

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(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>		<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>A</u>	<u>Not Rated</u>
City of Pasadena Pool	\$ 3,965,727	N/A	-	-	3,965,727
Repurchase agreement	1,996,696	N/A	-	-	1,996,696
Federal agency securities	2,868,394	N/A	2,868,394	-	-
Money market funds	<u>26,072</u>	A	<u>-</u>	<u>26,072</u>	<u>-</u>
Total	<u>\$ 8,856,889</u>		<u>2,868,394</u>	<u>26,072</u>	<u>5,962,423</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	\$2,868,394

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 1,186,530
Restricted cash and investments	<u>139,437,054</u>
Total cash and investments	<u>\$ 140,623,584</u>

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 10,400
Deposits with financial institutions	1,176,130
Investments:	
Investment in City of Pasadena investment pool	8,722,347
Investments held by fiscal agents	<u>130,714,707</u>
Total cash and investments	<u>\$ 140,623,584</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (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>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-60 Months</u>	<u>More Than 60 Months</u>
City of Pasadena Pool	\$ 8,722,347	8,722,347	-	-
Federal agency securities	93,493,152	67,026,652	26,466,500	-
Money market funds	30,547,744	30,547,744	-	-
Investment agreement	<u>6,673,811</u>	<u>-</u>	<u>-</u>	<u>6,673,811</u>
Total	<u>\$ 139,437,054</u>	<u>106,296,743</u>	<u>26,466,500</u>	<u>6,673,811</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (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 Company'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>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
City of Pasadena Pool	\$ 8,722,347	N/A	-	8,722,347
Federal agency securities	93,493,152	N/A	93,493,152	-
Money market funds	30,547,744	N/A	30,547,744	-
Investment agreement	<u>6,673,811</u>	N/A	<u>-</u>	<u>6,673,811</u>
Total	<u>\$ 139,437,054</u>		<u>124,040,896</u>	<u>15,396,158</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	\$87,594,624

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (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 does not contain legal 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(3) Accounts Receivable

As of June 30, 2007, 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	\$ 2,819,898	5,751,090	-	3,583,196	66,935
Accrued revenue receivable	9,227,237	1,702,917	581,596	3,444,282	5,606,057
Interest receivable	1,694,658	-	45,444	507,018	9,355
Paramedics receivable	<u>1,921,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	15,663,096	7,454,007	627,040	7,534,496	5,682,347
Less: allowance for uncollectible accounts	<u>(1,035,905)</u>	<u>-</u>	<u>-</u>	<u>(28,413)</u>	<u>-</u>
Total	<u>\$ 14,627,191</u>	<u>7,454,007</u>	<u>627,040</u>	<u>7,506,083</u>	<u>5,682,347</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	\$ 271,546	117,842	63,548	13,500	666,993
Accrued revenue receivable	10,625,541	3,243,112	311,098	349,005	1,225,389
Interest receivable	1,703,236	152,609	31,068	12,056	272
Utility receivable	<u>10,528,391</u>	<u>2,711,923</u>	<u>-</u>	<u>-</u>	<u>-</u>
	23,128,714	6,225,486	405,714	374,561	1,892,654
Less: allowance for uncollectible accounts	<u>(597,556)</u>	<u>(155,342)</u>	<u>-</u>	<u>-</u>	<u>(38,107)</u>
Total	<u>\$ 22,531,158</u>	<u>6,070,144</u>	<u>405,714</u>	<u>374,561</u>	<u>1,854,547</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(4) Notes Receivable – Primary Government

The notes receivable in the Non-Major Governmental Funds amounted to \$28,507,419 at June 30, 2007. 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, 2007, the City has recorded a related allowance for uncollectible long-term receivables of \$12,389,604. Other notes receivable total \$386,403 at June 30, 2007.

