

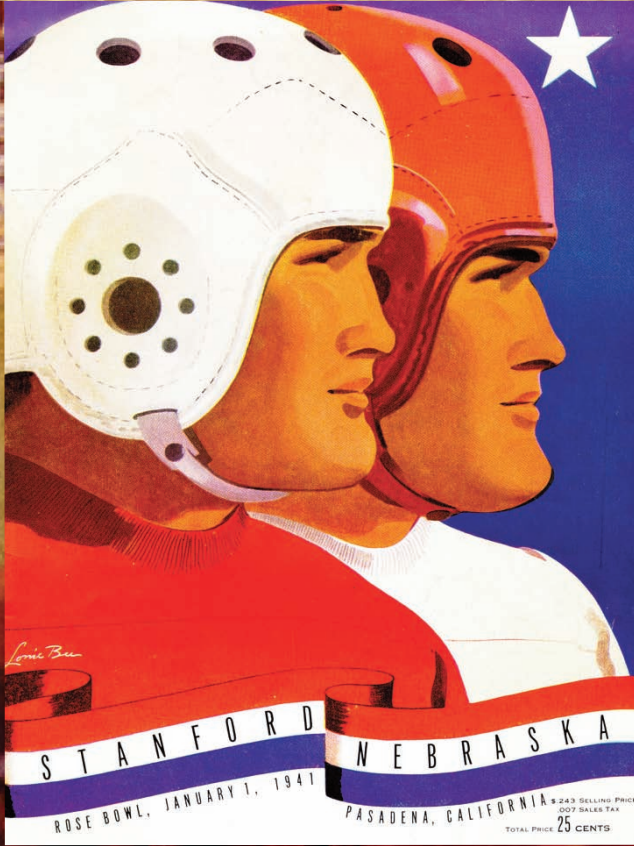
CITY OF

PASADENA



CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2014



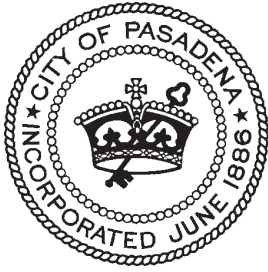
ROSE BOWL



100TH ROSE BOWL GAME



City of Pasadena, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2014



Bill Bogaard
Mayor



Jacque Robinson
Vice-Mayor
District 1



Margaret McAustin
Council Member
District 2



John J. Kennedy
Council Member
District 3



Gene Masuda
Council Member
District 4



Victor Gordo
Council Member
District 5



Steve Madison
Council Member
District 6



Terry Tornek
Council Member
District 7

MICHAEL J. BECK, CITY MANAGER
ANDREW GREEN, DIRECTOR OF FINANCE
PREPARED BY THE DEPARTMENT OF FINANCE, CITY OF PASADENA

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DEPARTMENT OF FINANCE

November 14, 2014

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

In accordance with Section 907.5 of the City Charter, the Department of Finance hereby submits the Comprehensive Annual Financial Report (CAFR) of the City of Pasadena, California (City) for the fiscal year ended June 30, 2014. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB has the primary responsibility for determining accounting and financial reporting standards for state and local government entities.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. It is believed that the data, as presented, is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City and its component units as measured by the financial activity of the various funds and includes all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs and evaluate its financial condition.

The City Charter requires an audit of the financial statements of all accounts of the City by an independent certified public accountant. Accordingly, this year's audit was undertaken by Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pasadena for the fiscal year ended June 30, 2014, fairly state the City's financial position. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the City of Pasadena's financial statements for the fiscal year ended June 30, 2014 and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth in the City Charter, the independent audit was also part of the broader, federally mandated Single Audit Act of 1984, as amended in 1996, and the

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requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Pasadena's separately issued Single Audit Report.

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

GOVERNMENTAL STRUCTURE

The City was incorporated in 1886 and became a charter City in 1901. The City operates under the powers granted by the City Charter which dictates the responsibilities of the City Council, City Manager. There are seven City Council members who are nominated and elected by district for overlapping four-year terms. In addition, there is a citywide elected Mayor who also serves for four years per term.

The City Council is responsible for, among other things, setting policies, passing ordinances, adopting the budget, appointing committees and hiring the City's Manager, City Attorney/City Prosecutor, and City Clerk. The City Manager is responsible for carrying out policies and ordinances of the City Council, appointing the heads of the City's departments, preparing and managing the budget, and overseeing the day-to-day operations of the City.

The City covers an area of 23 square miles in the northwestern portion of the San Gabriel Valley and has a 2014 population of 140,879, according to the State Department of Finance. The City is bounded on the west by the cities of Los Angeles, Glendale and La Canada, on the south by South Pasadena and San Marino, on the east by Arcadia and Sierra Madre, and on the north by the unincorporated community of Altadena.

REPORTING ENTITY AND ITS SERVICES

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included in this CAFR as part of the City. Accordingly, the Pasadena Public Financing Authority, Pasadena Parking Authority, the Pasadena Civic Improvement Corporation (PCIC), and the Pasadena Fire and Police Retirement System (FPRS) are reported as part of the City. The Successor Agency to the Pasadena Community Development Commission is shown as a Private Purpose Trust Fund reported in the Fiduciary Fund Section. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the

City and to differentiate their financial position, results of operations and cash flows from those of the City. The Rose Bowl Operating Company (RBOC), the Pasadena Center Operating Company (PCOC), and the Pasadena Community Access Corporation (PCAC) are discretely presented component units. Additionally, separate financial statements are available for all three discretely presented component units.

The City provides a full range of municipal services including: public safety (police and fire); street construction and maintenance, refuse collection, water, power, and sewer collection utilities, libraries, parks and recreation, planning and zoning, code enforcement, public health, affordable housing, career services and job training; and general administrative and support services.

BUDGETARY CONTROLS

The City adopts a comprehensive budget detailed by department and fund prior to the beginning of each fiscal year, July 1. From the effective date of the budget, funds become appropriated to the departments and Component Units for the objects and purposes identified. At any public meeting after the adoption of the budget, the City Council may amend or supplement the budget by a motion adopted by the affirmative vote of at least five members of the City Council. The accounts of the City are maintained by line item detail or object of expenditure. The legal level of budgetary control (the level at which management may not reassign resources or over spend appropriations) is at the departmental level within each fund. Revenues are estimated annually and monitored on an ongoing basis to ensure there are adequate resources to cover expenditures.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the current environment within which the City of Pasadena operates.

The Current Economic Climate

The national and state economies have continued to experience slow growth that has existed during the past few years, requiring the City to remain diligent in monitoring its revenues and adjusting expense patterns accordingly. National Gross Domestic Product (GDP) is anticipated to grow at a rate of 2.9 percent in 2015 as compared to 2.5 percent in 2014, according to the Los Angeles Economic Development Corporation. While this growth rate is better than anticipated in prior forecasts, results from the reductions required by the federal sequestration will continue to impact local programs such as the Community Development Block Grant (CDBG).

The California economy has also continued to improve, according to the state Department of Finance. California's unemployment rates are at pre-recession levels and total private nonfarm employment has fully recovered, adding more jobs than were lost. The State's adopted FY 2014/15 budget anticipates a \$3.0 billion year-end fund balance which includes a \$1.6 billion rainy-day reserve.

Prudent actions such as paying down the State's "Wall of Debt" and building up economic reserves are positive steps to improve the State's fiscal strength in the coming years. If these plans are realized, local city and county jurisdictions could be spared additional State take-away attempts.

The local economy also continued to perform well and there are more signs of renewed economic growth, including increases in retail sales activity, more tourism and business travel activity, lower unemployment rates, and a continued upswing in the residential and commercial real estate markets.

The California Employment Development Department reported that as of March 2014 Pasadena's unemployment rate was 6.6 percent versus 7.6 percent in neighboring Glendale, 7.1 percent in Burbank, 8.7 percent in Los Angeles County, and 8.4 percent for the state of California. This is down for Pasadena from 9.5 percent at the peak of the recession.

Total assessed property valuation for Pasadena in 2014 was \$24.37 billion, up 5.4 percent from the previous year, according to the Los Angeles County Assessor's Office. The increase is part of an overall trend for both residential and commercial property in Pasadena, one of the few regions in Southern California where property values have remained strong and highly desirable even during the economic recession.

In the coming year, Pasadena anticipates the opening of several new high-end gourmet restaurants, fashion stores, and retail shops. A new Tesla car showroom opened in the Old Pasadena District this summer. Commercial investment is showing signs of improvement. There are five new hotel projects in the City, with one that recently opened, one under construction and three in the planning and entitlement phase. Demand for new residential development remains strong with approximately 1,700 new units under construction or in the planning entitlement process. The first new office project in several years is under construction in the Playhouse District while Lincoln Properties is proceeding with entitlements for an exciting new development with more than 1 million square feet of new residential and commercial space at the Parsons Engineering headquarters site adjacent to Old Pasadena.

Design, high-tech and innovation companies along with academic institutions are continuing to thrive under the new Innovate Pasadena initiative. Pasadena's innovative ecosystem is already home to more than 100 technology, design and start-up companies that are helping to change the way the people of the world live, work, connect and play together.

LONG-TERM FINANCIAL PLANNING AND NEXT YEAR'S BUDGETS AND RATES

The FY 2015 Adopted Budget was developed based on the City Council Strategic Plan goals. All Department performance measures and City activities are tied to one or more of these goals:

- Maintain fiscal responsibility and stability
- Improve, maintain, and enhance public facilities and infrastructure
- Increase conservation and sustainability
- Improve mobility and accessibility throughout the city

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- Support and promote the local economy
- Ensure public safety

The FY 2015 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2015 Adopted Budget anticipates modest increases in most revenues.

The FY 2015 Adopted Budget anticipated key City revenues including property tax, sales tax, and utility users' tax will be approximately 4 percent above the FY 2014 revised estimates. The increase in property tax revenue is partly due to the sunset of SB 481 in December 2014, representing approximately \$1 million to the City.

Transient Occupancy Taxes (TOT) charged to visitors by hotels continues to show improvement over the prior year due to increased tourism, business travel and bookings at the Pasadena Convention Center. The budget anticipates that TOT revenues will be approximately 7 percent higher than FY 2014 revised estimates. Overall General Fund revenues, however, are anticipated to only increase 2.5 percent over the prior year.

General Fund expenses are estimated to increase by 2.5 percent due to increases in pension costs, contract services and supplies, and allocated charges from internal service departments.

In order to ensure appropriate revenues from various city services are accurately accounted, a cost recovery policy is being prepared for City Council consideration during the FY 2016 budget hearing process.

The City's General Fund reported an operating surplus of \$1,331,252 for the year ended June 30, 2014, after accounting for transfers out to other funds. This is after a projected preliminary surplus of \$4.8 million and City Council action to authorize the transfer of approximately \$3.3 million to the Liability Fund and the Benefits Fund to bolster reserves and set aside funds towards unfunded liabilities.

Challenges

Although Pasadena is relatively financially healthy at this point, there remain a number of issues that are on the horizon which could quickly and significantly weaken our financial position. These challenges are discussed in more detail below.

Retirement Costs

It is anticipated that planned CalPERS increases not under the City's control could add as much as \$8 million in annual pension costs for Pasadena by FY 2017. Productive negotiations for pension reform with the various bargaining units have resulted in additional employee contributions toward retirement, which will help mitigate some of the future pension cost increases. Without these reforms, the increases would have been greater than the \$8 million increase mentioned above. To date, one hundred percent of the City's non-safety employees now contribute 8 percent towards their portion of the CalPERS retirement costs. Ninety-five percent of sworn employees will be paying 2/3 of the employee retirement contribution beginning in FY 2015 and the full 9% member contribution

beginning in FY 2016. The remaining sworn employees are expected to contribute their full 9% member contribution before the end of the fiscal year.

For FY 2015, total personnel costs are budgeted at approximately 71% of operating expenses in the General Fund. Absent our successful local pension reform and negotiated reductions in future health care increases, this figure would be significantly higher. The unfunded liability per the latest CalPERS actuarial report reflects Pasadena's unfunded liability for safety and miscellaneous members combined is approximately \$232 million. This amount does not include any contribution to the Fire and Police Retirement System (FPRS), which has an unfunded actuarial accrued liability of \$29.3 million, that would be required through the end of the system or the outstanding Other Post Employee Benefits (OPEB) unfunded liability of \$35.0 million which is discussed below.

Unfunded Liabilities - Other Post-Employment Benefits

An actuarial study of Pasadena's Other Post-Employment Benefits (OPEB) relating to retiree health benefit liability was completed in 2014, reflecting a July 1, 2013 valuation date. The report determined that Pasadena's actuarial liability was approximately \$35.8 million based on a 25-year remaining amortization period. The annual required contribution (ARC) to address this liability was determined to be approximately \$2.9 million. Pasadena is currently using a pay-as-you-go methodology and is only paying about \$580,000 per year toward this amount. Continuing the pay as you go method will significantly increase the ARC in future years. The actual amount will depend on future actuarial valuation reports. The current 5-year General Fund Five-Year Forecast had assumed additional annual payments toward the OPEB ARC beginning in FY 2016 of \$200,000 and increasing to \$1 million in FY 2019. However, this will need to be revisited based on events discussed later in this report.

Slow General Fund Revenue Growth

Excluding one-time sources, revenue growth in the General Fund has averaged only 2.5 percent during the past two years. Businesses and consumers continue to be cautious about the economy. This is reflected in the fact that while sales tax revenues are up from last year, the dollar amounts are only at FY 2005 levels.

Aging Infrastructure

Over the past 5 years, Pasadena has spent over \$290 million on infrastructure needs. This is commendable considering in the time of the worst economic downturn since the great depression. Even with these efforts, the current 5-year Capital Improvement Program (CIP) has identified nearly \$643.6 million of necessary projects without identified funding sources. The longer these projects are delayed the more expensive they become.

Litigation & Impact on Revenues

Pasadena recently settled a lawsuit challenging the Water Fund Transfer to the General Fund. Under the terms of the settlement, the City must transfer back to the Water Fund \$7.2 million over the next seven years. This will require a re-examination of the amount of contribution which could be made to the OPEB liability.

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On March 24, 2014, the City received a claim from the Howard Jarvis Taxpayers Association reportedly on behalf of water utility customers outside the City limits. The claim seeks a refund of “distribution and customer charges’ and ‘commodity rates’ paid within the 12 months preceding the City’s receipt of this claim, and any additional amounts collected thereafter. The claim alleges that the City’s charges made to these customers violates the California Constitution. The City believes the rates are legal and appropriate and will defend against any litigation that may follow. In the 12 months prior to March 24, 2014, the City collected \$1.6 million in distribution and customer charges and commodity rates from extra-territorial customers.

In litigation dealing with SB481, as much as \$49 million hangs in the balance of a pending State Court ruling that will decide how much money Pasadena is to retain from the State once California’s dissolution of local redevelopment agencies occurred. These funds are crucial to the Pension Obligation Bonds (POBs) restructuring that must occur in the first part of CY 2015.

