

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(k) Property Held for Resale

Property held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Pasadena Community Development Commission's project area. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale is valued at the lower of cost or net realizable value. A portion of fund balance is reserved for property held for resale to indicate that a portion of fund balance is not available for future expenditures.

(l) Capital Assets

Capital assets (including infrastructure) greater than \$10,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. 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.

Capital assets include public domain (infrastructure) general assets consisting of certain improvements including roads, streets, sidewalks, medians, sewer systems and storm drains.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

A summary of the estimated useful lives of capital assets is as follows:

<u>Light and Power Fund</u>		<u>Water Fund</u>	
Production Plant	20 to 40 years	Source of Supply	20 to 50 years
Transmission Plant	25 to 40 years	Pumping Plant	10 to 50 years
Distribution Plant	20 to 40 years	Treatment Plant	10 to 20 years
General Plant	10 to 40 years	Transmission and	
Equipment	4 to 10 years	Distribution Plant	10 to 80 years
		General Plant	6 to 50 years
		Equipment	4 to 10 years

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(l) Capital Assets, (Continued)

<u>Governmental Activities</u>		<u>All Other Business-Type Activities</u>	
Buildings and Improvements	20 to 50 years	Building and Improvements	20 to 45 years
Machinery and Equipment	4 to 10 years	Machinery and Equipment	4 to 10 years
Infrastructure	15 to 200 years		

(m) Insurance Claims Payable

The City records a liability for material litigation, judgments, and claims (including incurred but not reported losses) when it is probable that an asset has been significantly impaired or a material liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the City's Workers' Compensation and General Liability Internal Service Funds. These liabilities are only recorded on a case-by-case basis up to the workers' compensation and general liability self-insurance thresholds. As mentioned in more detail in note 22, excess liability insurance covers claims greater than the self-insurance thresholds.

(n) Compensated Absences

The City accounts for compensated absences including accumulated vacation, compensatory time-off, and certain sick leave in the Benefits Internal Service Fund. Upon separation, employees are paid for all of their unused vacation leave and compensatory time-off subject to maximums described below.

Eligible employees accumulate 5 to 20 days of vacation each year, depending on the employee's length of service, but may not carry over from one year to the next more than the equivalent of one year's vacation without prior approval of the respective department head and/or City Manager.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(n) Compensated Absences, (Continued)

Compensated absences are primarily liquidated by the General Fund, Light and Power Fund and Water Fund.

Sick pay benefits only accumulate. They do not vest and therefore cannot be cashed out at retirement or termination. Consistent with this policy, the City does not accrue sick pay benefits except for those benefits that were earned prior to 1970 for which the employee is paid at termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) that is outside the control of the City and the employee.

The total outstanding vacation, compensatory time-off, and sick leave obligations that have been accrued as of June 30, 2006 are included under "Compensated Absences" in the Benefits Internal Service Fund.

(o) Net Pension Obligation

GASB Statement No. 27, *Accounting for Pensions of State and Local Governmental Employers*, was implemented during the fiscal year ending June 30, 1998. For each plan, the employer must expense the annual pension cost (APC). The APC equals the annual required contribution (ARC) plus one year's interest on the beginning of year net pension obligation (NPO). The NPO is the cumulative difference between the APC and the actual contributions made, minus an amortization of the NPO at the beginning of the year. See note 24.

(p) Bond Premiums/Discounts/Issuance Costs

For Governmental Fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of any applicable discount or premium.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(p) Bond Premiums/Discounts/Issuance Costs, (Continued)

Issuance costs, whether or not withheld from actual net proceeds received, are reported as current expenditures. For Government-Wide financial statements and Proprietary Fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

(q) Fund Equity

Reservations of fund balance represent amounts that are not available for appropriation or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

(r) Comparative Data/Reclassifications

The information included in the accompanying financial statements for the prior years has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(s) Property Taxes

The assessment, levy and collection of property taxes are the responsibility of the County of Los Angeles. The City records property taxes as revenue when received from the County, except at year-end, when property taxes received within 60 days are accrued as revenue. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien	January 1
Levy	July 1 to June 30
Due	November 1 - 1st installment March 1 - 2nd installment
Collection	December 10 - 1st installment April 10 - 2nd installment

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(s) Property Taxes, (Continued)

