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**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
**(A Component Unit of the City of Pasadena, California)**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year ended June 30, 2006**

Net changes in fund balances - total governmental funds	\$ 7,183,908
Amounts reported for governmental activities in the statement of activities is different because:	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,955,434
When long-term debt is issued, the proceeds of the new debt issuance are reported as other financing sources and uses in the government funds. However, in the government-wide financial statements, the new debt is reported directly on the Statement of Net Assets and there is no effect on the changes in net assets reported on the Statement of Activities.	(1,961,970)
The statement of net assets includes accrued interest on long term debt.	<u>358,304</u>
Changes in net assets of governmental activities	<u>\$ 7,535,676</u>

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See accompanying notes to the basic financial statements.

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
**(A Component Unit of the City of Pasadena, California)**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(1) Organization**

The Pasadena Community Development Commission (Commission) is a component unit of the City of Pasadena, California (City). The Commission was established on April 27, 1981 to succeed the Pasadena Redevelopment Agency (Agency). All obligations and assets of the Agency were transferred to the Commission, which adopted the by-laws of the Agency. The City provides management assistance to the Commission, and the members of the City Council also act as the governing body. The purpose of the Commission is to eliminate deterioration of the community and promote economic revitalization within the City through redevelopment activities.

Of the eight active Redevelopment Project Areas that are administered by the Pasadena Community Development Commission, the largest is the Downtown Project Area encompassing roughly 340 acres within the City's Central District. The Downtown Project Area is home to a variety of significant commercial and residential projects including the new Paseo Colorado. Paseo Colorado replaced the Plaza Pasadena creating an open-air urban village and completely transforming the three blocks between Marengo and Los Robles Avenues, activating both Colorado Boulevard and Green Street with street front retail, and opening up the Garfield Promenade to restore the historic view corridor from the Public Library to the Civic Auditorium. Paseo Colorado serves as a multi-use destination that combines an active retail environment, prominent fine-dining restaurants and cafes, and entertainment with a residential colony of approximately 375 units. Other projects in the Downtown Redevelopment Project Area include the Ralph M. Parsons Company's world headquarters building, the Pasadena Playhouse, Laemmle's Theatres, regional headquarters for SBC, and the Plaza Las Fuentes, a mixed use project that includes a Westin Hotel, a Class A office building and some upscale restaurants including McCormick & Schmick's and California Pizza Kitchen.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The basic financial statements of the Agency are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

PASADENA COMMUNITY DEVELOPMENT COMMISSION  
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Notes to the Basic Financial Statements

Year Ended June 30, 2006

**(2) Summary of Significant Accounting Policies, (Continued)**

**(a) Basis of Presentation, (Continued)**

**Government-wide Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The Pasadena Community Development Commission has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, administrative overhead costs have not been allocated as indirect expenses to the various functions of the Commission.

The accompanying government-wide financial statements for the Commission present negative net assets because the primary activity of the Commission is to issue debt to construct infrastructure that will be owned and maintained by the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

PASADENA COMMUNITY DEVELOPMENT COMMISSION  
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Notes to the Basic Financial Statements

Year Ended June 30, 2006

**(2) Summary of Significant Accounting Policies, (Continued)**

**(a) Basis of Presentation, (Continued)**

**Fund Financial Statements**

The underlying accounting system of the Commission is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate.

**Governmental Funds**

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Commission uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e. the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated* and *voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

PASADENA COMMUNITY DEVELOPMENT COMMISSION  
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Notes to the Basic Financial Statements

Year Ended June 30, 2006

**(2) Summary of Significant Accounting Policies, (Continued)**

**(a) Basis of Presentation, (Continued)**

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**(b) Activities in Major Funds**

The following funds are presented as major funds in the accompanying basic financial statements:

Special Revenue, Low and Moderate Income Housing Fund – To account for the required set aside of property tax increments that is legally restricted for increasing or improving housing for low and moderate income households.

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Notes to the Basic Financial Statements

Year Ended June 30, 2006

**(2) Summary of Significant Accounting Policies, (Continued)**

**(b) Activities in Major Funds, (Continued)**

Debt Service, Downtown Project Area Fund – To account for tax increment, investment revenue, and the payment of interest and principal on the debt of the Downtown project area.

Debt Service, Fair Oaks Project Area Fund – To account for tax increment, investment revenue, and the payment of interest and principal on the debt of the Fair Oaks project area.