General Fund 5-Year Financial Plan

	FY 2015 Recommended	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
	----- \$'s in thousands -----				
Beginning Amount Available for Appropriations	\$9,155	\$9,234	\$10,161	\$12,125	\$12,437
Revenues					
Tax Revenues	139,149	147,108	153,116	158,131	164,234
Other Revenues	<u>70,445</u>	<u>70,664</u>	<u>72,858</u>	<u>74,505</u>	<u>76,809</u>
Total Revenues	209,594	217,772	225,974	232,636	241,043
Expenses					
Personnel	129,733	134,706	140,644	146,904	153,370
Debt Service	13,828	15,691	15,691	15,691	15,691
Contributions to Other Funds/Misc	13,599	13,140	13,301	14,268	14,847
Other Expenses	<u>52,355</u>	<u>53,308</u>	<u>54,374</u>	<u>55,461</u>	<u>56,571</u>
Total Expenses	<u>209,515</u>	<u>216,845</u>	<u>224,010</u>	<u>232,324</u>	<u>240,479</u>
Net Income/(Loss)	79	927	1,964	312	564
Ending Amount Available for Appropriations	\$9,234	\$10,161	\$12,125	\$12,437	\$13,001

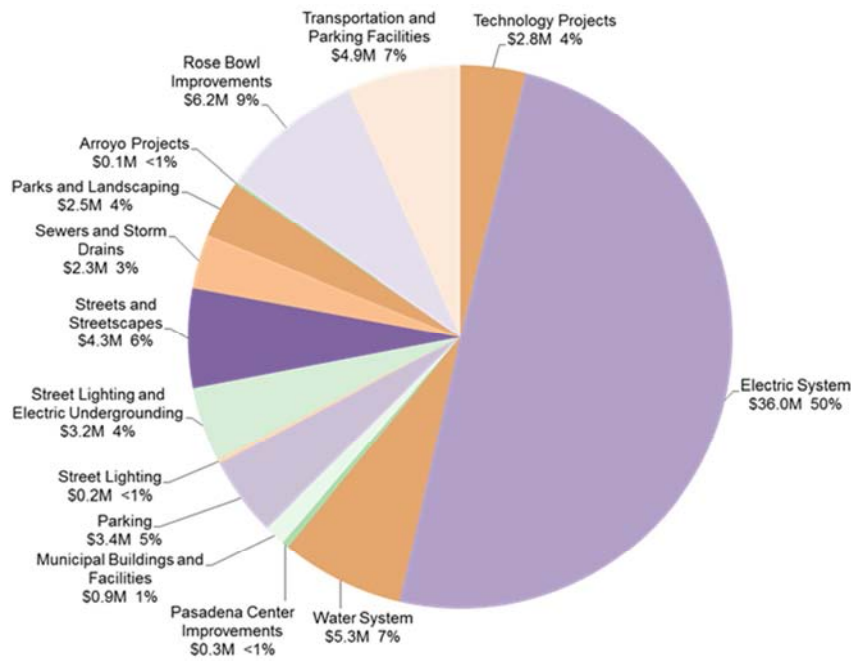
**FY 2015 CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS
 (As of June 30, 2014)**

Protecting, maintaining and replacing the City’s infrastructure such as roads, bridges, parks, public buildings, utility systems and parking facilities is one of the most important aspects of running an efficient, responsible City. Pasadena will continue with both major and minor infrastructure improvements through the City’s FY 2015 – FY 2019 CIP. The CIP is the fiscal blueprint for new

construction and major maintenance projects designed to protect and preserve Pasadena’s outstanding quality of life.

The current five-year plan includes 226 identified projects with a total estimated cost of \$901.1 million. Additionally, there are 183 identified projects totaling \$551 million in the Future Projects section, bringing the total amount of unfunded projects to \$643 million. Identifying these projects as part of the program allows staff to pursue funding opportunities when, and if, they become available. For FY 2015, the CIP includes \$72.3 million in appropriations for 79 projects, including 15 new projects. The following graphic illustration shows FY 2015 appropriations by project category.

FY 2015 CIP Appropriations by PROJECT Category



In addition to the City Council’s Strategic Plan goals previously noted, the following criteria is also used for developing and prioritizing the CIP:

- The project is needed to address a particular safety concern;
- The project is necessary because existing maintenance efforts are no longer satisfactory and repair costs exceed the replacement cost;
- An existing facility or system is no longer adequate to meet current or future demand; and
- Availability of funding.

One of the most important categories of capital improvements are projects related to the City’s water and power utilities. The City’s Water and Power Department (PWP) continues to be proactive in making infrastructure investments as identified in the Electric Distribution System Plan, the Energy

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Integrated Resources Plan, the Water Distribution System Master Plan and the Water Integrated Resources Plan.

These investments not only protect the City's valuable investment in its utility infrastructure, but also help to improve water quality, supply, and reliability for customers in addition to well production capacity. The system improvements also reduce dependency on imported purchased water and meet California's conservation requirements.

In FY 2015, the City anticipates completion of the Well Collector Pipeline project and continued work on the Recycled Water project and seismic retrofit of reservoirs. PWP also will continue to explore projects and negotiate cost-effective contracts to augment its renewable portfolio standard and manage its California Greenhouse Gas (GHG) obligation through participation in the GHG Cap and Trade program.

PWP's Repowering Project will begin in FY 2015 with construction of a 71 MW combined cycle electric power generating unit to replace a nearly 50 year-old steam-powered boiler unit.

The complete FY 2015 – FY 2019 CIP document is posted on the City's website under the Public Works Department pages at: www.cityofpasadena.net/PublicWorks

Looking to the Future

Pasadena has a rich history and a bright future. Under the City Council's leadership, Pasadena has achieved remarkable success and has overcome many of the recent financial challenges that have stymied other cities and counties across the country.

Over the past five years, the City has successfully faced these daunting challenges, and, as a result, Pasadena is looked upon as a national role model for prudent fiscal planning, local pension reform and sound, well-timed investments in infrastructure that makes it the envy of other local jurisdictions. Our policies and budget planning are now beginning to show a significant return on our efforts as Pasadena has been clearly identified and branded as a premier locale for private sector investment and development; a top travel and tourism destination and a perfect setting for cultural and artistic endeavors.

ACCOMPLISHMENTS

While it is critically important that the City maintain strong fiscal health, the City must also continue to address a wide variety of infrastructure-related issues and also take time to acknowledge the positive improvements that are continually being made. For example, some of the fiscal year 2014 accomplishments include:

- Adoption of balanced budget for a third consecutive year, consistent with the Council's goal to maintain fiscal responsibility and stability;

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- Continued significant pension reform, requiring that employees pay the full employee contribution to offset a portion of increased pension costs;
- Substantial completion of a wide range of new upgrades to Phase IV of the Rose Bowl Renovation Project, along with a new press box, involving the \$181 million renovation of the Rose Bowl Stadium. Additional improvements consistent with the original concept for the project will be pursued in calendar years 2014 and 2015;
- Continued pursuit of both major and minor public works improvements to preserve and expand the City's infrastructure, including approval of funding of the new 71 megawatt combined cycle power-generating unit at the Glenarm Power Plant facility, and construction of Water & Power infrastructure investments to improve water quality, supply, and reliability;
- Completed repairs on Gas Turbine 1 ("GT-1") which was damaged in a 2010 fire;
- Successfully issued the 2013A Electric Revenue Bonds to finance the GT5 repowering project;
- Achieved a Renewable Energy Portfolio Standard ("RPS") of 25.8 percent in calendar year 2013 and therefore reducing our dependence on fossil fuel power supply sources;
- Implemented the first year of the PUSD/City Work Plan, providing a formal framework for collaboration between City Hall and the PUSD to align resources and achieve better student outcomes;
- Achieved a 75 percent solid waste diversion rate, consistent with City Council's sustainability goals;
- Facilitated the successful launch of Innovate Pasadena—the initiative to expand Pasadena's Arts and Innovation economy, and hosted a multitude of events throughout the City to continue Pasadena's role as a regional destination for arts and entertainment;
- Completed installation of Wayfinding Signage program to facilitate economic development activity. The program generated worldwide news coverage;
- Completed Fire Station 39 seismic retrofit and full renovation, resulting in the re-opening and full operation of the station in the San Rafael neighborhood;
- Launched entitlement process for the historic Julia Morgan YWCA building, following the developer selection process;
- Implemented Phase III at Citizen Service Center with the rollout of the 311 Call Center (744-7311), handling over 60,000 calls, 80 percent within 30 seconds;

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2014

- Mayor Bogaard completed year as League of California Cities President, continuing Pasadena's tradition of providing statewide leadership;
- Celebrated the 125th Tournament of Roses Parade, 100th Rose Bowl Game, the BCS National Championship Game, the 125th anniversary of the Pasadena Fire Department, and the 130th anniversary of the Pasadena Public Library;
- Opened the first City-run Dental Clinic to meet the needs of the underserved community;
- Selected a new Enterprise Resources Planning (ERP) system to integrate financial and human resource information;
- Completed acquisition of new alternative energy fixed route transit buses and improved efficiency and customer service at the Transportation Department through a new parking management application;
- Hosted the Amgen Tour of California in May 2014.
- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pasadena for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the 15th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

- The City continues to hold a current General Obligation Bond rating of AAA from Standard & Poor which is the highest rating given by Standard and Poor's and an AA+ from Fitch Ratings.

Conclusion

This FY 2014 Comprehensive Annual Financial Report recognizes the accomplishments and values which make Pasadena unique and is a testament to the leadership of the City Council and the commitment of all City employees. Through continued partnership with the community that we serve, the City of Pasadena will continue to be a leader in effective municipal governance and maintain its high quality of life.

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2014

While acknowledging our success is important, it is vital that the City remains true to the policies, goals and values that have allowed us to maintain strong fiscal health. The City must also continue to address a wide variety of infrastructure-related projects and funding issues to protect our valued quality of life.

Another positive outcome from the past financial challenges has been for the City to reinvigorate its emphasis on organizational efficiency and to recognize the value of our most important resource: the men and women who work for the City and make Pasadena the world-class city that it is. We are, after all, a customer service organization at all levels, and, it is very important to lead by example and to help all City employees embrace the ideal that we are an organization of people serving people.

Respectfully submitted,



Michael J. Beck
City Manager



Andrew Green
Director of Finance

**CITY OF PASADENA
City Officials**

CITY COUNCIL

Mayor	Bill Bogaard
Vice-Mayor	Jacque Robinson (District 1)
Councilmember	Margaret McAustin (District 2)
Councilmember	John J. Kennedy (District 3)
Councilmember	Gene Masuda (District 4)
Councilmember	Victor Gordo (District 5)
Councilmember	Steve Madison (District 6)
Councilmember	Terry Tornek (District 7)

APPOINTED OFFICIALS

City Manager	Michael Beck
City Attorney	Michele Beal Bagneris
City Clerk	Mark Jomsky

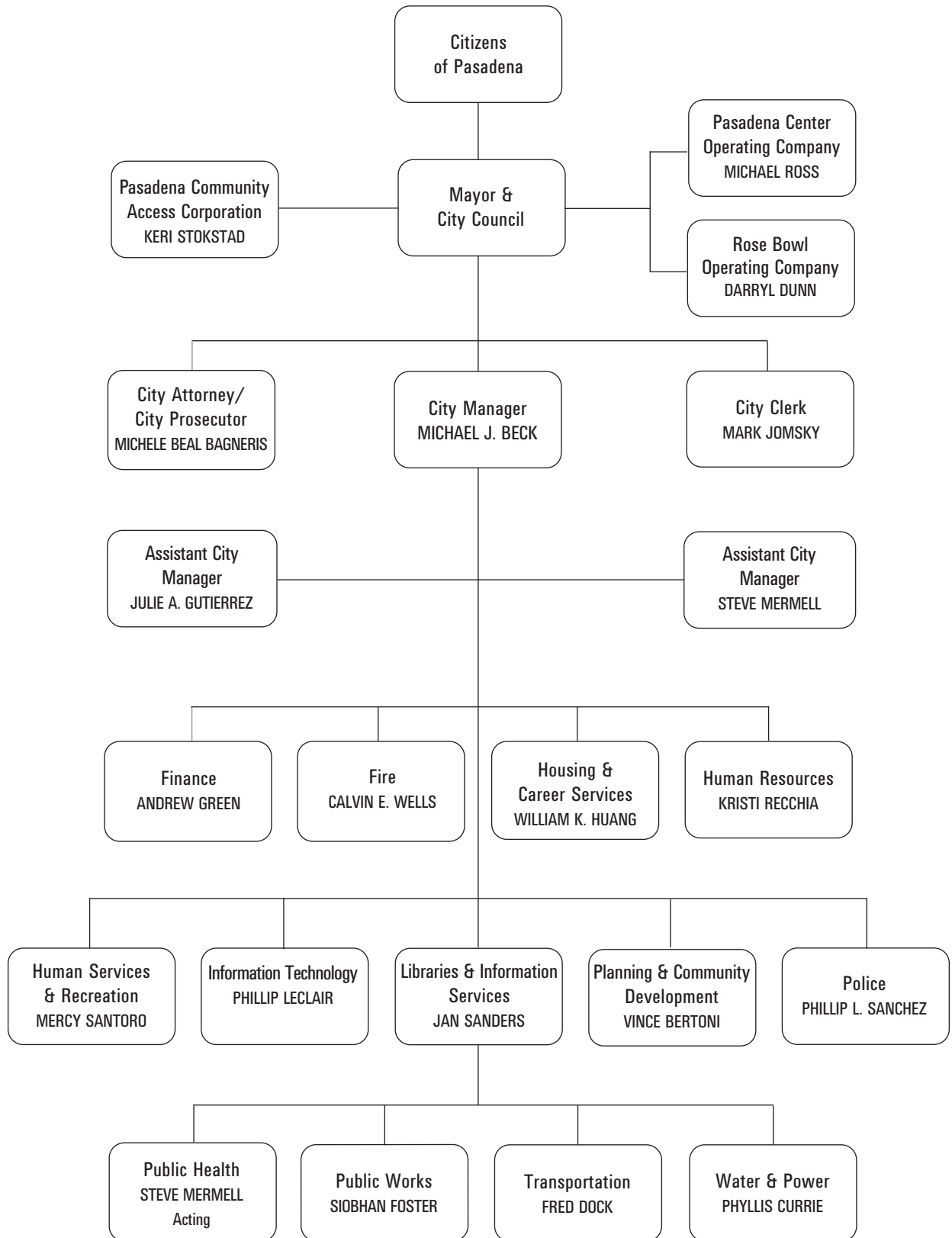
EXECUTIVE LEADERSHIP TEAM

Assistant City Manager	Julie Gutierrez
Assistant City Manager	Steve Mermell
Director of Finance	Andrew Green
Fire Chief	Calvin Wells
Director of Housing	William Huang
Director of Human Resources	Kristi Recchia
Director of Human Services and Recreation	Mercy Santoro
Director of Information Services	Jan Sanders
Chief Information Officer	Phillip Leclair
Director of Planning and Community Development	Vincent Bertoni
Chief of Police	Phillip Sanchez
Director of Public Health (Acting)	Steve Mermell
Director of Public Works	Siobhan Foster
Director of Transportation	Fred Dock
General Manager of Water and Power	Phyllis Currie
Public Information Officer	William Boyer

OPERATING COMPANY EXECUTIVES

Chief Executive Officer, Pasadena Center Operating Company	Michael Ross
General Manager, Rose Bowl Operating Company	Darryl Dunn
Executive Director, Pasadena Community Access Corporation	Keri Stokstad

CITY OF PASADENA
Organization Chart
June 30, 2014



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2014



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pasadena
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

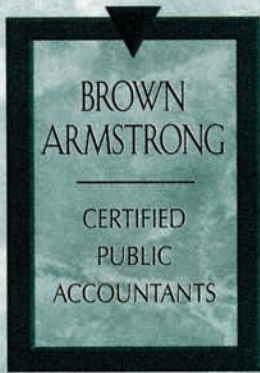
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pasadena for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

In order to be awarded a certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable City Council
City of Pasadena
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pasadena, California, (the City) as of and for the year ended June 30, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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FAX 661.746.1218

7673 N. INGRAM AVENUE

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FAX 626.204.6547

5250 CLAREMONT AVENUE

SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833



REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section; combining and individual nonmajor fund financial statements and schedules, including schedules for capital assets; and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, including schedules for capital assets, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, including schedules for capital assets, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 14, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pasadena, we offer readers of the City of Pasadena's financial statements this narrative overview and analysis of the financial activities of the City of Pasadena for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages ix-xix of this report.