Property taxes on the secured roll are due in two installments; on November 1 and March 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Such delinquent property may thereafter be redeemed by payment of the delinquent taxes and the delinquent penalty, plus a redemption penalty of 1% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property of the unsecured roll, and an additional penalty of 1% per month begins to accrue. Collection of delinquent unsecured taxes is the responsibility of the County of Los Angeles using the several means legally available.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments

Primary Government

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$331,301,893
Restricted cash and investments	171,448,512
Fiduciary funds:	
Cash and cash equivalents	134,184,177
Investments	<u>135,144,851</u>
Total cash and investments	<u>\$772,079,433</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 86,600
Deposits with financial institutions	4,903,740
Investments	<u>767,089,093</u>
Total cash and investments	<u>\$772,079,433</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Investments Authorized by the California Government Code and the Entity's Investment Policy

The following table identifies the investment types that are authorized for the Entity by the California Government Code and the Entity's investment policy. The table also identifies certain provisions of the California Government Code (or the Entity's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Entity, rather than the general provisions of the California Government Code or the Entity's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	25%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Entity's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	360 days
Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	20-30 years
Pre-refunded Municipal Bonds	None
Repurchase Agreements	1 year
Local Agency Investment Fund (LAIF)	N/A
General Obligations Bonds	None

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Entity manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Entity's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Entity's investments by maturity:

<u>Investment Type</u>		<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Corporate Bonds	\$27,325,749	4,878,796	16,796,099	5,650,854	-
U.S. Treasury Notes	7,279,726	-	4,723,769	2,555,957	-
Federal agency securities	354,666,637	98,350,760	82,458,321	112,045,753	61,811,803
Municipal Bond	1,644,186	-	-	-	1,644,186
Repurchase Agreements	66,428,238	66,428,238	-	-	-
Mortgage-backed securities	123,092	117,127	-	2,963	3,002
State investment pool	618,124	618,124	-	-	-
Held by bond trustee:					
Federal agency securities	17,736,851	1,489,687	4,645,688	6,240,320	5,361,156
Commercial paper	3,328,963	3,328,963	-	-	-
Money market funds	146,292,514	146,292,514	-	-	-
Investment contracts	11,159,113	1,571,238	-	-	9,587,875
Deferred compensation Plan:					
Mutual funds	<u>130,485,900</u>	<u>130,485,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$767,089,093</u>	<u>453,561,347</u>	<u>108,623,877</u>	<u>126,495,847</u>	<u>78,408,022</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to 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, the Entity's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>			<u>Not Rated</u>
			<u>AAA</u>	<u>AA</u>	<u>A</u>	
Corporate Bonds	\$ 27,325,749	A	8,300,382	5,733,500	13,291,867	-
U.S. Treasury Notes	7,279,727*	N/A	-	-	-	-
Federal agency securities	354,666,637	N/A	354,666,637	-	-	-
Municipal Bond	1,644,186	N/A	-	-	-	1,644,186
Repurchase Agreements	66,428,238	N/A	-	-	-	66,428,238
Mortgage-backed securities	123,091	AA	123,091	-	-	-
State investment pool	618,124	N/A	-	-	-	618,124
Held by bond trustee:						
Federal agency securities	17,736,851	N/A	17,736,851	-	-	-
Commercial paper	3,328,963	A	-	3,328,963	-	-
Money market funds	146,292,514	A	-	146,292,514	-	-
Investment contracts	11,159,113	N/A	-	-	-	11,159,113
Deferred compensation Plan:						
Mutual funds	<u>130,485,900</u>	N/A	<u>-</u>	<u>130,485,900</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 767,089,093</u>		<u>380,826,961</u>	<u>285,840,877</u>	<u>13,291,867</u>	<u>79,849,661</u>

* Exempt From Disclosure
N/A Not applicable

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Concentration of Credit Risk

The investment policy of the Entity contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Entity investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$ 206,448,641
Federal Home Loan Mortgage Corp	Federal agency securities	63,559,295
Federal National Mortgage Assoc	Federal agency securities	78,241,719
Merrill Lynch	Repurchase agreements	67,290,938
Hartford Life	Mutual funds	130,485,900

Investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, discretely presented component unit, governmental activities, major fund, nonmajor funds in the aggregate, etc.) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Pasadena Community Development		
Commission Debt Service Fund		
Goldman Fin. Sq. Tr. Prime Oblig	Money Market Fund	\$ 661,296
Federal Home Loan Mortgage Corp	Federal agency Securities	449,374
Light and Power Fund		
Federal Home Loan Bank	Federal agency securities	61,933,563
Federal Home Loan Mortgage Corp	Federal agency securities	23,939,874
Federal National Mortgage Assoc	Federal agency securities	35,406,250
Merrill Lynch	Repurchase Agreements	11,166,448
Water Fund		
Federal Home Loan Mortgage Corp	Federal agency securities	3,267,719