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 \$12,200,119 at June 30, 2007.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2007 are as follows:

Due From Other Funds	Due To Other Funds	Amount
General Fund	(a) PCDC Debt Service	\$ 528,488
	(b) Paseo Colorado Parking	2,403,239
	(c) Light and Power	157,277
	(d) Non-Major Governmental Funds	<u>2,926,817</u>
	Subtotal	<u>6,015,821</u>
Non-Major Governmental Funds	(e) Non-Major Governmental Funds	1,674,288
	(f) PCDC Debt Service	<u>11,271</u>
	Subtotal	<u>1,685,559</u>
Internal Service Funds	(g) Non-Major Enterprise Funds	<u>9,600</u>
	Total	<u><u>\$ 7,710,980</u></u>

Generally, the above balances result from:

- (a) The \$528,488 due from PCDC Debt Service to the General Fund is for incremental property tax received in July 2007.
- (b) The \$2,403,239 due from the Paseo Colorado Parking Fund to the General Fund is to cover the negative cash balance at the end of the fiscal year.
- (c) The \$157,277 due from the Light and Power Fund to the General Fund is for Utility Users Tax on transport gas used by the Utility.
- (d) The \$2,926,817 due from Non-Major Government Funds to General Fund is due to negative cash balances at the end of this fiscal year, including \$708,617 from Parking Funds; \$440,549 from Housing and Community Development Funds; \$1,130,420 from Public Safety Funds, \$572,011 from Health Funds, and \$75,220 from Transportation Funds.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(5) Due From and To Other Funds, (Continued)

- (e) The \$1,685,559 within Pasadena Community Development Commission Fund has \$1,627,058 due from the 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 \$58,501 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.
- (f) The \$11,271 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.
- (g) The \$9,600 is due from the Refuse Fund to the Fleet Maintenance Fund as a result of a transfer of equipment.

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2007 are as follows:

<u>Advances from other funds</u>	<u>Advances to other funds</u>	<u>Amount</u>
Paseo Colorado Parking	General Fund	\$ 1,164,671
PCDC Debt Service	General Fund	6,287,563
	Internal Service Funds	2,752,125
	Non-Major Governmental Funds	<u>24,526,426</u>
	Subtotal	<u>33,566,114</u>
Old Pasadena Parking	General Fund	<u>3,136,545</u>
Non-Major Governmental Funds	General Fund	<u>4,649,052</u>
Non-Major Enterprise Funds	Internal Service Funds	<u>1,615,231</u>
	Total	<u>\$ 44,131,613</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(6) Advances To and From Other Funds, (Continued)

Primary Government, (Continued)

**Outstanding at
June 30, 2007**

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 \$4,441,808 at June 30, 2007.

\$10,936,615

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, 2007, this amount was \$350,000.

3,136,545

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.

1,164,671

Housing and Community Development

The Community Development Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the Fair Oaks and Washington Project Areas. The agreement provides for reimbursement to the Community Development Fund from any and all funds legally available to PCDC for such payments plus interest computed from the time of advance to the date of repayment. A related allowance for uncollectible long-term receivables has been recorded for \$16,793,496 as of June 30, 2007.

16,793,496

New Development Impact

The New Development Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the Lake/Washington Project Areas. The agreement provides for reimbursement to the New Development Fund from any and all funds legally available to PCDC for such payments plus interest computed from the time of advance to the date of repayment.

355,490

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(6) Advances To and From Other Funds, (Continued)

Primary Government, (Continued)

Outstanding at
June 30, 2007

1996 Multi-Purpose Capital Project Certificates of Participation

The 1996 Certificates of Participation Capital Project Fund has an agreement with PCDC providing for the advance of funds to finance redevelopment activities within the related project areas. This agreement provides a schedule of repayment from tax allocation revenues. A related allowance for uncollectible long-term receivables of \$2,228,294 has been recorded as of June 30, 2007.

6,610,282

Pasadena Community Development Commission

Certain project areas have advances outstanding with other project areas of PCDC. These agreements provide for repayment as funds are available.

767,158

General Liability

The General Liability Internal Service Fund has an agreement with PCDC providing for the advance of funds to finance redevelopment activities within the Fair Oaks Project area. The agreement provides for a schedule of repayment from tax allocation revenues payable within seven years. A related allowance for uncollectible long-term receivables has been recorded for \$569,109 as of June 30, 2007.