FINANCIAL HIGHLIGHTS

- The primary government assets of the City of Pasadena exceeded liabilities at the close of fiscal year 2014 by \$1,166.5 million (*net position*). Of this amount, \$130.2 million (*unrestricted net position*) is for unrestricted uses in accordance with the City's charter.
- The primary government's total net position increased by \$15.8 million. This is comprised of Governmental Activities which decreased \$8.0 million and Business-Type Activities which increased net position by \$23.8 million.
- As of the close of fiscal year 2014, the City of Pasadena's governmental funds reported combined ending fund balances of \$216.7 million, a decrease of \$6.6 million or 3.0 percent in comparison with the prior year. This decrease is less than the prior year and reflects increased revenues, holding the line on spending, some reduction of Capital spending, and reduced interest paid to the City related to the dissolution of Redevelopment per AB 1X 26. Approximately 29.2 percent of the total amount or \$63.3 million is General Fund fund balance.
- The major components of the General Fund Committed fund balance are \$20.3 million for emergency contingency, \$5.0 million for Capital Projects, \$7.0 million for City/ Successor Agency Advances, \$1.6 million for an advance to the Pasadena Center Operating Company (PCOC) for the ice rink, and 1.0 million other.
- At the end of 2014, the Committed, Assigned, and Unassigned fund balances of the General Fund total to \$54.9 million or 25.7 percent of 2014 General Fund expenditures and transfers out.
- The City of Pasadena's total long term liabilities had a net increase of \$48.7 million or 8.6 percent during fiscal year 2014, mostly due to the issuance of Electric Revenue Refunding Bonds. Business-Type Activity debt increased \$56.3 million and Governmental Activity debt decreased \$7.6 million.
- On June 27, 2012, the Legislature passed and the Governor signed AB 1484, a FY 2012-13 budget trailer bill. AB 1484 makes technical and substantive amendments to ABx1 26, the bill enacted in late June 2011 that directed the dissolution and unwinding of the affairs of California's 400 redevelopment agencies. AB 1484 took immediate effect upon signature by the Governor. Subject to ABx1 26 and AB 1484, the California Department of Finance approved payments to the City under Senate Bill 481 in two Recognized Obligation Payment Schedules and has denied similar payments in subsequent Recognized Payment Obligation Schedules. The City's position is that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of AB 1484. However, the City's position on this issue is not a position of settled law, at this time. Please see notes 23 and 24 on pages 125 to 127 for further information and current status.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Pasadena that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Pasadena include general government, public safety, transportation, sanitation, health, culture and leisure, and community development. The business-type activities of the City of Pasadena include electric, water, refuse, parking, and telecommunication operations.

The City has implemented Statements issued by the Government Accounting Standards Board that resulted in changes to the financial statement format and presentation. Statement No. 63-Financial Reporting of Deferred Outflows, Deferred Inflows of Resources, and Net Position implemented last year is especially evident in changes to terminology and presentation. The term net assets has been changed globally to net position and two new categories of deferred inflows and deferred outflows appear in balance sheets. Deferred outflows of resources reflect a consumption of net assets by the government that is applicable to a future reporting period and has a positive effect on net position, similar to assets. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period and has a negative effect on net position, similar to liabilities.

The basic government-wide financial statements can be found on pages 18-21 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City of Pasadena maintains thirty six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Project Management Capital Project Fund, both of which are considered to be major funds. Data from the other thirty four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Pasadena adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided for the General Fund and Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary Funds

The City of Pasadena maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Pasadena uses enterprise funds to account for its electric, water, refuse, parking, and telecommunication operations. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City of Pasadena's various functions. The City of Pasadena uses internal service funds to account for its computing and communication, building maintenance, fleet maintenance, benefits, leasing of equipment, machinery, vehicles and the acquisition and construction of real property from the Pasadena Civic Improvement Corporation, workers' compensation, general liability, printing services, and mail services. Because each of these services predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Light and Power, Water, Old Pasadena Parking, and Paseo Colorado Parking Funds, each of which are considered to be major funds of the City of Pasadena. Conversely, each of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 26-33 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Pasadena's own programs. Last year a new category of fiduciary funds, private-purpose trust funds, are used to present information of the Successor Agency to the Pasadena Community Development Commission. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39-127 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary practices and budget to actual comparisons for the general fund and special revenue funds. Required supplementary information can be found on pages 129-131 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 134-177 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Pasadena, assets exceeded liabilities by \$1,169.7 million at the close of the most recent fiscal year.

Approximately 72.5 percent or \$848.2 million of the City of Pasadena's net position reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Pasadena uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Pasadena's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Pasadena's Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013*	2014	2013*	2014	2013*
Current and other assets	\$ 299.0	301.4	421.1	388.5	720.1	689.9
Capital assets	486.2	497.0	645.3	588.2	1,131.5	1,085.2
Total Assets	785.2	798.4	1,066.4	976.7	1,851.6	1,775.1
Deferred outflows	0.0	0.1	3.0	-	3.0	0.1
Long-term debt outstanding	304.1	311.7	313.3	256.2	617.4	567.9
Other liabilities	26.6	25.5	37.9	27.3	64.5	52.8
Total Liabilities	330.7	337.2	351.2	283.5	681.9	620.7
Deferred inflows	4.5	3.1	1.8	0.6	6.3	3.7
Net position:						
Invested in capital assets, net of debt	419.3	436.5	422.6	362.9	841.9	799.4
Nonspendable	15.2	-	-	-	15.2	-
Restricted	45.4	63.6	133.8	144.0	179.2	207.6
Unrestricted	(29.7)	(41.9)	159.9	185.7	130.2	143.8
Total Net Position	\$ 450.2	458.2	716.3	692.6	1,166.5	1,150.8

* As restated

Non-spendable assets of \$15.2 million represent assets that by their nature are not spendable. An additional portion of the City of Pasadena's net position, \$179.2 million or 15.3 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$130.2 million, or 10.9 percent is for unrestricted uses in accordance with finance-related legal requirements.

At the end of the 2014 fiscal year, the City of Pasadena is able to report positive balances in all three categories of net position for the government as a whole.

During the 2014 fiscal year, the primary government's net position increased by \$15.8 million. Approximately \$8.0 million of this is a decrease in the City's Governmental Activities and \$23.8 million of

this increase is in the City Business-Type Activities. The decrease in the Governmental activities is \$4.4 less than the prior year and reflects positive trends in revenues but offsetting reductions in Federal spending and continued loss of tax increment revenues due to the dissolution of redevelopment. The increase in Business-Type activities is the continuance of positive trends which offset a reduction of approximately \$11.6 million in miscellaneous revenues due to the one time insurance settlement of the City power generating plant fire in the prior year.

City of Pasadena's Changes in Net Position (in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013*	2014	2013*	2014	2013*
Revenues:						
Program Revenues:						
Charges for services	\$ 70.3	64.6	275.5	274.0	345.8	338.6
Operating and capital grants and contributions	52.4	45.5	2.8	1.9	55.2	47.4
General revenues:						
Taxes:						
Property taxes, levied for general purpose	44.1	42.9	-	-	44.1	42.9
Sales taxes	33.2	30.9	-	-	33.2	30.9
Utility users' tax	28.9	29.5	-	-	28.9	29.5
Other taxes	30.8	27.0	3.9	3.8	34.7	30.8
Other revenues	25.9	22.3	15.0	25.3	40.9	47.6
Total revenues	285.6	262.7	297.2	305.0	582.8	567.7
Expenses:						
General government	53.3	48.5	-	-	53.3	48.5
Public safety	104.7	105.5	-	-	104.7	105.5
Transportation	59.6	45.0	-	-	59.6	45.0
Culture and leisure	31.3	29.4	-	-	31.3	29.4
Community development	31.7	35.2	-	-	31.7	35.2
Interest and other fiscal charges	11.0	4.1	-	-	11.0	4.1
Electric	-	-	177.6	185.4	177.6	185.4
Water	-	-	51.1	46.2	51.1	46.2
Other expenses	18.3	18.0	28.4	25.9	46.7	43.9
Total expenses	309.9	285.7	257.1	257.5	567.0	543.2
Increase (decrease) in net position before transfers	(24.3)	(23.0)	40.1	47.5	15.8	24.5
Transfers	16.3	22.1	(16.3)	(20.9)	-	1.2
Extraordinary gain	-	(2.2)	-	-	-	(2.2)
Increase (decrease) in net assets	(8.0)	(3.1)	23.8	26.6	15.8	23.5
Net position at beginning of year, as restated	458.2	461.3	692.5	666.0	1,150.7	1,127.3
Net position at end of year	\$ 450.2	458.2	716.3	692.6	1,166.5	1,150.8

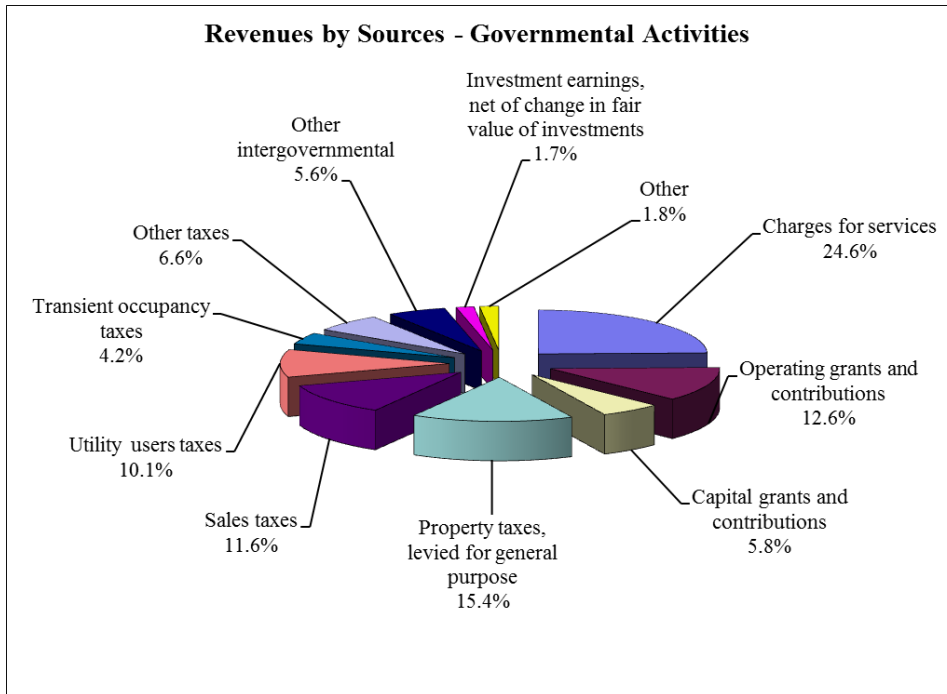
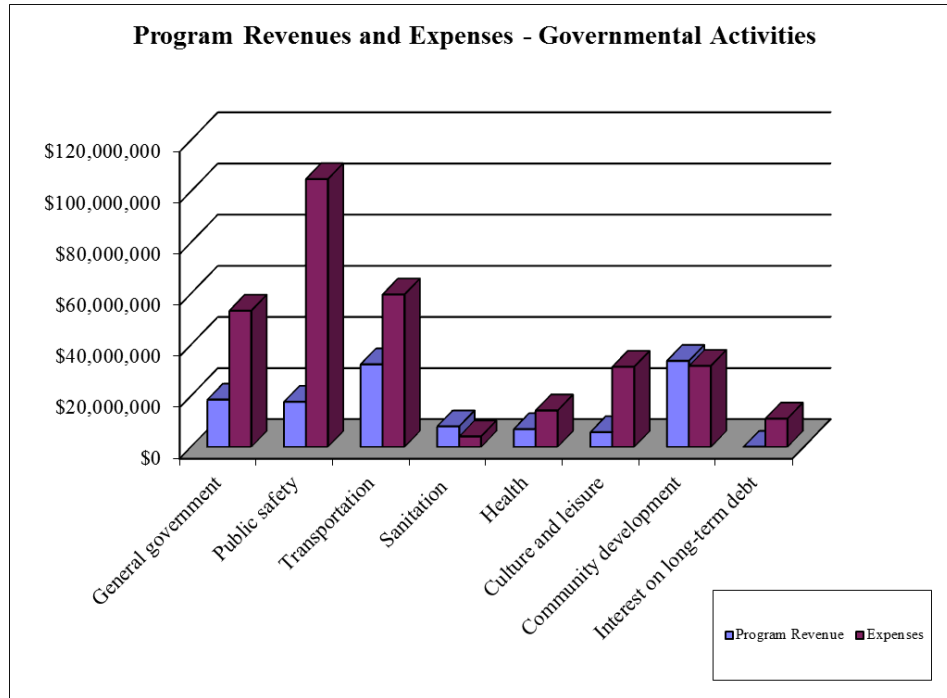
* As restated

Governmental Activities

Governmental activities decreased City of Pasadena's net position by \$8.0 million a 1.7 percent decrease in the primary government's net position. Key elements of this decrease are a combination of factors as follows:

- The largest component of this decrease is \$14.5 million relates increased spending in the Transportation category which is mostly composed of capital outlay and was supported through higher capital grant revenues.
- The second largest component of the decrease is \$7.0 million more interest in the current year due to a reduction of interest expense in the prior year related to the dissolution of Redevelopment.
- Net transfers of decreased \$5.8 million.
- General Government spending increased \$4.7 million or 9.6 percent largely due to increases in net pension obligation, internal service charges, and depreciation.
- Charges for services increased \$5.7 million or 8.8 percent, largely attributable to an improved economy and construction activity. The license and permit component of this increase were up \$4.6 million or 51.2 percent and the charges for services component increased \$1.4 million or 3.4 percent.
- Capital Grants and Contributions increased \$9.4 million or 131.9 percent, and Operating Grants and Contributions decreased \$2.4 million or 6.3 percent. The City continues to seek out grant opportunities. The largest increases of the Capital Grants and Contributions were increases over prior years from Federal Highway Administration for \$1.4 million, Federal Surface Transportation for \$1.1 million, Highway User Tax for \$.9 million, Los Angeles County MTA for \$.6 million, and numerous other grants and street related revenues.
- Tax revenue increased by \$6.6 million or 5.1 percent from fiscal year 2013 in the Governmental Activities reporting section. Property tax revenue of the City increased \$1.1 million or 2.6 percent. The largest increase in tax revenue was sales tax of \$2.3 million or 7.5 percent. Construction taxes increased \$1.6 million or 78.1 percent reflecting a number of development projects. Transient occupancy taxes increased \$.9 million or 8.4 percent reflecting the improved economy. Utility User tax declined \$.6 million or 2.2 percent due to reduced consumption.
- Investment earnings increased 80.3 percent from \$2.7 million to \$4.8 million, largely due to a onetime payment of \$1.8 million in interest from the Old Pasadena Parking Fund, but also from investment gains.
- Total expenses increased \$24.1 million to \$309.9 million from \$285.8 million in fiscal year 2013 with increases in some categories offset by decreases in others. The largest increase occurred in Transportation related spending of \$14.6 million and was largely capital outlay associated with increased grant revenues for street and transportation related projects. Interest and other fiscal charges increased by \$7.0 million as the prior year was reduced for adjustment related to the dissolution of redevelopment. General government expenses increased by \$4.7 million or 9.6 percent primarily due to increases in net pension obligation, internal service charges and accumulated depreciation. Culture and leisure expenses increased by \$1.7 million or 5.7 percent.