Debt Service, Lake/Washington Project Area Fund – To account for tax increment, investment revenue, and the payment of interest and principal on the debt of the Lake/Washington project area.

Capital Projects, Downtown Project Area Fund – To account for redevelopment and public improvement projects of the Downtown project area.

Capital Projects, Fair Oaks Project Area Fund – To account for redevelopment and public improvement projects of the Fair Oaks project area.

Capital Projects, Old Pasadena Project Area Fund – To account for redevelopment and public improvement projects of the Old Pasadena project area.

**(c) Investments**

Investments are carried at fair value. Fair value is determined using quoted market prices except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

**(d) Property Held for Resale**

Land acquired for future sale has been capitalized in the Capital Projects Funds as land held for resale, and is carried at the lower of cost or estimated 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 expenditure.

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(2) Summary of Significant Accounting Policies, (Continued)**

**(e) Encumbrances**

Encumbrance accounting, under which purchase orders and contracts for the expenditures of funds are reported in order to reserve that portion of the fund balance, is employed in the Governmental Funds. Encumbrances are reported as a reservation of fund balance since they do not constitute expenditures or liabilities.

**(f) Incremental Property Taxes**

Subject to certain limitations in the Revenue and Taxation Code and the California Constitution, the City is expressly empowered to levy and collect taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations. Property taxes are levied as of July 1 using a lien date of January 1 and are payable by property owners in two equal installments, which are due by December 10 and April 10, respectively. The taxes levied are billed and collected by the County of Los Angeles on behalf of the City, and are remitted to the City throughout the year. The Commission records incremental property taxes as revenue when received from the County, except at year-end when property taxes received within 60 days are accrued as revenue. The City allocates incremental property tax revenues arising from the Commission's projects to the Commission.

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 – 1 <sup>st</sup> installment February 1 – 2 <sup>nd</sup> installment
Collection	December 10 – 1 <sup>st</sup> installment April 10 – 2 <sup>nd</sup> installment

Property taxes on the secured roll are due in two installments; on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty is added to any delinquent payments. Such delinquent property may thereafter be redeemed by payments 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.



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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(2) Summary of Significant Accounting Policies, (Continued)**

**(f) Incremental Property Taxes (Continued)**

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 is attached 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 to it.

**(g) Prior Year Data**

The information included in the accompanying financial statements for the prior year 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.

**(3) Cash and Investments**

The Commission follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents under the provisions of bond or certificate of participation indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds on the basis of the average monthly share of the pooled cash and investments of each of the individual funds. Interest income from cash and investments with the fiscal agents is credited directly to the related funds.

Cash and investments at June 30, 2006 are reflected on the Statement of Net Assets as follows:

Cash and investments	\$ 28,326,582
Cash and investments with fiscal agents	<u>1,110,669</u>
Total cash and investments	<u>\$ 29,437,251</u>

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

Demand deposits	\$ 35,514
Deposits with City of Pasadena	<u>7,804,218</u>
Total deposits	7,839,732
Investments held by Commission	20,486,850
Investments held by fiscal agents	<u>1,110,669</u>
Total investments	<u>21,597,519</u>
Total cash and investments	<u>\$ 29,437,251</u>

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(3) Cash and Investments, (Continued)**

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

The table below 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 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</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By</u> <u>Investment</u> <u>Policy</u>	<u>*Maximum</u> <u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage</u> <u>Of Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>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	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
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.

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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(3) Cash and Investments, (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 table below 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 and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

**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.

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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(3) Cash and Investments, (Continued)**

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>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
Corporate Bonds	\$ 1,944,000	-	1,944,000	-
Federal agency securities	15,481,765	8,430,313	5,103,953	1,947,500
Repurchase Agreements	3,061,085	3,061,085	-	-
Held by bond trustee:				
Federal agency securities	449,374	-	-	449,374
Money market funds	<u>661,295</u>	<u>661,295</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$21,597,519</u></b>	<b><u>12,152,693</u></b>	<b><u>7,047,953</u></b>	<b><u>2,396,874</u></b>