2,752,125

Fleet Maintenance

The Fleet Maintenance Internal Service Fund has an agreement with the Refuse Fund providing for advance of funds to purchase automotive equipment. The advance will be repaid with interest over ten years.

1,615,231

Total primary government advances

\$44,131,613

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(6) Advances To and From Other Funds, (Continued)

Discretely Presented Component Units

Long-term interfund advance balances between the primary government and discretely presented component units as of June 30, 2007 are as follows:

<u>Advances To Component Units</u>	<u>Advances From Primary Government</u>	<u>Amount</u>
General Fund	Pasadena Center Operating Company	<u>\$1,027,541</u>

**Outstanding at
June 30, 2007**

General Fund

On September 17, 1999, PCOC borrowed \$1,400,000 from the City to fund necessary maintenance of the Conference Center. The loan carries an interest rate of 5%. PCOC anticipates that the loan repayment will be from the share of Transient Occupancy Tax (TOT). The agreement provides for a schedule of repayment payable within a 40-year period.

\$1,027,541

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(7) Capital Assets – Primary Government

Capital asset activity for the year ended June 30, 2007 is as follows:

Governmental activities:	<u>Balance at June 30, 2006⁽¹⁾</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Buildings and improvements	\$ 152,388,757	119,307,824	(584,413)	271,112,168
Machinery and equipment	50,053,175	3,446,688	(2,002,146)	51,497,717
Infrastructure	<u>191,714,366</u>	<u>6,486,539</u>	<u>(858,035)</u>	<u>197,342,870</u>
Total cost of depreciable assets	<u>394,156,298</u>	<u>129,241,051</u>	<u>(3,444,594)</u>	<u>519,952,755</u>
 Less accumulated depreciation:				
Buildings and improvements	(71,997,307)	(3,629,101)	245,758	(75,380,650)
Machinery and equipment	(35,036,146)	(3,155,754)	1,946,642	(36,245,258)
Infrastructure	<u>(97,430,829)</u>	<u>(3,140,371)</u>	<u>847,935</u>	<u>(99,723,265)</u>
Total accumulated depreciation	<u>(204,464,282)</u>	<u>(9,925,226)</u>	<u>3,040,335</u>	<u>(211,349,173)</u>
 Net depreciable assets	 189,692,016	 119,315,825	 (404,259)	 308,603,582
 Capital assets not depreciated:				
Land	55,467,474	-	-	55,467,474
Construction in progress	<u>142,034,027</u>	<u>60,458,539</u>	<u>(125,989,331)</u>	<u>76,503,235</u>
 Capital assets, net	 <u>\$ 387,193,517</u>	 <u>179,774,364</u>	 <u>(126,393,590)</u>	 <u>440,574,291</u>

(1) Construction in progress beginning balance has been decreased by \$8,509,889 to reflect the amount overstated in prior years.

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	\$4,439,535
Public safety	944,396
Transportation	3,884,503
Health	79,550
Culture and leisure	320,576
Community development	<u>256,666</u>
	<u>\$9,925,226</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(7) Capital Assets, (Continued)

Primary Government, (Continued)

	<u>Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u>
Business-type activities:	June 30, 2006			June 30, 2007
Buildings and improvements	\$ 107,802,412	1,033,020	-	108,835,432
Utility Lines, machinery and equipment	<u>541,300,757</u>	<u>42,105,100</u>	<u>(1,146,713)</u>	<u>582,259,144</u>
Total cost of depreciable assets	<u>649,103,169</u>	<u>43,138,120</u>	<u>(1,146,713)</u>	<u>691,094,576</u>
Less accumulated depreciation:				
Buildings and improvements	(18,076,113)	(2,236,648)	-	(20,312,761)
Utility Lines, machinery and equipment	<u>(271,849,827)</u>	<u>(17,646,808)</u>	<u>1,001,334</u>	<u>(288,495,301)</u>
Total accumulated depreciation	<u>(289,925,940)</u>	<u>(19,883,456)</u>	<u>1,001,334</u>	<u>(308,808,062)</u>
Net depreciable assets	359,177,229	23,254,664	(145,379)	382,286,514
Capital assets not depreciated:				
Land	5,236,929	-	-	5,236,929
Construction in progress	<u>45,736,231</u>	<u>47,149,526</u>	<u>(39,833,501)</u>	<u>53,052,256</u>
Capital assets, net	<u>\$ 410,150,389</u>	<u>70,404,190</u>	<u>(39,978,880)</u>	<u>440,575,699</u>