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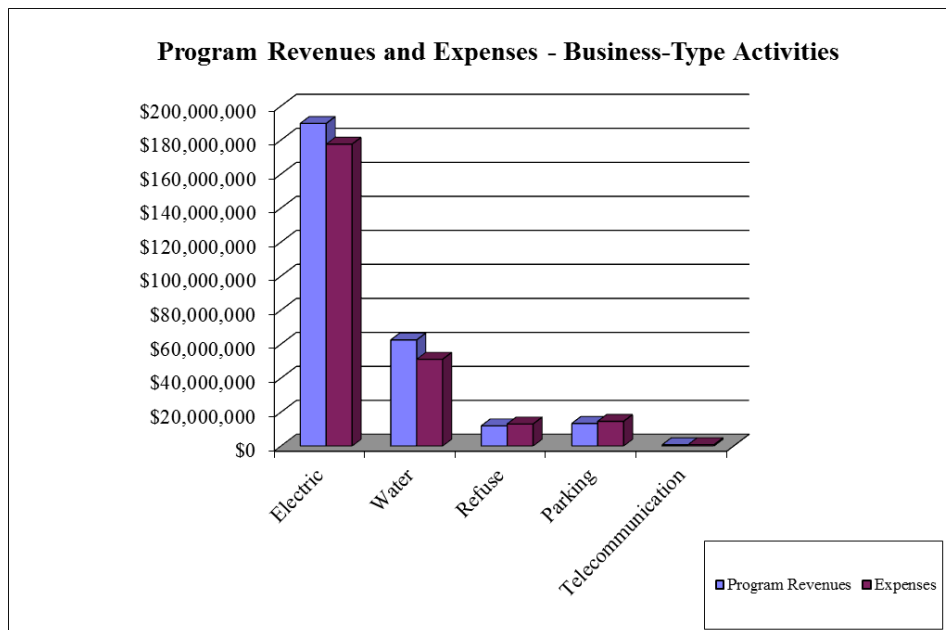


Business-Type Activities

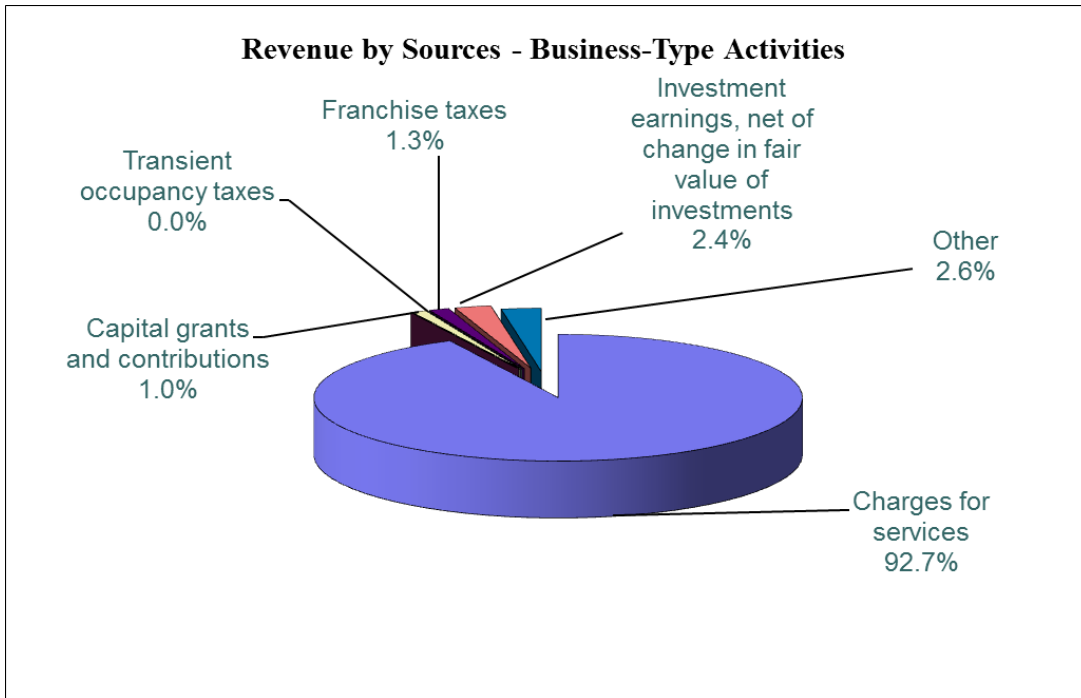
Business-type activities increased the City of Pasadena’s net position by \$23.8 million. The net position of business-type activities increased by \$28.5 million from the prior year. Key elements of this year’s increase are as follows:

- Net income (loss) of the Light and Power, Water, Off Street Parking, and Non-Major Enterprise Funds were \$9.4 million, \$12.0 million, (\$.5) million, \$2.9 million respectively.

- Electric charges for services decreased \$1.9 million or 1.0 percent from the prior year primarily due to reduced usage.
- Electric expenses decreased \$7.8 million or 4.2 percent from \$185.4 million to \$177.6 million due to lower operating and transmission costs.
- Water charges for services increased \$2.7 million or 4.6 percent over the prior year mainly due to increases in metered water sales of 3.7 percent and Purchased Water Adjustment Charge (PWAC) of 46.8 percent or \$1.3 million.
- Water expenses increased \$4.8 million or 10.4 percent from \$46.3 million to \$51.1 million mostly due to increased water costs.
- Refuse expenses decreased \$.2 million and refuse revenues were also down by \$.1 million.
- Investment earnings increased \$2.4 million or 50.4 percent over the prior year due to higher cash balances and investment gains.



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FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Pasadena uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Pasadena's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Pasadena financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds report the difference between their assets and liabilities as *fund balance*, which is divided into *nonspendable*, *restricted*, *committed*, *assigned*, and *unassigned* portions. City Council may commit a portion of the *fund balance* by formal action as was done in 2014 when City Council *committed* 10 percent of the General Fund annual appropriations per the adopted City Budget for fiscal years 2014. For fiscal year 2014 this amounted to \$20.3 million.

At the end of the 2014 fiscal year, the City's governmental funds reported combined ending fund balances of \$216.7 million, a decrease of \$6.6 million in comparison with the prior year, as restated. The non-spendable fund balance of \$40.0 million represents assets generated by prepayments, permanent trust fund balances and receivables in funds, net of allowances. The restricted fund balance of \$57.3 million represents resources that are subject to externally enforceable legal restrictions, such as the restrictions on the use of Special Revenue funding and Capital Improvement contracts. The committed fund balance of \$107.3 million represents resources whose use is constrained by limitations that the City imposes upon itself through decisions made by City Council. The assigned fund balance of \$5.0 million describes the portion of fund balance that reflects the City's intended use of resources. The unassigned fund balance of \$7.0 million represents the excess of non-spendable, restricted, committed, and assigned in excess of total fund balance.

The General Fund is the chief operating fund of the City of Pasadena. At the end of the 2014 fiscal year, total fund balance equaled \$63.3 million in comparison to \$61.9 million in the prior year. The fund balance of the City of

Pasadena's General Fund increased by \$1.3 million or 2.1 percent, during 2014 fiscal year. Key factors in this increase are as follows:

- Total expenditures increased \$9.4 million or 5.5 percent. Four of five of the components increased as follows: \$3.6 million in General Government, \$2.2 million in Culture and leisure, \$2.0 million in Transportation, \$1.7 million in Public safety. Community development decreased \$.1 million. General Government increase is partially due to increases in contributions to FPRS of \$1.2 million, \$.9 million in contract services and approximately \$.9 million in expenditures for billable projects which include the Bowl Championship Series game held in January 2014. Culture and leisure increase is due to expenditures by PCOC requiring the transfer of \$1.7 million in Transient Occupancy Tax to the component unit. Public Works personnel and services and supplies increased the Transportation expenditures by \$1.8 million. Public Safety personnel costs increased by approximately \$.9 million due to police officers receiving a 2 percent salary increase in September 2013 and the hiring of 12 new firefighters in January 2014.
- Investment earnings decreased \$6.6 million due to no accrual of interest recorded on advances to Successor Agency. The Department of Finance of the State of California (DOF) notified the City and its former redevelopment agency's Successor Agency that Senate Bill 481 Pension Payment Obligations and Senate Bill 481 Affordable Housing Set Aside Obligations was eliminated from Recognized Obligation Payment Schedule III as it was determined by DOF not to be an enforceable obligation under the redevelopment dissolution act.
- Taxes increased by a net \$6.5 million showing continued strengthening of economic recovery. Sales tax revenue led the increase, up \$2.2 million, followed by an increase in construction tax of \$1.6 million, \$1.0 million in property tax and \$.9 million in transient occupancy tax. Utility users tax revenue decrease by approximately \$.6 million.
- Licenses and permits increased \$1.1 million or 35 percent from the prior year due to construction within the City.
- Fines and forfeitures decreased \$0.7 million due to parking citation collections.
- General Fund Transfers out decreased \$9.0 million and Transfers in decreased \$1.6 million for a combined net change in other financing use of \$7.4 million. The \$9.0 million decrease of transfers out is due to no transfer made to the Pension Bond Fund. In the prior year, the pension bond transfer was approximately \$8.7 million.

The Project Management Capital Project Fund has a deficit fund balance of \$0.8 million, which is a decrease of \$2.3 million over the prior year. The key factors contributing to this decrease are as follows:

- A net increase of \$4.8 million in total revenues reflects a \$3.6 million or 130 percent increase in Intergovernmental revenues and \$1.2 million or 248 percent increase in Contributions. Intergovernmental revenues are primarily Federal transportation grants.
- Total expenditures decreased \$1.4 million primarily due to decreased expenditures incurred on Transportation projects by \$3.6 million and increased Parks and Landscaping projects by \$1.9 million.
- Other financing sources decreased by \$7.7 million or 37.5 percent from \$20.6 million in 2013 to \$12.9 million in 2014. Other financing sources are transfers from various funds to fund the project-to-date capital project expenditures.

Proprietary Funds

The City of Pasadena's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Light and Power Fund at the end of the year amounted to \$113.7 million and those for the Water, Off Street Parking Fund, and Non-Major Enterprise Funds amounted to \$36.8 million, \$5.2 million, and \$4.3 million respectively. The total net income or (loss) for each fund was \$9.4 million, \$12.0 million, (\$.5) million, and \$2.9 million respectively.

Light and Power operating revenues decreased \$1.9 million from prior year. Total retail electric energy sold was approximately 1.11 million megawatt hours, a 1.1 percent decrease compared to prior fiscal year. Wholesale energy sales decreased \$2.5 million and miscellaneous revenues decreased \$10.2 million, primarily due to an insurance settlement in the prior year for a fire on gas turbines. Total operating expenses decreased \$3.7 million or 2.1 percent to \$173.9 million and are attributable to decreased utility production costs.

Water Fund operating revenues increased \$2.7 million due to passed on increased costs water under the “Purchased Water Adjustment Charge. Operating expenses increased \$4.8 million or 11.2 percent. Water Fund purchased water expenses increased \$4.6 million. Other operating expenses, including source of supply, water treatment, pumping maintenance and transmission, and distribution expenses increased \$0.2 million due to higher personnel costs.

In fiscal year 2014 several parking funds were combined into one fund named Off Street Parking Fund. These funds were the Old Pasadena, Del Mar, Paseo, Plaza Las Fuentes, Holly Street, Playhouse and Union/El Molino parking funds. The Off Street Parking Fund had a net loss of \$0.5 million in FY 2014. This loss reflected a one increase in interest expense of \$1.9 million. This increase in interest expense of \$1.9 million as well as losses at some of the parking locations mentioned previously contributed to net loss.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Pasadena’s investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$1,131.5 million, net of accumulated depreciation. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The net increase in the City of Pasadena’s investment in capital assets for the current fiscal year was 4.9 percent (a 1 percent decrease for governmental activities and a 9.8 percent increase for business-type activities).

Major capital asset related events during the 2014 fiscal year included the following:

- A variety of street maintenance and construction, electrical system undergrounding, traffic control and parks and landscape projects continue City-wide. Some of the major projects in these categories this fiscal year include: Preventative Maintenance-Asphalt Streets, Improvement of Alley and Concrete Streets, replace and construct restroom buildings for various parks such as Jefferson, McDonald, Allendale, Victory, Grant, Villa, Singer, Eaton-blanche, Memorial and Hamilton, Arroyo project – Hahamongna park improvement, citywide sports fields improvement, purchasing of 7 ART shuttle buses. Infrastructure spending on these projects during the 2014 fiscal year reached \$16.7 million. Construction in Progress for the governmental activities as of June 30, 2014 was \$32.1 million.
- In the area of technology upgrade project, the City spent \$1.3 million towards the three year implementation of the integrated ERP (Enterprise Reporting Planning) system.
- Improvement of city-owned facilities continues. \$1.4 million was spent for retrofit and rehab Fire Station #39 and \$0.3 million for other City building and facility preventive maintenance.
- As of June 30, 2014, total Water and Power utility plant fixed assets amounted to \$593.9 million, net of accumulated depreciation, an increase of 11.0 percent or \$58.0 million.
- During the fiscal year, the City spent \$105.8 million on various water and power projects and capitalized \$23.9 million for projects completed. Some of the major power projects are related to the local generation

repowering project for \$29 million, GT-1 for \$3.6 million, installation of new underground conduits and vaults for Hill avenue underground utility district for \$2.6 million and various power supply, power distribution line operation and sub-station maintenance service for \$27 million.

- The local generation repowering project also known as Glenarm Power Plant Repowering project is for the installation of a new gas-fired combined cycle plant. Total estimated cost for this project is \$137 million and expenditures during fiscal year 2014 were \$29 million. This project is expected to be completed in FY2016.
- Some of the major Water projects are Eastside collector water main (\$5.9 million), engineering study of alternatives for disinfection facility of Sunset Perchlorate Treatment Plant (\$2.2 million), construction of Eastside well collector Jones reservoir chlorination facility (\$2.1 million), Integrated regional Wastewater Management for Arroyo Canyon project (\$1 million) and installation of water main in Raymond Avenue (\$0.9 million).

City of Pasadena's Capital Assets (in millions)
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 62.2	58.3	6.3	6.3	68.5	64.6
Buildings and improvements	165.4	172.1	83.9	87.2	249.3	259.3
Machinery and equipment	29.8	29.0	361.6	359.7	391.4	388.7
Infrastructure	196.7	210.5	-	-	196.7	210.5
Construction in progress	32.1	27.1	193.5	135.0	225.6	162.1
Totals	<u>\$ 486.2</u>	<u>497.0</u>	<u>645.3</u>	<u>588.2</u>	<u>1,131.5</u>	<u>1,085.2</u>

Additional information on the City of Pasadena's capital assets can be found in note 7 on pages 72-73 of this report.

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These include \$123.9 million of taxable pension bonds, \$308.1 million of revenue bonds, \$84.7 million of certificates of participation, \$1.5 million of notes payable and \$7.6 million of capitalized lease obligations. Long-term debt increased by a net amount of \$48.7 million as a result of new debt issuance, normal scheduled principal maturities, increased compensated absences, increased Other Post-Employment Benefits (OPEB), increased insurance claims payable, and increased net pension obligation. The City was assigned an AAA GO rating by Standard and Poor's and AA+ rating by Fitch Rating Agency.