**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>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Corporate Bonds	\$ 1,944,000	A	-	1,944,000	-
Federal agency securities	15,481,765	N/A	15,481,765	-	-
Repurchase Agreements	3,061,085	N/A	-	-	3,061,085
Held by bond trustee:					
Federal agency securities	449,374	N/A	449,374	-	-
Money market funds	<u>661,295</u>	A	<u>-</u>	<u>661,295</u>	<u>-</u>
<b>Total</b>	<b><u>\$21,597,519</u></b>		<b><u>15,931,139</u></b>	<b><u>2,605,295</u></b>	<b><u>3,061,085</u></b>

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(3) Cash and Investments, (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>	
Goldman Fin Sq Tr. Prime Oblig	Money Market Fund	\$ 661,295	3%
Federal Home Loan Mortgage Corp	Federal agency securities	<u>449,374</u>	2%
Total held by Trustee Fiscal agents		<u>\$ 1,110,669</u>	
Federal Home Loan Mortgage Corp	Federal agency securities	\$ 1,447,468	7%
Federal National Mortgage Assoc	Federal agency securities	1,947,500	9%
Federal Home Loan Bank	Federal agency securities	12,086,797	56%
Merill Lynch	Repurchase Agreements	3,061,085	14%
Toyota Credit Corp	Corporate Bond	<u>1,944,000</u>	9%
Total Investments held by the Commission		<u>\$20,486,850</u>	

**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 Entity deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(4) Notes Receivable**

The Commission has notes receivable arising from the sale of land to project developers and various 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 Commission has recorded in the accompanying balance sheet an allowance for uncollectible long-term receivables of \$7,511,332 related to certain notes receivable balances.

**(5) Due From and To Other Funds**

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

<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Special Revenue Fund	Capital Projects, Old Pasadena	43,008
	Other Government Funds	43,752
	Debt Service, Fair Oaks	8,784
	Debt Service, Lake/Washington	3,137
Capital Projects, Downtown	Capital Project, Fair Oaks	<u>1,664,361(1)</u>
Total Due From and To Other Funds		<u>1,763,041</u>

(1) The Commission has amounts due from the Fair Oaks Capital Project Fund and 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.

**(6) Advances To and From Other Funds**

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

<u>Advances to Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amount</u>
Capital Projects, Downtown	Debt Service, Lake/Washington	\$767,158
Other Governmental Funds	Capital Projects, Old Pasadena	<u>189,485</u>
		<u>\$956,643</u>

The Commission interfund advance to Lake/Washington Debt Service Fund from Downtown Capital Projects Fund was made to finance the purchase of Block 4 for the implementation and public improvement within the redevelopment project area. The Old Pasadena project area advance from Orange Grove Capital Projects Fund was made to finance administrative planning cost.

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Notes to the Basic Financial Statements

Year Ended June 30, 2006

**(7) Property Held for Resale**

Property held for resale at June 30, 2006 is as follows:

Special Revenue Fund	\$ 5,091,088
Capital Projects Funds:	
Downtown	<u>231,500</u>
Total property held for resale	<u>\$ 5,322,588</u>

Property held for resale is generally acquired under disposition and development agreements in the normal course of redevelopment activity. These agreements generally provide for transfer of the property to developers after certain redevelopment obligations have been fulfilled.

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(8) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2006 are as follows:

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>	<u>Due Within One Year</u>
<b>Tax allocation Bonds:</b>					
<b>Fair Oaks Project:</b>					
1993 Tax Allocation Bonds (Fair Oaks Refunding and Public Improvement Program)	\$ 2,675,000	--	(2,675,000)	--	--
2006 Tax Allocation Revenue Bonds (Fair Oaks Redevelopment Project and Public Improvement Program Refunding)	--	2,470,000	--	2,470,000	--
<b>Orange Grove Project:</b>					
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)	2,006,000	--	(172,000)	1,834,000	184,000
<b>Villa Parke Project:</b>					
1993 Tax Allocation Bonds (Villa Parke Redevelopment Project)	890,000	--	(890,000)	--	--
2000 Tax Allocation Refunding Revenue Bonds (Villa-Parke Redevelopment Project)	1,298,000	--	(112,000)	1,186,000	119,000
2006 Tax Allocation Revenue Bonds (Villa-Parke Redevelopment Project Refunding)	--	710,000	--	710,000	80,000
<b>Lake Washington Project:</b>					
1993 Tax Allocation Bonds (Lake/Washington Refunding & Public Improvement Program)	910,000	--	(910,000)	--	--
2006 Tax Allocation Revenue Bonds (Lake/Washington Redevelopment Project and Public Improvement Program Refunding)	--	805,000	--	805,000	--
<b>Affordable Housing Projects:</b>					
1991 Tax Allocation Bond, Low Moderate Housing	1,946,364	--	(279,036)	1,667,328	295,778
1996 Tax Allocation Bond (Housing Set-Aside Revenue-Townhouse Project)	2,340,000	--	(2,340,000)	--	--
2006 Tax Allocation Revenue Bonds (Housing Set Aside Revenue Townhouse Project Refunding)	--	<u>1,935,000</u>	--	<u>1,935,000</u>	--
Total Tax Allocation Bonds	<u>12,065,364</u>	<u>5,920,000</u>	<u>(7,378,036)</u>	<u>10,607,328</u>	<u>678,778</u>
Advances Payable – City	35,667,052	1,189,344	(278,504)	36,577,892	-
Notes Payable	<u>5,263,924</u>	<u>1,267,620</u>	<u>(713,888)</u>	<u>5,817,656</u>	<u>752,030</u>
Total Long-Term Liabilities	<u>\$52,996,340</u>	<u>8,376,964</u>	<u>(8,370,428)</u>	<u>53,002,876</u>	<u>1,430,808</u>



