

Additional information on the City's capital assets can be found in Note 3 in the Notes to Financial Statements section of this report.

Long-term liabilities. As of June 30, 2025, the City of South Pasadena had total long-term liabilities outstanding related to governmental activities of $58,328,713.

Governmental Activities Long-term Liabilities

	Governmental Activities	
	2025	2024
Employee compensated absences	$ 1,117,039	$ 959,517
Lease liability	95,800	190,141
Claims payable	2,448,916	-
SBITA liability	92,804	215,005
OPEB liability	11,278,551	11,380,705
Net pension liability	43,295,603	44,432,536
Total long-term liabilities	$ 58,328,713	$ 57,177,904

The City's governmental activities long-term liabilities increased $1,150,809 during the current fiscal year primarily due to changes in claims payable.

Business-Type Activities Long-term Liabilities

	Business-Type Activities	
	2025	2024
Employee compensated absences	$ 73,250	$ 82,040
Loans payable	17,721,963	18,339,212
Bonds payable	34,472,830	36,273,081
OPEB liability	1,745,180	1,760,987
Net pension liability	3,916,244	3,373,455
Total long-term liabilities	$ 57,929,467	$ 59,828,775

Business-type activities long-term liabilities decreased $1,899,308 during the current fiscal year due to principal debt service payments on the 2012 State Loan, 2013 Water Revenue Bonds, and 2016 Water

Revenue Bonds. Further details on long-term debt can be found in Notes 6 through 8 in the Notes to Financial Statements section of this report.

Economic Factors and Next Year's Budget

Economic Factors.

Federal.[1] During fiscal year 2024-25, the U.S. economy continued to expand at a moderated pace following the unusually strong post-pandemic recovery. The Federal Reserve maintained a restrictive monetary policy stance throughout most of the fiscal year, holding the federal funds target range at 5.25% to 5.50% as inflation continued to ease from prior-year levels. Elevated interest rates contributed to slower growth in interest-sensitive sectors while consumer spending and employment remained comparatively resilient.

Real Gross Domestic Product (GDP) growth slowed during calendar year 2024 compared to 2023, reflecting reduced business investment and moderating consumer demand. Labor market conditions softened modestly during the fiscal year, with slower job growth and a gradual increase in unemployment, though labor market indicators remained strong by historical standards. Inflation trended downward during fiscal year 2024-25, reducing price pressures relative to prior years.

Overall, national economic conditions during the fiscal year were characterized by positive but decelerating growth, declining inflation, and continued monetary policy restraint.

State.[2] California's economy experienced moderate growth during fiscal year 2024-25, trailing national performance. Employment growth continued but slowed, particularly in sectors sensitive to higher borrowing costs, including construction and manufacturing. Job gains remained concentrated in healthcare, education, professional services, and technology-related industries.

Housing affordability remained a significant constraint on economic activity statewide. Elevated mortgage rates, high construction costs, insurance availability, and regulatory requirements continued to limit housing production and transaction volumes. Population out-migration trends persisted during the fiscal year, placing pressure on labor force growth and long-term economic expansion.

Despite these challenges, California maintained a large and diverse economic base, with continued investment in technology, clean energy, and advanced manufacturing supporting overall economic stability.

Local.[3] During fiscal year 2024-25, South Pasadena's local economy remained stable and consistent with broader Los Angeles County trends. Higher interest rates reduced housing turnover; however, assessed valuation growth remained positive, reflecting prior-year sales activity and sustained demand for housing in established communities.

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[1] Federal economic data provided through the following sources:
U.S. Bureau of Economic Analysis (BEA), *National Income and Product Accounts* (GDP growth), www.bea.gov; U.S. Bureau of Labor Statistics (BLS), *Employment Situation Summary* (employment and unemployment), www.bls.gov; Federal Reserve Board, *Federal Open Market Committee Statements* (monetary policy and interest rates), https://www.federalreserve.gov/newsevents/pressreleases.htm.

[2] State economic data provided through the following sources:
California Employment Development Department (EDD), *Labor Market Information*, www.labormarketinfo.edd.ca.gov/; UCLA Anderson Forecast, *California Economic Outlook 2025*; California Department of Finance, *Economic and Revenue Updates*.

[3] Local economic data provided through the following sources:
California Dept of Tax and Fee Administration — Sales and Use Tax Research & Statistics, https://cdtfa.ca.gov/legal/research-and-statistics/sales-and-use-tax.htm;
Los Angeles County Assessor — Annual Assessment Roll, https://assessor.lacounty.gov/news-information/annualroll.

The City continued to benefit from a stable General Fund revenue structure. Property tax revenues remained consistent and continued to represent the City's largest revenue source. Sales and use taxes, utility users' taxes, and charges for current services exhibited modest growth during the fiscal year, supported by steady local economic activity.

Overall, economic conditions during the fiscal year ended June 30, 2025 provided a stable foundation for municipal operations and long-term financial planning.

The local economy continues to remain strong with respect to Property taxes, Sales and Use taxes, Utility User taxes along with Current Services. General Fund revenues are estimated at $42.1 million and expenditures are appropriated at $42.5 million, which includes $0.3 million of one-time expenditures.

During the 2025 fiscal year, unassigned fund balance in the General Fund remained substantial at $19.0 million. Capital improvement projects of $15.0 million have been programed and are funded through restricted funds. It remains the intention of City management not to use fund balance reserves for purposes of meeting costs of operations.

In summary, South Pasadena is positioned for moderate economic growth in fiscal year ended June 30, 2026, benefiting from broader LA County expansion, sustained development of transit infrastructure, and stable employer base. Yet, affordability constraints, infrastructure demands from new housing mandates, and environmental risks (wildfire, budget volatility) remain critical concerns.

Budget Outlook. The fiscal year 2025-2026 Budget builds on the zero-based budgeting approach introduced in fiscal year 2023-2024 to promote a leaner and more efficient budget. Key strategic directives provided to department staff focus on:

- Professional Services: Evaluating and conservatively budgeting for necessary contractual services to complete outstanding projects.
- Staffing Needs: Conducting a thorough evaluation, including temporarily freezing some positions to assess workloads and capacities and restructuring some departments to address systemic issues and improve effectiveness, productivity, and accountability .
- Travel and Training: Reducing citywide travel and training accounts, maintaining funding only for essential activities.
- Technology Upgrades: Implement upgrades for a modern Enterprise Resource Planning (ERP) system.
- Financial Sustainability Reserve: Increase this reserve to provide a buffer for unanticipated expenses.

The emphasis of the FY 2025-2026 Budget is to continue the City's commitment to transparency, financial prudence, and strategic resource allocation to enhance the quality of life for residents.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of South Pasadena for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance Department, FinanceDepartment@southpasadenaca.gov, 626.403.7250, or by U.S. mail: Finance Department, 1414 Mission Street, South Pasadena, CA 91030.

BASIC FINANCIAL STATEMENTS

CITY OF SOUTH PASADENA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 69,076,185	$ 45,119,401	$ 114,195,586
Receivables:			
Accounts, Net	1,370,783	2,545,820	3,916,603
Taxes	2,428,780	-	2,428,780
Accrued Interest	478,184	373,851	852,035
Leases	879,522	-	879,522
Due from Other Governments	129,629	-	129,629
Internal Balances	1,107,781	(1,107,781)	-
Inventories	12,691	394,060	406,751
Restricted Assets:			
Cash and Investments	-	713,107	713,107
Capital Assets, Not Being Depreciated/Amortized	7,947,288	84,685	8,031,973
Capital Assets, Net of Accumulated Depreciation/Amortization	49,118,617	80,119,648	129,238,265
Total Assets	132,549,460	128,242,791	260,792,251
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Debt Refunding	-	3,873,738	3,873,738
Pension Related	12,904,520	1,219,985	14,124,505
Other Postemployment Benefits Related	1,821,477	281,847	2,103,324
Total Deferred Outflows of Resources	14,725,997	5,375,570	20,101,567
LIABILITIES			
Accounts Payable	4,729,652	1,569,806	6,299,458
Accrued Liabilities	1,255,151	88,800	1,343,951
Accrued Interest	-	510,770	510,770
Deposits Payable	933,119	556,047	1,489,166
Unearned Revenue	94,220	-	94,220
Noncurrent Liabilities:			
Long-Term Liabilities, Due in One Year	1,802,738	2,199,124	4,001,862
Long-Term Liabilities, Due in More Than One Year	3,754,559	52,268,043	56,022,602
Net Pension Liability	43,295,603	3,916,244	47,211,847
Net Other Postemployment Benefits Liability	11,278,551	1,745,180	13,023,731
Total Liabilities	67,143,593	62,854,014	129,997,607
DEFERRED INFLOWS OF RESOURCES			
Pension Related	1,525,727	201,752	1,727,479
Other Postemployment Benefits Related	3,526,084	545,605	4,071,689
Future Revenues	3,959,229	-	3,959,229
Lease Related	853,971	-	853,971
Total Deferred Inflows of Resources	9,865,011	747,357	10,612,368
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	54,706,272	29,701,029	84,407,301
Restricted for:			
Community Development Projects	7,083,342	-	7,083,342
Public Safety	1,031,324	-	1,031,324
Community Services	4,784,386	-	4,784,386
Public Works	12,244,815	-	12,244,815
Capital Projects	351,074	-	351,074
Debt Service	-	713,107	713,107
Unrestricted	(9,934,360)	39,602,854	29,668,494
Total Net Position	$ 70,266,853	$ 70,016,990	$ 140,283,843

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	$ 10,681,982	$ 1,072,734	$ 414,362	$ -	$ (9,194,886)	$ -	$ (9,194,886)
Public Safety	23,845,216	1,889,201	1,680,543	-	(20,275,472)	-	(20,275,472)
Community Development	3,460,064	327,730	6,851,760	-	3,719,426	-	3,719,426
Community Services	4,751,454	696,260	1,354,168	26,065	(2,674,961)	-	(2,674,961)
Public Works	7,780,239	2,955,589	2,950,398	4,689	(1,869,563)	-	(1,869,563)
Interest	9,654	-	-	-	(9,654)	-	(9,654)
Total Governmental Activities	50,528,609	6,941,514	13,251,231	30,754	(30,305,110)	-	(30,305,110)
Business-Type Activities:							
Water	11,941,949	12,562,353	553,176	-	-	1,173,580	1,173,580
Sewer	1,797,229	2,268,783	-	-	-	471,554	471,554
Arroyo Seco Golf Course Facility	1,622,255	2,003,218	-	-	-	380,963	380,963
Total Business-Type Activities	15,361,433	16,834,354	553,176	-	-	2,026,097	2,026,097
Total Primary Government	$ 65,890,042	$ 23,775,868	$ 13,804,407	$ 30,754	(30,305,110)	2,026,097	(28,279,013)
GENERAL REVENUES AND TRANSFERS							
Taxes:							
Property Taxes					20,886,401	-	20,886,401
Sales Taxes					6,263,911	-	6,263,911
Franchise Taxes					1,273,889	-	1,273,889
Business License Taxes					587,461	-	587,461
Utility Users Taxes					4,537,855	-	4,537,855
Other Taxes					486,146	-	486,146
Use of Money and Property					3,448,370	2,392,609	5,840,979
Miscellaneous					248,366	8,521	256,887
Transfers					4,385,143	(4,385,143)	-
Total General Revenue and Transfers					42,117,542	(1,984,013)	40,133,529
CHANGES IN NET POSITION					11,812,432	42,084	11,854,516
Net Position - Beginning of Year					58,454,421	69,974,906	128,429,327
NET POSITION - END OF YEAR					$ 70,266,853	$ 70,016,990	$ 140,283,843

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Affordable Housing Trust	Capital Project Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Investments	$ 27,328,734	$ 6,560,023	$ 14,053,092	$ 21,134,336	$ 69,076,185
Receivables:					
Accounts	427,029	-	-	943,733	1,370,762
Taxes	2,428,780	-	-	-	2,428,780
Accrued Interest	280,412	42,269	-	155,503	478,184
Leases	879,522	-	-	-	879,522
Due from Other Governments	-	-	-	129,629	129,629
Due from Other Funds	5,249,572	-	-	-	5,249,572
Inventories	9,786	-	-	2,905	12,691
Total Assets	$ 36,603,835	$ 6,602,292	$ 14,053,092	$ 22,366,106	$ 79,625,325
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 2,165,024	$ -	$ 1,957,719	$ 540,637	$ 4,663,380
Accrued Liabilities	1,198,334	-	-	56,817	1,255,151
Deposits Payable	922,978	-	-	10,141	933,119
Due to Other Funds	-	-	-	4,991,157	4,991,157
Unearned Revenue	-	-	-	94,220	94,220
Total Liabilities	4,286,336	-	1,957,719	5,692,972	11,937,027
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	258,348	-	-	732,020	990,368
Future Revenues	3,959,229	-	-	-	3,959,229
Lease Related	853,971	-	-	-	853,971
Total Deferred Inflows of Resources	5,071,548	-	-	732,020	5,803,568
FUND BALANCES					
Nonspendable:					
Inventories	9,786	-	-	2,905	12,691
Restricted for:					
Community Development Projects	-	6,602,292	-	481,050	7,083,342
Public Safety - Police	-	-	-	1,031,324	1,031,324
Community Services	-	-	-	4,784,386	4,784,386
Public Works - Streets and Road	-	-	-	12,089,957	12,089,957
Capital Projects	-	-	-	341,930	341,930
Public Works - Street Lighting	-	-	-	151,953	151,953
Committed to:					
Capital Projects	-	-	12,095,373	1,977,066	14,072,439
Arroyo Seco Golf Course Facility	600,000	-	-	-	600,000
CalTrans Vacant Lot Purchases	149,000	-	-	-	149,000
Legal Services Reserve	500,000	-	-	-	500,000
Library Expansion	200,000	-	-	-	200,000
Maintenance Yard/Community Center Reserve	267,067	-	-	-	267,067
Renewable Energy Sources	700,000	-	-	-	700,000
Stormwater Reserve	200,000	-	-	-	200,000
Vehicle Replacement Reserve	800,000	-	-	-	800,000
Special Projects Reserve	3,207,408	-	-	-	3,207,408
Financial Sustainability Reserve	1,000,000	-	-	-	1,000,000
Caltrans 626 Prospective Litigation	164,876	-	-	-	164,876
Mental Health Reserve	200,000	-	-	-	200,000
Assigned to:					
Stables CIP Reserve	267,123	-	-	-	267,123
Unassigned	18,980,691	-	-	(4,919,457)	14,061,234
Total Fund Balances	27,245,951	6,602,292	12,095,373	15,941,114	61,884,730
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 36,603,835	$ 6,602,292	$ 14,053,092	$ 22,366,106	$ 79,625,325

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds		$ 61,884,730
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation and amortization have not been included as financial resources of the governmental funds.		57,065,905
Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred Outflows of Resources Relating to OPEB	$ 1,821,477	
Deferred Inflows of Resources Relating to OPEB	(3,526,084)	
Net OPEB Liability	(11,278,551)	
Deferred Outflows of Resources Relating to Pensions	12,904,520	
Deferred Inflows of Resources Relating to Pension	(1,525,727)	
Net Pension Liability	(43,295,603)	
Total		(44,899,968)
Long-term liabilities are not due and payable in the current period and are not reported in the government funds.		
Compensated Absences	(1,492,151)	
Lease Liability	(190,141)	
SBITA Liability	(215,005)	
Total		(1,897,297)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		990,368
Internal service funds are used to charge the cost of activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		(2,876,885)
Net Position of Governmental Activities as Reported on the Statement of Net Position		$ 70,266,853

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Affordable Housing Trust	Capital Project Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 29,382,292	$ -	$ -	$ 2,257,681	$ 31,639,973
Assessments	-	-	-	894,466	894,466
Licenses and Permits	1,336,179	-	-	204,948	1,541,127
Intergovernmental	4,268,380	-	-	3,536,441	7,804,821
Charges for Services	4,773,327	-	-	134,947	4,908,274
Use of Money and Property	2,255,019	132,014	-	1,090,619	3,477,652
Fines and Forfeitures	79,703	-	-	-	79,703
Miscellaneous	643,240	6,828,000	-	112,013	7,583,253
Total Revenues	42,738,140	6,960,014	-	8,231,115	57,929,269
EXPENDITURES					
Current:					
General Government	9,371,806	-	-	107,516	9,479,322
Public Safety	18,126,469	-	-	2,643,353	20,769,822
Community Development	3,031,014	357,722	-	12,146	3,400,882
Community Services	3,639,176	-	-	630,836	4,270,012
Public Works	3,267,011	-	-	2,716,622	5,983,633
Debt Service:					
Principal	136,778	-	19,719	163,959	320,456
Interest and Fiscal Charges	3,106	-	-	6,548	9,654
Capital Outlay	604,401	-	3,544,823	67,867	4,217,091
Total Expenditures	38,179,761	357,722	3,564,542	6,348,847	48,450,872
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,558,379	6,602,292	(3,564,542)	1,882,268	9,478,397
OTHER FINANCING SOURCES (USES)					
Transfers In	79,612	-	15,659,269	913,353	16,652,234
Transfers Out	(2,550,972)	-	(2,054)	(9,714,065)	(12,267,091)
Total Other Financing Sources (Uses)	(2,471,360)	-	15,657,215	(8,800,712)	4,385,143
NET CHANGE IN FUND BALANCES	2,087,019	6,602,292	12,092,673	(6,918,444)	13,863,540
Fund Balances - Beginning of Year, as Previously Reported	25,158,932	-	-	22,862,258	48,021,190
Change Within Financial Reporting Entity, (Nonmajor to Major Fund)	-	-	2,700	(2,700)	-
Fund Balances - Beginning of Year, as Adjusted	25,158,932	-	2,700	22,859,558	48,021,190
FUND BALANCES - END OF YEAR	$ 27,245,951	$ 6,602,292	$ 12,095,373	$ 15,941,114	$ 61,884,730

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds		$ 13,863,540
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:		
Capital Asset Expenditures, Net of Deletions of Capital Assets	$ 4,277,886	
Depreciation/Amortization Expense, Net of Deletions of Capital Assets	(3,067,258)	
Total		1,210,628
Issuance of long-term debt including capital advances, compensated absences, leases, and SBITAs provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources in governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Net Change in Compensated Absences	(426,021)	
Principal Payments on Lease Liability	92,907	
Principal Payments on SBITA Liability	227,549	
Total		(105,565)
Certain revenues in the governmental funds are unearned because the revenues are not collected within the prescribed time period after fiscal year-end. However, the revenues are included on the accrual basis used in the government-wide statements.		26,629
In governmental funds, other postemployment benefit (OPEB) costs are recognized when the payment is made. In the statement of activities, OPEB costs are determined based on the accrual basis. This amount is the net change on net OPEB liability, deferred outflows of resources, and deferred inflows of resources under the accrual basis.		187,328
In governmental funds, pension costs are recognized when the payment is made. In the statement of activities, pension costs are determined based on the accrual basis. This amount is the net change on net pension liability, deferred outflows of resources, and deferred inflows of resources under the accrual basis.		(2,086,395)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in the statement of activities.		(1,283,733)
Change in Net Position of Governmental Activities as Reported on the Statement of Activities		$ 11,812,432