The new issues are:

- 2013 Electric Revenue Bonds, \$80,485,000
- 2014 Equipment Lease-Civic Center Parking Meter \$350,708

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City of Pasadena's Outstanding Long-Term Liabilities (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Long-term debt:						
Notes payable	\$ 0.6	0.9	1.0	1.1	1.6	2.0
Bonds	130.1	140.6	304.2	239.7	434.3	380.3
Certificates of participation	76.6	85.8	8.1	9.8	84.7	95.6
Capitalized lease obligations	7.5	8.5	-	0.1	7.5	8.6
Unamortized premium (discount)	0.7	(0.9)	(3.0)	3.3	(2.3)	2.4
Total long-term debt	215.5	234.9	310.3	254.0	525.8	488.9
Operational Liabilities:						
Derivative instrument	0.7	0.5	-	-	0.7	0.5
Compensated absences	10.3	10.0	-	-	10.3	10.0
OPEB	17.0	14.9	-	-	17.0	14.9
Insurance Claims Payable	39.4	35.6	-	-	39.4	35.6
Net pension obligation	21.2	15.8	-	-	21.2	15.8
Total operational liabilities	88.6	76.8	-	-	88.6	76.8
Totals	\$ 304.1	311.7	310.3	254.0	614.4	565.7

Additional information on the City of Pasadena’s long-term debt can be found in note 9 on pages 75 to 85 of this report. Information on Insurance Claims Payable can be found in note 16 on pages 105 to 107 and Other Post-Employment Benefits can be found in note 21 on pages 118 to 123.

The City reports five items of significant economic importance in its subsequent event note 24 on pages 126 to 127. Also note 23 on pages 125 to 126 describes another item of significance related to the dissolution of Redevelopment in California and the legal uncertainty as relates to the City.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Pasadena’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Director of Finance, 100 North Garfield Avenue, Room S310, Pasadena, California, 91109.

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CITY OF PASADENA
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and investments (note 2)	\$ 183,296,523	143,826,641	327,123,164
Accounts receivable, net (note 3)	29,688,709	32,548,021	62,236,730
Notes receivable (note 4)	64,279,416	47,752,500	112,031,916
Inventories	217,752	20,308,714	20,526,466
Prepays and other assets	649,024	20,605,190	21,254,214
Advances to other funds (note 6)	44,929,450	(1,465,681)	43,463,769
Advances to component units (note 6)	1,618,824	-	1,618,824
Due from City	-	-	-
Allowance for uncollectible long-term receivables (notes 4 and 6)	(41,184,217)	-	(41,184,217)
Restricted assets - cash and investments (note 2)	25,000	157,492,738	157,517,738
Derivative instrument asset	-	-	-
Property held for resale	15,471,300	-	15,471,300
Capital assets (note 7):			
Land	62,242,677	6,315,288	68,557,965
Construction in progress	32,124,650	193,460,203	225,584,853
Other capital assets, net	391,877,707	445,550,370	837,428,077
Total assets	<u>785,236,815</u>	<u>1,066,393,984</u>	<u>1,851,630,799</u>
Deferred outflow of resources			
Accumulated decrease in fair value of hedging derivatives (note 10)	39,964	-	39,964
Deferred refunding charges	-	3,040,335	3,040,335
Total deferred outflow of resources	<u>39,964</u>	<u>3,040,335</u>	<u>3,080,299</u>
Accounts payable and accrued liabilities	20,803,865	33,145,798	53,949,663
Deposits	2,390,032	4,726,469	7,116,501
Interest payable	2,119,150	-	2,119,150
Due to primary government	-	-	-
Due to other governments	1,280,177	-	1,280,177
Advances from primary government (note 6)	-	-	-
Derivative instrument liability (note 10)	-	-	-
Noncurrent liabilities (note 9):			
Due within one year	98,310,743	14,728,182	113,038,925
Due in more than one year	205,748,434	298,637,782	504,386,216
Total liabilities	<u>330,652,401</u>	<u>351,238,231</u>	<u>681,890,632</u>
Deferred inflow of resources			
Deferred refunding charge (note 10)	675,217	-	675,217
Deferred inflow of resources (note 8)	3,780,806	1,846,830	5,627,636
Sale of future revenue	-	-	-
Service concession agreement (note 10)	-	-	-
Total deferred inflow of resources	<u>4,456,023</u>	<u>1,846,830</u>	<u>6,302,853</u>
Net Position			
Net Investment in capital assets	419,327,957	422,610,458	841,938,415
Nonspendable	15,155,238	-	15,155,238
Restricted:			
Expendable:			
Public safety	1,692,594	-	1,692,594
Culture and leisure	1,416,537	-	1,416,537
Capital projects	-	-	-
Community development	4,221,349	-	4,221,349
Contribution	-	17,519,018	17,519,018
Debt service	24,754,798	-	24,754,798
Stranded investments (notes 12 and 19)	-	114,594,677	114,594,677
Transportation	11,440,978	-	11,440,978
Other purposes	450,516	1,676,858	2,127,374
Nonexpendable	1,459,638	-	1,459,638
Unrestricted	<u>(29,751,250)</u>	<u>159,948,247</u>	<u>130,196,997</u>
Total net position	<u>450,168,355</u>	<u>716,349,258</u>	<u>1,166,517,613</u>

See accompanying notes to the basic financial statements.

Component Units	Totals	
	2014	2013
23,475,398	350,598,562	357,673,853
3,307,125	65,543,855	64,138,841
-	112,031,916	107,833,001
-	20,526,466	20,201,223
670,988	21,925,202	35,909,800
-	43,463,769	45,103,769
-	1,618,824	1,841,417
1,103,846	1,103,846	-
-	(41,184,217)	(30,314,725)
34,678,572	192,196,310	147,096,984
159,857	159,857	2,319,838
-	15,471,300	19,185,691
2,423,473	70,981,438	67,012,273
44,439,277	270,024,130	305,486,916
294,142,682	1,131,570,759	1,033,715,425
404,401,218	2,256,032,017	2,177,204,306
20,327,031	20,366,995	19,274,254
1,865,021	4,905,356	-
22,192,052	25,272,351	19,274,254
5,352,630	59,302,293	48,514,508
1,551,911	8,668,412	7,890,143
3,813,758	5,932,908	6,187,292
1,475,972	1,475,972	1,015,048
-	1,280,177	560,771
256,701	256,701	4,551,778
20,327,031	20,327,031	18,899,923
4,691,507	117,730,432	60,196,199
377,521,959	881,908,175	892,686,052
414,991,469	1,096,882,101	1,040,501,714
7,393,778	8,068,995	8,907,572
2,700,869	8,328,505	2,902,098
5,094,026	5,094,026	-
466,636	466,636	566,629
15,655,309	21,958,162	12,376,299
15,331,119	857,269,534	795,121,350
-	15,155,238	-
-	1,692,594	-
-	1,416,537	1,665,116
35,534,775	35,534,775	53,938,214
-	4,221,349	19,550,203
-	17,519,018	17,946,812
-	24,754,798	31,126,374
-	114,594,677	124,951,046
-	11,440,978	8,854,505
-	2,127,374	1,118,482
-	1,459,638	2,436,075
(54,919,402)	75,277,595	86,892,370
(4,053,508)	1,162,464,105	1,143,600,547

CITY OF PASADENA
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 53,259,733	17,871,660	196,587	420,785
Public safety	104,708,187	13,050,133	4,569,880	-
Transportation	59,581,434	14,252,507	7,398,178	10,626,442
Sanitation	4,106,041	8,009,887	-	-
Health	14,239,351	796,961	6,158,676	-
Culture and leisure	31,320,975	3,381,650	2,366,684	-
Community development	31,669,078	12,934,719	15,257,633	5,456,805
Interest and other fiscal charges	11,047,376	-	-	-
Total governmental activities	<u>309,932,175</u>	<u>70,297,517</u>	<u>35,947,638</u>	<u>16,504,032</u>
Business-type activities:				
Electric	177,590,067	188,174,241	-	1,591,423
Water	51,054,455	61,232,626	-	1,236,154
Refuse	13,022,471	11,925,263	-	-
Parking	14,556,153	13,334,110	-	-
Telecommunication	848,433	815,575	-	-
Total business-type activities	<u>257,071,579</u>	<u>275,481,815</u>	<u>-</u>	<u>2,827,577</u>
Total primary government	<u>\$ 567,003,754</u>	<u>345,779,332</u>	<u>35,947,638</u>	<u>19,331,609</u>
Component units	<u>\$ 57,491,162</u>	<u>34,656,595</u>	<u>-</u>	<u>(245,027)</u>

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Sales taxes
- Utility users' taxes
- Transient occupancy taxes
- Construction taxes
- Business license taxes
- Franchise taxes
- Other taxes

Other intergovernmental, unrestricted

Investment earnings

Gain on sale of assets

Miscellaneous revenues

Transfers

Total general revenues and transfers

Extraordinary gain/(loss)

Change in net position

Net position - beginning of year, as restated (note 22)

Net position - end of year

See accompanying notes to the basic financial statements.

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government					
Governmental Activities	Business-type Activities	Total Primary Government	Component Units	Totals	
				2014	2013
(34,770,701)	-	(34,770,701)	-	(34,770,701)	(35,587,040)
(87,088,174)	-	(87,088,174)	-	(87,088,174)	(88,166,684)
(27,304,307)	-	(27,304,307)	-	(27,304,307)	(19,597,031)
3,903,846	-	3,903,846	-	3,903,846	3,339,133
(7,283,714)	-	(7,283,714)	-	(7,283,714)	(5,910,308)
(25,572,641)	-	(25,572,641)	-	(25,572,641)	(25,492,218)
1,980,079	-	1,980,079	-	1,980,079	(6,283,780)
(11,047,376)	-	(11,047,376)	-	(11,047,376)	(4,084,492)
(187,182,988)	-	(187,182,988)	-	(187,182,988)	(181,782,420)
-	12,175,597	12,175,597	-	12,175,597	8,191,086
-	11,414,325	11,414,325	-	11,414,325	12,662,499
-	(1,097,208)	(1,097,208)	-	(1,097,208)	(1,128,361)
-	(1,222,043)	(1,222,043)	-	(1,222,043)	554,785
-	(32,858)	(32,858)	-	(32,858)	(246,768)
-	21,237,813	21,237,813	-	21,237,813	20,033,241
(187,182,988)	21,237,813	(165,945,175)	-	(165,945,175)	(161,749,179)
-	-	-	(23,079,594)	(23,079,594)	(24,270,383)
44,065,938	-	44,065,938	-	44,065,938	42,955,491
33,198,266	-	33,198,266	-	33,198,266	30,870,262
28,893,275	-	28,893,275	-	28,893,275	29,530,244
12,043,437	-	12,043,437	7,993,593	20,037,030	17,376,811
3,681,913	-	3,681,913	-	3,681,913	2,066,459
5,632,528	-	5,632,528	-	5,632,528	5,230,009
2,361,294	3,906,957	6,268,251	-	6,268,251	5,888,701
7,087,951	-	7,087,951	2,856,556	9,944,507	9,158,605
15,923,795	-	15,923,795	189,686	16,113,481	15,325,622
4,833,110	7,135,630	11,968,740	3,182,520	15,151,260	6,118,131
1,152,577	(1,161,005)	(8,428)	-	(8,428)	332,098
4,004,346	8,976,729	12,981,075	10,837,698	23,818,773	28,465,878
16,304,989	(16,304,989)	-	-	-	1,109,034
179,183,419	2,553,322	181,736,741	25,060,053	206,796,794	194,427,345
-	-	-	-	-	(2,196,629)
(7,999,569)	23,791,135	15,791,566	1,980,459	17,772,025	6,211,154
458,167,924	692,558,123	1,150,726,047	(6,033,967)	1,144,692,080	1,137,389,393
\$ 450,168,355	716,349,258	1,166,517,613	(4,053,508)	1,162,464,105	1,143,600,547

CITY OF PASADENA
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Project Management Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>	
				<u>2014</u>	<u>2013</u>
Assets:					
Cash and investments (note 2)	\$ 38,804,030	361,176	125,551,359	164,716,565	165,749,283
Accounts receivable, net (note 3)	14,500,506	3,939,022	10,855,829	29,295,357	27,582,221
Notes receivable (note 4)	51,508	-	64,227,908	64,279,416	55,090,917
Due from other funds (note 5)	5,042,986	-	-	5,042,986	4,214,228
Prepays and other assets	184,923	-	4,638	189,561	4,638
Restricted cash and investments	25,000	-	-	25,000	25,000
Advances to other funds (note 6)	45,919,450	-	-	45,919,450	45,919,450
Advances to component units (note 6)	1,618,824	-	-	1,618,824	1,841,417
Allowance for uncollectible long-term receivables (note 3 and 6)	-	-	(41,184,217)	(41,184,217)	(30,314,725)
Property held for resale	8,300,000	-	7,171,300	15,471,300	15,471,300
Total assets	<u>114,447,227</u>	<u>4,300,198</u>	<u>166,626,817</u>	<u>285,374,242</u>	<u>285,583,729</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	8,754,174	2,060,234	4,013,338	14,827,746	12,748,224
Deposits	1,756,560	-	633,472	2,390,032	2,643,732
Due to other funds (note 5)	-	-	3,277,110	3,277,110	2,774,077
Due to other governments	709,314	-	570,863	1,280,177	560,771
Advances from other funds (note 6)	990,000	-	-	990,000	1,100,000
Total liabilities	<u>12,210,048</u>	<u>2,060,234</u>	<u>8,494,783</u>	<u>22,765,065</u>	<u>19,826,804</u>
Deferred inflow of resources (note 8)	<u>38,959,667</u>	<u>3,055,740</u>	<u>3,843,922</u>	<u>45,859,329</u>	<u>42,414,499</u>
Fund balances:					
Nonspendable	8,351,508	-	31,674,629	40,026,137	41,707,130
Restricted	-	5,079,590	52,220,614	57,300,204	69,676,121
Committed	34,868,425	1,001,399	71,477,962	107,347,786	100,009,555
Assigned	5,042,986	-	-	5,042,986	4,249,148
Unassigned	15,014,593	(6,896,765)	(1,085,093)	7,032,735	7,700,472
Total fund balances	<u>63,277,512</u>	<u>(815,776)</u>	<u>154,288,112</u>	<u>216,749,848</u>	<u>223,342,426</u>
Total liabilities and fund balances	<u>\$ 114,447,227</u>	<u>4,300,198</u>	<u>166,626,817</u>	<u>285,374,242</u>	<u>285,583,729</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Fund balances of governmental funds \$ 216,749,848

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 467,558,143

Long-term debt has not been included in governmental fund activity.

Notes payable	\$	(561,673)	
Pension bonds		(123,890,000)	
Revenue bonds		(6,180,000)	
Certificates of participation		(76,589,936)	
Capitalized lease obligations		(4,764,133)	
Other post employment benefits liability		(16,970,000)	
Net pension obligation		(21,237,000)	
Derivative instrument deferred borrowing		(675,217)	
Unamortized premium (discount)		<u>(717,253)</u>	
Net adjustment			(251,585,212)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (2,119,150)

Deferred revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.

Revenues not available			
General Fund	\$	38,782,905	
Non-Major Governmental Funds		<u>3,295,618</u>	
Total revenues not available			42,078,523

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The following related items have been reflected in the Statement of Net Position.