Depreciation expense was charged in the following programs of the primary government:

Light and Power	\$14,653,691
Water	3,055,237
Refuse	639,306
Parking	<u>1,535,222</u>
	<u>\$19,883,456</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(7) Capital Assets, (Continued)

Component Units

Capital asset activity for the Rose Bowl Operating Company for the year ended June 30, 2007 is as follows:

	Balance at June 30, 2006	<u>Additions</u>	Deletions	Balance at June 30, 2007
Buildings and improvements	\$ 48,639,793	461,832	-	49,101,625
Machinery and equipment	<u>4,510,892</u>	<u>258,968</u>	<u>-</u>	<u>4,769,860</u>
Total cost of depreciable assets	<u>53,150,685</u>	<u>720,800</u>	<u>-</u>	<u>53,871,485</u>
Less accumulated depreciation:				
Buildings and improvements	(13,922,238)	(1,903,448)	-	(15,825,686)
Machinery and equipment	<u>(2,809,337)</u>	<u>(190,302)</u>	<u>-</u>	<u>(2,999,639)</u>
Total accumulated depreciation	<u>(16,731,575)</u>	<u>(2,093,750)</u>	<u>-</u>	<u>(18,825,325)</u>
Net depreciable assets	36,419,110	(1,372,950)	-	35,046,160
Capital assets not depreciated:				
Construction in progress	<u>3,699,316</u>	<u>12,405,196</u>	<u>(382,620)</u>	<u>15,721,892</u>
Capital assets, net	<u>\$ 40,118,426</u>	<u>11,032,246</u>	<u>(382,620)</u>	<u>50,768,052</u>

Depreciation expense for the year was \$2,093,750.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(7) Capital Assets, (Continued)

Component Units, (Continued)

Capital asset activity for the Pasadena Center Operating Company for the year ended June 30, 2007 is as follows:

	<u>Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u>
	<u>June 30, 2006</u>			<u>June 30, 2007</u>
Buildings and improvements	\$ 12,783,845	1,102,972	(3,340,353)	10,546,464
Machinery and equipment	468,277	507,553	-	975,830
Furniture and fixtures	<u>174,787</u>	<u>76,728</u>	<u>(138,375)</u>	<u>113,140</u>
Total cost of depreciable assets	<u>13,426,909</u>	<u>1,687,253</u>	<u>(3,478,728)</u>	<u>11,635,434</u>
Less accumulated depreciation:				
Buildings and improvements	(9,454,982)	(361,535)	2,265,873	(7,550,644)
Machinery and equipment	(394,393)	(63,319)	-	(457,712)
Furniture and fixtures	<u>(144,769)</u>	<u>(24,025)</u>	<u>123,240</u>	<u>(45,554)</u>
Total accumulated depreciation	<u>(9,994,144)</u>	<u>(448,879)</u>	<u>2,389,113</u>	<u>(8,053,910)</u>
Net depreciable assets	3,432,765	1,238,374	(1,089,615)	3,581,524
Capital assets not depreciated:				
Land	2,423,473	-	-	2,423,473
Construction in progress ⁽¹⁾	<u>6,033,218</u>	<u>35,795,573</u>	<u>-</u>	<u>41,828,791</u>
Capital assets, net	<u>\$ 11,889,456</u>	<u>37,033,947</u>	<u>(1,089,615)</u>	<u>47,833,788</u>

(1) Construction in progress consists of accumulated costs for the preliminary design of the convention center expansion project.