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Fund Arroyo Seco Golf Course	Total	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	$ 33,943,549	$ 9,529,937	$ 1,645,915	$ 45,119,401	$ -
Receivables:					
Accounts, net	2,137,082	408,738	-	2,545,820	21
Accrued Interest	287,455	74,927	11,469	373,851	-
Inventories	371,408	1,969	20,683	394,060	-
Restricted Assets:					
Cash and Investments	532,531	-	-	532,531	-
Cash and Investments With Fiscal Agent	180,576	-	-	180,576	-
Total Assets	37,452,601	10,015,571	1,678,067	49,146,239	21
Noncurrent Assets:					
Capital Assets, Not Being Depreciated	84,685	-	-	84,685	-
Capital Assets, Net of Depreciation	69,218,081	10,147,146	754,421	80,119,648	-
Total Noncurrent Assets	69,302,766	10,147,146	754,421	80,204,333	-
Total Assets	106,755,367	20,162,717	2,432,488	129,350,572	21
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Debt Refunding	3,873,738	-	-	3,873,738	-
Pension Related	961,415	258,570	-	1,219,985	-
Other Postemployment Benefits Related	234,942	46,905	-	281,847	-
Total Deferred Outflows of Resources	5,070,095	305,475	-	5,375,570	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,483,111	27,231	59,464	1,569,806	66,272
Accrued Liabilities	73,088	15,712	-	88,800	-
Accrued Interest	362,456	148,314	-	510,770	-
Deposits Payable	556,047	-	-	556,047	-
Due to Other Funds	-	-	-	-	258,415
Claims and Judgments Payable	-	-	-	-	1,211,084
Compensated Absences	16,330	545	-	16,875	-
Loans Payable	353,238	264,011	-	617,249	-
Bonds Payable	1,565,000	-	-	1,565,000	-
Total Current Liabilities	4,409,270	455,813	59,464	4,924,547	1,535,771
Noncurrent Liabilities:					
Claims and Judgments Payable	-	-	-	-	2,448,916
Compensated Absences	57,063	16,187	-	73,250	-
Net Other Postemployment Benefits Liability	1,454,751	290,429	-	1,745,180	-
Net Pension Liability	3,086,215	830,029	-	3,916,244	-
Loans Payable	10,281,344	7,440,619	-	17,721,963	-
Bonds Payable	34,472,830	-	-	34,472,830	-
Total Noncurrent Liabilities	49,352,203	8,577,264	-	57,929,467	2,448,916
Total Liabilities	53,761,473	9,033,077	59,464	62,854,014	3,984,687
DEFERRED INFLOWS OF RESOURCES					
Pension Related	158,992	42,760	-	201,752	-
Other Postemployment Benefits Related	454,807	90,798	-	545,605	-
Total Deferred Inflows of Resources	613,799	133,558	-	747,357	-
FUND NET POSITION (DEFICIT)					
Net Investment in Capital Assets	26,504,092	2,442,516	754,421	29,701,029	-
Restricted for Debt Service	713,107	-	-	713,107	-
Unrestricted	30,232,991	8,859,041	1,618,603	40,710,635	(3,984,666)
Total Fund Net Position	$ 57,450,190	$ 11,301,557	$ 2,373,024	71,124,771	$ (3,984,666)
RECONCILIATION OF FUND NET POSITION TO THE STATEMENT OF NET POSITION					
Adjustment to Reflect the Consolidation of Internal Service Activities Related to Enterprise Funds				(1,107,781)	
Fund Net Position per Statement of Net Position				$ 70,016,990	

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Fund Arroyo Seco Golf Course	Total	Internal Service Fund
OPERATING REVENUES					
Sales and Service Charges	$ 12,436,595	$ 2,268,783	$ 2,003,218	$ 16,708,596	$ 3,915,468
Miscellaneous	125,758	-	-	125,758	-
Total Operating Revenues	12,562,353	2,268,783	2,003,218	16,834,354	3,915,468
OPERATING EXPENSES					
Administration and General	1,949,265	702,030	1,513,616	4,164,911	-
Pumping	2,512,142	-	-	2,512,142	-
Transmission/Collection	3,444,112	-	-	3,444,112	-
Treatment	-	546,262	-	546,262	-
Insurance Costs and Claims	-	-	-	-	5,831,463
Depreciation	1,926,732	244,980	52,395	2,224,107	-
Amortization Expense	22,999	-	-	22,999	-
Total Operating Expenses	9,855,250	1,493,272	1,566,011	12,914,533	5,831,463
OPERATING INCOME (LOSS)	2,707,103	775,511	437,207	3,919,821	(1,915,995)
NONOPERATING REVENUES (EXPENSES)					
Grants	553,176	-	-	553,176	-
Interest Revenue	1,873,017	467,600	51,992	2,392,609	-
Interest Expense	(1,652,389)	(162,249)	-	(1,814,638)	-
Miscellaneous Revenue	8,521	-	-	8,521	-
Total Nonoperating Revenues (Expenses)	782,325	305,351	51,992	1,139,668	-
INCOME (LOSS) BEFORE TRANSFERS	3,489,428	1,080,862	489,199	5,059,489	(1,915,995)
TRANSFERS					
Transfers Out	(3,060,000)	(460,000)	(865,143)	(4,385,143)	-
CHANGES IN FUND NET POSITION	429,428	620,862	(375,944)	674,346	(1,915,995)
Fund Net Position - Beginning of Year	57,020,762	10,680,695	2,748,968	70,450,425	(2,068,671)
FUND NET POSITION - END OF YEAR	$ 57,450,190	$ 11,301,557	$ 2,373,024	$ 71,124,771	$ (3,984,666)

RECONCILIATION OF CHANGES IN FUND NET POSITION TO THE STATEMENT OF ACTIVITIES	
Changes in Fund Net Position, per the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	$ 674,346
Adjustment to Reflect the Consolidation of Current Fiscal Year Internal Service Funds Activities Related to Enterprise Funds	(632,262)
Changes in Fund Net Position of Business-Type Activities per Statement of Activities	$ 42,084

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Fund Arroyo Seco Golf Course	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customer and Users	$ 12,450,595	$ 2,232,655	$ 2,003,218	$ 16,686,468	$ 4,593,101
Cash Paid to Supplier for Goods and Services	(5,484,011)	(719,294)	(1,517,612)	(7,720,917)	(5,954,197)
Cash Received from (Paid to) Employees for Services	(1,802,456)	(439,757)	-	(2,242,213)	-
Cash Received from (Paid to) Others	8,521	-	-	8,521	-
Net Cash Provided (Used) by Operating Activities	5,172,649	1,073,604	485,606	6,731,859	(1,361,096)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Paid to Other Funds	(3,060,000)	(460,000)	(865,143)	(4,385,143)	-
Cash Received from Other Funds	-	-	-	-	258,415
Cash Received from Grants	553,176	-	-	553,176	-
Net Cash Provided (Used) by Noncapital Financing Activities	(2,506,824)	(460,000)	(865,143)	(3,831,967)	258,415
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	-	-	(53,103)	(53,103)	-
Principal Paid on Capital Debt	(1,832,309)	(258,581)	-	(2,090,890)	-
Interest Paid on Capital Debt	(1,669,827)	(167,227)	-	(1,837,054)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,502,136)	(425,808)	(53,103)	(3,981,047)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	1,843,845	454,937	48,523	2,347,305	7,676
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,007,534	642,733	(384,117)	1,266,150	(1,095,005)
Cash and Cash Equivalents - Beginning of Year	33,649,122	8,887,204	2,030,032	44,566,358	1,095,005
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 34,656,656	$ 9,529,937	$ 1,645,915	$ 45,832,508	$ -
CASH AND CASH EQUIVALENTS					
Cash and Investments	$ 33,943,549	$ 9,529,937	$ 1,645,915	45,119,401	$ -
Restricted:					
Cash and Investments	532,531	-	-	532,531	-
Cash and Investments With Fiscal Agent	180,576	-	-	180,576	-
Total Cash and Cash Equivalents	$ 34,656,656	$ 9,529,937	$ 1,645,915	$ 45,832,508	$ -

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Fund Arroyo Seco Golf Course	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	$ 2,707,103	$ 775,511	$ 437,207	$ 3,919,821	$ (1,915,995)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,926,732	244,980	52,395	2,224,107	-
Amortization	22,999	-	-	22,999	-
Miscellaneous Revenues	8,521	-	-	8,521	-
(Increase) Decrease in Operating Assets:					
Accounts Receivable	(247,167)	(36,128)	-	(283,295)	677,633
Inventories	(107,651)	(1,969)	7,476	(102,144)	-
Deferred Outflows of Resources	157,732	22,042	-	179,774	-
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	333,927	(38,296)	(11,472)	284,159	(256,734)
Accrued Liabilities	9,746	(829)	-	8,917	-
Deposits Payable	135,409	-	-	135,409	-
Claims and Judgments Payable	-	-	-	-	134,000
Compensated Absences	1,402	(2,432)	-	(1,030)	-
Net Pension Liability	395,619	147,170	-	542,789	-
Net Other Postemployment Benefits Liability	(13,176)	(2,631)	-	(15,807)	-
Deferred Inflows of Resources	(158,547)	(33,814)	-	(192,361)	-
Total Adjustments	2,465,546	298,093	48,399	2,812,038	554,899
Net Cash Provided (Used) by Operating Activities	$ 5,172,649	$ 1,073,604	$ 485,606	$ 6,731,859	$ (1,361,096)

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Private-Purpose Trust Fund Successor Agency of the Former CRA
ASSETS	
Pooled Cash and Investments	$ 307,528
Interest Receivable	1,709
Total Assets	309,237
NET POSITION	
Held in Trust for Other Purposes	$ 309,237

See accompanying Notes to Financial Statements.

CITY OF SOUTH PASADENA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Private-Purpose Trust Fund Successor Agency of the Former CRA
REVENUES	
Taxes	$ 93,680
Use of Money and Property	21,976
Total Revenues	115,656
EXPENSES	
Contractual Services	2,013
Interest Expense	9,250
Total Expenses	11,263
CHANGE IN NET POSITION	104,393
Net Position - Beginning of Year	204,844
NET POSITION - END OF YEAR	$ 309,237

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of South Pasadena, California (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Description of Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operation, so data from these units are combined herein. The criteria used in determining the scope of the reporting entity is based on the provisions of the Governmental Accounting Standards Board (GASB) were as follows:

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

The City was incorporated on March 2, 1888, under the general laws of the state of California. The City provides a full range of municipal services, including public safety (police and fire), streets, sanitation, refuse collection, sewer, water, parks and recreation, public improvements, planning and zoning, housing and community development, and general administrative and support services.

Blended Component Units

City of South Pasadena Housing Authority

The Authority was established pursuant to California Housing Authorities Law (Health and Safety Code Sections 34200 et seq.) on April 6, 2011. The purpose of the Authority is to provide safe and sanitary housing opportunities for South Pasadena residents. The primary government has operational responsibility for the Authority. Although the Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. Separate financial statements of the Authority are not prepared. Additionally, the Authority took over the housing activities from the former Community Redevelopment Agency due to its dissolution on January 31, 2012.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Affordable Housing Trust Special Revenue Fund

The Affordable Housing Trust Special Revenue Fund is used to account for revenues and expenditures related to residences previously owned by Caltrans that the City purchased and sold. Proceeds from these sales will be used for affordable housing projects within the City.

Capital Improvement Program Capital Project Fund

The Capital Improvement Program Capital Project Fund is used to account for revenues and expenditures related to all capital improvement projects.

The City reports the following major proprietary funds:

Water Fund

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

Sewer Fund

The Sewer Fund is used to account for the provision of sewer construction, maintenance, and operation services to residents of the City.

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

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects), that are restricted to expenditures for special purposes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major facilities other than those financed by proprietary funds.

Private-Purpose Trust Fund

The Private-Purpose Trust Fund accounts for the assets and liabilities of the former Community Redevelopment Agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former Community Redevelopment Agency are paid in full and assets have been liquidated. Please refer to Note 11 for more information.

Internal Service Fund

The Internal Service Fund is used to accumulate and allocate costs internally among the City's functions for general liability and worker's compensation insurance. Because the internal service operations benefit both governmental and business-type functions, they have been proportionally allocated and included within the governmental and business-like activities in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary fund's 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 and the internal service fund distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

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

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

Receivables and Payables

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

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

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

Inventories

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Restricted Assets

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	50
Improvements Other Than Buildings	10 to 25
Machinery and Equipment	3 to 30
Vehicles	8

Infrastructure	Years
Sewer Collection System	60
Storm Drain System	60
Bridges	60
Hardscape	40
Parkways and Medians	40
Pavement, Curbs and Gutters, and Sidewalks	35
Streetlights	20
Electronic Traffic Control Devices	20

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to debt refunding, asset retirement obligations, pensions, and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 7 and 8.

In addition to liabilities, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the City's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Notes 7 and 8. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources (Continued)

Under a modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The governmental funds report deferred inflows of resources related to unavailable revenues from three sources: property taxes, special assessments, and reimbursable grants billed but not yet available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Inflows Resulting from Sale of Future Rent Revenues

The City entered into agreements under which the City sold its rights to rental payments under certain lease agreements for certain real property. The City received a lump-sum payment totaling $4,399,347. The total rental payments sold, based on the projected payment schedule in the Lease Agreements, adjusted for annual 3% increases are estimated to be approximately $12,925,000. The deferred inflow of resources is recognized as revenue over the life of the agreements.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more-likely-than-not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

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

Long-Term Obligations

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

Fund Balance

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

Assigned Fund Balance – These amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council delegates the responsibility to establish, modify, or rescind fund balance assignment to the City Manager.

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

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, and then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balances classifications can be used.

The City Council adopts and amends committed fund balance amounts for specific purposes through a resolution. When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first. When expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned, and then unassigned.

Net Position

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position (Continued)

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

E. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	$ 114,195,586
Restricted Cash and Investments	713,107
Statement of Fiduciary Net Position:	
Cash and Investments	307,528
Total Cash and Cash Equivalents	$ 115,216,221

Cash and investments at June 30, 2025, consists of the following:

Cash and Cash Equivalents:	
Petty Cash	$ 11,335
Deposits With Financial Institutions	16,249,600
Investments	98,955,286
Total Cash and Cash Equivalents	$ 115,216,221

The City 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 combining balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

A. Deposits

At June 30, 2025, the carrying amount of the City's deposits was $16,249,600 and the bank balance was $15,974,955. The difference between the two represents, deposits in transit, outstanding checks, and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the state of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

B. Investments

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

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

*The City's investment policy further restricts investment in a single security to 5% of the City's total investment portfolio.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

C. Investments in State Investment Pool

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

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year-End				
				AA+	AA / AA-	A+	A / A-	Not Rated
Local Agency Investment Fund	$ 33,174,004	N/A	$ -	$ -	$ -	$ -	$ -	$ 33,174,004
Money Market Mutual Funds	585,017	Multiple	-	-	-	-	-	585,017
U.S. Treasury Notes	42,706,679	N/A	42,706,679	-	-	-	-	-
U.S. Agency Obligations	3,378,756	N/A	-	3,378,756	-	-	-	-
Medium-Term Notes	19,110,830	A	-	-	1,746,449	3,678,181	13,686,200	-
Total	$ 98,955,286		$ 42,706,679	$ 3,378,756	$1,746,449	$3,678,181	$ 13,686,200	$ 33,759,021

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

E. Custodial Credit Risk

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

F. Concentration of Credit Risk

The City's investment policy imposes restrictions on the percentage that the City can invest in a single type of investment in accordance with California Government Code. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2025, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

G. Interest Rate Risk

The City's investment policy limits investment maturities, in accordance with California Government Code, as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2025, the City had the following investments and original maturities:

	Remaining Maturity (In Months)				
Investment Type	6 Months or Less	6 Months to 1 Year	1 to 3 Years	3 to 5 Years	Total
Local Agency Investment Fund	$ 33,174,004	$ -	$ -	$ -	$ 33,174,004
Money Market Mutual Funds	585,017	-	-	-	585,017
U.S. Treasury Notes	-	5,323,225	19,175,020	18,208,434	42,706,679
U.S. Agency Obligations	-	1,489,655	1,889,101	-	3,378,756
Medium-Term Notes	1,275,031	2,580,753	5,437,820	9,817,226	19,110,830
Total	$ 35,034,052	$ 9,393,633	$ 26,501,941	$ 28,025,660	$ 98,955,286

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

H. Fair Value Measurements

The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2025:

Investment by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Debt Securities:				
Money Market Mutual Funds	$ 585,017	$ -	$ 585,017	$ -
U.S. Treasury Notes	42,706,679	-	42,706,679	-
U.S. Agency Obligations	3,378,756	-	3,378,756	-
Medium-Term Notes	19,110,830	19,110,830	-	-
Total Investments Measured at Fair Value	65,781,282	$ 19,110,830	$ 46,670,452	$ -
Investments Not Subject to Fair Value Measurement:				
Local Agency Investment Fund	33,174,004			
Total Investments	$ 98,955,286			

NOTE 3 CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated/ Amortized:				
Land	$ 2,454,245	$ -	$ -	$ 2,454,245
Construction in Progress	2,157,267	3,541,751	205,975	5,493,043
Total Capital Assets, Not Being Depreciated/Amortized	4,611,512	3,541,751	205,975	7,947,288
Capital Assets, Being Depreciated/ Amortized:				
Buildings	12,001,967	-	-	12,001,967
Improvements Other Than Buildings	7,788,183	205,975	-	7,994,158
Infrastructure	96,121,191	-		96,121,191
Machinery, Equipment, and Vehicles	12,484,420	736,135		13,220,555
Right-to-Use Lease Equipment	466,287	-	-	466,287
Right-to-Use Subscription Asset	1,028,275	-	46,627	981,648
Subtotal	129,890,323	942,110	46,627	130,785,806
Less: Accumulated Depreciation/ Amortization for:				
Buildings	(9,253,938)	(240,039)	-	(9,493,977)
Improvements Other Than Buildings	(3,863,872)	(442,195)	-	(4,306,067)
Infrastructure	(54,068,750)	(1,602,020)	-	(55,670,770)
Machinery, Equipment, and Vehicles	(10,879,632)	(408,435)	-	(11,288,067)
Right-to-Use Lease Equipment	(167,874)	(93,218)	-	(261,092)
Right-to-Use Subscription Asset	(412,492)	(281,351)	(46,627)	(647,216)
Subtotal	(78,646,558)	(3,067,258)	(46,627)	(81,667,189)
Total Capital Assets, Being Depreciated/Amortized, Net	51,243,765	(2,125,148)	-	49,118,617
Governmental Activities Capital Assets, Net	$ 55,855,277	$ 1,416,603	$ 205,975	$ 57,065,905

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

Governmental Activities:	
General Government	$ 501,461
Public Safety	437,947
Community Services	433,160
Public Works	1,694,690
Total Depreciation Expense - Governmental Activities	$ 3,067,258

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 84,685	$ -	$ -	$ 84,685
Total Capital Assets, Not Being Depreciated	84,685	-	-	84,685
Capital Assets, Being Depreciated:				
Buildings	4,180,702	-	-	4,180,702
Improvements Other Than Buildings	17,356,220	24,861	-	17,381,081
Infrastructure	77,141,305	-	-	77,141,305
Machinery, Equipment, and Vehicles	2,090,085	28,242	-	2,118,327
Subtotal	100,768,312	53,103	-	100,821,415
Less: Accumulated Depreciation for:				
Buildings	(1,668,996)	(83,340)	-	(1,752,336)
Improvements Other Than Buildings	(5,569,470)	(628,216)	-	(6,197,686)
Infrastructure	(9,424,708)	(1,439,075)	-	(10,863,783)
Machinery, Equipment, and Vehicles	(1,814,486)	(73,476)	-	(1,887,962)
Subtotal	(18,477,660)	(2,224,107)	-	(20,701,767)
Total Capital Assets, Being Depreciated, Net	82,290,652	(2,171,004)	-	80,119,648
Business-Type Activities Capital Assets, Net	$ 82,375,337	$ (2,171,004)	$ -	$ 80,204,333

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

Business-Type Activities:	
Water	$ 1,926,732
Sewer	244,980
Arroyo Seco Golf Course	52,395
Total Depreciation Expense - Business-Type Activities	$ 2,224,107

NOTE 4 LEASES RECEIVABLE

On April 1, 2023, the City entered into a 120-month lease as Lessor for the use of South Pasadena Batting Cages, LLC. An initial lease receivable was recorded in the amount of $440,191. As of June 30, 2025, the value of the lease receivable is $354,821. The lessee is required to make monthly fixed payments of $4,000. The lease has an interest rate of 1.2173%. The value of the deferred inflow of resources as of June 30, 2025, was $341,149, and the City recognized lease revenue of $44,019 during the fiscal year.

NOTE 4 LEASES RECEIVABLE (CONTINUED)

On July 1, 2021, the City entered into a 126-month lease as Lessor for the use of iTennis. An initial lease receivable was recorded in the amount of $828,404. As of June 30, 2025, the value of the lease receivable is $524,701. The lessee is required to make monthly fixed payments of $7,000. The lease has an interest rate of 1.2173%. The value of the deferred inflow of resources as of June 30, 2025, was $512,822, and the City recognized lease revenue of $78,896 during the fiscal year. The lessee has one extension option(s), each for 120 months.