Fair value of interest rate swap	\$	39,964	
Deferred amount related to the hedgeable portion of the derivative instrument		<u>(675,217)</u>	
			(635,253)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The Net Position and Liabilities of the Internal Service Funds must be added to the Statement of Net Position

			<u>(21,878,544)</u>
Net position of governmental activities	\$		<u><u>450,168,355</u></u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Project Management Capital Projects	Non-Major Governmental Funds	Totals	
				2014	2013
Revenues:					
Taxes	\$ 128,501,059	-	8,463,543	136,964,602	130,356,274
Licenses and permits	4,107,361	-	9,567,955	13,675,316	9,196,334
Intergovernmental revenues	15,248,230	6,414,963	39,841,784	61,504,977	58,987,877
Charges for services	32,642,104	65,521	10,708,686	43,416,311	42,005,516
Fines and forfeits	6,768,360	-	-	6,768,360	7,452,899
Investment earnings	3,301,390	-	1,953,820	5,255,210	11,040,785
Rental income	1,384,077	-	2,680,332	4,064,409	4,355,345
Miscellaneous revenues	2,721,496	21	3,359,003	6,080,520	6,172,030
Contributions	-	1,731,569	6,075,644	7,807,213	1,533,696
Total revenues	<u>194,674,077</u>	<u>8,212,074</u>	<u>82,650,767</u>	<u>285,536,918</u>	<u>271,100,756</u>
Expenditures:					
Current:					
General government	34,581,118	-	32,214	34,613,332	30,977,194
Public safety	97,690,524	-	2,179,986	99,870,510	99,679,933
Transportation	24,783,817	-	12,128,103	36,911,920	34,419,382
Sanitation	-	-	4,106,041	4,106,041	3,743,615
Health	-	-	13,550,586	13,550,586	13,479,818
Culture and leisure	16,675,755	-	13,363,216	30,038,971	28,240,251
Community development	6,686,614	-	22,892,753	29,579,367	32,447,554
Capital outlay	-	23,442,683	128,774	23,571,457	24,907,090
Debt service:					
Principal retirement	-	-	20,807,505	20,807,505	20,414,902
Interest	-	-	9,797,067	9,797,067	10,782,846
Total expenditures	<u>180,417,828</u>	<u>23,442,683</u>	<u>98,986,245</u>	<u>302,846,756</u>	<u>299,092,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,256,249</u>	<u>(15,230,609)</u>	<u>(16,335,478)</u>	<u>(17,309,838)</u>	<u>(27,991,829)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	350,708	350,708	840,829
Transfers in (note 15)	20,195,112	13,228,928	27,661,003	61,085,043	84,444,220
Transfers out (note 15)	(33,120,109)	(319,077)	(17,279,305)	(50,718,491)	(65,045,377)
Total other financing sources (uses)	<u>(12,924,997)</u>	<u>12,909,851</u>	<u>10,732,406</u>	<u>10,717,260</u>	<u>20,239,672</u>
Extraordinary gain (loss)	-	-	-	-	(2,196,629)
Change in fund balances	<u>1,331,252</u>	<u>(2,320,758)</u>	<u>(5,603,072)</u>	<u>(6,592,578)</u>	<u>(9,948,786)</u>
Fund balances at beginning of year	<u>61,946,260</u>	<u>1,504,982</u>	<u>159,891,184</u>	<u>223,342,426</u>	<u>233,291,212</u>
Fund balances at end of year	<u>\$ 63,277,512</u>	<u>(815,776)</u>	<u>154,288,112</u>	<u>216,749,848</u>	<u>223,342,426</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net change in fund balances - total governmental funds		\$ (6,592,578)
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay		23,571,457
Depreciation		(13,707,052)
Capital Projects Completed		(3,025,627)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(8,062,462)
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.</p>		
Debt issued:		
Capitalized lease obligations	\$ (350,708)	
Repayments:		
Changes in net pension obligations	(5,441,000)	
To bond, certificate, and note holders	20,836,005	
Net adjustment	15,044,297	
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
		(8,168,703)
<p>Bond issuance costs, premiums, discounts, and similar items are recorded as expenditures in governmental funds when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net offset of the differences.</p>		
		(3,737,555)
<p>Interest payable related to debt services or long-term liabilities. This is the net change in interest payable expense for the current period.</p>		
		266,012
<p>Internal service funds are used by management to charge the costs of certain activities, such as computing and communication, building maintenance, fleet maintenance. Benefits, equipment leasing, worker's compensation general liability printing services and mail services, to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.</p>		
		(3,587,358)
Change in net position of governmental activities		\$ (7,999,569)

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Net Position
Proprietary Funds
June 30, 2014

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Assets				
Current assets:				
Cash and investments (note 2)	\$ 103,217,107	27,854,342	6,850,513	5,904,679
Accounts receivable, net (note 3)	19,637,913	9,733,196	929,112	2,247,800
Notes receivable (note 4)	5,626,083	-	-	-
Due from other funds (note 5)	-	-	-	-
Inventories	10,848,102	9,460,612	-	-
Prepays and other assets	3,672,269	369,247	479,231	-
Total current assets	<u>143,001,474</u>	<u>47,417,397</u>	<u>8,258,856</u>	<u>8,152,479</u>
Noncurrent assets:				
To finance stranded investments (note 12)	66,842,177	-	-	-
Other restricted cash and investments	79,378,211	6,886,778	4,385,572	-
Advances to other funds (note 6)	990,000	-	7,640,000	-
Notes receivable (note 4)	42,126,417	-	-	-
Property held for resale	-	-	-	-
Prepaid long-term assets	15,258,558	549,808	276,077	-
Capital assets (note 7)	755,227,230	257,080,914	77,011,974	11,308,347
Less accumulated depreciation	<u>(338,246,544)</u>	<u>(80,154,556)</u>	<u>(30,767,578)</u>	<u>(6,133,926)</u>
Net property, plant and equipment	<u>416,980,686</u>	<u>176,926,358</u>	<u>46,244,396</u>	<u>5,174,421</u>
Total noncurrent assets	<u>621,576,049</u>	<u>184,362,944</u>	<u>58,546,045</u>	<u>5,174,421</u>
Total assets	<u>764,577,523</u>	<u>231,780,341</u>	<u>66,804,901</u>	<u>13,326,900</u>
Deferred outflow of resources				
Deferred refunding charges	<u>2,420,003</u>	<u>-</u>	<u>620,332</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	21,954,158	9,468,785	1,080,069	642,786
Deposits	919,527	166,639	460,087	3,180,216
Insurance claims payable - current (note 16)	-	-	-	-
Due to other funds (note 5)	-	-	-	-
Compensated absences	-	-	-	-
Notes payable - current (note 9)	-	-	159,999	-
Revenue bonds - current (note 9)	8,950,000	3,185,000	600,000	-
Certificates of participation - current (note 9)	-	-	1,824,087	-
Capitalized lease obligations - current (note 9)	-	-	-	9,096
Total current liabilities	<u>31,823,685</u>	<u>12,820,424</u>	<u>4,124,242</u>	<u>3,832,098</u>
Noncurrent liabilities:				
Insurance claims payable - long-term (note 16)	-	-	-	-
OPEB liability - long-term (notes 9 and 21)	-	-	-	-
Advances from other funds (note 6)	-	-	10,095,681	-
Notes payable - long-term (note 9)	-	-	826,805	-
Revenue bonds - long-term (note 9)	193,785,000	72,425,000	25,300,000	-
Certificates of participation - long-term (note 9)	-	-	6,300,977	-
Capitalized lease obligations - long-term (note 9)	-	-	-	-
Unamortized premium (discount)	-	-	-	-
Total long-term liabilities	<u>193,785,000</u>	<u>72,425,000</u>	<u>42,523,463</u>	<u>-</u>
Total liabilities	<u>225,608,685</u>	<u>85,245,424</u>	<u>46,647,705</u>	<u>3,832,098</u>
Deferred inflow of resources:				
Deferred inflow of resources (note 8)	<u>1,832,757</u>	<u>14,073</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in capital assets	293,623,897	108,203,136	15,618,100	5,165,325
Restricted:				
Contribution	15,974,880	1,544,138	-	-
Stranded investments (notes 12 and 19)	114,594,677	-	-	-
Other purposes	1,676,858	-	-	-
Unrestricted	<u>113,685,772</u>	<u>36,773,570</u>	<u>5,159,428</u>	<u>4,329,477</u>
Total net position	<u>\$ 539,556,084</u>	<u>146,520,844</u>	<u>20,777,528</u>	<u>9,494,802</u>

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
		2014	2013
143,826,641	18,579,958	162,406,599	173,561,311
32,548,021	393,352	32,941,373	34,053,763
5,626,083	-	5,626,083	4,989,583
-	-	-	1,298,858
20,308,714	217,752	20,526,466	20,201,223
4,520,747	398,949	4,919,696	3,296,824
<u>206,830,206</u>	<u>19,590,011</u>	<u>226,420,217</u>	<u>237,401,562</u>
66,842,177	-	66,842,177	65,326,204
90,650,561	-	90,650,561	30,982,537
8,630,000	-	8,630,000	19,143,676
42,126,417	-	42,126,417	47,752,501
-	-	-	3,714,391
16,084,443	60,514	16,144,957	26,473,694
1,100,628,465	41,251,613	1,141,880,078	1,074,063,273
(455,302,604)	(22,564,722)	(477,867,326)	(461,341,663)
<u>645,325,861</u>	<u>18,686,891</u>	<u>664,012,752</u>	<u>612,721,610</u>
<u>869,659,459</u>	<u>18,747,405</u>	<u>888,406,864</u>	<u>806,114,613</u>
<u>1,076,489,665</u>	<u>38,337,416</u>	<u>1,114,827,081</u>	<u>1,043,516,175</u>
<u>3,040,335</u>	<u>-</u>	<u>3,040,335</u>	<u>-</u>
33,145,798	5,976,119	39,121,917	30,486,786
4,726,469	-	4,726,469	4,046,113
-	9,094,336	9,094,336	10,764,226
-	1,765,876	1,765,876	3,175,090
-	10,248,605	10,248,605	10,011,243
159,999	-	159,999	152,262
12,735,000	-	12,735,000	12,365,000
1,824,087	-	1,824,087	1,712,011
9,096	597,966	607,062	622,795
<u>52,600,449</u>	<u>27,682,902</u>	<u>80,283,351</u>	<u>73,335,526</u>
-	30,353,056	30,353,056	24,813,541
-	16,970,000	16,970,000	14,912,018
10,095,681	-	10,095,681	17,436,655
826,805	-	826,805	986,804
291,510,000	-	291,510,000	227,300,000
6,300,977	-	6,300,977	8,125,064
-	2,180,002	2,180,002	2,787,064
-	-	-	3,346,787
<u>308,733,463</u>	<u>49,503,058</u>	<u>358,236,521</u>	<u>299,707,933</u>
<u>361,333,912</u>	<u>77,185,960</u>	<u>438,519,872</u>	<u>373,043,459</u>
<u>1,846,830</u>	<u>-</u>	<u>1,846,830</u>	<u>611,647</u>
422,610,458	15,908,923	438,519,381	386,306,360
17,519,018	-	17,519,018	17,946,812
114,594,677	-	114,594,677	124,951,046
1,676,858	-	1,676,858	1,118,482
159,948,247	(54,757,467)	105,190,780	139,538,369
<u>716,349,258</u>	<u>(38,848,544)</u>	<u>677,500,714</u>	<u>669,861,069</u>

CITY OF PASADENA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Operating revenues:				
Utilities	\$ 188,174,241	61,232,626	-	-
Offstreet parking	-	-	13,334,110	-
Refuse collection	-	-	-	11,925,263
Telecommunication	-	-	-	815,575
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>188,174,241</u>	<u>61,232,626</u>	<u>13,334,110</u>	<u>12,740,838</u>
Operating expenses:				
Utility production	114,119,896	29,979,292	-	-
Utility transmission and distribution	14,704,575	5,199,741	-	-
Utility commercial and general	26,838,050	7,436,317	-	-
Offstreet parking	-	-	9,695,093	-
Refuse collection	-	-	-	12,200,932
Telecommunications	-	-	-	814,898
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Depreciation	18,278,973	5,292,158	1,807,918	854,099
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
311 Call Center	-	-	-	-
Total operating expenses	<u>173,941,494</u>	<u>47,907,508</u>	<u>11,503,011</u>	<u>13,869,929</u>
Operating income (loss)	<u>14,232,747</u>	<u>13,325,118</u>	<u>1,831,099</u>	<u>(1,129,091)</u>
Non-operating revenues (expenses):				
Taxes	-	-	-	3,906,957
Intergovernmental revenues	-	915,883	-	146,910
Charges for services	-	-	-	-
Investment earnings	5,526,729	539,544	1,005,718	63,639
Miscellaneous expense	-	-	(151,449)	-
Interest expense	(3,648,573)	(3,146,947)	(3,053,142)	(975)
Gain (loss) on disposal of assets	(82,252)	(1,083,882)	-	5,129
Miscellaneous revenues	3,504,838	4,169,842	129,470	261,235
Total nonoperating revenues (expenses)	<u>5,300,742</u>	<u>1,394,440</u>	<u>(2,069,403)</u>	<u>4,382,895</u>
Income (loss) before transfers and contributions	<u>19,533,489</u>	<u>14,719,558</u>	<u>(238,304)</u>	<u>3,253,804</u>
Capital contributions	1,591,423	1,236,154	-	-
Transfers in (note 15)	2,971,687	-	238,863	299,282
Transfers out (note 15)	(14,682,356)	(3,967,950)	(518,060)	(646,455)
Extraordinary gain	-	-	-	-
Net income (loss)	<u>9,414,243</u>	<u>11,987,762</u>	<u>(517,501)</u>	<u>2,906,631</u>
Net position (deficit) at beginning of year, as restated (note 22)	<u>530,141,841</u>	<u>134,533,082</u>	<u>21,295,029</u>	<u>6,588,171</u>
Net position (deficit) at end of year	<u>\$ 539,556,084</u>	<u>146,520,844</u>	<u>20,777,528</u>	<u>9,494,802</u>

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
		2014	2013
249,406,867	-	249,406,867	248,606,407
13,334,110	-	13,334,110	15,488,998
11,925,263	-	11,925,263	12,056,606
815,575	-	815,575	580,434
-	12,340,060	12,340,060	11,571,041
-	10,430,203	10,430,203	10,660,712
-	8,716,827	8,716,827	8,716,257
-	30,290,319	30,290,319	29,828,869
-	10,912,348	10,912,348	12,502,038
-	1,094,831	1,094,831	1,032,783
-	460,293	460,293	425,088
275,481,815	74,244,881	349,726,696	351,469,233
144,099,188	-	144,099,188	145,320,857
19,904,316	-	19,904,316	19,382,104
34,274,367	-	34,274,367	32,347,689
9,695,093	-	9,695,093	11,369,686
12,200,932	-	12,200,932	12,330,295
814,898	-	814,898	802,039
-	12,049,846	12,049,846	10,996,054
-	9,488,413	9,488,413	10,024,935
-	7,454,983	7,454,983	7,424,798
26,233,148	2,459,729	28,692,877	29,297,770
-	31,780,681	31,780,681	36,418,271
-	18,752,874	18,752,874	17,339,673
-	1,382,439	1,382,439	1,430,540
-	457,777	457,777	296,027
-	362,563	362,563	-
247,221,942	84,189,305	331,411,247	334,780,738
28,259,873	(9,944,424)	18,315,449	16,688,495
3,906,957	-	3,906,957	3,825,841
1,062,793	-	1,062,793	1,119,617
-	1,358	1,358	42,449
7,135,630	157,900	7,293,530	5,048,817
(151,449)	-	(151,449)	(91,234)
(9,849,637)	(75,365)	(9,925,002)	(10,602,777)
(1,161,005)	-	(1,161,005)	(92,072)
8,065,385	334,736	8,400,121	19,825,839
9,008,674	418,629	9,427,303	19,076,480
37,268,547	(9,525,795)	27,742,752	35,764,975
2,827,577	-	2,827,577	1,933,178
3,509,832	6,845,299	10,355,131	3,461,911
(19,814,821)	(906,862)	(20,721,683)	(24,451,997)
-	-	-	-
23,791,135	(3,587,358)	20,203,777	16,708,067
692,558,123	(35,261,186)	657,296,937	653,153,002
716,349,258	(38,848,544)	677,500,714	669,861,069