Depreciation expense for the year was \$448,879.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(8) Deferred Revenue

Deferred revenue consists of the following at June 30, 2007:

	General Fund	Project Management Capital Project	Light and Power	Non-Major Governmental	Component Unit RBOC
(a) Community Development Block Grant Assistance	\$ -	-	-	70,000	-
(b) Revenues not "available"	378,059	2,776,314	-	2,434,965	-
(c) Rental income	818,833	-	-	-	-
(d) Miscellaneous revenue collected	500,543	-	1,113,996	254,233	-
(e) Interest Rate Swap	4,406,821	-	-	-	-
(f) Press box seating	-	-	-	-	1,057,617
	<u>\$ 6,104,256</u>	<u>2,776,314</u>	<u>1,113,996</u>	<u>2,759,198</u>	<u>1,057,617</u>

Primary Government

- (a) The Housing and Community Development Fund has \$195,554 in deferred revenue. This fund has respective loans outstanding with various qualifying businesses and individuals. The loans are long-term and will be paid off at various times. As the loans are paid off, the revenue will be recognized.
- (b) As a result of GASB 33 revenue recognition, \$318,475 of revenue from the Pasadena Unified School District was deferred. Also, \$59,584 of Office of Traffic Safety grant revenue, \$1,372,113 of Health Fund grants, \$842,439 of Department of Homeland Security grant revenue, \$125,554 in Supportive Housing grants and \$94,859 of Metropolitan Transit Authority grant revenue were deferred since reimbursement of the grant funding would not be realized until after 60 days. Similarly, \$499,471 of Federal Surface Transportation, \$1,423,000 of Federal Traffic Mitigation, \$57,544 of Federal Highway Administration, \$486,743 of Department of Transportation, \$275,000 of Proposition 12, \$29,575 of Proposition 40, and \$4,981 of Los Angeles County Metropolitan Transit Authority grants funding in the Capital Projects Fund totaling \$2,776,314 was not available at year-end and therefore was deferred in accordance with GASB 33.
- (c) In fiscal year 1986, the Old Pasadena Parking Facility Fund pre-paid rent to the General Fund for the rent of land used to house the parking facility. The General Fund deferred rental income and is amortizing it over the life of the bonds.
- (d) Miscellaneous deferred revenue consists of other miscellaneous revenue collected of which revenue recognition criteria have not been met.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(8) Deferred Revenue, (Continued)

Primary Government, (Continued)

- (e) In fiscal year 2003, the city received \$6,925,000 in interest from an interest rate swap. \$629,545 was amortized annually during the last four fiscal years, leaving a balance of \$4,406,821.

Discretely Presented Component Units

- (f) The Rose Bowl sells press box tickets at the beginning of each season. Revenue is deferred and recognized as the press box seating is used at each event throughout the event seasons.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(9) Changes in Long-Term Debt

Primary Government

Changes in general long-term debt for the year ended June 30, 2007 are as follows:

Governmental Activities:	Balance at June 30, 2006	Additions	Reductions	Balance at June 30, 2007	Due Within One Year
Notes payable	\$8,144,865	-	(982,030)	7,162,835	1,042,212
Pension bonds:					
1999 Taxable Pension Funding Bonds	93,395,000	-	(2,915,000)	90,480,000	3,435,000
2004 Taxable Pension Funding Bonds	38,565,000	-	(1,000,000)	37,565,000	1,414,964
Total Pension Bonds	<u>131,960,000</u>	-	<u>(3,915,000)</u>	<u>128,045,000</u>	<u>4,849,964</u>
General obligation bonds:					
1993 Police Building and Jail Refunding General Obligation Bonds	<u>1,550,000</u>	-	<u>(1,550,000)</u>	-	-
Tax allocation bonds:					
1991 Tax Allocation Bonds, Low Moderate Housing	1,667,328	-	(295,778)	1,371,550	313,525
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)	1,834,000	-	(184,000)	1,650,000	195,000
2000 Tax Allocation Refunding Revenue Bonds (Villa-Parke Redevelopment Project)	1,186,000	-	(119,000)	1,067,000	126,000
2006 Tax Allocation Revenue Bonds (Housing Set-Aside Revenues - Townhouse Project Refunding)	1,935,000	-	-	1,935,000	210,000
2006 Tax Allocation Revenue Bonds (Fair Oaks Redevelopment Project & Public Improvement Program Refunding)	2,470,000	-	-	2,470,000	120,000
2006 Tax Allocation Revenue Bonds (Villa-Parke Redevelopment Project Refunding)	710,000	-	(80,000)	630,000	85,000
2006 Tax Allocation Revenue Bonds (Lake/Washington Redevelopment Project & Public Improvement Program Refunding)	<u>805,000</u>	-	-	<u>805,000</u>	<u>60,000</u>
Total tax allocation bonds	<u>10,607,328</u>	-	<u>(678,778)</u>	<u>9,928,550</u>	<u>1,109,525</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(9) Changes in Long-Term Debt, (Continued)