Total future payments on the lease receivable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 121,972	$ 10,028	$ 132,000
2027	123,466	8,534	132,000
2028	124,977	7,023	132,000
2029	126,507	5,493	132,000
2030	128,055	3,945	132,000
2031-2034	254,545	3,455	258,000
Total	$ 879,522	$ 38,478	$ 918,000

NOTE 5 INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

A. Due To/From Other Funds

At June 30, 2025, the City had the following internal balances:

	Due To Other Funds		
Due From Other Funds	Nonmajor Funds	Internal Service Fund	Total
General Fund	$ 4,991,157	$ 258,415	$ 5,249,572

The due to General Fund of $4,991,157, and $258,415 from various Nonmajor Governmental Funds, and the Internal Service Fund, respectively, was a result of temporary cash deficit balances in those funds.

B. Transfers

	Transfers In			
	General Fund	Capital Improvement Program	Nonmajor Governmental Funds	Total Transfers Out
Transfers Out:				
General Fund	$ -	$ 1,783,898	$ 767,074	$ 2,550,972
Capital Improvement Program	-	-	2,054	2,054
Nonmajor Governmental Funds	79,612	9,490,228	144,225	9,714,065
Water Enterprise Fund	-	3,060,000	-	3,060,000
Sewer Enterprise Fund	-	460,000	-	460,000
Arroyo Seco Golf Course	-	865,143	-	865,143
Total Transfers In	$ 79,612	$ 15,659,269	$ 913,353	$ 16,652,234

NOTE 5 INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS (CONTINUED)

B. Transfers (Continued)

All transfers were made as budgeted or as approved by Council. Transfers are used to: (1) move revenues from the fund that a statute or the budget requires for collection to the fund that a statute or the budget requires for expenditure; (2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or grant matching requirements; (3) return money to the funds that originally transferred to others funds, yet not used, and (4) transfer to capital projects funds to fund capital outlays.

NOTE 6 LONG-TERM LIABILITIES

Activities relating to long-term obligations for the year are presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated Absences (a)	$ 1,066,130	$ 426,021	$ -	$ 1,492,151	$ 375,112	$ 1,117,039
Claims Payable (See Note 9)	3,526,000	3,417,424	3,283,424	3,660,000	1,211,084	2,448,916
Lease Liabilities	283,048	-	92,907	190,141	94,341	95,800
SBITA	442,554	-	227,549	215,005	122,201	92,804
Total Governmental Activities	$ 5,317,732	$ 3,843,445	$ 3,603,880	$ 5,557,297	$ 1,802,738	$ 3,754,559
Business-Type Activities:						
2012 State Loan Payable - Direct Borrowing	$ 7,963,211	$ -	$ 258,581	$ 7,704,630	$ 264,011	$ 7,440,619
SRF State Loan Payable - Direct Borrowing	10,981,891	-	347,309	10,634,582	353,238	10,281,344
2013 Water Revenue Bonds	2,985,000	-	450,000	2,535,000	470,000	2,065,000
Issuance Premium	145,493	-	27,213	118,280	-	118,280
2016 Water Revenue Bonds	31,455,000	-	1,035,000	30,420,000	1,095,000	29,325,000
Issuance Premium	3,172,588	-	208,038	2,964,550	-	2,964,550
Compensated Absences (a)	91,155	-	1,030	90,125	16,875	73,250
Total Business-Type Activities	$ 56,794,338	$ -	$ 2,327,171	$ 54,467,167	$ 2,199,124	$ 52,268,043

(a) Additions/deletions to compensated absences are presented net of additions/deletions, as allowed by GASB Statement No. 101, *Compensated Absences.*

A. Leases

The City leases various equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027. The value of the right-to-use asset as of June 30, 2025 is included in the capital asset table at Note 3.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Leases (Continued)

Future payments on the total lease liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 94,341	$ 2,664	$ 97,005
2027	95,800	1,204	97,004
Total	$ 190,141	$ 3,868	$ 194,009

B. SBITA

The City entered into subscriptions for various software packages. The terms range from 17 to 60 months with interest rates at 2.467% to 3.378%. The City is required to make payments ranging from $4,590 to $100,099. The value of the right-to-use asset as of June 30, 2025, is included with the capital asset note at Note 3.

Future payments on the total SBITA liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 122,201	$ 5,605	$ 127,806
2027	92,804	2,435	95,239
Total	$ 215,005	$ 8,040	$ 223,045

C. Loans

2012 State Loan Payable (Direct Borrowing)

California State Water Resources Control Board loaned the City an assessable amount of $9,170,658 over the term agreement starting December 20, 2013 through July 31, 2047. The proceeds from the loan are to be used by the City for its rehabilitation and replacement of the City's sewer infrastructure. The loan acts as an installment sale agreement, in which, the City must expend its own funds prior to drawing on the accessible loan amount for reimbursement. Repayment of project funds, together with all interest accrued thereon, by the City shall be repaid in annual installments commencing one year after the completion of the project. In the event of default, any amounts outstanding become immediately due and the purchased assets under the loan are required to be returned.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Loans (Continued)

2012 State Loan Payable (Direct Borrowing) (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2025, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 264,011	$ 161,797	$ 425,808
2027	269,555	156,253	425,808
2028	275,216	150,592	425,808
2029	280,995	144,813	425,808
2030	286,896	138,912	425,808
2031-2035	1,527,424	601,617	2,129,041
2036-2040	1,694,683	434,358	2,129,041
2041-2045	1,880,257	248,784	2,129,041
2046-2047	1,225,593	51,831	1,277,424
Total	$ 7,704,630	$ 2,088,957	$ 9,793,587

SRF State Loan Payable (Direct Borrowing)

California State Water Resources Control Board loaned the City an assessable amount of $11,937,930 over the term agreement starting April 27, 2018 through January 1, 2050. The proceeds from the loan are to be used by the City for the Graves Reservoir Replacement Project. The loan acts as an installment sale agreement, in which, the City must expend its own funds prior to drawing on the accessible loan amount for reimbursement. Repayment of project funds, together with all interest accrued thereon, by the City shall be repaid in annual installments commencing one year after the completion of the project. In the event of default, any amounts outstanding become immediately due and the purchased assets under the loan are required to be returned.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2025, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 353,238	$ 179,293	$ 532,531
2027	359,269	173,262	532,531
2028	365,402	167,129	532,531
2029	371,641	160,890	532,531
2030	377,985	154,546	532,531
2031-2035	1,988,954	673,702	2,662,656
2036-2040	2,164,631	498,025	2,662,656
2041-2045	2,355,824	306,832	2,662,656
2046-2050	2,297,638	98,752	2,396,390
Total	$ 10,634,582	$ 2,412,431	$ 13,047,013

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Bonds

2013 Water Revenue Bonds

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

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

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

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2025, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 470,000	$ 77,588	$ 547,588
2027	490,000	58,388	548,388
2028	505,000	41,013	546,013
2029	525,000	25,234	550,234
2030	545,000	8,516	553,516
Total	$ 2,535,000	$ 210,739	$ 2,745,739

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Bonds (Continued)

2016 Water Revenue Bonds

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

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

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2025, including interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,095,000	$ 1,335,463	$ 2,430,463
2027	1,145,000	1,279,463	2,424,463
2028	1,210,000	1,220,588	2,430,588
2029	1,270,000	1,158,588	2,428,588
2030	1,330,000	1,093,588	2,423,588
2031-2035	10,745,000	3,826,969	14,571,969
2036-2040	13,625,000	1,272,063	14,897,063
Total	$ 30,420,000	$ 11,186,722	$ 41,606,722

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description

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

Benefits Provided

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

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

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 67	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contributions Rates	7.00%	8.25%
Required Employer Contribution Rates	13.310%	8.180%

	Safety	
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	50 - 57
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	2.0% to 2.7%
Required Employee Contributions Rates	9.00%	14.50%
Required Employer Contribution Rates	23.130%	14.720%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the fiscal year ended June 30, 2025, the City contributed $2,154,264 and $3,802,182 to the miscellaneous and safety plans, respectively, which results in total contributions of $5,956,446.

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

	Miscellaneous	Safety
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post-Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.
(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.
(3) The less of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns for all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

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

Asset Class	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap Weighted	30.00 %	4.54 %
Global Equity - Non-Cap Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporation	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00%	

(a) An expected inflation of 2.3% used for this period
(b) Figures are based on the 2021 Assets Liability Management Study.

Discount Rate

The discount rate used to measure the total pension liability for the Public Employees' Retirement Fund (PERF) C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Proportionate Share of Net Pension Liability

As of the fiscal year ended June 30, 2025, the City reported net pension liability for its proportionate share of the collective net pension liability of the Miscellaneous and Safety Plan as follows:

Miscellaneous Plan Net Pension Liability	$ 16,243,237
Safety Plan Net Pension Liability	30,968,610
Combined Net Pension Liability	$ 47,211,847
Governmental Activities Net Pension Liability	$ 43,295,603
Business-Type Activities Net Pension Liability	3,916,244
Total Net Pension Liability	$ 47,211,847

The City's net pension liability for the Plans were measured as the proportionate share of the net pension liability. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of the June 30, 2023 and 2024 measurement dates were as follows:

	Miscellaneous	Safety
Proportionate share of NPL - June 30, 2023	0.326700 %	0.421000 %
Proportionate share of NPL - June 30, 2024	0.335840	0.424760
Change - Increase	0.009140 %	0.003760 %

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

The following presents the City's proportionate share of the net pension liability of each Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous Plan's Net Pension Liability	$ 25,190,226	$ 16,243,237	$ 8,878,548
Safety Plan's Net Pension Liability	45,881,492	30,968,610	18,771,969

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5-year straight-line amortization
All Other Amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Miscellaneous Plan

For the year ended June 30, 2025, the City recognized pension expense of $2,771,665 for the Miscellaneous Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 417,485	$ -
Differences Between Expected and Actual Experience	1,404,378	(54,798)
Differences Between Projected and Actual Investment Earnings	935,104	-
Differences Between Employer's Contributions and Proportionate Share of Contributions	963	(504,974)
Change in Employer's Proportion	147,884	(277,025)
Pension Contributions Made Subsequent to Measurement Date	2,154,264	-
Total	$ 5,060,078	$ (836,797)

$2,154,264 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Miscellaneous Plan (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30,	Expense
2026	$ 479,816
2027	1,957,452
2028	(47,804)
2029	(320,447)
Total	$ 2,069,017

Safety Plan

For the year ended June 30, 2025, the City recognized pension expense of $5,814,562 for the Safety Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 763,003	$ -
Differences Between Expected and Actual Experience	2,527,314	(82,174)
Differences Between Projected and Actual Investment Earnings	1,496,881	-
Differences Between Employer's Contributions and Proportionate Share of Contributions	-	(808,508)
Change in Employer's Proportion	475,047	-
Pension Contributions Made Subsequent to Measurement Date	3,802,182	-
Total	$ 9,064,427	$ (890,682)

$3,802,182 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

NOTE 7 CITY EMPLOYEES DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Safety Plan (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30,	Expense
2026	$ 1,604,031
2027	3,366,119
2028	(86,421)
2029	(512,166)
Total	$ 4,371,563

E. Payable to the Pension Plan

At June 30, 2025, the City had no outstanding amount of contributions to the Miscellaneous or Safety Cost-Sharing pension plans required for the year ended June 30, 2025.

F. Summary of Plan Amounts for Government-Wide Financial Statements

	Net Pension Liability	Deferred Outflows	Deferred Inflows
Miscellaneous Plan	$ 16,243,237	$ 5,060,078	$ (836,797)
Safety Plan	30,968,610	9,064,427	(890,682)
Total	$ 47,211,847	$ 14,124,505	$ (1,727,479)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The City provides certain other postemployment benefits (OPEB) through an agent multiemployer defined benefit healthcare plan which provides health insurance for its retired employees according to the Personnel Rules and Regulations for each of the five employee groups. Benefit provisions are included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The City's OPEB Plan does not issue a separate stand-alone report as the plan type is an agent multiemployer plan managed by the California Employers' Retirement Benefit Trust (CERBT) Fund.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Employees Covered

As of the June 30, 2024 measurement date, the following numbers of participants were covered by the benefit terms under the Plan:

Active Employees	174
Inactive Employees or Beneficiaries Currently Receiving Benefits	94
Inactive Employees Entitled to, But Not Yet Receiving Benefits	26
Total	294

C. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. The City pays for postemployment health insurance by prefunding with an OPEB trust. For the fiscal year ended June 30, 2025, the City's cash contributions were $605,605, administrative expenses of $2,356, and estimated implied subsidies of $172,595, resulting in total payments of $780,556.

D. Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2024, and was based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2024 Measurement Date
Actuarial Valuation Date	June 30, 2023
Contribution Policy	City pre-funded on an ad hoc basis
Long-Term Expected Rate of Return on Assets	6.25% at June 30, 2024
20-Year Municipal Bond Rate	3.93% at June 30, 2024 (Bond Buyer 20-Bond Index) 3.65% at June 30, 2023 (Bond Buyer 20-Bond Index)
Discount Rate	4.83% at June 30, 2024 4.59% at June 30, 2023
General Inflation	2.50% annually
Mortality, Retirement, Disability, and Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	Aggregate - 2.75% annually Merit - Cal PERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 6.9% for 2026, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076
Fixed Dollar Cap	None

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Discount Rate

The discount rate used to measure the Plan's total OPEB liability was 4.83%. The long-term expected rate of 6.25% was blended with the index rate of 3.93% for tax exempt general obligation municipal bonds rated AA or better at June 30, 2023, to arrive at a blended discount rate of 4.83% used to determine the total OPEB liability.

F. Changes of Assumptions

Discount rate increased from 4.59% to 4.83%.

G. Changes in the Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2024 (June 30, 2023 Measurement Date)	$ 14,356,184	$ 1,214,492	$ 13,141,692
Changes Recognized for the Measurement Period:			
Service Cost	419,206	-	419,206
Interest	662,163	-	662,163
Assumption Changes	(367,925)	-	(367,925)
Contributions - Employer	-	704,554	(704,554)
Net Investment Income	-	133,401	(133,401)
Benefit Payments	(698,400)	(698,400)	-
Administrative Expense	-	(6,550)	6,550
Net Changes	15,044	133,005	(117,961)
Balance at June 30, 2025 (June 30, 2024 Measurement Date)	$ 14,371,228	$ 1,347,497	$ 13,023,731

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

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB Liability	$ 14,663,966	$ 13,023,731	$ 11,641,761

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2024:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 12,187,498	$ 13,023,731	$ 14,078,920

J. OPEB Plan Fiduciary Net Position

As the City is prefunding with an OPEB trust, Plan Fiduciary Net Position was $1,347,497 at the June 30, 2024 measurement date. The City has assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits. Contributions are fixed and not based on a measure of pay.

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of $564,240. As of the fiscal year ended June 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 401,393	$ (423,155)
Changes in Assumptions	921,375	(3,595,859)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(52,675)
Contributions to OPEB Plan Subsequent to the Measurement Date	780,556	-
Total	$ 2,103,324	$ (4,071,689)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

K. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The $780,556 reported as deferred outflows of resources related to contributions subsequent measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	Expense
2026	$ (361,143)
2027	(278,766)
2028	(677,494)
2029	(678,343)
2030	(531,191)
Thereafter	(221,984)
Total	$ (2,748,921)

NOTE 9 INSURANCE

The City is partially self-insured for general liability insurance. The City is responsible for claims up to $100,000 per occurrence. Coverage in excess of the City's self-insured retention is purchased through Public Risk Innovation, Solutions, and Management (PRISM) up to the statutory limits. The City participates in a risk pool for general liability insurance through PRISM above the City's self-insured retention (SIR) of $100,000 up to $4,900,000 per occurrence. Reinsurance coverage in excess of the pool layer up to $25,000,000 is purchased through PRISM. PRISM retains responsibility for claims in excess of each member's self-insured retention.

The City paid $2,013,685 in insurance premiums for: General Liabilities of $1,269,439, Workers' Compensation of $513,481, Property Program of $214,162, Cyber Liability Program of $7,589, and Employee Assistance Program of $9,014. There were 19 General Liability claims in total, amounting to $2,223,959. For workers' compensation insurance, the City is covered from the first dollar. Coverage between $1 and $5,000,000 is provided by PRISM. PRISM participates in an excess pool which provides coverage from $5,000,000 to $50,000,000 and purchases excess insurance above $50,000,000 to the statutory limit. There were 71 Workers' Compensation claims in total, amounting to $1,339,843.

NOTE 9 INSURANCE (CONTINUED)

A reconciliation of changes in aggregates for claims filed in the current and prior fiscal years are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability	Amounts Due Within One Year	Amounts Due in More Than One Year
Workers' Compensation						
2023-2024	$ 1,518,000	$ 2,209,809	$ (1,757,809)	$ 1,970,000	$ 467,219	$ 1,502,781
2024-2025	1,970,000	1,460,439	(1,269,439)	2,161,000	529,409	1,631,591
General Liability						
2023-2024	1,205,000	1,518,694	(1,167,694)	1,556,000	669,103	886,897
2024-2025	1,556,000	1,956,985	(2,013,985)	1,499,000	681,675	817,325

NOTE 10 COMMITMENTS AND CONTINGENCIES

Due to the occurrence of several spills from the City's sanitary sewer system, the City entered into a settlement on November 16, 2011, with the Regional Water Quality Control Board (RWQCB), Los Angeles Region and the state Attorney General for violations of the state's general waste discharge requirements. The settlement required the City to cover fines and attorney fees, complete repairs to its sanitary sewer system over a 10-year period and implement specified system maintenance programs. These requirements will be monitored through an open court proceeding and, if not met, the City could be subjected to further monetary penalties. Several years ago, the City undertook a comprehensive sewer infrastructure improvement program to implement the requirements of the Consent Judgment. In 2019, a Project Completion Report was submitted to the RWQCB, however, the 2019 report did not include a list or description of all the projects listed in the Consent Judgment that have been completed. Presently, City staff are utilizing the services of a consultant to provide RWQCB additional information to resolve discrepancies between the Consent Judgment and the completed sewer rehabilitation work documented as well as clarify sections noted in the 2019 Project Completion Report. The City awarded a six-year sewer video and cleaning contract in July 2025 for $4,600,000, of which part of the scope will include locations noted in the Consent Judgment. Through the date of this report, the City continues to work with the RWQCB to provide required analysis and updates of work identified in the Consent Judgment. No additional monetary penalties have been incurred by the City.

NOTE 11 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COMMUNITY REDEVELOPMENT AGENCY

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

NOTE 11 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)

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

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

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

Cash and Investments

At June 30, 2025, Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and Investments Pooled With the City	$ 307,528

Long-Term Debt

2000 Tax Allocation Bonds

In July 2000, the Agency issued $2,600,000 in tax allocation bonds for the Downtown Revitalization Project No. 1, which mature annually from May 1, 2001 to May 1, 2025, in increasing amounts from $55,000 to $185,000, plus interest at 4.4% to 6.0%, payable semi-annually 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. The bonds were paid off in 2025.

NOTE 11 SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate-Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the community redevelopment agency, property taxes allocated to community redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved community redevelopment agency. For the current fiscal year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved Community Redevelopment Agency was $93,680 and the interest expense on the bonds was $9,250.