CITY OF PASADENA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 190,143,693	61,315,946	13,257,491	12,854,951
Cash payments to suppliers for goods and services	(109,251,213)	(25,188,279)	(8,312,297)	(5,318,443)
Cash payments to employees for services	(34,217,428)	(12,032,186)	(592,374)	(4,193,896)
Cash payments to other funds for services	(6,037,586)	(2,825,059)	1,264,226	(2,818,027)
Cash payments from other funds for services	191,591	91,757	-	-
Miscellaneous revenues (expenses)	3,313,247	4,078,080	-	261,235
Net cash provided by (used for) operating activities	<u>44,142,304</u>	<u>25,440,259</u>	<u>5,617,046</u>	<u>785,820</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	2,971,687	-	238,863	299,282
Transfers to other funds	(14,682,356)	(3,967,950)	(518,060)	(646,455)
Cash received (paid) on loans from other funds	-	-	3,242,955	-
Cash received (paid) on loans to other funds	110,000	-	(3,395,217)	-
Taxes received	-	-	-	3,906,957
Intergovernmental revenues	-	915,883	-	146,910
Net cash provided by (used for) noncapital financing activities	<u>(11,600,669)</u>	<u>(3,052,067)</u>	<u>(431,459)</u>	<u>3,706,694</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	80,485,000	-	-	-
Bond premiums received from debt issuance	3,903,034	-	-	-
Acquisition and construction of capital assets	(60,837,915)	(20,452,789)	-	(2,199,886)
Proceeds/(loss) from sale of capital assets	-	39,388	-	5,129
Cash received from developers	1,591,423	1,236,154	-	-
Principal paid on debt	(12,235,000)	(3,070,000)	(2,312,011)	(35,530)
Interest paid on debt	(7,205,975)	(4,045,138)	(3,053,142)	(975)
Net cash used for capital and related financing activities	<u>5,700,567</u>	<u>(26,292,385)</u>	<u>(5,365,153)</u>	<u>(2,231,262)</u>
Cash flows from investing activities:				
Purchase of investments	(105,902,911)	(69,589)	-	-
Proceeds from sale of investments	96,402,567	-	-	-
Investment earnings	5,534,030	539,555	983,740	62,267
Payments received from loans made to suppliers	4,989,584	-	-	-
Net cash provided by (used for) investing activities	<u>1,023,270</u>	<u>469,966</u>	<u>983,740</u>	<u>62,267</u>
Net increase (decrease) in cash and cash equivalents	39,265,472	(3,434,227)	804,174	2,323,519
Cash and cash equivalents at beginning of year	<u>129,422,521</u>	<u>32,042,826</u>	<u>10,431,911</u>	<u>3,581,160</u>
Cash and cash equivalents at end of year	<u>\$ 168,687,993</u>	<u>28,608,599</u>	<u>11,236,085</u>	<u>5,904,679</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:				
Cash and investments	\$ 103,217,107	27,854,342	6,850,513	5,904,679
Stranded investments	66,842,177	-	-	-
Other restricted cash and investments	79,378,211	6,886,778	4,385,572	-
Less non-cash equivalents	(80,749,502)	(6,132,521)	-	-
Cash and cash equivalents at end of year	<u>\$ 168,687,993</u>	<u>28,608,599</u>	<u>11,236,085</u>	<u>5,904,679</u>

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
		2014	2013
277,572,081	-	277,572,081	274,293,600
(148,070,232)	(23,519,004)	(171,589,236)	(169,566,913)
(51,035,884)	(49,597,851)	(100,633,735)	(105,977,989)
(10,416,446)	(4,198,713)	(14,615,159)	(12,134,636)
283,348	75,160,356	75,443,704	74,957,644
7,652,562	334,736	7,987,298	19,457,085
<u>75,985,429</u>	<u>(1,820,476)</u>	<u>74,164,953</u>	<u>81,028,791</u>
3,509,832	6,845,299	10,355,131	3,461,911
(19,814,821)	(906,862)	(20,721,683)	(21,751,720)
3,242,955	-	3,242,955	944,628
(3,285,217)	-	(3,285,217)	(687,868)
3,906,957	-	3,906,957	3,825,841
1,062,793	-	1,062,793	1,119,617
<u>(11,377,501)</u>	<u>5,938,437</u>	<u>(5,439,064)</u>	<u>(13,087,591)</u>
80,485,000	-	80,485,000	11,780,000
3,903,034	-	3,903,034	-
(83,490,590)	(1,295,302)	(84,785,892)	(53,109,170)
44,517	(72,204)	(27,687)	53,050
2,827,577	-	2,827,577	1,933,178
(17,652,541)	(587,265)	(18,239,806)	(28,368,857)
(14,305,230)	(75,365)	(14,380,595)	(9,981,164)
<u>(28,188,233)</u>	<u>(2,030,136)</u>	<u>(30,218,369)</u>	<u>(77,692,963)</u>
(105,972,500)	-	(105,972,500)	(98,455,074)
96,402,567	-	96,402,567	76,940,279
7,119,592	155,048	7,274,640	4,858,216
4,989,584	-	4,989,584	4,745,833
<u>2,539,243</u>	<u>155,048</u>	<u>2,694,291</u>	<u>(11,910,746)</u>
38,958,938	2,242,873	41,201,811	(21,662,509)
<u>175,478,418</u>	<u>16,337,085</u>	<u>191,815,503</u>	<u>213,478,012</u>
<u>214,437,356</u>	<u>18,579,958</u>	<u>233,017,314</u>	<u>191,815,503</u>
143,826,641	18,579,958	162,406,599	172,818,853
66,842,177	-	66,842,177	65,326,204
90,650,561	-	90,650,561	30,982,537
(86,882,023)	-	(86,882,023)	(77,312,091)
<u>214,437,356</u>	<u>18,579,958</u>	<u>233,017,314</u>	<u>191,815,503</u>

(continued)

CITY OF PASADENA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2014

	<u>Light and Power</u>	<u>Water</u>	<u>Off Street Parking</u>	<u>Non-Major Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 14,232,747	13,325,118	1,831,099	(1,129,091)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	18,278,973	5,292,158	1,807,918	854,099
Amortization of prepaid long term assets	1,118,867	-	-	-
Amortization of premium and discount	-	-	(3,336)	-
Miscellaneous revenues (expenses)	3,504,838	4,169,837	-	261,235
(Increase) decrease in accounts receivable	837,241	(103,204)	(76,619)	114,113
Increase (decrease) in allowance for uncollectible accounts	(88,899)	-	-	-
(Increase) decrease in other deferred debits	-	172,451	-	-
(Increase) decrease in due from other funds	-	-	-	-
(Increase) decrease in advances to other funds	-	-	1,640,000	-
(Increase) decrease in inventories	(696,741)	-	-	-
(Increase) decrease in prepaids and other assets	(1,587,667)	368,792	(95)	-
(Increase) decrease in prepaid long term assets	-	260	233,059	-
Increase (decrease) in accounts payable and accrued liabilities	7,314,466	66,161	57,797	140,195
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in due to other governments	-	2,132,838	-	-
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in deferred charges	1,221,110	14,073	-	-
Increase (decrease) in OPEB liability	-	-	-	-
Increase (decrease) in compensated absences	-	1,775	-	-
Increase (decrease) in deposits payable	7,369	-	127,223	545,269
Total adjustments	29,909,557	12,115,141	3,785,947	1,914,911
Net cash provided by (used for) operating activities	<u>\$ 44,142,304</u>	<u>25,440,259</u>	<u>5,617,046</u>	<u>785,820</u>
Non-cash changes in fair value of investments	<u>\$ 965,257</u>	<u>(80,568)</u>	<u>333</u>	<u>609</u>

See accompanying notes to the basic financial statements

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
		2014	2013
28,259,873	(9,944,424)	18,315,449	16,819,697
26,233,148	2,459,729	28,692,877	28,850,898
1,118,867	-	1,118,867	2,566,713
(3,336)	-	(3,336)	(4,123)
7,935,910	334,736	8,270,646	19,494,201
771,531	52,698	824,229	504,625
(88,899)	-	(88,899)	(197,811)
172,451	-	172,451	-
-	1,188,502	1,188,502	(251,703)
1,640,000	-	1,640,000	-
(696,741)	2,706	(694,035)	2,145,446
(1,218,970)	(17,216)	(1,236,186)	(1,169,257)
233,319	-	233,319	315,464
7,578,619	(1,199,399)	6,379,220	5,861,298
-	(862,777)	(862,777)	(689,022)
2,132,838	-	2,132,838	(9,556)
-	3,869,625	3,869,625	4,117,942
1,235,183	-	1,235,183	232,149
-	2,057,982	2,057,982	2,767,803
1,775	237,362	239,137	(208,801)
679,861	-	679,861	(117,172)
47,725,556	8,123,948	55,849,504	64,209,094
75,985,429	(1,820,476)	74,164,953	81,028,791
885,631	1,010,904	1,896,535	(1,785,477)

CITY OF PASADENA
Statement of Net Position
Fiduciary Funds
June 30, 2014

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
Assets			
Cash and cash equivalents (note 2)	\$ 236,964,838	1,661,423	7,183,891
Receivables:			
Accounts receivable	-	592,548	-
Contribution	790,981	-	-
Interest	267,661	-	-
Notes receivable	-	-	3,119,818
Advances to other funds	-	-	2,959,136
Allowance for uncollectible long-term receivables	-	-	(3,119,821)
Total receivables	<u>1,058,642</u>	<u>592,548</u>	<u>2,959,133</u>
Other assets	-	961,701	3,111
Investments, at fair value (note 2)			
Government and agencies	32,697,093	-	-
Corporate obligations	25,926,770	-	-
Real estate	16,261,014	-	-
Real estate investment trust (REIT)	256,320	-	-
Corporate stocks	70,477,684	-	-
Total investments	<u>145,618,881</u>	<u>-</u>	<u>-</u>
Total assets	<u>383,642,361</u>	<u>3,215,672</u>	<u>10,146,135</u>
Liabilities			
Accounts payable and accrued liabilities	86,304	601,048	78,467
Due to other governments	-	1,498,339	-
Due to bondholders	-	1,116,285	-
Advances from other funds	-	-	46,422,905
Bonds payable	-	-	2,130,000
Unamortized premium (discount)	-	-	-
Pending purchases	6,305,421	-	-
Total liabilities	<u>6,391,725</u>	<u>3,215,672</u>	<u>48,631,372</u>
Net Position held in trust	<u>\$ 377,250,636</u>	<u>-</u>	<u>(38,485,237)</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 1,164,000	-
Plan members	16,149,758	-
Property taxes	-	6,486,149
Total contributions	17,313,758	6,486,149
Net investment income:		
Investment earnings	43,344,227	116,191
Interest	2,211,690	-
Dividends	1,128,886	-
Other	520,000	-
Gross investment income	47,204,803	116,191
Less investment expenses	(338,651)	-
Net investment income	46,866,152	116,191
Miscellaneous revenues	-	40,048
Total additions	64,179,910	6,642,388
Deductions:		
Benefits paid to participants	29,681,747	-
Fiscal agency expenses	-	14,838
Interest expense	-	718,659
Statutory pass-through expenses	-	2,374,918
Lease expense	-	38,424
Fire and Police Retirement System Pension Trust	471,303	-
County administrative expenses	-	672,391
Successor agency administrative cost allowance	-	301,527
Claims settlement	-	16,080
Total deductions	30,153,050	4,136,837
Transfers:		
Transfers in	-	6,640,486
Transfers out	-	(6,640,486)
Change in net position	34,026,860	2,505,551
Net Position held in trust - beginning	343,223,776	(40,990,788)
Net Position held in trust - ending	\$ 377,250,636	(38,485,237)