Primary Government, (Continued)

Governmental Activities (Continued):	Balance at <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2007</u>	Due Within <u>One Year</u>
Certificates of participation:					
1993 Certificates of Participation (Refunding and Capital Projects)	24,855,000	-	-	24,855,000	-
2001 Certificates of Participation (Refunding)	11,425,497	-	(2,104,954)	9,320,543	2,193,069
2003 Certificates of Participation (City Hall and Park Improvement)	73,790,000	-	-	73,790,000	1,495,000
2004 Auction Certificates of Participation Series A and B	<u>33,831,000</u>	-	<u>(2,832,682)</u>	<u>30,998,318</u>	<u>2,932,683</u>
Total certificates of participation	<u>143,901,497</u>	-	<u>(4,937,636)</u>	<u>138,963,861</u>	<u>6,620,752</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>10,355,000</u>	-	-	<u>10,355,000</u>	<u>460,000</u>
Total Revenue Bonds	<u>10,355,000</u>	-	-	<u>10,355,000</u>	<u>460,000</u>
Capitalized lease obligations	<u>9,291,742</u>	<u>87,401</u>	<u>(1,566,233)</u>	<u>7,812,910</u>	<u>1,375,416</u>
Unamortized issuance premium (discount)	<u>(4,624,365)</u>	-	<u>394,151</u>	<u>(4,230,214)</u>	<u>(391,414)</u>
Arbitrage rebate liability	<u>759,576</u>	<u>14,411</u>	<u>(11,276)</u>	<u>762,711</u>	-
Compensated absences	<u>6,975,434</u>	<u>9,096,179</u>	<u>(8,213,265)</u>	<u>7,858,348</u>	<u>7,858,348</u>
Net pension obligation	<u>41,128,901</u>	<u>6,744,520</u>	<u>(3,839,128)</u>	<u>44,034,293</u>	-
Total governmental activity long-term liabilities	<u>\$360,049,978</u>	<u>15,942,511</u>	<u>(25,299,195)</u>	<u>350,693,294</u>	<u>22,924,803</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2007

(9) Changes in Long-Term Debt, (Continued)

Primary Government, (Continued)

Business-Type Activities:	Balance at			Balance at	Due Within
	June 30, 2006	Additions	Reductions	June 30, 2007	One Year
Notes payable	\$ 2,016,981	-	(107,640)	1,909,341	112,856
Revenue bonds:					
1998 Electric Revenue/Refunding Bonds	53,720,000	-	(2,360,000)	51,360,000	2,485,000
2000 Paseo Colorado Taxable Revenue Bonds	29,500,000	-	(840,000)	28,660,000	890,000
2002 Electric Revenue Bonds	66,230,000	-	(4,165,000)	62,065,000	4,290,000
2003 Electric Revenue Bonds	8,685,000	-	(415,000)	8,270,000	430,000
2003 Water Revenue Bonds	43,400,000	-	(1,520,000)	41,880,000	1,600,000
2007 Water Revenue Bonds	-	21,550,000	-	21,550,000	395,000
Total revenue bonds	<u>201,535,000</u>	<u>21,550,000</u>	<u>(9,300,000)</u>	<u>213,785,000</u>	<u>10,090,000</u>
Certificates of participation:					
1987 Certificates of Participation (Los Robles Avenue Parking Facility)	12,000,000	-	(1,200,000)	10,800,000	1,300,000
1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Projects)	18,350,000	-	(1,070,000)	17,280,000	1,140,000
2004 Auction Rate Certificates of Participation	1,119,000	-	(92,317)	1,026,683	93,318
Total certificates of participation	<u>31,469,000</u>	<u>-</u>	<u>(2,362,317)</u>	<u>29,106,683</u>	<u>2,533,318</u>
Capitalized lease obligations	<u>2,353,108</u>	<u>-</u>	<u>(1,068,980)</u>	<u>1,284,128</u>	<u>747,086</u>
Unamortized issuance premium (discount)	<u>2,343,757</u>	<u>-</u>	<u>(128,392)</u>	<u>2,215,365</u>	<u>-</u>
Total business-type activity long-term liabilities	<u>\$ 239,717,846</u>	<u>21,550,000</u>	<u>(12,967,329)</u>	<u>248,300,517</u>	<u>13,483,260</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the totals for governmental activities. At year-end, \$2,938,297 of internal service funds capitalized lease obligations are included in the governmental activities schedule.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(9) Changes in Long-Term Debt, (Continued)