Insurance

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

NOTE 12 DEFICIT FUND BALANCES

The following funds have deficits in fund balance at June 30, 2025:

Fund	Amount
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Rogan HR 5294 Grant	$ (1,152,274)
County Park Bond	(22,957)
C.D.B.G.	(477,412)
MSRC Grant	(393,614)
Measure H	(16,532)
LACMTA Measure M MAT	(912,600)
Measure M MSP	(372,624)
HSIP Grant	(227,452)
Historic Measure R MIP	(600,000)
Measure A Grant	(550,000)
Proposition 68 Grant	(193,992)
Internal Service Fund	(3,984,666)

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

NOTE 13 NET INVESTMENT IN CAPITAL ASSETS

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

	Water	Sewer	Arroyo Seco Golf Course	Total
Business-Type Activities:				
Capital Assets, Net of Accumulated Depreciation	$ 69,302,766	$ 10,147,146	$ 754,421	$ 80,204,333
2016 Water Revenue Bonds	(30,420,000)	-	-	(30,420,000)
Issuance Premium	(2,964,550)	-	-	(2,964,550)
2013 Water Revenue Bonds	(2,535,000)	-	-	(2,535,000)
Issuance Premium	(118,280)	-	-	(118,280)
2012 State Loan Payable	-	(7,704,630)	-	(7,704,630)
SRF State Loan Payable	(10,634,582)	-	-	(10,634,582)
Deferred Loss on Refunding	3,873,738	-	-	3,873,738
Net Investment in Capital Assets	$ 26,504,092	$ 2,442,516	$ 754,421	$ 29,701,029

Governmental Activities:	
Capital Assets, Not Being Depreciation/Amortized	$ 7,947,288
Capital Assets, Net of Accumulated Depreciation/ Amortization	49,118,617
Retainage Payable and Construction-Related Accounts Payable	(1,954,487)
Lease Liabilities	(190,141)
SBITA Liabilities	(215,005)
Net Investment in Capital Assets	$ 54,706,272

NOTE 14 ADJUSTMENT OF BEGINNING FUND BALANCE

Changes Within Financial Reporting Entity

The Capital Improvement Program Capital Projects Fund previously did not meet the criteria to be reported as a major governmental fund. However, effective July 1, 2024, the fund met the criteria to be reported as a major fund and is reported as a major governmental fund for the fiscal year ended June 30, 2025. The effect of that change to or within the financial reporting entity is shown in column A of the table below.

	June 30, 2024, As Previously Reported	Change to or Within the Financial Reporting Entity (A)	June 30, 2024, As Adjusted
Governmental Funds:			
Major Funds:			
Capital Improvement Program	$ -	$ 2,700	$ 2,700
Nonmajor Funds	22,862,258	(2,700)	22,859,558
Total Governmental Funds	$ 22,862,258	$ -	$ 22,862,258

NOTE 15 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2025. The projects include streets and traffic improvements, construction and improvement of parks, and City owned infrastructure improvements. At year-end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Civic Center ChargePoint	$ 156,093	$ 27,251
North-South Corridor ITS Deployment Project	-	717,602
Huntington Drive Regional Green Street	89,914	42,720
Public Works On-Call Professional Services	131,051	188,949
Parks Comprehensive Plan	49,405	235,800
Grevelia & Berkshire Pocket Parks Project	706,368	1,405,632
Pocket Park Project, Construction, & Inspection Mgmt.	114,470	85,211
Library/Community Center Comprehensive Site Plan	116,745	33,255
FY20-24 Sidewalk Replacement & ADA Ramps (CDBG)	449,547	75,453
Residential Slurry Seal Project No. 2020-06	365,198	249,802
Indiana Ave. & Pasadena Ave. Street Improvement Project	-	439,283

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH PASADENA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 29,488,515	$ 29,488,515	$ 29,382,292	$ (106,223)
Licenses and Permits	879,463	879,463	1,336,179	456,716
Intergovernmental	4,263,789	4,320,789	4,268,380	(52,409)
Charges for Services	4,639,366	4,641,366	4,773,327	131,961
Use of Money and Property	1,048,715	1,048,715	2,255,019	1,206,304
Fines and Forfeitures	58,000	58,000	79,703	21,703
Miscellaneous	572,257	580,812	643,240	62,428
Total Revenues	40,950,105	41,017,660	42,738,140	1,720,480
EXPENDITURES				
Current:				
General Government	9,337,458	10,014,196	9,371,806	642,390
Public Safety	19,327,695	19,355,695	18,126,469	1,229,226
Community Development	3,515,392	3,759,204	3,031,014	728,190
Community Services	4,038,890	4,055,895	3,639,176	416,719
Public Works	3,647,555	3,791,755	3,267,011	524,744
Debt Service:				
Principal	-	-	136,778	(136,778)
Interest and Fiscal Charges	-	-	3,106	(3,106)
Capital Outlay	-	1,544,183	604,401	939,782
Total Expenditures	39,866,990	42,520,928	38,179,761	4,341,167
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,083,115	(1,503,268)	4,558,379	6,061,647
OTHER FINANCING SOURCES (USES)				
Transfers In	-	150,000	79,612	(70,388)
Transfers Out	(903,430)	(2,307,578)	(2,550,972)	(243,394)
Total Other Financing Sources (Uses)	(903,430)	(2,157,578)	(2,471,360)	(313,782)
NET CHANGE IN FUND BALANCES	179,685	(3,660,846)	2,087,019	5,747,865
Fund Balances - Beginning of Year	25,158,932	25,158,932	25,158,932	-
FUND BALANCES - END OF YEAR	$ 25,338,617	$ 21,498,086	$ 27,245,951	$ 5,747,865

See accompanying Note to Required Supplementary Information.

CITY OF SOUTH PASADENA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – COST-SHARING
LAST TEN YEARS

Measurement Date	Employer's Proportion of the Collective Net Pension Liability[1]	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2015	0.35146 %	$ 24,123,577	$ 10,601,417	227.55 %	78.40 %
6/30/2016	0.36618	31,865,437	10,683,089	298.28	74.06
6/30/2017	0.36714	36,410,081	11,218,719	324.55	73.31
6/30/2018	0.37770	36,396,135	11,190,390	325.24	74.01
6/30/2019	0.38379	39,327,077	10,760,952	365.46	72.89
6/30/2020	0.39201	42,652,833	11,634,785	366.60	70.74
6/30/2021	0.49945	27,011,583	12,540,902	215.39	82.31
6/30/2022	0.39036	45,089,597	12,690,746	355.30	72.25
6/30/2023	0.38320	47,805,991	13,609,542	351.27	71.49
6/30/2024	0.38930	47,211,847	15,436,758	305.84	73.09

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

See accompanying Note to Required Supplementary Information.

CITY OF SOUTH PASADENA
SCHEDULE OF PLAN CONTRIBUTIONS – COST-SHARING
LAST TEN YEARS

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2016	$ 2,445,893	$ (2,445,893)	$ -	$ 10,683,089	22.89 %
6/30/2017	3,258,700	(3,258,700)	-	11,218,719	29.05
6/30/2018	3,082,379	(3,082,379)	-	11,190,390	27.54
6/30/2019	3,460,075	(3,460,075)	-	10,760,952	32.15
6/30/2020	4,295,978	(4,295,978)	-	11,634,785	36.92
6/30/2021	5,001,568	(5,001,568)	-	12,540,902	39.88
6/30/2022	9,206,330	(9,206,330)	-	12,690,746	72.54
6/30/2023	5,201,924	(5,201,924)	-	13,609,542	38.22
6/30/2024	4,524,232	(4,524,232)	-	15,436,758	29.31
6/30/2025	5,956,446	(5,956,446)	-	15,527,065	38.36

Notes:

Changes in Benefit Terms

There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

See accompanying Note to Required Supplementary Information.

CITY OF SOUTH PASADENA
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS*

Fiscal Year	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Measurement Period	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Total OPEB Liability:								
Service Cost	$ 664,681	$ 560,960	$ 508,445	$ 666,996	$ 895,656	$ 712,718	$ 524,292	$ 419,206
Interest	519,308	607,364	651,066	600,512	461,163	396,046	584,931	662,163
Changes in Benefit Terms	-	-	270,482	-	(3,110,716)	391,787	-	-
Actual vs. Expected Experience	-	-	(1,405,666)	-	887,933	-	(299,013)	-
Changes in Assumptions	(1,694,570)	(606,526)	829,039	2,810,290	(874,999)	(3,495,189)	(1,002,616)	(367,925)
Benefit Payments	(645,346)	(637,788)	(660,893)	(694,791)	(498,954)	(716,472)	(721,277)	(698,400)
Net Change in Total OPEB Liability	(1,155,927)	(75,990)	190,473	3,383,007	(2,239,917)	(2,711,110)	(913,683)	15,044
Total OPEB Liability - Beginning	17,879,331	16,723,404	16,647,414	16,837,887	20,220,894	17,980,977	15,269,867	14,356,184
Total OPEB Liability - Ending (a)	16,723,404	16,647,414	16,837,887	20,220,894	17,980,977	15,269,867	14,356,184	14,371,228
Plan Fiduciary Net Position:								
Contributions - Employer	-	-	-	-	-	1,847,160	727,864	704,554
Net Investment Income	-	-	-	-	-	16,528	73,305	133,401
Benefit Payments	-	-	-	-	-	(716,472)	(721,277)	(698,400)
Administrative Expense	-	-	-	-	-	(5,697)	(6,919)	(6,550)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	1,141,519	72,973	133,005
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	1,141,519	1,214,492
Plan Fiduciary Net Position - Ending (b)	-	-	-	-	-	1,141,519	1,214,492	1,347,497
Net OPEB Liability - Ending (a) - (b)	$ 16,723,404	$ 16,647,414	$ 16,837,887	$ 20,220,894	$ 17,980,977	$ 14,128,348	$ 13,141,692	$ 13,023,731
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	8.5%	9.4%
Covered-Employee Payroll	$ 11,644,645	$ 14,031,728	$ 10,487,587	$ 11,952,495	$ 15,678,975	$ 16,323,541	$ 19,221,594	$ 19,609,512
Net OPEB Liability as a Percentage of Covered-Employee Payroll	143.6%	118.6%	160.6%	169.2%	114.7%	86.6%	68.4%	66.4%

Notes:

Changes in assumptions: Discount rate increased from 4.59% at June 30, 2023 to 4.83% at June 30, 2024. Discount rate increased from 3.79% at June 30, 2022 to 4.59% at June 30, 2023. Discount rate increased from 2.16% at June 30, 2021 to 3.79% at June 30, 2022. Discount rate decreased from 2.21% at June 30, 2020 to 2.16% at June 30, 2021. Discount rate decreased from 3.50% at June 30, 2019 to 2.21% at June 30, 2020. Discount rate decreased from 3.87% at June 30, 2018 to 3.50% at June 30, 2019. Discount rate increased from 3.58% at June 30, 2017 to 3.87% at June 30, 2018. Discount rate increased from 2.85% at June 30, 2016 to 3.58% at June 30, 2017.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Fiscal year 2017-18 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

See accompanying Note to Required Supplementary Information

CITY OF SOUTH PASADENA
SCHEDULE OF OPEB CONTRIBUTIONS
LAST FOUR FISCAL YEARS*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	$ -	$ (1,847,160)	$ (1,847,160)	$ 16,323,541	11.32 %
6/30/2023	727,864	(727,864)	-	19,221,594	3.79
6/30/2024	704,554	(704,554)	-	19,609,512	3.59
6/30/2025	780,556	(780,556)	-	19,574,502	3.99

Notes:

*The City did not establish an OPEB trust until fiscal year ending June 30, 2022. Future years' information will be displayed up to 10 years as information becomes available.

See accompanying Note to Required Supplementary Information

NOTE 1 GENERAL BUDGET POLICIES

Budgetary control is an essential element in governmental financial reporting. The City, a general law city in the state of California, does not legally require a budget. However, the City Council adopted budgets for the General, Special Revenue, and Capital Projects Funds except for the Affordable Housing Trust, OPIOID Settlement, and Public Arts Special Revenue Funds, plus the 2000 Tax Allocation Bonds and Carlyle Library Bequest Capital Project Funds.

To facilitate a greater understanding of the City's operations, budget information for the General, Special Revenue, and Capital Projects Funds is included in the accompanying financial statements. This detailed budget document is published and is a matter of public record. Each year, the City Manager submits his proposed budget to the City Council. The City Council holds public hearings and may modify the appropriations by majority approval. The legal level of expenditures is controlled at the fund level and operating appropriations lapse at the end of each fiscal year. All budgeted amounts are reported on the same basis as the fund types and adopted on a basis consistent with accounting principles generally accepted in the United States of America. Changes in appropriations at the fund level during the year must be submitted by the City's departments for City Council review and approval. The City Manager may, without Council approval, amend individual line items within any fund and between divisions and programs, in personnel costs, maintenance and operations, capital outlay, and capital projects portions of the budget without increasing total appropriations for that fund. Department heads may, without Council approval, amend individual line items within any fund in the maintenance and operation portions of the budget without increasing total appropriations for that division.

Total expenditures exceeded total appropriations for the following funds:

	Appropriations	Expenditures	Difference
Nonmajor Fund:			
Measure H	$ -	$ 66,253	$ (66,253)

SUPPLEMENTARY INFORMATION

CITY OF SOUTH PASADENA
NONMAJOR GOVERNMENTAL FUNDS*

Special Revenue Funds

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

269 - OTS Grant Fund – To account for the revenue and expenditures related to a grant from the California Office of Traffic Safety.

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

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

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

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

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

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

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

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

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

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

Special Revenue Funds (Continued)

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

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

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

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

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

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

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

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

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

208 - ISTEA/Metro Grant Fund – To account for all revenues and expenditures associated with the Intermodal Surface Transportation Efficiency Act (ISTEA). All revenues of this fund must be expended for transportation-related items.

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

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

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

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

Special Revenue Funds (Continued)

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

252 - Proposition 68 Grant Fund – To account for funds from California Parks & Waters Bond Proposition 68.

234 - LACMTA Measure M MAT Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Measure M in 2016. All revenues of this fund must be expended for transportation-related items eligible under the Metro Active Transportation, Transit, and First/Last Mile (MAT) Program.

240 - Measure M Multi-Year Subregional Program (MSP) Fund – To account for all revenues and expenditures associated with the Multi-Year Subregional Program portion of the one-half cent sales tax approved by Measure M in 2016. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission, as administered though the Arroyo Verdugo Communities Joint Powers Authority Governing Board.

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

243 - Historic Measure R Mobility Improvement Projects (MIP) Fund – To account for all revenues and expenditures associated with transportation multimodal and safety enhancement projects, as approved Los Angeles County Metro, utilizing funding established for the former 710 North freeway project.

213 - SB2 Planning Grant Fund – To account for state funding to help implement plans and process improvements that streamline housing approvals and accelerate housing production.

***267 - OPIOID Settlement Fund** – To account for opioid settlements aimed to provide financial resources to local government.

251 - Measure A Grant Fund – To account for funds from the Los Angeles County Regional Park and Open Space District (RPOSD).

***296 - Public Arts Fund** – To account for funds received from development projects within the City that require public artwork or dedicate funds to support public art.

206 - State and Local Recovery Fund (SLRF) – To account for all revenues and expenditures associated with this State fund.

Capital Projects Funds

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

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

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

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

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

***209 - Carlyle Library Bequest Fund** – To account for funding received from the Carlyle Estate intended for Library improvements.

*Note that no budget was adopted for these funds.

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds					
	OTS Grant	Proposition A	Proposition C	Rogan HR 5294 Grant	Street Lighting and Landscaping	Clean Air Act
ASSETS						
Pooled Cash and Investments	$ -	$ 1,844,368	$ 2,859,313	$ -	$ 287,137	$ 261,241
Receivables:						
Accounts	13,945	-	-	68,539	14,730	9,144
Accrued Interest	-	11,579	16,921	-	-	1,646
Due from Other Governments	-	-	-	-	-	-
Inventories	-	-	-	-	1,674	-
Total Assets	$ 13,945	$ 1,855,947	$ 2,876,234	$ 68,539	$ 303,541	$ 272,031
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 575	$ 11,131	$ -	$ -	$ 135,734	$ -
Accrued Liabilities	-	18,510	-	-	6,447	-
Deposits Payable	-	-	-	-	7,733	-
Due to Other Funds	13,363	-	-	1,152,274	-	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	13,938	29,641	-	1,152,274	149,914	-
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	-	-	-	68,539	-	9,144
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	1,674	-
Restricted for:						
Community Development Projects	-	-	-	-	-	-
Public Safety - Police	7	-	-	-	-	-
Community Services	-	1,826,306	-	-	-	-
Public Works - Streets and Road	-	-	2,876,234	-	-	-
Capital Projects	-	-	-	-	-	262,887
Public Works - Street Lighting	-	-	-	-	151,953	-
Committed to:						
Capital Projects	-	-	-	-	-	-
Unassigned	-	-	-	(1,152,274)	-	-
Total Fund Balances	7	1,826,306	2,876,234	(1,152,274)	153,627	262,887
Total Liabilities and Fund Balances	$ 13,945	$ 1,855,947	$ 2,876,234	$ 68,539	$ 303,541	$ 272,031

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds					
	Parking and Business Improvement Tax	Gold Line Mitigation	Mission Meridian Public Garage	State Gas Tax	County Park Bond	Capital Growth Requirements
ASSETS						
Pooled Cash and Investments	$ 8,623	$ 66,976	$ 7,555	$ 414,613	$ -	$ 765,180
Receivables:						
Accounts	5,766	-	-	63,905	32,241	-
Accrued Interest	34	432	45	3,589	-	4,925
Due from Other Governments	-	-	-	-	-	-
Inventories	-	-	-	1,231	-	-
Total Assets	$ 14,423	$ 67,408	$ 7,600	$ 483,338	$ 32,241	$ 770,105
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ -	$ -	$ -	$ 26,060	$ 2,125	$ -
Accrued Liabilities	-	-	-	19,015	-	-
Deposits Payable	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	53,073	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	-	-	-	45,075	55,198	-
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	1,231	-	-
Restricted for:						
Community Development Projects	-	-	-	-	-	-
Public Safety - Police	-	-	-	-	-	-
Community Services	14,423	-	-	-	-	-
Public Works - Streets and Road	-	-	-	437,032	-	770,105
Capital Projects	-	67,408	7,600	-	-	-
Public Works - Street Lighting	-	-	-	-	-	-
Committed to:						
Capital Projects	-	-	-	-	-	-
Unassigned	-	-	-	-	(22,957)	-
Total Fund Balances	14,423	67,408	7,600	438,263	(22,957)	770,105
Total Liabilities and Fund Balances	$ 14,423	$ 67,408	$ 7,600	$ 483,338	$ 32,241	$ 770,105

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds					
	C.D.B.G.	Asset Forfeiture	Measure W	State Police Grant	Homeland Security Grant	Park Impact Fees
ASSETS						
Pooled Cash and Investments	$ -	$ 544,898	$ 81,729	$ 746,254	$ -	$ 72,278
Receivables:						
Accounts	477,412	-	-	-	-	-
Accrued Interest	-	3,489	1,051	4,808	-	5,987
Due from Other Governments	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 477,412	$ 548,387	$ 82,780	$ 751,062	$ -	$ 78,265
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ -	$ -	$ 13,441	$ 271,000	$ -	$ -
Accrued Liabilities	-	-	1,200	-	-	-
Deposits Payable	-	-	-	-	-	-
Due to Other Funds	477,412	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	477,412	-	14,641	271,000	-	-
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	477,412	-	-	-	-	-
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	-	-
Restricted for:						
Community Development Projects	-	-	-	-	-	-
Public Safety - Police	-	548,387	-	480,062	-	-
Community Services	-	-	-	-	-	78,265
Public Works - Streets and Road	-	-	68,139	-	-	-
Capital Projects	-	-	-	-	-	-
Public Works - Street Lighting	-	-	-	-	-	-
Committed to:						
Capital Projects	-	-	-	-	-	-
Unassigned	(477,412)	-	-	-	-	-
Total Fund Balances	(477,412)	548,387	68,139	480,062	-	78,265
Total Liabilities and Fund Balances	$ 477,412	$ 548,387	$ 82,780	$ 751,062	$ -	$ 78,265

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds					
	Measure R	Measure M	ISTEA/Metro Grant	Public Education	Road Maintenance and Rehab	MSRC Grant
ASSETS						
Pooled Cash and Investments	$ 2,374,874	$ 2,769,457	$ 820	$ 215,575	$ 2,687,726	$ -
Receivables:						
Accounts	-	-	-	-	-	204,461
Accrued Interest	14,883	17,842	5	1,382	19,438	-
Due from Other Governments	-	-	-	-	129,629	-
Inventories	-	-	-	-	-	-
Total Assets	$ 2,389,757	$ 2,787,299	$ 825	$ 216,957	$ 2,836,793	$ 204,461
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 7,117	$ 62,879	$ -	$ -	$ -	$ -
Accrued Liabilities	2,703	2,703	-	-	-	-
Deposits Payable	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	421,150
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	9,820	65,582	-	-	-	421,150
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	176,925
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	-	-
Restricted for:						
Community Development Projects	-	-	-	216,957	-	-
Public Safety - Police	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Public Works - Streets and Road	2,379,937	2,721,717	-	-	2,836,793	-
Capital Projects	-	-	825	-	-	-
Public Works - Street Lighting	-	-	-	-	-	-
Committed to:						
Capital Projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(393,614)
Total Fund Balances	2,379,937	2,721,717	825	216,957	2,836,793	(393,614)
Total Liabilities and Fund Balances	$ 2,389,757	$ 2,787,299	$ 825	$ 216,957	$ 2,836,793	$ 204,461