**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
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**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(9) Advances Payable - City of Pasadena**

- (a) The Commission has negotiated certain advances with the City for the purchase of four different properties. The aggregate principal outstanding balance of such advances is \$17,981,763 at June 30, 2006. Interest ranges from 5.5% to 9.5%. The Commission will repay the principal and interest as funds become available. No interest payments were made during the year ended June 30, 2006.

<u>Project</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Fair Oaks	\$ 1,154,737	1,858,958	3,013,695
Lake/Washington	4,474,900	8,987,913	13,462,813
Lincoln	<u>757,000</u>	<u>748,255</u>	<u>1,505,255</u>
Total	<u>\$ 6,386,637</u>	<u>11,595,126</u>	<u>17,981,763</u>

- (b) The City has advanced certain amounts to the Commission to assist in funding administrative and other expenses necessary or incidental to the implementation of redevelopment plans. Interest ranges from 4.25% to 12.0% and is due as funds become available. At June 30, 2006, the amounts of such advances payable to the City and unpaid interest thereon for each project area, are as follows:

<u>Project</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Downtown	\$ 720,745	-	720,745
Fair Oaks	8,110,537	5,963,470	14,074,007
Orange Grove	276,273	-	276,273
Villa Parke	275,846	-	275,846
Old Pasadena	418,222	994,383	1,412,605
Lake/Washington	219,056	28,060	247,116
Lincoln	<u>636,844</u>	<u>952,693</u>	<u>1,589,537</u>
Total	<u>\$10,657,523</u>	<u>7,938,606</u>	<u>18,596,129</u>

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
**(A Component Unit of the City of Pasadena, California)**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(10) Notes Payable**

**Outstanding at  
June 30, 2006**

On July 11, 2001, the Commission received \$6,500,000 from the Federal National Mortgage Association. The proceeds of the note will be used for new construction (ownership and rental), homebuyers assistance rental rehabilitation, and other special needs by soliciting funding proposals from nonprofit and for-profit developers in order to address the low-income affordable housing needs in a section of northwest Pasadena commonly known as the "Northwest Target Area" and the City of Pasadena at large. Interest accrues at 5.2% per annum. Principal and interest payments of \$900,000 are due annually through July 11, 2010.

\$3,550,036

On September 18, 2001, the Commission entered into a ten-year note agreement with the California Housing Finance Agency for the acquisition, predevelopment, rehabilitation and financing of affordable multi-family developments with the City. The terms of the note require annual interest payments with a rate of 3% per annum on funds drawn, maturing on September 18, 2011.

1,000,000

On October 20, 2004, the Commission entered into a ten-year note agreement with the California Housing Finance Agency for site acquisition, predevelopment and construction associated with the development, rehabilitation and preservation of homeownership and multifamily rental units within the City. The terms of the note require annual interest payments with a rate of 3% per annum on funds drawn, maturing on October 20, 2014.