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt for the year ended June 30, 2007 are as follows:

Discretely Presented Component Units	Balance at <u>June 30, 2006</u>	Additions Including <u>Accretion</u>	<u>Reductions</u>	Balance at <u>June 30, 2007</u>	Due Within <u>One Year</u>
Certificates of participation:					
2001 Certificates of Participation (Refunding and Capital Projects)	\$ 244,503	-	(45,045)	199,458	46,931
2006 Certificates of Participation (Conference Center Project)	-	<u>163,125,911</u>	-	<u>163,125,911</u>	-
Total certificates of participation	<u>244,503</u>	<u>163,125,911</u>	<u>(45,045)</u>	<u>163,325,369</u>	<u>46,931</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>36,945,000</u>	-	-	<u>36,945,000</u>	<u>1,640,000</u>
Total Revenue Bonds	<u>36,945,000</u>	-	-	<u>36,945,000</u>	<u>1,640,000</u>
Unamortized issuance premium (discount)	<u>(466,210)</u>	<u>(769,956)</u>	<u>75,897</u>	<u>(1,160,269)</u>	-
Compensated absences	<u>124,258</u>	<u>4,832</u>	-	<u>129,090</u>	-
Total discretely presented component units long-term liabilities	<u>\$ 36,847,551</u>	<u>162,360,787</u>	<u>30,852</u>	<u>199,239,190</u>	<u>1,686,931</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(10) Notes Payable

Primary Government

Outstanding at
June 30, 2007

The Fair Oaks Shopping Center issued notes payable to the Federal Financing Bank (authorized by the Housing and Community Development Act of 1974, Public Law 93-383), with an interest rate ranging from 1.21% to 4.83%. Principal and interest is payable in annual installments from \$297,000 to \$358,000 through August 1, 2013.

\$2,085,000

On August 18, 1999, the City entered into a twenty-year promissory note with City National Bank to provide for financing the costs of constructing certain public parking improvements (Marriott Garage). The terms of the note require semi-annual principal and interest payments from \$104,000 to \$208,000 with a rate of 4.95% per annum, maturing on December 19, 2019.

1,909,341

On July 11, 2001, the City entered into a nine-year note agreement with the Federal National Mortgage Association to provide financing for new construction, 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 of the City. The terms of the note require semi-annual principal and interest payments between \$312,300 and \$930,000 with a rate of 5.2% per annum, maturing on July 1, 2010.

2,810,215

On September 18, 2001, the City 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 within the City. The terms of the note require annual interest payments with a rate of 3.00% per annum on funds drawn, maturing on September 18, 2011.

1,000,000

On October 20, 2004, the City 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 3.00% per annum on funds drawn, maturing on October 20, 2014.