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds					
	Measure H	Housing Authority	Proposition 68 Grant	LACMTA Measure M MAT	Measure M MSP	HSIP Grant
ASSETS						
Pooled Cash and Investments	$ -	$ 275,239	$ -	$ -	$ -	$ -
Receivables:						
Accounts	6,924	-	-	-	-	-
Accrued Interest	-	1,837	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 6,924	$ 277,076	$ -	$ -	$ -	$ -
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ -	$ 10,575	$ -	$ -	$ -	$ -
Accrued Liabilities	6,239	-	-	-	-	-
Deposits Payable	-	2,408	-	-	-	-
Due to Other Funds	17,217	-	193,992	912,600	372,624	227,452
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	23,456	12,983	193,992	912,600	372,624	227,452
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	-	-
Restricted for:						
Community Development Projects	-	264,093	-	-	-	-
Public Safety - Police	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Public Works - Streets and Road	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Public Works - Street Lighting	-	-	-	-	-	-
Committed to:						
Capital Projects	-	-	-	-	-	-
Unassigned	(16,532)	-	(193,992)	(912,600)	(372,624)	(227,452)
Total Fund Balances	(16,532)	264,093	(193,992)	(912,600)	(372,624)	(227,452)
Total Liabilities and Fund Balances	$ 6,924	$ 277,076	$ -	$ -	$ -	$ -

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds					
	Historic Measure R MIP	SB2 Planning Grant	OPIOID Settlement	Measure A Grant	Public Arts	SLRF
ASSETS						
Pooled Cash and Investments	$ -	$ -	$ 96,442	$ -	$ 3,189	$ -
Receivables:						
Accounts	-	-	-	-	-	-
Accrued Interest	-	-	646	-	21	-
Due from Other Governments	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ -	$ -	$ 97,088	$ -	$ 3,210	$ -
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	-	-
Deposits Payable	-	-	-	-	-	-
Due to Other Funds	600,000	-	-	550,000	-	-
Unearned Revenue	-	-	94,220	-	-	-
Total Liabilities	600,000	-	94,220	550,000	-	-
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	-	-
Restricted for:						
Community Development Projects	-	-	-	-	-	-
Public Safety - Police	-	-	2,868	-	-	-
Community Services	-	-	-	-	-	-
Public Works - Streets and Road	-	-	-	-	-	-
Capital Projects	-	-	-	-	3,210	-
Public Works - Street Lighting	-	-	-	-	-	-
Committed to:						
Capital Projects	-	-	-	-	-	-
Unassigned	(600,000)	-	-	(550,000)	-	-
Total Fund Balances	(600,000)	-	2,868	(550,000)	3,210	-
Total Liabilities and Fund Balances	$ -	$ -	$ 97,088	$ -	$ 3,210	$ -

CITY OF SOUTH PASADENA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Capital Projects Funds					
	Facilities and Equipment Replacement	Technology Surcharge	2000 Tax Allocation Bonds	Streets Improvement Program	Carlyle Library Bequest	Total Nonmajor Governmental Funds
ASSETS						
Pooled Cash and Investments	$ 405,505	$ 94,852	$ 925,042	$ 524,369	$ 2,801,081	$ 21,134,336
Receivables:						
Accounts	-	-	-	-	46,666	943,733
Accrued Interest	8,017	605	-	18,676	17,645	155,503
Due from Other Governments	-	-	-	-	-	129,629
Inventories	-	-	-	-	-	2,905
Total Assets	$ 413,522	$ 95,457	$ 925,042	$ 543,045	$ 2,865,392	$ 22,366,106
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ 540,637
Accrued Liabilities	-	-	-	-	-	56,817
Deposits Payable	-	-	-	-	-	10,141
Due to Other Funds	-	-	-	-	-	4,991,157
Unearned Revenue	-	-	-	-	-	94,220
Total Liabilities	-	-	-	-	-	5,692,972
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	732,020
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	-	2,905
Restricted for:						
Community Development Projects	-	-	-	-	-	481,050
Public Safety - Police	-	-	-	-	-	1,031,324
Community Services	-	-	-	-	2,865,392	4,784,386
Public Works - Streets and Road	-	-	-	-	-	12,089,957
Capital Projects	-	-	-	-	-	341,930
Public Works - Street Lighting	-	-	-	-	-	151,953
Committed to:						
Capital Projects	413,522	95,457	925,042	543,045	-	1,977,066
Unassigned	-	-	-	-	-	(4,919,457)
Total Fund Balances	413,522	95,457	925,042	543,045	2,865,392	15,941,114
Total Liabilities and Fund Balances	$ 413,522	$ 95,457	$ 925,042	$ 543,045	$ 2,865,392	$ 22,366,106

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	OTS Grant	Proposition A	Proposition C	Rogan HR 5294 Grant	Street Lighting and Landscaping	Clean Air Act
REVENUES						
Taxes	$ -	$ 703,428	$ 571,815	$ -	$ -	$ -
Assessments	-	-	-	-	894,466	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	30,179	-	-	63,559	-	34,710
Charges for Services	-	2,706	-	-	-	-
Use of Money and Property	7	75,510	158,744	-	21,876	7,380
Miscellaneous	-	2,790	-	-	-	-
Total Revenues	30,186	784,434	730,559	63,559	916,342	42,090
EXPENDITURES						
Current:						
General Government	-	22,802	-	-	-	-
Public Safety	30,179	-	-	-	-	-
Community Development	-	-	-	-	-	-
Community Services	-	614,468	-	-	-	-
Public Works	-	-	-	-	1,527,801	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	30,179	637,270	-	-	1,527,801	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7	147,164	730,559	63,559	(611,459)	42,090
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	765,086	-
Transfers Out	-	-	-	(1,083,735)	-	-
Total Other Financing Sources (Uses)	-	-	-	(1,083,735)	765,086	-
NET CHANGE IN FUND BALANCE	7	147,164	730,559	(1,020,176)	153,627	42,090
Fund Balances - Beginning of Year, as Previously Reported	-	1,679,142	2,145,675	(132,098)	-	220,797
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Adjusted	-	1,679,142	2,145,675	(132,098)	-	220,797
FUND BALANCES - END OF YEAR	$ 7	$ 1,826,306	$ 2,876,234	$ (1,152,274)	$ 153,627	$ 262,887

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Parking and Business Improvement Tax	Gold Line Mitigation	Mission Meridian Public Garage	State Gas Tax	County Park Bond	Capital Growth Requirements
REVENUES						
Taxes	$ 67,861	$ -	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	18,785	-	-	-	-	-
Intergovernmental	-	-	-	753,408	32,241	-
Charges for Services	-	-	9,165	-	-	53,018
Use of Money and Property	84	2,009	149	17,593	-	22,592
Miscellaneous	-	-	-	-	-	-
Total Revenues	86,730	2,009	9,314	771,001	32,241	75,610
EXPENDITURES						
Current:						
General Government	83,000	-	1,714	-	-	-
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Public Works	-	-	-	806,540	31,666	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	83,000	-	1,714	806,540	31,666	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,730	2,009	7,600	(35,539)	575	75,610
OTHER FINANCING SOURCES (USES)						
Transfers In	1,988	-	-	-	-	-
Transfers Out	-	-	-	(200,000)	-	(8,757)
Total Other Financing Sources (Uses)	1,988	-	-	(200,000)	-	(8,757)
NET CHANGE IN FUND BALANCE	5,718	2,009	7,600	(235,539)	575	66,853
Fund Balances - Beginning of Year, as Previously Reported	8,705	65,399	-	673,802	(23,532)	703,252
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Adjusted	8,705	65,399	-	673,802	(23,532)	703,252
FUND BALANCES - END OF YEAR	$ 14,423	$ 67,408	$ 7,600	$ 438,263	$ (22,957)	$ 770,105

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	C.D.B.G.	Asset Forfeiture	Measure W	State Police Grant	Homeland Security Grant	Park Impact Fees
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	186,163
Intergovernmental	42,433	5,065	-	194,663	44,369	-
Charges for Services	-	-	-	-	-	-
Use of Money and Property	-	16,774	6,633	27,838	-	32,842
Miscellaneous	-	-	-	-	-	-
Total Revenues	42,433	21,839	6,633	222,501	44,369	219,005
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	736,172	-	-
Community Development	-	-	-	-	-	-
Community Services	16,368	-	-	-	-	-
Public Works	-	-	134,014	-	-	-
Debt Service:						
Principal	-	-	-	163,959	-	-
Interest and Fiscal Charges	-	-	-	6,548	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	16,368	-	134,014	906,679	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,065	21,839	(127,381)	(684,178)	44,369	219,005
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	(454,439)	-	(102,637)	-	-	(1,324,078)
Total Other Financing Sources (Uses)	(454,439)	-	(102,637)	-	-	(1,324,078)
NET CHANGE IN FUND BALANCE	(428,374)	21,839	(230,018)	(684,178)	44,369	(1,105,073)
Fund Balances - Beginning of Year, as Previously Reported	(49,038)	526,548	298,157	1,164,240	(44,369)	1,183,338
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Adjusted	(49,038)	526,548	298,157	1,164,240	(44,369)	1,183,338
FUND BALANCES - END OF YEAR	$ (477,412)	$ 548,387	$ 68,139	$ 480,062	$ -	$ 78,265

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Measure R	Measure M	ISTEA/Metro Grant	Public Education	Road Maintenance and Rehab	MSRC Grant
REVENUES						
Taxes	$ 428,782	$ 485,795	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	735,604	157,536
Charges for Services	-	-	-	4,951	-	-
Use of Money and Property	132,180	161,391	825	3,398	87,307	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	560,962	647,186	825	8,349	822,911	157,536
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Public Works	54,383	162,218	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	67,867	-	-	-	-
Total Expenditures	54,383	230,085	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	506,579	417,101	825	8,349	822,911	157,536
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	(183,613)	(253,251)	-	-	(585,093)	(244,225)
Total Other Financing Sources (Uses)	(183,613)	(253,251)	-	-	(585,093)	(244,225)
NET CHANGE IN FUND BALANCE	322,966	163,850	825	8,349	237,818	(86,689)
Fund Balances - Beginning of Year, as Previously Reported	2,056,971	2,557,867	-	208,608	2,598,975	(306,925)
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Adjusted	2,056,971	2,557,867	-	208,608	2,598,975	(306,925)
FUND BALANCES - END OF YEAR	$ 2,379,937	$ 2,721,717	$ 825	$ 216,957	$ 2,836,793	$ (393,614)

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Measure H	Housing Authority	Proposition 68 Grant	LACMTA Measure M MAT	Measure M MSP	HSIP Grant
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	810
Charges for Services	49,721	-	-	-	-	-
Use of Money and Property	-	62,822	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	49,721	62,822	-	-	-	810
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	66,253	-	-	-	-	-
Community Development	-	12,146	-	-	-	-
Community Services	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	66,253	12,146	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,532)	50,676	-	-	-	810
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	(30,000)	(193,992)	(912,600)	(372,624)	(227,452)
Total Other Financing Sources (Uses)	-	(30,000)	(193,992)	(912,600)	(372,624)	(227,452)
NET CHANGE IN FUND BALANCE	(16,532)	20,676	(193,992)	(912,600)	(372,624)	(226,642)
Fund Balances - Beginning of Year, as Previously Reported	-	243,417	-	-	-	(810)
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Adjusted	-	243,417	-	-	-	(810)
FUND BALANCES - END OF YEAR	$ (16,532)	$ 264,093	$ (193,992)	$ (912,600)	$ (372,624)	$ (227,452)

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds					
	Historic Measure R MIP	SB2 Planning Grant	OPIOID Settlement	Measure A Grant	Public Arts	SLRF
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,441,864
Charges for Services	-	-	-	-	-	-
Use of Money and Property	-	-	2,868	-	96	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	-	2,868	-	96	1,441,864
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	1,441,864
Community Development	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	1,441,864
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	2,868	-	96	-
OTHER FINANCING SOURCES (USES)						
Transfers In	-	2,054	-	-	-	-
Transfers Out	(600,000)	(2,054)	-	(550,000)	-	(63,593)
Total Other Financing Sources (Uses)	(600,000)	-	-	(550,000)	-	(63,593)
NET CHANGE IN FUND BALANCE	(600,000)	-	2,868	(550,000)	96	(63,593)
Fund Balances - Beginning of Year, as Previously Reported	-	-	-	-	3,114	63,593
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Adjusted	-	-	-	-	3,114	63,593
FUND BALANCES - END OF YEAR	$ (600,000)	$ -	$ 2,868	$ (550,000)	$ 3,210	$ -

CITY OF SOUTH PASADENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Capital Projects Funds						
	Facilities and Equipment Replacement	Technology Surcharge	2000 Tax Allocation Bonds	Streets Improvement Program	Carlyle Library Bequest	Formerly Nonmajor Capital Impvt Program	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,257,681
Assessments	-	-	-	-	-	-	894,466
Licenses and Permits	-	-	-	-	-	-	204,948
Intergovernmental	-	-	-	-	-	-	3,536,441
Charges for Services	-	15,386	-	-	-	-	134,947
Use of Money and Property	46,041	2,700	175	118,652	82,133	-	1,090,619
Miscellaneous	-	-	-	-	109,223	-	112,013
Total Revenues	46,041	18,086	175	118,652	191,356	-	8,231,115
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	107,516
Public Safety	368,885	-	-	-	-	-	2,643,353
Community Development	-	-	-	-	-	-	12,146
Community Services	-	-	-	-	-	-	630,836
Public Works	-	-	-	-	-	-	2,716,622
Debt Service:							
Principal	-	-	-	-	-	-	163,959
Interest and Fiscal Charges	-	-	-	-	-	-	6,548
Capital Outlay	-	-	-	-	-	-	67,867
Total Expenditures	368,885	-	-	-	-	-	6,348,847
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(322,844)	18,086	175	118,652	191,356	-	1,882,268
OTHER FINANCING SOURCES (USES)							
Transfers In	144,225	-	-	-	-	-	913,353
Transfers Out	(1,364,025)	-	-	(957,897)	-	-	(9,714,065)
Total Other Financing Sources (Uses)	(1,219,800)	-	-	(957,897)	-	-	(8,800,712)
NET CHANGE IN FUND BALANCE	(1,542,644)	18,086	175	(839,245)	191,356	-	(6,918,444)
Fund Balances - Beginning of Year, as Previously Reported	1,956,166	77,371	924,867	1,382,290	2,674,036	2,700	22,862,258
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-	-	-	(2,700)	(2,700)
Fund Balances - Beginning of Year, as Adjusted	1,956,166	77,371	924,867	1,382,290	2,674,036	-	22,859,558
FUND BALANCES - END OF YEAR	$ 413,522	$ 95,457	$ 925,042	$ 543,045	$ 2,865,392	$ -	$ 15,941,114

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OTS GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ -	$ 55,000	$ 30,179	$ (24,821)
Use of Money and Property	-	-	7	7
Total Revenues	-	55,000	30,186	(24,814)
EXPENDITURES				
Current:				
Public Safety	-	55,000	30,179	24,821
NET CHANGE IN FUND BALANCE	-	-	7	7
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ 7	$ 7

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPOSITION A
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 750,971	$ 750,971	$ 703,428	$ (47,543)
Charges for Services	4,000	4,000	2,706	(1,294)
Use of Money and Property	34,282	34,282	75,510	41,228
Miscellaneous	-	-	2,790	2,790
Total Revenues	789,253	789,253	784,434	(4,819)
EXPENDITURES				
Current:				
General Government	28,753	28,753	22,802	5,951
Community Services	1,114,259	1,114,259	614,468	499,791
Total Expenditures	1,143,012	1,143,012	637,270	505,742
NET CHANGE IN FUND BALANCE	(353,759)	(353,759)	147,164	500,923
Fund Balances - Beginning of Year	1,679,142	1,679,142	1,679,142	-
FUND BALANCES - END OF YEAR	$ 1,325,383	$ 1,325,383	$ 1,826,306	$ 500,923

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPOSITION C
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 612,957	$ 612,957	$ 571,815	$ (41,142)
Charges for Services	3,000	3,000	-	(3,000)
Use of Money and Property	24,582	24,582	158,744	134,162
Total Revenues	640,539	640,539	730,559	90,020
OTHER FINANCING SOURCES (USES)				
Transfers Out	(300,000)	(300,000)	-	300,000
NET CHANGE IN FUND BALANCE	340,539	340,539	730,559	390,020
Fund Balances - Beginning of Year	2,145,675	2,145,675	2,145,675	-
FUND BALANCES - END OF YEAR	$ 2,486,214	$ 2,486,214	$ 2,876,234	$ 390,020

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROGAN HR 5294 GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 63,559	$ 63,559
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,083,735)	(1,083,735)	(1,083,735)	-
NET CHANGE IN FUND BALANCE	(1,083,735)	(1,083,735)	(1,020,176)	63,559
Fund Balances - Beginning of Year	(132,098)	(132,098)	(132,098)	-
FUND BALANCES - END OF YEAR	$ (1,215,833)	$ (1,215,833)	$ (1,152,274)	$ 63,559

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET LIGHTING AND LANDSCAPING
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	$ 900,000	$ 900,000	$ 894,466	$ (5,534)
Use of Money and Property	10,062	10,062	21,876	11,814
Total Revenues	910,062	910,062	916,342	6,280
EXPENDITURES				
Current:				
Public Works	1,703,152	1,777,552	1,527,801	249,751
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(793,090)	(867,490)	(611,459)	256,031
OTHER FINANCING SOURCES (USES)				
Transfers In	765,086	765,086	765,086	-
NET CHANGE IN FUND BALANCE	(28,004)	(102,404)	153,627	256,031
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ (28,004)	$ (102,404)	$ 153,627	$ 256,031

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CLEAN AIR ACT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 14,000	$ 14,000	$ 34,710	$ 20,710
Use of Money and Property	2,812	2,812	7,380	4,568
Total Revenues	16,812	16,812	42,090	25,278
Fund Balances - Beginning of Year	220,797	220,797	220,797	-
FUND BALANCES - END OF YEAR	$ 237,609	$ 237,609	$ 262,887	$ 25,278

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKING AND BUSINESS IMPROVEMENT TAX
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 60,000	$ 60,000	$ 67,861	$ 7,861
Licenses and Permits	26,250	26,250	18,785	(7,465)
Use of Money and Property	-	-	84	84
Total Revenues	86,250	86,250	86,730	480
EXPENDITURES				
Current:				
General Government	88,000	88,000	83,000	5,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,750)	(1,750)	3,730	5,480
OTHER FINANCING SOURCES (USES)				
Transfers In	1,988	1,988	1,988	-
NET CHANGE IN FUND BALANCE	238	238	5,718	5,480
Fund Balances - Beginning of Year	8,705	8,705	8,705	-
FUND BALANCES - END OF YEAR	$ 8,943	$ 8,943	$ 14,423	$ 5,480

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GOLD LINE MITIGATION
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Use of Money and Property	$ 1,139	$ 1,139	$ 2,009	$ 870
Fund Balances - Beginning of Year	65,399	65,399	65,399	-
FUND BALANCES - END OF YEAR	$ 66,538	$ 66,538	$ 67,408	$ 870

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MISSION MERIDIAN PUBLIC GARAGE
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ -	$ -	$ 9,165	$ 9,165
Use of Money and Property	-	-	149	149
Total Revenues	-	-	9,314	9,314
EXPENDITURES				
Current:				
General Government	15,000	15,000	1,714	13,286
NET CHANGE IN FUND BALANCE	(15,000)	(15,000)	7,600	22,600
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ (15,000)	$ (15,000)	$ 7,600	$ 22,600