1,267,620

\$5,817,656

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 752,030	177,970	930,000
2008	792,212	137,788	930,000
2009	834,540	95,460	930,000
2010	879,130	50,870	930,000
2011	304,333	79,557	383,890
Thereafter	<u>2,255,411</u>	<u>680,100</u>	<u>2,935,511</u>
	<u>\$5,817,656</u>	<u>1,221,745</u>	<u>7,039,401</u>

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
**(A Component Unit of the City of Pasadena, California)**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(11) Tax Allocation Bonds Payable**

**Outstanding at  
June 30, 2006**

**Fair Oaks Project**

On May 17, 2006 the Commission issued \$2,470,000, 2006 Tax Allocation Bonds (Fair Oaks Refund and Public Improvement Program) for the refunding of the 1993 Tax Allocation Bonds and to finance redevelopment activities within the Fair Oaks Project Area. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. The Commission completed the advance refunding to reduce its total debt service payments over the next 15 years by \$548,495 and to obtain an \$629,792. Interest on the bonds is payable semiannually on January 1 and July 1, commencing January 1, 2007. The rate of interest varies from 3.800% to 4.900% per annum. Principal is payable in annual installments ranging from \$120,000 to \$225,000 commencing July 1, 2007 and ending July 1, 2021. The legal reserve requirement is \$230,815. As of June 30, 2006 the balance held in reserve account is \$240,282.

2,470,000

**Orange Grove Project**

On October 17, 2000, the Commission issued \$2,801,000, 2000 Tax Allocation Refunding Bonds (Orange Grove Redevelopment Project) for refunding of the 1985 Tax Allocation Refunding Bonds and 1989 Subordinate Tax Allocation Bonds. Interest on the bonds is payable semi-annually on December 1 and June 1, commencing June 1, 2001. The rate of interest varies from 4.35% to 5.50% per annum. Principal is payable in annual installments ranging from \$137,000 to \$282,000 commencing June 1, 2001 and ending June 1, 2014. The legal reserve requirement is \$280,100. The balance held in the reserve account as of June 30, 2006 was \$282,104.

1,834,000

**Villa Parke Project**

On October 17, 2000, the Commission issued \$1,814,000, 2000 Tax Allocation Refunding Bonds Subordinate, (Villa Parke Redevelopment Project) for the refinancing of the 1985 Subordinate Tax Allocation Bonds. Interest on the bonds is payable semi-annually on December 1 and June 1 commencing June 1, 2001. The rate of interest varies from 4.350% to 5.50% per annum. Principal is payable in annual installments ranging from \$89,000 to \$182,000 commencing June 1, 2001 and ending June 1, 2014. The legal reserve requirement is \$181,400. The balance held in the reserve account as of June 30, 2006 was \$184,342.

1,186,000

**PASADENA COMMUNITY DEVELOPMENT COMMISSION**  
**(A Component Unit of the City of Pasadena, California)**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2006**

**(11) Tax Allocation Bonds Payable, (Continued)**

**Outstanding at**  
**June 30, 2006**

On May 17, 2006 the Commission issued \$710,000 Tax Allocation Bonds Series 2006(Villa Parke Redevelopment Project) for the refunding of the 1993 Tax Allocation Bonds and to finance redevelopment activities within the Villa Project Area. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. The Commission completed the advance refunding to reduce its total debt service payments over the next 8 years by \$194,185 and to obtain an economic gain of \$220,014. Interest on the bonds is payable semiannually on June 1 and December 1, commencing December 1, 2006. The rate of interest varies from 3.800% to 4.500% per annum. Principal is payable in annual installments ranging from \$80,000 to \$100,000 commencing June 1, 2007 and ending June 1, 2014. The legal reserve requirement is \$71,000. As of June 30, 2006 the balance held in reserve account is \$93,575.

710,000

**Lake/Washington Project**

On May 17, 2006 the Commission issued \$805,000, 2006 Tax Allocation Bonds (Lake/Washington Refunding and Public Improvement Program) for the purpose of reimbursing City Advances, financing certain redevelopment activities and refunding of the outstanding 1993 Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. The Commission completed the advance refunding to reduce its total debt service payments over the next 11 years by \$204,166 and to obtain an economic gain of \$230,904. Interest on the bonds is payable semiannually on January 1 and July 1, commencing January 1, 2007. The rate of interest varies from 3.800% to 4.700% per annum. Principal is payable in annual installments ranging from \$60,000 to \$90,000 commencing July 1, 2007 and ending July 1, 2018. The legal reserve requirement is \$80,500. As of June 30, 2006 the balance held in reserve account is \$80,722.

805,000