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Old Pasadena Parking Fund		
Aegon General Investment Agreement	Investment contracts	\$ 2,225,313
Paseo Colorado Parking Fund		
Wells Fargo Government	Money Market Fund	146,644
Federal Home Loan Bank	Federal agency securities	1,320,000
Non-Major Governmental Fund		
Debit Service Fund		
Goldman Fin. Sq. Tr. Prime Oblig	Money Market Fund	10,065,167
AIGMFC Inv. Agreement	Investment contracts	4,836,374
Federal Home Loan Bank	Federal agency securities	9,328,792
General Electric Cap Corporation	Commercial Paper	3,328,963
Pasadena Community Development Commission Fund		
Federal Home Loan Bank	Federal agency securities	12,086,797
Charter Capital Projects Fund		
Federal Home Loan Bank	Federal agency securities	5,786,250
Federal Home Loan Mortgage Corp	Federal agency securities	3,401,039
2006 Lease Revenue Bond Capital Project Fund		
Merrill Lynch	Repurchase Agreements	9,534,120
Non-Major Enterprise Funds		
Plaza Las Fuentes Parking Fund		
Federal Home Loan Bank	Federal agency securities	2,578,500

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2006, \$747,980 of the Entity's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The Entity is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Entity's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 4,631,995
Restricted cash and investments	<u>17,431,256</u>
Total cash and investments	<u>\$ 22,063,251</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	3,528,349
Investments:	
Investment in City of Pasadena investment pool	1,102,646
Investments held by fiscal agents	<u>17,431,256</u>
Total cash and investments	<u>\$ 22,063,251</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Company manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Company's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Company's investments by maturity:

<u>Investment Type</u>		<u>12 Months Or Less</u>	<u>13-60 Months</u>	<u>More Than 60 Months</u>
Held by fiscal agent:				
Repurchase agreement	\$ 8,586,782	8,586,782	-	-
Federal agency securities	8,812,753	5,985,000	-	2,827,753
Money market funds	<u>31,721</u>	<u>31,721</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 17,431,256</u>	 <u>14,603,503</u>	 <u>-</u>	 <u>2,827,753</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Disclosures Relating to 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 in the following table is the minimum rating required by (where applicable) the California Government Code, the Company's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		Minimum Legal <u>Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>A</u>	<u>Not Rated</u>
Held by fiscal agent:					
Repurchase agreement	\$ 8,586,782	N/A	-	-	8,586,782
Federal agency securities	8,812,753	N/A	8,812,753	-	-
Money market funds	31,721	A	-	<u>31,721</u>	-
Total	\$ 17,431,256		<u>8,812,753</u>	<u>31,721</u>	<u>8,586,782</u>

Concentration of Credit Risk

The investment policy of the Company contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Company investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$8,812,753

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$ 6,073,134</u>
Total cash and investments	<u>\$ 6,073,134</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 9,400
Deposits with financial institutions	721,572
Investment in City of Pasadena investment pool	<u>5,342,162</u>
Total cash and investments	<u>\$ 6,073,134</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(3) Accounts Receivable

As of June 30, 2006, the accounts receivable are categorized in part as follows:

	<u>General</u>	<u>Project Management</u>	<u>PCDC Debt Service</u>	<u>Non-Major Governmental</u>	<u>Internal Service</u>
Governmental activities:					
Accounts receivable	\$ 2,629,727	4,227,223	-	3,331,131	102,469
Accrued revenue receivable	10,137,920	4,956,196	3,135,877	5,382,880	5,102,272
Interest receivable	1,352,697	-	44,186	428,711	-
Paramedics receivable	<u>1,145,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	15,265,750	9,183,419	3,180,063	9,142,722	5,204,741
Less: allowance for uncollectible accounts	<u>(638,934)</u>	<u>-</u>	<u>-</u>	<u>(23,516)</u>	<u>-</u>
Total	<u>\$ 14,626,816</u>	<u>9,183,419</u>	<u>3,180,063</u>	<u>9,119,206</u>	<u>5,204,741</u>
	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>	<u>Non-Major Proprietary</u>
Business type activities:					
Accounts receivable	\$ 229,578	120,298	113,676	-	585,425
Accrued revenue receivable	12,873,365	2,750,134	331,437	287,768	1,261,205
Interest receivable	1,794,387	143,200	27,886	19,423	-
Utility receivable	<u>8,161,279</u>	<u>2,080,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
	23,058,609	5,094,462	472,999	307,191	1,846,630
Less: allowance for uncollectible accounts	<u>(520,585)</u>	<u>(137,238)</u>	<u>-</u>	<u>-</u>	<u>(34,992)</u>
Total	<u>\$ 22,538,024</u>	<u>4,957,224</u>	<u>472,999</u>	<u>307,191</u>	<u>1,811,638</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(4) Notes Receivable – Primary Government