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE GAS TAX
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 740,633	$ 740,633	$ 753,408	$ 12,775
Use of Money and Property	16,646	16,646	17,593	947
Total Revenues	757,279	757,279	771,001	13,722
EXPENDITURES				
Current:				
Public Works	1,230,905	1,230,905	806,540	424,365
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(473,626)	(473,626)	(35,539)	438,087
OTHER FINANCING SOURCES (USES)				
Transfers Out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE	(673,626)	(673,626)	(235,539)	438,087
Fund Balances - Beginning of Year	673,802	673,802	673,802	-
FUND BALANCES - END OF YEAR	$ 176	$ 176	$ 438,263	$ 438,087

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COUNTY PARK BOND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 103,500	$ 103,500	$ 32,241	$ (71,259)
EXPENDITURES				
Current:				
Public Works	103,500	103,500	31,666	71,834
NET CHANGE IN FUND BALANCE	-	-	575	575
Fund Balances - Beginning of Year	(23,532)	(23,532)	(23,532)	-
FUND BALANCES - END OF YEAR	$ (23,532)	$ (23,532)	$ (22,957)	$ 575

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL GROWTH REQUIREMENTS
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ 51,000	$ 51,000	$ 53,018	$ 2,018
Use of Money and Property	10,877	10,877	22,592	11,715
Total Revenues	61,877	61,877	75,610	13,733
OTHER FINANCING SOURCES (USES)				
Transfers Out	(8,757)	(8,757)	(8,757)	-
NET CHANGE IN FUND BALANCE	53,120	53,120	66,853	13,733
Fund Balances - Beginning of Year	703,252	703,252	703,252	-
FUND BALANCES - END OF YEAR	$ 756,372	$ 756,372	$ 770,105	$ 13,733

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
C.D.B.G
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 692,028	$ 692,028	$ 42,433	$ (649,595)
EXPENDITURES				
Current:				
Community Services	19,104	19,104	16,368	2,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	672,924	672,924	26,065	(646,859)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(513,841)	(463,019)	(454,439)	8,580
NET CHANGE IN FUND BALANCE	159,083	209,905	(428,374)	(638,279)
Fund Balances - Beginning of Year	(49,038)	(49,038)	(49,038)	-
FUND BALANCES - END OF YEAR	$ 110,045	$ 160,867	$ (477,412)	$ (638,279)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 5,065	$ 5,065
Use of Money and Property	4,177	4,177	16,774	12,597
Total Revenues	4,177	4,177	21,839	17,662
EXPENDITURES				
Current:				
Public Safety	10,000	36,000	-	36,000
Capital Outlay	50,000	24,000	-	24,000
Total Expenditures	60,000	60,000	-	60,000
NET CHANGE IN FUND BALANCE	(55,823)	(55,823)	21,839	77,662
Fund Balances - Beginning of Year	526,548	526,548	526,548	-
FUND BALANCES - END OF YEAR	$ 470,725	$ 470,725	$ 548,387	$ 77,662

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE W
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 252,000	$ 252,000	$ -	$ (252,000)
Use of Money and Property	5,722	5,722	6,633	911
Total Revenues	257,722	257,722	6,633	(251,089)
EXPENDITURES				
Current:				
Public Works	238,404	242,942	134,014	108,928
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,318	14,780	(127,381)	(142,161)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(102,637)	(102,637)	(102,637)	-
NET CHANGE IN FUND BALANCE	(83,319)	(87,857)	(230,018)	(142,161)
Fund Balances - Beginning of Year	298,157	298,157	298,157	-
FUND BALANCES - END OF YEAR	$ 214,838	$ 210,300	$ 68,139	$ (142,161)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE POLICE GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 354,000	$ 916,965	$ 194,663	$ (722,302)
Use of Money and Property	9,066	9,066	27,838	18,772
Total Revenues	363,066	926,031	222,501	(703,530)
EXPENDITURES				
Current:				
Public Safety	73,011	906,975	736,172	170,803
Debt Service:				-
Principal	-	-	163,959	(163,959)
Interest and Fiscal Charges	-	-	6,548	(6,548)
Total Expenditures	73,011	906,975	906,679	296
NET CHANGE IN FUND BALANCE	290,055	19,056	(684,178)	(703,234)
Fund Balances - Beginning of Year	1,164,240	1,164,240	1,164,240	-
FUND BALANCES - END OF YEAR	$ 1,454,295	$ 1,183,296	$ 480,062	$ (703,234)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOMELAND SECURITY GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 350,049	$ 350,049	$ 44,369	$ (305,680)
EXPENDITURES				
Capital Outlay	350,049	350,049	-	350,049
NET CHANGE IN FUND BALANCE	-	-	44,369	44,369
Fund Balances - Beginning of Year	(44,369)	(44,369)	(44,369)	-
FUND BALANCES - END OF YEAR	$ (44,369)	$ (44,369)	$ -	$ 44,369

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK IMPACT FEES
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Licenses and Permits	$ 200,000	$ 200,000	$ 186,163	$ (13,837)
Use of Money and Property	14,757	14,757	32,842	18,085
Total Revenues	214,757	214,757	219,005	4,248
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,224,078)	(1,259,283)	(1,324,078)	(64,795)
NET CHANGE IN FUND BALANCE	(1,034,321)	(1,069,526)	(1,105,073)	(35,547)
Fund Balances - Beginning of Year	1,183,338	1,183,338	1,183,338	-
FUND BALANCES - END OF YEAR	$ 149,017	$ 113,812	$ 78,265	$ (35,547)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE R
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 459,718	$ 459,718	$ 428,782	$ (30,936)
Use of Money and Property	28,881	28,881	132,180	103,299
Total Revenues	488,599	488,599	560,962	72,363
EXPENDITURES				
Current:				
Public Works	104,342	104,342	54,383	49,959
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	384,257	384,257	506,579	122,322
OTHER FINANCING SOURCES (USES)				
Transfers Out	(445,754)	(560,754)	(183,613)	377,141
NET CHANGE IN FUND BALANCE	(61,497)	(176,497)	322,966	499,463
Fund Balances - Beginning of Year	2,056,971	2,056,971	2,056,971	-
FUND BALANCES - END OF YEAR	$ 1,995,474	$ 1,880,474	$ 2,379,937	$ 499,463

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE M
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 521,014	$ 521,014	$ 485,795	$ (35,219)
Use of Money and Property	35,619	35,619	161,391	125,772
Total Revenues	556,633	556,633	647,186	90,553
EXPENDITURES				
Current:				
Public Works	204,342	269,342	162,218	107,124
Capital Outlay	67,867	67,867	67,867	-
Total Expenditures	272,209	337,209	230,085	107,124
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	284,424	219,424	417,101	197,677
OTHER FINANCING SOURCES (USES)				
Transfers Out	(421,026)	(476,026)	(253,251)	222,775
NET CHANGE IN FUND BALANCE	(136,602)	(256,602)	163,850	420,452
Fund Balances - Beginning of Year	2,557,867	2,557,867	2,557,867	-
FUND BALANCES - END OF YEAR	$ 2,421,265	$ 2,301,265	$ 2,721,717	$ 420,452

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ISTEA/METRO GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Use of Money and Property	$ 2,722	$ 2,722	$ 825	$ (1,897)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ 2,722	$ 2,722	$ 825	$ (1,897)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC EDUCATION
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ 8,000	$ 8,000	$ 4,951	$ (3,049)
Use of Money and Property	3,433	3,433	3,398	(35)
Total Revenues	11,433	11,433	8,349	(3,084)
Fund Balances - Beginning of Year	208,608	208,608	208,608	-
FUND BALANCES - END OF YEAR	$ 220,041	$ 220,041	$ 216,957	$ (3,084)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD MAINTENANCE AND REHAB
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 690,072	$ 690,072	$ 735,604	$ 45,532
Use of Money and Property	25,012	25,012	87,307	62,295
Total Revenues	715,084	715,084	822,911	107,827
OTHER FINANCING SOURCES (USES)				
Transfers Out	(585,093)	(585,093)	(585,093)	-
NET CHANGE IN FUND BALANCE	129,991	129,991	237,818	107,827
Fund Balances - Beginning of Year	2,598,975	2,598,975	2,598,975	-
FUND BALANCES - END OF YEAR	$ 2,728,966	$ 2,728,966	$ 2,836,793	$ 107,827

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MSRC GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 404,225	$ 404,225	$ 157,536	$ (246,689)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(244,225)	(244,225)	(244,225)	-
NET CHANGE IN FUND BALANCE	160,000	160,000	(86,689)	(246,689)
Fund Balances - Beginning of Year	(306,925)	(306,925)	(306,925)	-
FUND BALANCES - END OF YEAR	$ (146,925)	$ (146,925)	$ (393,614)	$ (246,689)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE H
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ 7,000	$ 7,000	$ 49,721	$ 42,721
EXPENDITURES				
Current:				
Public Safety	-	-	66,253	(66,253)
NET CHANGE IN FUND BALANCE	7,000	7,000	(16,532)	(23,532)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ 7,000	$ 7,000	$ (16,532)	$ (23,532)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Use of Money and Property	$ 58,868	$ 58,867	$ 62,822	$ 3,955
EXPENDITURES				
Current:				
Community Development	139,000	139,000	12,146	126,854
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(80,132)	(80,133)	50,676	130,809
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,000)	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCE	(110,132)	(110,133)	20,676	130,809
Fund Balances - Beginning of Year	243,417	243,417	243,417	-
FUND BALANCES - END OF YEAR	$ 133,285	$ 133,284	$ 264,093	$ 130,809

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPOSITION 68 GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 193,992	$ 193,992	$ -	$ (193,992)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(193,992)	(193,992)	(193,992)	-
NET CHANGE IN FUND BALANCE	-	-	(193,992)	(193,992)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ (193,992)	$ (193,992)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LACMTA MEASURE M MAT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 912,600	$ 912,600	$ -	$ (912,600)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(912,600)	(912,600)	(912,600)	-
NET CHANGE IN FUND BALANCE	-	-	(912,600)	(912,600)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ (912,600)	$ (912,600)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE M MSP
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 372,624	$ 372,624	$ -	$ (372,624)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(372,624)	(372,624)	(372,624)	-
NET CHANGE IN FUND BALANCE	-	-	(372,624)	(372,624)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ (372,624)	$ (372,624)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HSIP GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 227,452	$ 227,452	$ 810	$ (226,642)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(227,452)	(227,452)	(227,452)	-
NET CHANGE IN FUND BALANCE	-	-	(226,642)	(226,642)
Fund Balances - Beginning of Year	(810)	(810)	(810)	-
FUND BALANCES - END OF YEAR	$ (810)	$ (810)	$ (227,452)	$ (226,642)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HISTORIC MEASURE R MIP
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 600,000	$ 600,000	$ -	$ (600,000)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(600,000)	(600,000)	(600,000)	-
NET CHANGE IN FUND BALANCE	-	-	(600,000)	(600,000)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ (600,000)	$ (600,000)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SB2 PLANNING GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 2,054	$ 2,054	$ 2,054	$ -
Transfers Out	-	-	(2,054)	(2,054)
Total Other Financing Sources (Uses)	2,054	2,054	-	(2,054)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ 2,054	$ 2,054	$ -	$ (2,054)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE A GRANT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 550,000	$ 550,000	$ -	$ (550,000)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(550,000)	(550,000)	(550,000)	-
NET CHANGE IN FUND BALANCE	-	-	(550,000)	(550,000)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ (550,000)	$ (550,000)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SLRF
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 1,441,864	$ 1,441,864
EXPENDITURES				
Current:				
Public Safety	1,514,753	1,514,753	1,441,864	72,889
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,514,753)	(1,514,753)	-	1,514,753
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(63,593)	(63,593)
NET CHANGE IN FUND BALANCE	(1,514,753)	(1,514,753)	(63,593)	1,451,160
Fund Balances - Beginning of Year	63,593	63,593	63,593	-
FUND BALANCES - END OF YEAR	$ (1,451,160)	$ (1,451,160)	$ -	$ 1,451,160

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FACILITIES AND EQUIPMENT REPLACEMENT CAPITAL PROJECT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Use of Money and Property	$ 44,395	$ 44,395	$ 46,041	$ 1,646
EXPENDITURES				
Current:				
Public Safety	540,000	540,000	368,885	171,115
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(495,605)	(495,605)	(322,844)	172,761
OTHER FINANCING SOURCES (USES)				
Transfers In	144,225	144,225	144,225	-
Transfers Out	(1,364,025)	(1,364,025)	(1,364,025)	-
Total Other Financing Sources (Uses)	(1,219,800)	(1,219,800)	(1,219,800)	-
NET CHANGE IN FUND BALANCE	(1,715,405)	(1,715,405)	(1,542,644)	172,761
Fund Balances - Beginning of Year	1,956,166	1,956,166	1,956,166	-
FUND BALANCES - END OF YEAR	$ 240,761	$ 240,761	$ 413,522	$ 172,761

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TECHNOLOGY SURCHARGE CAPITAL PROJECT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for Services	$ 22,000	$ 22,000	$ 15,386	$ (6,614)
Use of Money and Property	-	-	2,700	2,700
Total Revenues	22,000	22,000	18,086	(3,914)
Fund Balances - Beginning of Year	77,371	77,371	77,371	-
FUND BALANCES - END OF YEAR	$ 99,371	$ 99,371	$ 95,457	$ (3,914)

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREETS IMPROVEMENT PROGRAM CAPITAL PROJECT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Use of Money and Property	$ -	$ -	$ 118,652	$ 118,652
OTHER FINANCING SOURCES (USES)				
Transfers Out	(957,897)	(957,897)	(957,897)	-
NET CHANGE IN FUND BALANCE	(957,897)	(957,897)	(839,245)	118,652
Fund Balances - Beginning of Year	1,382,290	1,382,290	1,382,290	-
FUND BALANCES - END OF YEAR	$ 424,393	$ 424,393	$ 543,045	$ 118,652

CITY OF SOUTH PASADENA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT PROGRAM CAPITAL PROJECT
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
EXPENDITURES				
Debt Service:				
Principal	$ -	$ -	$ 19,719	$ (19,719)
Capital Outlay	16,332,709	17,684,475	3,544,823	14,139,652
Total Expenditures	16,332,709	17,684,475	3,564,542	14,119,933
OTHER FINANCING SOURCES (USES)				
Transfers In	16,334,763	17,686,529	15,659,269	(2,027,260)
Transfers Out	(2,054)	(2,054)	(2,054)	-
Total Other Financing Sources (Uses)	16,332,709	17,684,475	15,657,215	(2,027,260)
NET CHANGE IN FUND BALANCE	-	-	12,092,673	12,092,673
Fund Balances - Beginning of Year	2,700	2,700	2,700	-
FUND BALANCES - END OF YEAR	$ 2,700	$ 2,700	$ 12,095,373	$ 12,092,673

STATISTICAL SECTION

CITY OF SOUTH PASADENA
STATISTICAL SECTION

The statistical section of the City of South Pasadena's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

CONTENTS **Page**

Financial Trends 129

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 135

These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.

Debt Capacity 140

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

Demographic and Economic Information 145

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 149

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

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

FINANCIAL TRENDS

CITY OF SOUTH PASADENA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	$ 57,152,793	$ 59,774,372	$ 62,806,755	$ 60,351,839	$ 59,395,318	$ 60,662,686	$ 60,214,729	$ 55,139,529	$ 54,539,590	$54,706,272
Restricted	4,894,822	6,328,022	6,336,084	8,115,962	9,634,946	10,700,987	13,615,668	14,896,784	19,180,500	25,494,941
Unrestricted	(12,620,721)	(15,130,068)	(24,210,258)	(22,350,734)	(26,491,377)	(21,837,814)	(20,425,310)	(15,008,471)	(15,265,669)	(9,934,360)
Total Governmental Activities Net Position	$ 49,426,894	$ 50,972,326	$ 44,932,581	$ 46,117,067	$ 42,538,887	$ 49,525,859	$ 53,405,087	$ 55,027,842	$ 58,454,421	$ 70,266,853
Business-Type Activities:										
Net Investment in Capital Assets	$ 19,878,644	$ 22,302,873	$ 25,526,014	$ 23,661,335	$ 25,255,248	$ 32,772,024	$ 32,481,547	$ 29,984,714	$ 29,804,142	$29,701,029
Restricted	2,880,237	2,998,161	1,154,374	1,156,612	1,158,406	1,158,268	158,464	164,055	1,132,283	713,107
Unrestricted	4,159,721	4,178,403	6,037,490	10,548,528	13,371,764	11,179,697	25,432,678	34,302,067	39,038,481	39,602,854
Total Business-Type Activities Net Position	$ 26,918,602	$ 29,479,437	$ 32,717,878	$ 35,366,475	$ 39,785,418	$ 45,109,989	$ 58,072,689	$ 64,450,836	$ 69,974,906	$ 70,016,990
Primary Government:										
Net Investment in Capital Assets	$ 77,031,437	$ 82,077,245	$ 88,332,769	$ 84,013,174	$ 84,650,566	$ 93,434,710	$ 92,696,276	$ 85,124,243	$ 84,343,732	$ 84,407,301
Restricted	7,775,059	9,326,183	7,490,458	9,272,574	10,793,352	11,859,255	13,774,132	15,060,839	20,312,783	26,208,048
Unrestricted	(8,461,000)	(10,951,665)	(18,172,768)	(11,802,206)	(13,119,613)	(10,658,117)	5,007,368	19,293,596	23,772,812	29,668,494
Total Primary Government Net Position	$ 76,345,496	$ 80,451,763	$ 77,650,459	$ 81,483,542	$ 82,324,305	$ 94,635,848	$ 111,477,776	$ 119,478,678	$ 128,429,327	$ 140,283,843

CITY OF SOUTH PASADENA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENSES										
Governmental Activities:										
General Government	$ 3,847,476	$ 4,324,484	$ 5,560,722	$ 6,014,464	$ 10,256,658	$ 8,193,683	$ 10,995,232	$ 14,558,524	$ 10,361,297	$10,681,982
Public Safety	13,218,063	15,596,078	14,624,313	14,261,686	16,650,223	19,452,587	16,504,092	17,246,487	20,412,191	23,845,216
Community Development	953,471	1,289,447	1,037,091	1,361,590	1,891,456	1,861,097	2,672,653	3,661,544	3,120,691	3,460,064
Community Services	3,153,329	3,586,285	3,819,654	3,984,070	3,768,976	3,477,936	4,284,119	4,682,762	5,060,306	4,751,454
Public Works	5,578,850	5,529,025	5,197,516	6,045,511	5,536,975	3,661,617	4,479,655	6,302,312	7,773,271	7,780,239
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	20,724	9,654
Total Governmental Activities Expenses	26,751,189	30,305,319	30,239,296	31,667,321	38,104,288	36,646,920	38,935,751	46,451,629	46,748,480	50,528,609
Business-Type Activities:										
Water Utility	5,886,309	7,028,827	7,060,363	8,116,822	8,817,002	8,206,574	9,521,857	9,517,654	10,839,957	11,941,949
Sewer Utility	962,623	1,012,338	686,672	1,280,398	1,189,754	1,353,548	1,233,642	1,285,403	1,614,268	1,797,229
Arroyo Seco Golf Course Facility	954,898	1,032,358	1,096,327	1,158,137	1,030,565	1,131,455	1,314,725	1,389,047	1,506,219	1,622,255
Total Business-Type Activities Expenses	7,803,830	9,073,523	8,843,362	10,555,357	11,037,321	10,691,577	12,070,224	12,192,104	13,960,444	15,361,433
Total Primary Government Expenses	34,555,019	39,378,842	39,082,658	42,222,678	49,141,609	47,338,497	51,005,975	58,643,733	60,708,924	65,890,042
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	1,126,241	1,026,398	922,603	806,758	2,138,708	1,615,244	3,993,078	6,504,618	787,164	$1,072,734
Public Safety	1,154,628	1,166,125	1,554,948	1,584,152	1,479,307	2,077,333	1,465,821	1,727,521	1,840,055	1,889,201
Community Development	804,309	871,571	3,160	7,647	15,812	-	16,976	4,164	3,163	327,730
Community Services	853,949	926,897	841,445	761,334	480,130	324,106	813,361	740,318	739,911	696,260
Public Works	1,172,172	1,189,342	1,449,325	1,313,942	1,385,391	1,358,505	1,825,634	2,082,322	2,974,832	2,955,589
Total Charges for Services	5,111,299	5,180,333	4,771,481	4,473,833	5,499,348	5,375,188	8,114,870	11,058,943	6,345,125	6,941,514
Operating Contribution and Grants:										
General Government	164,625	312,062	48,304	755,965	414,862	1,415,551	693,911	2,121,823	711,884	$414,382
Public Safety	116,029	175,919	173,401	136,627	197,747	176,000	220,950	200,269	4,757,000	1,680,543
Community Development	627,488	810,749	22,189	34,967	2,876	23,916	40,093	2,950	24,022	6,851,760
Community Services	20,527	84,519	25,248	965,060	1,010,094	931,932	1,212,540	1,255,268	4,082,951	1,354,168
Public Works	399,656	87,864	702,884	2,338,935	1,802,848	1,823,284	2,095,848	2,430,259	2,908,094	2,950,398
Total Operating Contributions and Grants	1,328,325	1,471,113	972,026	4,231,554	3,428,427	4,370,683	4,263,342	6,010,569	12,483,951	13,251,231
Capital Contributions and Grants:										
Community Development	-	901,436	-	-	-	-	-	-	-	-
Community Services	-	-	143,601	115,076	-	-	-	-	-	26,065
Public Works	734,935	1,516,800	1,182,367	957,234	976,308	1,429,167	923,772	1,316,896	756,584	4,689
Total Capital Contributions and Grants	734,935	2,418,236	1,325,968	1,072,310	976,308	1,429,167	923,772	1,316,896	756,584	30,754
Total Governmental Activities Program Revenue	7,174,559	9,069,682	7,069,475	9,777,697	9,904,083	11,175,038	13,301,984	18,386,408	19,585,660	20,223,499