1,267,620

Total primary government notes payable

\$9,072,176

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(10) Notes Payable, (Continued)

Primary Government, (Continued)

The annual requirements to amortize notes payable as of June 30, 2007 are as follows:

Year Ending June 30	<u>Primary Government</u>			
	<u>Governmental</u>		<u>Business Type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,042,212	288,096	112,856	94,686
2009	1,094,540	237,493	118,846	88,695
2010	1,159,129	182,992	124,885	82,656
2011	599,334	128,610	131,231	76,310
2012	1,315,000	84,113	137,715	69,827
2013-2017	1,952,620	185,277	801,857	235,852
2018-2020	-	-	481,951	36,902
Total Notes Payable	<u>\$7,162,835</u>	<u>1,106,581</u>	<u>1,909,341</u>	<u>684,928</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2007

(11) Pension Bonds – Primary Government

On August 5, 1999, the City issued \$101,940,000 in Taxable Pension Funding Bonds, Series 1999. The proceeds of the pension bonds were used to fund the obligation of the City to the FPRS. Pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code, the City is obligated to appropriate and make payments to FPRS arising as a result of retirement benefits accruing to members of FPRS. The City's obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability over a multi-year period. On August 6, 1999, the City contributed \$100,000,000 of the bond proceeds to FPRS to fund a portion of the unfunded liability. Interest is payable from the escrow account semi-annually on May 15 and November 15 commencing May 15, 2000. The rate of interest varies from 6.26% to 7.28% per annum. Principal is payable in annual installments ranging from \$470,000 to \$8,955,000 commencing May 15, 2001 and ending May 15, 2022. On December 22nd of each year, the City is required to deposit with the trustee the amount equal to the next year's debt service payment in lieu of a reserve requirement. The balance outstanding at June 30, 2007 was \$90,480,000.

On August 1, 2004, the City issued \$40,750,000 in Taxable Pension Funding Bonds, Series 2004. The proceeds of the pension bonds were used to fund the net pension obligation of the City to the Fire and Police Retirement System as required by the City Charter and the Pasadena Municipal Code. Interest is payable from the trustee's Bond Fund monthly commencing on September 1, 2004. The rate of interest varies from 2.0% to 4.687% per annum. Principal is payable in annual installments of \$1,000,000 commencing February 1, 2005 and ending May 15, 2015. On December 22nd of each year, the City is required to deposit \$2,500,000 with the trustee for debt service payments. Any amounts on deposit in the Bond Fund at the end of each calendar year following payment in full of all debt service for such calendar year, shall remain in the Bond Fund and be credited against the payment required to be made next calendar year. The balance outstanding at June 30, 2007 was \$37,565,000.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2007

(11) Pension Bonds – Primary Government, (Continued)

The annual requirements to amortize pension bonds as of June 30, 2007 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 4,849,964	7,663,643
2009	5,452,413	7,380,744
2010	6,106,135	7,055,374
2011	6,811,169	6,683,385
2012	7,577,554	6,260,553
2013-2017	58,187,765	22,717,308
2018-2022	<u>39,060,000</u>	<u>8,994,277</u>
Total Payments	<u>\$128,045,000</u>	<u>66,755,284</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2007

(12) Tax Allocation Bonds - Primary Government

**Outstanding at
June 30, 2007**

1991 Tax Allocation Bonds, Low Moderate Housing

On July 16, 1991, PCDC issued \$4,540,000 of Tax Allocation Bonds, Low Moderate Housing for the rehabilitation of the Centennial Place, formerly the Pasadena YMCA. Interest on the bonds is payable annually on June 1, commencing June 1, 1992. The rate of interest is 6% per annum. Principal is payable in annual installments ranging from \$123,417 to \$373,413 commencing June 2, 1992 and ending June 1, 2011. A letter of credit has been obtained to satisfy the legal reserve requirement.

\$1,371,550

2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)

On October 17, 2000, PCDC issued \$2,801,000 of 2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project) for the refunding of 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, 2007 was \$278,890.

1,650,000

2000 Tax Allocation Refunding Revenue bonds (Villa-Parke Redevelopment Project)

On October 17, 2000, PCDC issued \$1,814,000 of 2001 Tax Allocation Refunding Bonds Series B (Villa Parke Redevelopment Project) for the refunding of 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 4.35% 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, 2007 was \$180,633.

1,067,000