The notes receivable in the Non-Major Governmental Funds amounted to \$28,090,208 at June 30, 2006. These are primarily PCDC notes receivable, which arose from the sale of land to project developers and other agencies, subject to approved redevelopment plans. These notes have various terms, including maturities ranging from 2 to 30 years and interest rates ranging from 3.5% to 11%. Due to the uncertainty of their collectibility, at June 30, 2006, the City has recorded a related allowance for uncollectible long-term receivables of \$12,524,739. Other notes receivable total \$380,403 at June 30, 2006.

As a result of required reclassifications and eliminations of interfund balances, the allowance for uncollectible long-term receivables on the Statement of Net Assets amounted to \$11,894,527 at June 30, 2006.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2006 are as follows:

Due From Other Funds	Due To Other Funds	Amount
General Fund	PCDC Debt Service	\$ 2,869,997
	Paseo Colorado Parking	1,245,180
	(a) Non-Major Governmental Funds	2,137,241
	Subtotal	6,252,418
Non-Major Governmental Funds	(b) Non-Major Governmental Funds	1,711,743
	(c) PCDC Debt Service	51,298
	Subtotal	1,763,041
Internal Service Funds	(d) Non-Major Enterprise Funds	14,400
	Total	\$ 8,029,859

Generally, the above balances result from:

- (a) The \$2,137,241 due from Non-Major Government Funds to General Fund is due to negative cash balances at end of this fiscal year, including \$616,415 from Parking Funds; \$76,700 from Housing and Community Development Funds; \$1,052,938 from Public Safety Funds, and \$303,688 from Pasadena Community Development Commission Capital Project Funds.
- (b) The \$1,763,041 within Pasadena Community Development Commission Fund has \$1,664,360 due from Fair Oaks Capital Project Fund due to the Downtown Capital Project Fund to finance overrun of costs during the litigation and purchase of land within the Fair Oaks redevelopment project, and \$47,381 due from PCDC Capital Projects to PCDC Low and Moderate Income Housing Trust Fund for the set aside of tax increment derived from PCDC Capital Project Funds.
- (c) The \$51,298 due from PCDC Debt Service Fund is due to PCDC Low and Moderate Income Housing Trust Fund for the 20% set aside of tax increment derived from PCDC Capital Project Funds.
- (d) The \$14,400 is due from the Refuse Fund to the Fleet Maintenance Fund as a result of a transfer of equipment.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2006 are as follows:

<u>Advances from other funds</u>	<u>Advances to other funds</u>	<u>Amount</u>
Paseo Colorado Parking	General Fund	\$ 1,098,746
PCDC Debt Service	General Fund	6,024,259
	Internal Service Funds	2,670,825
	Non-Major Governmental Funds	<u>24,142,466</u>
	Subtotal	<u>32,837,550</u>
Old Pasadena Parking	General Fund	<u>3,486,545</u>
Non-Major Governmental Funds	General Fund	<u>4,507,500</u>
	Total	<u>\$ 41,930,341</u>

**Outstanding at
June 30, 2006**

General Fund Advances

The General Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the project areas. The agreement provides for reimbursement to the General Fund from any and all funds legally available to PCDC for such payment plus interest as computed from the time of advance to the date of repayment. A related allowance for uncollectible long-term receivables has been recorded for \$4,036,952 at June 30, 2006.

\$10,531,759

The General Fund also has an agreement with Old Pasadena Parking providing for advance of funds to finance parking activities. The agreement provides for an annual reimbursement to the General Fund. For fiscal year ending June 30, 2006, this amount was \$350,000.

3,486,545

The General Fund also has an agreement with Paseo Colorado Parking providing for advance of funds to finance parking activities. This agreement is referred to as the POMA agreement. Amounts lent to the parking fund will be paid back with interest.

1,098,746