CITY OF SOUTH PASADENA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROGRAM REVENUES (CONTINUED)										
Business-Type Activities:										
Charges for Services:										
Water Utility	$ 8,094,350	$ 8,804,890	$ 9,830,246	$ 10,152,661	$ 11,089,616	$ 12,022,464	$ 12,484,238	$ 11,516,207	$ 12,110,939	$ 12,562,353
Sewer Utility	1,543,925	1,583,362	1,614,351	1,472,122	1,962,443	2,108,764	2,200,532	2,226,832	2,449,367	2,268,783
Arroyo Seco Golf Course	1,129,927	1,101,970	1,166,516	1,255,815	1,074,883	1,767,133	1,390,303	1,672,607	1,908,711	2,003,218
Total Charges for Services	10,768,202	11,490,222	12,611,113	12,880,598	14,126,942	15,898,361	16,075,073	15,415,646	16,469,017	16,834,354
Operating Contribution and Grants:										
Water Utility	-	-	200,167	-	90,833	30,604	-	-	-	553,176
Total Business-Type Activities Program Revenue	10,768,202	11,490,222	12,811,280	12,880,598	14,217,775	15,928,965	16,075,073	15,415,646	16,469,017	17,387,530
Total Primary Government Program Revenues	17,942,761	20,559,904	19,880,755	22,658,295	24,121,858	27,104,003	29,377,057	33,802,054	36,054,677	37,611,029
NET REVENUES (EXPENSES)										
Governmental Activities	(19,576,630)	(21,235,637)	(23,169,821)	(21,889,624)	(28,200,205)	(25,471,882)	(25,633,767)	(28,065,221)	(27,162,820)	(30,305,110)
Business-Type Activities	2,964,372	2,416,699	3,967,918	2,325,241	3,180,454	5,237,388	4,004,849	3,223,542	2,508,573	2,026,097
Total Primary Government Net Revenues (Expenses)	$ (16,612,258)	$ (18,818,938)	$ (19,201,903)	$ (19,564,383)	$ (25,019,751)	$ (20,234,494)	$ (21,628,918)	$ (24,841,679)	$ (24,654,247)	$ (28,279,013)
GENERAL REVENUE AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Taxes	$ 12,632,984	$ 13,236,932	$ 14,135,844	$ 15,368,198	$ 15,491,557	$ 16,772,602	$ 17,906,070	$ 18,728,374	$ 19,761,396	$20,886,401
Sales Taxes	3,788,423	3,627,051	3,965,016	2,563,117	2,864,474	5,132,645	6,096,613	6,523,428	6,040,395	6,263,911
Franchise Taxes	875,304	818,724	784,736	1,002,408	794,838	995,705	1,027,468	1,131,598	1,178,861	1,273,889
Business License Taxes	397,762	412,594	389,726	399,653	375,399	392,174	386,891	451,309	591,426	587,461
Other Taxes	3,940,883	4,057,552	3,775,843	3,228,320	3,445,454	3,738,531	3,875,268	4,431,072	4,048,651	4,537,855
Motor Vehicle in Lieu - Unrestricted	10,561	11,660	13,682	392,595	396,008	415,385	420,842	459,032	481,644	486,146
Use of Money and Property	739,761	553,165	650,749	1,308,952	1,356,990	4,859,029	(466,695)	745,160	2,722,337	3,448,370
Other	745,315	38,877	130,310	11,815	197,666	152,783	266,538	72,011	124,214	248,366
Transfers	13,919	24,514	-	80,000	(321,132)	-	-	580,037	80,944	4,385,143
Total Governmental Activities	23,142,912	22,781,069	23,845,906	24,355,058	24,601,254	32,458,854	29,512,995	33,122,021	35,029,868	42,117,542
Business-Type Activities:										
Use of Money and Property	137,524	(2,802)	92,551	392,230	265,004	62,447	(360,030)	133,523	1,793,749	2,392,609
Other	230,156	171,452	216,693	94,367	652,353	24,736	9,317,881	21,945	13,690	8,521
Transfers	(13,919)	(24,514)	-	(80,000)	321,132	-	-	(580,037)	(80,944)	(4,385,143)
Total Business-Type Activities	353,761	144,136	309,244	406,597	1,238,489	87,183	8,957,851	(424,569)	1,726,495	(1,984,013)
Total Primary Government	23,496,673	22,925,205	24,155,150	24,761,655	25,839,743	32,546,037	38,470,846	32,697,452	36,756,363	40,133,529
CHANGE IN NET POSITION										
Governmental Activities	3,566,282	1,545,432	676,085	2,465,434	(3,598,951)	6,986,972	3,879,228	5,056,800	7,867,048	11,812,432
Business-Type Activities	3,318,133	2,560,835	4,277,162	2,731,838	4,418,943	5,324,571	12,962,700	2,798,973	4,235,068	42,084
Total Primary Government	$ 6,884,415	$ 4,106,267	$ 4,953,247	$ 5,197,272	$ 819,992	$ 12,311,543	$ 16,841,928	$ 7,855,773	$ 12,102,116	$ 11,854,516

CITY OF SOUTH PASADENA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	$ 1,035,224	$ 1,044,519	$ 904,445	$ 455,083	$ 305,396	$ 1,332,864	$ 9,299	$ 37,940	$ 68,800	$9,786
Restricted	-	-	-	-	-	-	1,141,509	-	-	
Committed	5,635,000	5,899,130	5,803,778	5,945,656	5,547,682	5,526,943	4,526,943	4,464,943	7,188,351	7,988,351
Assigned	-	-	-	-	-	72,940	62,998	122,548	182,098	267,123
Unrestricted	12,724,205	9,681,531	11,182,760	12,017,146	12,700,662	17,422,872	18,931,422	19,050,705	17,719,683	18,980,691
Total General Fund	19,394,429	16,625,180	17,890,983	18,417,885	18,553,740	24,355,619	24,672,171	23,676,136	25,158,932	27,245,951
All Other Governmental Funds:										
Nonspendable	-	-	-	4,106	-	-	-	-	-	2,905
Restricted	4,894,822	6,328,022	6,336,084	8,115,962	9,634,946	10,700,987	12,474,159	14,896,784	19,075,636	25,482,892
Committed	696,953	2,482,803	796,721	3,635,244	4,423,938	5,009,495	4,852,340	4,746,162	4,343,394	14,072,439
Assigned	-	-	-	-	-	-	-	-	-	
Unrestricted	(771,286)	(791,741)	(874,184)	(1,178,791)	(1,817,114)	(1,376,171)	(2,315,881)	(2,134,783)	(556,772)	(4,919,457)
Total All Other Governmental Funds	4,820,489	8,019,084	6,258,621	10,576,521	12,241,770	14,334,311	15,010,618	17,508,163	22,862,258	34,638,779
Total Governmental Funds	$ 24,214,918	$ 24,644,264	$ 24,149,604	$ 28,994,406	$ 30,795,510	$ 38,689,930	$ 39,682,789	$ 41,184,299	$ 48,021,190	$ 61,884,730

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Taxes	$ 21,235,594	$ 21,740,257	$ 22,827,899	$ 24,330,245	$ 24,739,711	$ 28,928,014	$ 31,616,881	$ 33,572,235	$ 30,048,979	$31,639,973
Assessments	876,972	892,361	890,227	893,205	890,461	892,903	898,450	896,896	894,657	894,466
Licenses and Permits	1,069,023	1,093,865	1,001,349	968,082	929,327	845,430	852,731	910,804	1,294,917	1,541,127
Intergovernmental	1,104,398	3,193,603	1,374,597	2,222,496	1,557,375	3,174,531	1,919,847	3,832,777	11,413,042	7,804,821
Charges for Services	3,439,167	3,529,076	3,711,816	3,567,809	3,289,275	3,509,581	4,289,345	4,714,494	4,432,721	4,908,274
Use of Money and Property	739,761	553,165	650,749	1,308,948	1,356,990	4,859,030	(466,697)	745,161	2,732,953	3,477,652
Fines and Forfeitures	444,556	397,738	368,061	339,636	264,601	143,449	52,291	65,860	89,092	79,703
Contributions	9,691	4,310	16,135	-	-	-	-	-	-	-
Miscellaneous	1,028,401	576,915	54,548	422,334	552,386	554,360	537,268	522,557	3,223,767	7,583,253
Total Revenues	29,947,563	31,981,290	30,915,381	34,052,755	33,580,126	42,907,298	39,700,116	45,260,784	54,130,128	57,929,269
EXPENDITURES										
Current:										
General Government	3,930,354	4,208,084	4,643,875	5,195,028	5,148,946	5,992,210	7,144,212	10,556,152	8,987,900	9,479,322
Public Safety	12,099,774	13,454,529	13,223,377	13,253,827	14,737,277	17,277,121	19,217,158	20,049,922	17,586,085	20,769,822
Community Development	1,003,041	1,157,431	1,037,091	1,127,178	1,891,456	1,861,097	2,672,653	3,661,544	2,968,948	3,400,882
Community Services	3,175,023	3,394,984	3,570,903	3,523,793	3,282,820	2,998,421	3,806,952	4,202,714	4,460,543	4,270,012
Public Works	3,638,844	3,602,684	3,294,839	3,657,890	3,457,068	3,577,000	4,416,045	4,699,648	6,158,303	5,983,633
Capital Outlay	3,507,229	5,687,034	5,639,956	2,260,280	2,800,323	2,081,779	1,450,237	1,259,981	2,640,006	
Debt Service:										320,456
Principal Retirement	58,450	-	-	-	-	-	-	-	389,781	9,654
Interest and Fiscal Charges	2,858	-	-	-	-	-	-	-	20,724	4,217,091
Total Expenditures	27,415,573	31,504,746	31,410,041	29,017,996	31,317,890	33,785,628	38,707,257	44,429,961	43,212,290	48,450,872
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,531,990	476,544	(494,660)	5,034,759	2,262,236	9,121,670	992,859	830,823	10,917,838	9,478,397
OTHER FINANCING SOURCES (USES)										
Transfers In	648,622	5,424,382	-	1,871,000	1,990,597	1,294,627	130,700	383,079	4,702,256	16,652,234
Transfers Out	(681,100)	(5,481,580)	-	(1,860,956)	(2,451,729)	(2,521,877)	(130,700)	(1,292,327)	(4,621,312)	(12,267,091)
Subscription/Lease Acquisition	-	-	-	-	-	-	-	1,579,935	130,210	-
Total Other Financing Sources (Uses)	(32,478)	(57,198)	-	(189,956)	(461,132)	(1,227,250)	-	670,687	211,154	4,385,143
NET CHANGES IN FUND BALANCES	$ 2,499,512	$ 419,346	$ (494,660)	$ 4,844,803	$ 1,801,104	$ 7,894,420	$ 992,859	$ 1,501,510	$ 11,128,992	$ 13,863,540
Debt Service as a Percentage of Noncapital Expenditures	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

REVENUE CAPACITY

CITY OF SOUTH PASADENA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value as a
2016	$ 3,692,063	$ 269,163	$ 121,018	$ (9,974)	$ 4,072,270	0.264 %	N/A	N/A
2017	3,879,157	277,223	130,593	(9,974)	4,276,999	0.264	N/A	N/A
2018	4,127,779	302,031	131,435	(9,974)	4,551,271	0.264	N/A	N/A
2019	4,421,323	318,282	117,481	(9,974)	4,847,112	0.264	N/A	N/A
2020	4,654,181	338,070	134,525	(9,977)	5,116,799	0.263	N/A	N/A
2021	4,901,129	369,099	137,804	(9,977)	5,398,055	0.264	N/A	N/A
2022	5,093,432	375,173	146,324	(9,953)	5,604,976	0.264	N/A	N/A
2023	5,474,970	419,682	157,171	(14,160)	6,037,663	0.264	N/A	N/A
2024	5,789,367	483,157	109,560	(11,618)	6,370,466	0.264	N/A	N/A
2025	6,193,092	440,110	179,020	(11,618)	6,800,604	0.264	N/A	N/A

Notes:

[a] Estimated actual taxable is not available.
In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

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

CITY OF SOUTH PASADENA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER $1,000 OF ASSESSED VALUE)

Fiscal Year Ended June 30,	City Direct Rates		Overlapping Rates				
	General Basic Tax Levy	Total Direct Rate	Los Angeles County [1]	Educational Revenue Augmentation Fund	Los Angeles County Fire FfW	Los Angeles County Flood Control	Community College
2016	0.2400	0.2400	0.2857	0.2551	0.0060	0.0096	0.0320
2017	0.2400	0.2400	0.2856	0.2551	0.0060	0.0096	0.0320
2018	0.2400	0.2637	0.2857	0.2551	0.0060	0.0096	0.0320
2019	0.2400	0.2634	0.2857	0.2551	0.0060	0.0096	0.0320
2020	0.2400	0.2638	0.2857	0.2551	0.0060	0.0096	0.0320
2021	0.2400	0.2640	0.2857	0.2551	0.0060	0.0096	0.0320
2022	0.2400	0.2640	0.2857	0.2551	0.0060	0.0096	0.0320
2023	0.2400	0.2642	0.2857	0.2551	0.0060	0.0096	0.0320
2024	0.2400	0.2614	0.2857	0.2551	0.0060	0.0096	0.0320
2025	0.2400	0.2640	0.2857	0.2551	0.0060	0.0096	0.0320

Fiscal Year Ended June 30,	Overlapping Rates		Voter Approved				
	School District	Upper San Gabriel Valley Municipal Water District	South Pasadena Unified School District	Upper San Gabriel Valley Municipal Water District	Detention Facilities	Pasadena Community College District	Total
2016	0.1712	0.0005	0.0981	0.00350	-	0.0087	1.1104
2017	0.1712	0.0005	0.0993	0.00358	-	0.0089	1.1118
2018	0.1712	0.0005	0.1514	0.00350	-	0.0082	1.1632
2019	0.1712	0.0005	0.1438	0.00350	-	0.0077	1.1551
2020	0.1712	0.0005	0.1453	0.00350	-	0.0072	1.1561
2021	0.1712	0.0005	0.1712	0.00048	-	0.0320	1.2038
2022	0.1712	0.0005	0.1428	0.00350	-	0.0090	1.1554
2023	0.1712	0.0005	0.1397	0.00350	-	0.0087	1.1520
2024	0.1712	0.0005	0.1282	0.00350	-	0.0251	1.1568
2025	0.1712	0.0005	0.1278	0.00700	-	0.0243	1.1592

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	2024-2025 Taxable Assessed Value (1)	Rank	2024-2025 Percentage of Total City Taxable Assessed Value	2015-2016 Taxable Assessed Value (1)	Rank	2015-2016 Percentage of Total City Taxable Assessed Value
625 Fair Oaks Investors LLC	$ 40,482,377	1	0.59 %			
Columbia California Mission St Prop LLC	26,668,198	2	0.39			
WF Property Holdings LP	18,088,210	3	0.27			
WWNC 1653 Amberwood Dr LLC	15,506,667	4	0.23			
NC 1653 Amberwood Dr LLC	15,243,421	5	0.22			
DC El Centro Holdings	14,764,212	6	0.22			
Jerry B and Roberta L Furrey Trust	14,086,471	7	0.21			
LDW Pico Properties LLC	13,499,930	8	0.20			
Casa De General LLC	13,337,218	9	0.20			
99 Pasadena Avenue LLC	13,184,849	10	0.19			
625 Fair Oaks Investors LLC				$ 20,000,000	1	0.49 %
Casa De General LLC				11,313,804	2	0.28
99 Pasadena Avenue LLC				11,189,891	3	0.27
820 Mission Development LLC				10,671,008	4	0.26
Golden Oaks Investment LP				9,812,701	5	0.24
NNC Apartment Ventures LLC				9,670,478	6	0.24
Cal Empire LP				9,418,038	7	0.23
Richard Wagner Trust				8,716,353	8	0.21
CCCC Growth Fund LLC				8,659,587	9	0.21
H P III Limited				8,203,397	10	0.20
Total	$ 184,861,553		2.71 %	$ 107,655,257		2.64 %

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

CITY OF SOUTH PASADENA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage
2016	$ 9,607,577	$ 9,281,790	96.6 %	$ (19,676)	$ 9,262,114	96.4 %
2017	10,163,709	9,757,452	96.0	(14,953)	9,742,499	95.9
2018	10,718,463	10,421,475	97.2	(18,677)	10,402,798	97.1
2019	11,427,260	10,832,812	94.8	(56,597)	10,776,215	94.3
2020	12,054,638	11,959,079	99.2	(35,338)	11,923,741	98.9
2021	12,740,204	12,430,784	97.6	(23,528)	12,407,256	97.4
2022	13,224,352	13,118,545	99.2	2,129	13,120,674	99.2
2023	14,229,754	13,983,720	98.3	52,221	14,035,941	98.6
2024	15,030,331	14,633,084	97.4	(54,189)	14,578,895	97.0
2025	16,071,369	15,523,082	96.6	(10,375)	15,512,707	96.5

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

DEBT CAPACITY

CITY OF SOUTH PASADENA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita [a]
	Tax Allocation Bonds	Capital Leases	Other Liabilities	Water Revenue Bonds	State Loan			
2016	$ 1,335,000	$ -	$ -	$ 46,753,226	$ 4,147,892	$ 52,236,118	4.21 %	1,956
2017	1,220,000	-	-	48,533,332	6,373,623	56,126,955	4.58	2,112
2018	1,095,000	-	-	46,957,581	7,415,790	55,468,371	4.34	2,130
2019	965,000	-	-	45,526,831	9,866,459	56,358,290	4.02	2,147
2020	825,000	-	-	43,435,821	15,138,699	59,399,520	4.00	2,333
2021	680,000	-	-	42,560,331	14,740,387	57,980,718	3.72	2,259
2022	525,000	-	-	41,014,581	14,416,233	55,955,814	3.38	2,105
2023	360,000	-	1,146,621	39,413,831	19,539,843	60,460,295	3.33	2,301
2024	185,000	-	725,602	37,758,081	18,945,102	57,613,785	3.02	2,193
2025	-	-	405,146	36,037,830	18,339,212	54,782,188	2.72	2,084

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
JUNE 30, 2025

	Debt Outstanding	% Applicable (1)	City's Share of Debt 6/30/2024
Direct Debt:			
Lease Liabilities	$ 190,141	100.0000%	$ 190,141
Subscription Liabilities	215,005	100.0000%	215,005
Total Direct Debt			405,146
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	17,155,000	0.167%	28,649
Pasadena Area Community College District	149,370,000	5.743%	8,578,319
South Pasadena Unified School District	107,067,612	100.000%	107,067,612
Total Overlapping Tax and Assessment Debt			115,674,580
Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	3,036,637,390	0.324%	9,838,705
Los Angeles County Superintendent of Schools Certificates of Participation	2,331,775	0.324%	7,555
Pasadena Area Community College District Certificates of Participation	28,490,000	5.743%	1,636,181
Total Overlapping General Fund Debt			11,482,441
Overlapping Tax Increment Debt (Successor Agency)	-	100%	-
Total Direct Debt			405,146
Total Overlapping Debt			127,157,021
Combined Total Debt			$ 127,562,167

Notes:

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

Debt to Assessed Valuation Ratios:	
Direct Debt	0.006%
Overlapping Debt	1.867%
Total Debt	1.873%

Source: (1) California Municipal Statistics
City Finance Department

CITY OF SOUTH PASADENA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Fiscal Year Ended June 30,	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Limit	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2016	$ 544,458	$ -	$ 544,458	- %
2017	641,550	-	641,550	-
2018	682,691	-	682,691	-
2019	727,067	-	727,067	-
2020	767,520	-	767,520	-
2021	809,708	-	809,708	-
2022	840,746	-	840,746	-
2023	905,650	-	905,650	-
2024	955,570	-	955,570	-
2025	1,020,091	-	1,020,091	-

Legal Debt Margin Calculation for Fiscal Year 2025:	
Assessed Value	$ 6,800,604
Debt Limit (15% of Assessed Value)	1,020,091
Debt Applicable to Limit:	
General Obligation Bonds	-
Less: Amount Set Aside for Repayment of General Obligation Debt	-
Total Net Debt Applicable to Limit	-
Total Legal Debt Margin	$ 1,020,091

CITY OF SOUTH PASADENA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	Water Revenue Bonds					
	Utility Service	Less: Operating	Net Available	Debt Service		
Fiscal Year Ended June 30,	Charge	Expenses	Revenue	Principal	Interest	Coverage
2016	$ 8,094	$ 4,562	$ 3,532	$ 1,095	$ 2,211	2.45
2017	8,805	6,218	2,587	340	1,142	5.94
2018	9,830	4,595	5,235	1,340	1,575	3.37
2019	10,153	4,595	5,558	1,195	1,431	3.87
2020	11,090	4,595	6,495	1,265	1,461	4.07
2021	12,022	4,595	7,427	1,430	1,506	4.09
2022	12,484	4,595	7,889	1,473	1,546	4.14
2023	11,516	4,595	6,921	1,616	1,601	3.58
2024	12,111	4,595	7,516	1,761	1,656	3.54
2025	12,562	4,595	7,967	1,832	685	4.99

Notes:

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

The Water Revenue Bonds were issued in 2013 and 2016.

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF SOUTH PASADENA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Information	Unemployment Rate
2015	26,028	$ 1,208,853	$ 46,444	4.7 %
2016	25,992	1,199,887	46,163	3.7
2017	26,047	1,276,801	49,019	3.2
2018	26,245	1,402,630	53,443	3.9
2019	25,458	1,483,267	58,263	3.7
2020	25,668	1,556,952	60,657	9.9
2021	26,580	1,655,050	62,266	6.7
2022	26,273	1,814,515	69,053	4.2
2023	26,270	1,910,383	72,721	4.8
2024	26,287	2,013,904	76,612	5.4

Source: HDL Coren and Cone

CITY OF SOUTH PASADENA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2024-2025			2015-2016		
Employer	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
South Pasadena Care Center, LLC	198	1	4.15 %			
Bristol Farms	119	2	2.50			
Trader Joe's #18	119	3	2.50			
The Vons Companies - Pavilions #2228	105	4	2.20			
Trader Joe's #4	100	5	2.10			
Ralph's Grocery Co. #21	91	6	1.91			
City of Hope South Pasadena	66	7	1.38			
Gus's BBQ	65	8	1.36			
VCA TLC Pasadena Veterinary Specialty and Emergency	63	9	1.32			
Elementary Robotics, Inc.	58	10	1.22			
Ralph's Grocery Co. #21	-		-	91	1	2.41 %
The Vons Companies - Pavilions #2228	-		-	88	2	2.33
Trader Joe's #18	-		-	82	3	2.17
Bristol Farms	-		-	81	4	2.14
WNC Insurance Services, Inc.	-		-	74	5	1.96
TLC Veterinary Centers, Inc.	-		-	71	6	1.88
Stargate Films Inc.	-		-	65	7	1.72
Collin, Collins, Muir & Steward, LLP	-		-	65	8	1.72
Orchard Supply Company, LLC	-		-	63	9	1.67
The Vons Companies Inc. #3075	-		-	62	10	1.64
Total City Employment (3)	984		20.64 %	742		19.64 %

Source: South Pasadena Finance Department/Business License

CITY OF SOUTH PASADENA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government:										
Legislative	5	5	5	5	5	5	5	5	5	5
City Manager	12	11	12	12	11	15	11	14	14	16
Finance	9	9	9	5	6	7	7	8	9	8
Public Safety	80	80	77	75	80	82	76	78	83	81
Community Development	6	6	7	7	8	9	11	13	18	13
Public Works	21	20	21	22	23	22	29	28	17	30
Community Services	20	20	26	28	26	41	27	46	45	49
Water Utility	10	10	10	10	11	11	6	10	15	11
Total	163	161	167	164	170	192	172	202	206	213

Source: South Pasadena Finance Department/Adopted budget book

OPERATING INFORMATION

CITY OF SOUTH PASADENA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
General Government:										
Number of Building Permits Issued	433	424	876	1,510	1,396	379	1,621	1,800	1,514	1,605
Number of Building Inspections Conducted	1,860	2,041	3,240	3,775	2,287	1,846	2,930	3,948	4,591	4,004
Refuse Collection:										
Refuse Collected (Tons per Day)	74	77	83	80	86	79	81	81	81	80
Recyclables Collected (Tons per Day)	29	32	30	32	31	31	30	26	24	23
Other Public Works:										
Street Resurfacing (Miles)	2	0	5	1	1	2	0	0	0	1
Potholes Repaired *	1,400	259	300	356	217	560	1,300	2,331	1,026	1,000
Water:										
New Connections	8	5	2	6	288	362	334	274	245	296
Water Main Breaks	6	5	4	7	5	8	8	7	5	16
Average Daily Consumption (Million Gallons)	3	3	3	3	3	3	3	3	3	3
Peak Daily Consumption (Million Gallons)	4	4	4	5	4	4	N/A	N/A	4	4
Fire Department:										
Number of Emergency Calls Responded to	1,880	1,483	2,584	2,276	2,445	2,180	2,572	2,585	2,660	2,694
Number of Fire Inspections	520	540	1,163	1,800	1,163	1,440	1,606	1,267	1,250	1,280
Police Department:										
Arrest Statistics	699	830	829	779	706	439	347	318	438	523
Traffic Citations	2,288	4,313	4,038	3,815	2,970	131	2,482	1,625	1,935	2,191
Parking Citations	10,811	9,136	7,803	7,071	4,517	4,906	4,450	3,633	3,926	3,583
Community Services:										
Facility Rentals	95	142	80	363	411	163	233	218	201	185
Recreation Classes	416	465	277	631	593	703	506	459	592	778

Notes*:

Based on average sized potholes and cold patch purchased

Source: Various City Departments

CITY OF SOUTH PASADENA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Public Works:										
Street (Miles)	55	55	55	55	69	69	69	69	69	69
Traffic Signals	31	31	31	33	33	33	33	33	33	33
Park and Recreation:										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	89	89	89	89	89	89	89	89	89	89
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/Football Fields	4	4	4	4	4	4	4	4	4	4
Community Centers	5	5	5	5	5	5	5	5	5	5
Water:										
Water Mains (Miles)	68	68	68	68	70	70	70	83	83	83
Fire Hydrants	165	165	165	308	452	452	452	452	453	454
Storage Capacity (Million Gallons)	13	13	13	13	14	14	14	14	14	14
Sewage System:										
Sanitary Sewers (Miles)	55	55	55	55	58	58	58	58	58	58
Storm Sewers (Miles)	2	2	2	2	2	2	2	2	2	2

Notes:

No capital asset indicators available for the general government.

Source: Various City Departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Pasadena (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 12, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-002 and 2025-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2025-004.

City of South Pasadena's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 12, 2026

CITY OF SOUTH PASADENA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

2025 – 001: Financial Close and Reporting

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition:

Misstatements
Audit procedures resulted in the discovery of misstatements that, if not corrected, would cause the City's financial statements to be materially misstated.

Construction in Progress Detail
The City could work to improve financial reporting of street repair projects. Currently, street repair amounts recorded to construction in progress do not appear to be tracked with sufficient detail to allow for the proper closing out of projects upon completion.

Criteria or Specific Requirement: The City's system of internal controls over financial close and reporting should be designed and functioning to prevent material misstatements to the City's financial statements.

Effect:

Misstatements
The following adjustments were recorded to correct the City's financial statements:

- Utility related revenue and receivables were adjusted for an understatement of approximately $1,348,000.
- Unavailable revenue was understated, and revenue was overstated by approximately $256,000 in the general fund for fire command staff services and approximately $477,000 in the C.D.B.G. fund for grant reimbursements that were not received within the City's 60-day period of availability.
- Accounts payable and expenditures were overstated by approximately $205,000 for water treatment supplies order that was placed prior to year-end, yet not received until after year-end.

Construction in Progress Detail
Street repair projects may not be reclassified from construction in progress to a depreciable capital asset category at the time of completion of the project.

Cause: Due to significant shortages in the Finance Department, there were not sufficient staff available to closely analyze invoices, accruals, and project close-out procedures as part of year-end financial close and reporting. Staff turnover also led to year-end closing entries to be inadvertently missed.

Repeat Finding: Yes, this finding was reported as a material weakness as finding 2024-002 in the prior year.

Recommendation: We recommend that City management review its processes and procedures over its financial close and reporting to ensure that proper levels of review and reconciliation of all material account balances are completed.

2025 – 001: Financial Close and Reporting (Continued)

Views of Responsible Officials and Planned Corrective Actions: City Management engaged an accounting firm, as well as a number of contract municipal finance professionals, to supplement City staff to analyze invoices, accruals and project close-out procedures throughout fiscal year 2024-25. The Finance Department is currently fully staffed, including the hiring of a new Assistant City Manager/Chief Financial Officer, Accounting Manager/Controller, and Senior Accountant to address financial close and reporting issues, as well as provide consistency as it relates to reporting of the City.

2025 – 002: Bank Reconciliations

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Condition: During our audit, we noted that while the timeliness of the completion, review, and approval of reconciliations of bank statements to the general ledger improved, the reconciliations are not completed within 60 days.

Criteria or Specific Requirement: The City's system of internal controls should be designed to allow for bank reconciliations to be prepared and reviewed in a timely manner.

Effect: Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind.

Cause: Due to significant shortages in the Finance Department, there were not sufficient staff available to complete bank reconciliations timely.

Repeat Finding: Yes, this finding was reported as a material weakness as finding 2024-001 in the prior year. This year the fining has been downgraded to a significant deficiency due to the improvement observed in the timeliness of the completion of bank reconciliations.

Recommendation: We recommend that all bank accounts be reconciled within 30-60 days after the end of the month and that all bank reconciliations be initialed and dated by the preparer to indicate that the reconciliation was prepared in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: City Management engaged an accounting firm to supplement City staff to, among other accounting tasks, complete bank reconciliations. Additionally, City Management hired a retired finance director specifically to clear the backlog of bank reconciliations and complete bank reconciliations for fiscal year 2024-25 in a timely manner. Six (6) new Finance Department staff were hired subsequent to June 30, 2024 and City staff has resumed responsibility for bank reconciliations effective July 2025. City staff has caught up with bank reconciliations and is working to have them completed within 30-45 days after month-end to ensure proper controls related to financial reporting.

2025 – 003: Deficit Fund Balance

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Condition: During the audit, we noted that several special revenue funds had a deficit fund balance and deficit cash position.

Criteria or Specific Requirement: To provide an accurate representation of each fund's financial position, a positive fund balance should be maintained.

Effect: The fund balance and cash position of the Capital Improvement Program Capital Project Fund's appears stronger than its actual position.

Cause: Transfers from several special revenue funds were made to the Capital Improvement Program Capital Project Fund in anticipation of future capital project outlay funded by reimbursement grants.

Repeat Finding: No.

Recommendation: Transfers from special revenue funds for grant-eligible projects should be executed only after expenditures related to the corresponding capital projects have been incurred.

Views of Responsible Officials and Planned Corrective Actions: City staff has started work in Fiscal Year 2025-26 to charge capital outlay to the budgeted special revenue funds to properly track expenditures as well as to ensure reimbursements from grants are submitted timely to properly show the fund balance and cash positions.

2025 – 004: Budget Compliance

Type of Finding: Compliance and Other Matter

Condition: During our audit, we noted transfers from the Special Projects Fund, which is presented with the General Fund on the City's annual financial statements, to the Capital Improvement Program Capital Project Fund, caused the Special Projects Fund expenditures and other financing uses to exceed the amount approved in the City's adopted budget by approximately $560,000.

Criteria or Specific Requirement: Proper budgetary control, which is at the fund level for the City, should allow for the approval of appropriations exceeding the adopted budget by the City Council.

Effect: The City is not in compliance with City budget policies.

Cause: Due to staff turnover, a mid-year budget adjustment was not requested to City Council to account for State and Local Recovery Fund (SLRF) monies that were transferred to the Special Projects Fund. Expenditures had already been encumbered in SLRF through purchase orders but were not properly transferred between the funds.

Repeat Finding: No.

Recommendation: We recommend that the City review its internal control process for budget adjustments when expenditures and other financing uses for a fund are expected to exceed the amount approved in the adopted budget.

Views of Responsible Officials and Planned Corrective Actions: As part of revised Finance Department policies and procedures, staff will track budget to actual expenditures monthly with various departments. The Finance Department will also be providing quarterly year-to-date reports to the City Council to determine if budget adjustments are needed for a fund if expenditures are expected to exceed the amount approved in the adopted budget.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Pasadena (the City) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 12, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated September 25, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2025.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The actuarially determined contributions, other postemployment benefit plan (OPEB) expense, net OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's OPEB plan are based on several key assumptions that are set by management with the assistance of an independent third-party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, mortality, and certain amortization periods. We evaluated the methods, assumptions, and data used to develop the OPEB amounts and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.

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- Management's estimate of the allowance for doubtful accounts is based on historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the methods, assumptions, and data used to develop the allowance and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the claims payable liabilities related to general self-insurance and workers' compensation claims are based on certain actuarial assumptions and methods prepared by an outside consultant. We evaluated the methods, assumptions, and data used to develop the claims payable liabilities and related disclosures in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were reported in:

- Note 7 regarding the CalPERS defined benefit pension plans

- Note 8 regarding the City's other postemployment benefits plan

- Note 9 regarding the City's risk management and self-insurance program

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Utility related revenue and receivables were adjusted for an understatement of approximately $1,348,000.

- Unavailable revenue was understated, and revenue was overstated by approximately $256,000 in the general fund for fire command staff services and approximately $477,000 in the C.D.B.G. fund for grant reimbursements that were not received within the City's 60-day period of availability.

- Accounts payable and expenditures were overstated by approximately $205,000 for an order for water division supplies that was placed prior to year-end yet not received until after year-end.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2026.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate communication to you dated January 12, 2026 communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the combining and individual fund statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 12, 2026.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 12, 2026

Attachment

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
City of South Pasadena
Governmental Activities
Year Ended June 30, 2025

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Change in Fund Balance / Net Position
Describe all current year misstatements below.	Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits. Collapse this row (to the left) to print for attachment to management representation letter.					
Compensated absences beginning balance was not adjusted for the implementation of GASB 101						
Understatement of accounts receivable for cash receipts received after year end for revenue related to the fiscal year ended June 30, 2025 were recorded as cash instead of accounts receivable.	159,606				(159,606)	(159,606)
Overstatement of cash for cash receipts received after year end for revenue related to the fiscal year ended June 30, 2025 were recorded as cash instead of accounts receivable.	(159,606)				159,606	159,606
Net current year misstatements (Iron Curtain Method)	-	-	-	-	-	-
Effect of prior year uncorrected misstatements on the change in fund balance/net position						302,114
Combined current and prior year misstatements (Rollover Method)	$ -	$ -	$ -	$ -	$ -	$ 302,114
Financial statement totals	$ 132,549,460	$ 14,725,997	$ (67,143,593)	$ (9,865,011)	$ (70,266,853)	$ (11,812,432)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)						
Current and prior year misstatement as a % of financial statement totals (Rollover Method)						-3%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
City of South Pasadena
General Fund
Year Ended June 30, 2025

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Change in Fund Balance / Net Position
Describe all current year misstatements below.	Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits. Collapse this row (to the left) to print for attachment to management representation letter.					
Understatement of accounts receivable for cash receipts received after year end for revenue related to the fiscal year ended June 30, 2025 were recorded as cash instead of accounts receivable.	$ 159,606				$ (159,606)	$ (159,606)
Overstatement of cash for cash receipts received after year end for revenue related to the fiscal year ended June 30, 2025 were recorded as cash instead of accounts receivable.	(159,606)				159,606	159,606
Net current year misstatements (Iron Curtain Method)	-	-	-	-	-	-
Effect of prior year uncorrected misstatements on the change in fund balance/net position						
Combined current and prior year misstatements (Rollover Method)	$ -	$ -	$ -	$ -	$ -	$ -
Financial statement totals	$ 36,603,835	$ -	$ (4,286,336)	$ (5,071,548)	$ (27,245,951)	$ (2,087,019)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)						

Attachment

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
City of South Pasadena
Other Aggregate
Year Ended June 30, 2025

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Change in Fund Balance / Net Position
Describe all current year misstatements below.	Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits. Collapse this row (to the left) to print for attachment to management representation letter.					
Expenditure accrued to FY 25 that should be recorded in FY 26.			$ 171,000		$ (171,000)	$ (171,000)
Net current year misstatements (Iron Curtain Method)	-	-	171,000	-	(171,000)	(171,000)
Effect of prior year uncorrected misstatements on the change in fund balance/net position						
Combined current and prior year misstatements (Rollover Method)	$ -	$ -	$ 171,000	$ -	$ (171,000)	$ (171,000)
Financial statement totals	$ 25,107,852	$ -	$ (9,737,123)	$ (732,020)	$ (14,638,709)	$ 9,105,990
Current year misstatement as a % of financial statement totals (Iron Curtain Method)			-2%		1%	-2%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)			-2%		1%	-2%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
City of South Pasadena
Water Enterprise Fund
Year Ended June 30, 2025

Description	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance / Net Position	Change in Fund Balance / Net Position
Describe all current year misstatements below.	Debits/Credits - Amounts should be entered as debits (positive amounts) or credits (negative amounts). For example, increases to assets as debits, increases to liabilities as credits, decreases to net income as debits, and increases to net income as credits. Collapse this row (to the left) to print for attachment to management representation letter.					
Compensated absences beginning balance was not adjusted for the implementation of GASB 101						
Understatement of cash and accounts payable for payment made after year end related to the fiscal year ended June 30, 2025.	87,677		(87,677)			-
Net current year misstatements (Iron Curtain Method)	87,677	-	(87,677)	-	-	-
Effect of prior year uncorrected misstatements on the change in fund balance/net position						20,316
Combined current and prior year misstatements (Rollover Method)	$ 87,677	$ -	$ (87,677)	$ -	$ -	$ 20,316
Financial statement totals	$ 106,755,367	$ 5,054,907	$ (53,761,473)	$ (560,493)	$ (57,488,308)	$ (631,113)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%		0%			
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%		0%			-3%

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Management
City of South Pasadena
South Pasadena, California

In planning and performing our audit of the financial statements of the City of South Pasadena (the City), as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control. Our comments and suggestions regarding those matters are summarized below. A separate communication dated January 12, 2026, contains our written communication of significant deficiencies and material weaknesses in the City's internal control. This letter does not affect our report on the financial statements dated January 12, 2026, nor our internal control communication dated January 12, 2026.

During our review of the City's information technology controls, we noted that controls over information technology could be improved by (1) increasing the regularity of training of City employees over cybersecurity risks, (2) formalizing procedures for running updates, and (3) formalizing the review of user roles within the City's financial applications.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
January 12, 2026

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