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2014

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Totals	
				2014	2013
Assets					
Current assets:					
Cash and investments (note 2)	\$ 16,161,814	7,068,657	244,927	23,475,398	19,105,717
Cash and investments restricted (note 2)	24,081,575	-	-	24,081,575	40,244,679
Accounts receivable, net	2,576,110	503,548	227,467	3,307,125	2,704,226
Due from primary government	-	1,103,846	-	1,103,846	-
Prepays and other assets	74,911	43,277	3,215	121,403	179,234
Total current assets	<u>42,894,410</u>	<u>8,719,328</u>	<u>475,609</u>	<u>52,089,347</u>	<u>62,233,856</u>
Noncurrent assets:					
Restricted assets - cash and investments (note 2)	-	10,596,997	-	10,596,997	10,518,564
Other receivable	549,585	-	-	549,585	1,331,011
Unamortized bond issuance costs	-	-	-	-	4,624,399
Derivative instrument asset	159,857	-	-	159,857	2,319,838
Capital assets (note 7):					
Land	-	2,423,473	-	2,423,473	2,423,473
Construction in progress	43,931,893	507,384	-	44,439,277	143,457,622
Other capital assets, net	147,179,646	146,804,825	158,211	294,142,682	181,874,185
Total noncurrent assets	<u>191,820,981</u>	<u>160,332,679</u>	<u>158,211</u>	<u>352,311,871</u>	<u>346,549,092</u>
Total assets	<u>234,715,391</u>	<u>169,052,007</u>	<u>633,820</u>	<u>404,401,218</u>	<u>408,782,948</u>
Deferred outflow of resources					
Accumulated decrease in fair value of hedging derivatives (note 10)	-	20,327,031	-	20,327,031	19,199,388
Amortization of discounts and deferred refunding charges	-	1,865,021	-	1,865,021	566,629
Total deferred inflow of resources	<u>-</u>	<u>22,192,052</u>	<u>-</u>	<u>22,192,052</u>	<u>19,766,017</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	4,356,792	939,759	56,079	5,352,630	5,304,025
Deposits	349,662	1,202,249	-	1,551,911	1,201,578
Interest payable	3,267,877	545,881	-	3,813,758	3,802,130
Due to primary government	1,356,774	119,198	-	1,475,972	1,015,048
Advances from primary government-current (note 6)	-	-	256,701	256,701	4,551,778
Current portion of compensated absences	53,866	-	-	53,866	50,217
Current portion of long-term debt (note 9)	1,325,000	3,312,641	-	4,637,641	4,041,063
Total current liabilities	<u>10,709,971</u>	<u>6,119,728</u>	<u>312,780</u>	<u>17,142,479</u>	<u>19,965,839</u>
Noncurrent liabilities:					
Compensated absences	132,588	-	-	132,588	123,603
Derivative instrument liability (note 10)	-	20,327,031	-	20,327,031	18,899,923
Long-term debt (note 9)	210,900,964	166,488,407	-	377,389,371	382,960,949
Total noncurrent liabilities	<u>211,033,552</u>	<u>186,815,438</u>	<u>-</u>	<u>397,848,990</u>	<u>401,984,475</u>
Total liabilities	<u>221,743,523</u>	<u>192,935,166</u>	<u>312,780</u>	<u>414,991,469</u>	<u>421,950,314</u>
Deferred outflow of resources					
Deferred refunding charge (note 10)	159,857	7,233,921	-	7,393,778	7,545,131
Deferred inflow of resources (note 8)	2,700,869	-	-	2,700,869	519,574
Sale of future revenue	5,094,026	-	-	5,094,026	-
Service concession agreement (note 10)	-	466,636	-	466,636	566,629
Total deferred inflow of resources	<u>7,954,752</u>	<u>7,700,557</u>	<u>-</u>	<u>15,655,309</u>	<u>8,631,334</u>
Net Position					
Net Investment in capital assets	35,238,274	(20,065,366)	158,211	15,331,119	175,287
Restricted	21,330,997	14,022,612	181,166	35,534,775	53,938,214
Unrestricted	(51,552,155)	(3,348,910)	(18,337)	(54,919,402)	(56,712,813)
Total net position	<u>\$ 5,017,116</u>	<u>(9,391,664)</u>	<u>321,040</u>	<u>(4,053,508)</u>	<u>(2,599,312)</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Totals	
				2014	2013
Operating revenues:					
Charges for services:					
Rose Bowl	\$ 23,491,743	-	-	23,491,743	10,956,255
Golf course	2,068,538	-	-	2,068,538	2,010,790
Pasadena Center Operating Company	-	8,270,511	-	8,270,511	7,613,873
Pasadena Community Access Corporation	-	-	825,803	825,803	832,981
Total operating revenues	<u>25,560,281</u>	<u>8,270,511</u>	<u>825,803</u>	<u>34,656,595</u>	<u>21,413,899</u>
Operating expenses:					
Rose Bowl	13,351,296	-	-	13,351,296	8,953,648
Golf course	598,193	-	-	598,193	473,931
Pasadena Center Operating Company	-	9,232,606	-	9,232,606	8,982,301
Pasadena Community Access Corporation	-	-	978,432	978,432	906,098
Depreciation	7,275,603	4,406,173	30,032	11,711,808	7,036,005
Total operating expenses	<u>21,225,092</u>	<u>13,638,779</u>	<u>1,008,464</u>	<u>35,872,335</u>	<u>26,351,983</u>
Operating income	<u>4,335,189</u>	<u>(5,368,268)</u>	<u>(182,661)</u>	<u>(1,215,740)</u>	<u>(4,938,084)</u>
Nonoperating revenues (expenses):					
Transient occupancy taxes, net	-	7,993,593	-	7,993,593	6,267,505
Tourism business improvement district tax	-	2,856,556	-	2,856,556	2,626,962
Facility restoration fee	-	189,686	-	189,686	138,871
Investment earnings	1,882,889	1,292,485	7,146	3,182,520	(1,306,723)
Interest expense	(14,212,902)	(7,041,311)	-	(21,254,213)	(19,967,238)
Public, education, and government(PEG) revenue	-	-	970,516	970,516	191,358
PEG expense	-	-	(891,548)	(891,548)	(75,120)
Other nonoperating revenues	10,837,698	-	-	10,837,698	3,828,945
Total nonoperating revenues	<u>(1,492,315)</u>	<u>5,291,009</u>	<u>86,114</u>	<u>3,884,808</u>	<u>(8,295,440)</u>
Income (loss) before transfers	<u>2,842,874</u>	<u>(77,259)</u>	<u>(96,547)</u>	<u>2,669,068</u>	<u>(13,233,524)</u>
Contribution to City	-	(443,582)	-	(443,582)	(439,570)
Capital contributions	(345,020)	99,993	-	(245,027)	958,271
Total transfers from (to) other funds	<u>(345,020)</u>	<u>(343,589)</u>	<u>-</u>	<u>(688,609)</u>	<u>518,701</u>
Change in net position	2,497,854	(420,848)	(96,547)	1,980,459	(12,714,823)
Net position at beginning of year, as restated (note 22)	<u>2,519,262</u>	<u>(8,970,816)</u>	<u>417,587</u>	<u>(6,033,967)</u>	<u>10,115,511</u>
Net position at end of year	<u>\$ 5,017,116</u>	<u>(9,391,664)</u>	<u>321,040</u>	<u>(4,053,508)</u>	<u>(2,599,312)</u>

See accompanying notes to the basic financial statements.

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CITY OF PASADENA
Notes to the Basic Financial Statements
Year Ended June 30, 2014

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CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2014

(1) Summary of Significant Accounting Policies

The basic financial statements of the City of Pasadena, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

(a) Reporting Entity

The City was incorporated on June 19, 1886 as a Charter City, which operates under a Council-City Manager form of government. The City is a municipal corporation governed by an elected mayor and seven council members.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City is such that their exclusion would cause the City's financial statements to be misleading or incomplete.

The two methods of reporting component unit data in the basic financial statements are blended and discrete presentation. Blending is limited exclusively to when the board of the component unit is substantively the same as that of the City or if the component unit serves the City exclusively, or almost exclusively.

Blended component units, although legally separate entities, are in substance part of the City's operations; data from these units are combined with data of the City. Component units that do not meet the criteria for blending are included within financial statements as discrete presentations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. Similar to the City, each blended and discretely presented component unit has a June 30th year-end.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

(a) Reporting Entity, (Continued)

Blended Component Units

Pasadena Parking Authority (The Authority)

The Authority was created by Resolution No. 1399, dated June 6, 1972 pursuant to the provisions of the Parking Law of 1949 (California Streets and Highways Code, Sections §32651 and §32661.1). The City Council constitutes the governing board of the Authority pursuant to the aforementioned Resolution. The primary purpose of the Authority is to establish parking facilities for motor vehicles within the City, to furnish motor vehicle parking spaces, and to care for such vehicles within any parking facility or space owned, controlled or operated by the Authority. The Authority is reported as an Enterprise Fund and does not release a separate financial report.

Pasadena Civic Improvement Corporation (PCIC)

PCIC was created on August 9, 1985 pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). At the request of the City, PCIC was organized for the specific and primary purpose of providing financial assistance to the City by acquiring or constructing property and appurtenances for and on behalf of the City. This is accomplished through the issuance of such financing instruments as certificates of participation. The PCIC is a non-profit organization with three directors: Chief Executive Officer, Secretary/Financial Officer, and Assistant Executive Officer/Assistant Secretary. PCIC's financial data and transactions are blended with the Debt Service and Capital Projects fund types. The PCIC does not release a separate financial report.

Pasadena Housing Authority (Housing Authority)

Formerly known as the Local Housing Authority, the Pasadena Housing Authority administers the City's federally funded housing programs under contract with the United States Department of Housing and Urban Development (HUD). The Housing Authority's purpose is to help provide safe and sanitary housing accommodations for citizens with low income. It is governed by the City Council. The Housing Authority's financial data and transactions are blended as a Special Revenue Fund. The Housing Authority does not release a separate financial report.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

(a) Reporting Entity, (Continued)

Blended Component Units, (Continued)

Pasadena Public Financing Authority (PPFA)

The Pasadena Public Financing Authority was created through the joint exercise of powers agreement between the City and the Pasadena Community Development Commission (PCDC) dated April 24, 2000. The purpose of creating the PPFA is to accomplish the purposes of the law and the Bond Pooling Act, including the financing of public capital improvements and the purchase of certain local obligations issued or incurred by the City, PCDC, or other public agencies or the sale of such local obligations or the issuance of bonds of the PPFA secured in whole or in part by such local obligations, or by any other designated source of revenues, all permitted by the law or the Bond Pooling Act. The Bond Pooling Act authorizes and empowers the PPFA to, among other things, (i) issue bonds and to expend or loan the proceeds thereof to the City or PCDC, (ii) finance the acquisition and/or construction of public capital improvements and to sell or lease such improvements to the City or PCDC and (iii) purchase bonds issued by the City or PCDC, all for the purpose of financing public capital improvements, working capital, liability and other insurance needs, or certain other projects whenever there are significant public benefits, as determined by the City or PCDC. PCDC ceased operations as an entity on January 31, 2012, and the City became the successor agency to the PCDC to perform all of PCDC's continuing obligations. Please see Note 23 for additional information. The PPFA's final financial report can be obtained from the Department of Finance at the City of Pasadena, 100 North Garfield Avenue, Pasadena, California, 91109.

Pasadena Fire and Police Retirement System (FPRS)

FPRS was originally established by the City Charter in 1919. The system was closed on June 30, 1977, but continues to pay out benefits to retirees and their beneficiaries. FPRS covers all sworn fire and police personnel who were employed by the City prior to July 1, 1977, except those who elected to transfer to the California Public Employees' Retirement System (CalPERS) when the system closed. FPRS is managed by a five-member Retirement Board. Three of the members are appointed by the City Council. The other two members represent firefighter and police officials, and are each appointed by their respective members. Additional information related to FPRS is included in Note 18. The FPRS's Annual Report and Audited Financial Statements can be obtained by contacting the Pasadena Fire and Police Retirement System, 100 North Garfield Avenue, N206, Pasadena, CA 91109.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(a) Reporting Entity, (Continued)

Blended Component Units, (Continued)

Successor Agency to PCDC (Successor Agency)

The Successor Agency to PCDC was created to serve, in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Pasadena Community Development Commission (PCDC). The Successor Agency operates under the auspices of a legislatively formed oversight board who has authority over its financial affairs and supervises its operations and timely dissolution. Its assets are held in trust for the benefit of the taxing entities within the former PCDC boundaries and as such are not available for City use. The accompanying financial statements include the Successor Agency under the statutorily required Private-Purpose Trust Fund.

Discretely Presented Component Units

The following organizations are considered to be discretely presented component units of the City:

Rose Bowl Operating Company (RBOC)

RBOC was incorporated on January 18, 1994, as a legally separate entity with the primary purpose of returning economic and civic value to the City by managing a world class stadium and a professional quality golf course complex in a residential open-space environment. RBOC is governed by a thirteen-member board. Eleven members are appointed by the City Council, while the University of California, Los Angeles (UCLA) and the Tournament of Roses appoint one each. RBOC operations are discretely presented in the accompanying financial statements since neither of the two criteria for blended component units, as described above, have been met. RBOC's budget is reviewed and approved by the City Council. RBOC is presented as an Enterprise Fund Type. Separate component unit financial statements of RBOC are issued and available upon request from the RBOC Administration Office at 1001 Rose Bowl Drive, Pasadena, California 91103. RBOC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.rosebowlstadium.com.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(a) Reporting Entity, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

PCOC was established on September 19, 1973, as a legally separate entity with the primary purpose of managing and operating the Pasadena Center, a civic facility designed for conferences, exhibitions, trade shows, assemblies, cultural, educational and recreational programs, and for the use, benefit and enjoyment of the public. PCOC was also established to supervise the activities of the Pasadena Convention and Visitors Bureau. PCOC is governed by a fourteen-member board who are appointed by the City Council. The City provides a significant portion of the operating support of PCOC through allocation of the Transient Occupancy Tax collected by the City. PCOC is presented as an Enterprise Fund. Separate component unit financial statements of PCOC are issued and available upon request from Pasadena Center Operating Company, 300 E. Green Street, Pasadena, CA 91101. PCOC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.pasadenacenter.com.

Pasadena Community Access Corporation Board (PCAC)

PCAC was created by the City Council in July 1983 and established on December 9, 1983 by Articles of Incorporation. The PCAC's primary purpose is to provide a means for individuals or groups to use cable telecommunications in order to communicate and share information. The PCAC board consists of eleven members including one representing Pasadena City College (PCC) and another one representing Pasadena Unified School District (PUSD) with residency required except for the PCC and PUSD representative. Separate component unit financial statements of PCAC are issued and available upon request from Pasadena Community Access Corporation, 2061 North Los Robles Avenue, Pasadena, CA 91104. PCAC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.pasadenamedia.webs.com.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(a) Reporting Entity, (Continued)

Jointly Governed Organizations

The following organizations are considered to be discretely presented component units of the City:

Bob Hope Airport

The Bob Hope Airport is under the governance of the Burbank-Glendale-Pasadena Airport Authority (Airport Authority). The Airport Authority is a separate agency created in 1977 under a joint powers agreement between the three cities for the sole purpose of owning and operating the Bob Hope Airport. Three commissioners from each city, appointed by each city's respective city council, make up the nine members of the Airport Authority. There is no ongoing financial interest or responsibility by the participating governments. Additional information is available at www.burbankairport.com.

County of Los Angeles (County)

Under a Joint Powers Agreement dated November 22, 1966, both the City and the County participated in the construction of a parking structure at 199 North Garfield Avenue, Pasadena, California. In 1985, the County exercised an option to purchase the structure from the Retirement Board of the Los Angeles County Employees' Retirement Association, at which time the City became tenant in common, holding a 30% share of the facility.

Foothill Air Support Team (FAST)

On July 31, 2000, the cities of Monrovia, Arcadia, Azusa, Covina, West Covina, and Pasadena formed a Joint Powers Agreement (JPA) for police helicopter services known as the FAST. Currently, the cities of Alhambra, Arcadia, Covina, Glendora, Monrovia, Pasadena, Pomona, San Marino, Sierra Madre, and South Pasadena are parties to the JPA. This arrangement provides police helicopter support to a number of neighboring cities on an hourly cost reimbursement basis. The City of Pasadena operates a fleet of police helicopters which it has made available for a limited set number of weekend hours and then on an on call basis. Cities are billed for their actual utilization. FAST does not own or operate helicopters, has not issued debt, and cannot levy taxes. The City bears the burden of purchasing, operating, maintaining, and providing helicopter support. It does so under the City's General Fund.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(a) Reporting Entity, (Continued)

Jointly Governed Organizations (Continued)

Rose Bowl Aquatics Center (RBAC)

On December 11, 1987, the City and the RBAC entered into an Operating and License Agreement for RBAC to build and operate swimming facilities owned by the City in the designated area of Brookside Park. The most recent Operating and License Agreement has a 15-year term with 3 five-year extensions and was executed on June 3, 2008. The City leases the property to the RBAC for \$1 per year and provides various financial and operational supports to the community aquatics facility. In return RBAC operates as a year-round community aquatics facility, is responsible for capital improvements and repairs, and provides scholarship assistance and community services. The City Council and Mayor appoint 5 of the 21 member of the RBAC Board of Directors.

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

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

Financial reporting is based upon all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 1989 are not followed in the preparation of the accompanying financial statements.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(b) Basis of Accounting and Measurement Focus, (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. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general governmental expenses have not been allocated as indirect expenses to the various functions of 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 economic resources and obligations of the reporting government (both current and long-term) 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 are recognized in accordance with various GASB Statements.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

(b) Basis of Accounting and Measurement Focus, (Continued)

Fund Financial Statements

The underlying accounting system of the City 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 its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. 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 City are governmental, proprietary, and fiduciary funds and they are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

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 City uses a sixty-day availability period. The City accrues the following revenue types: taxes, licenses, fines and forfeits, and miscellaneous revenues.

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 on 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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(b) Basis of Accounting and Measurement Focus, (Continued)

Governmental Funds, (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.

Noncurrent 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 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 reflected in non-spendable fund balance.

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 source* 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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(b) Basis of Accounting and Measurement Focus, (Continued)

Proprietary Funds

The City's Enterprise and Internal Service Funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Light and Power Fund, Water Fund, Old Pasadena Parking Fund, Paseo Colorado Parking Fund and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as expense. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements. Amounts paid to reduce long-term liability of the proprietary funds are reported as a reduction of the related liability.

Fiduciary Funds

The City's fiduciary funds include Pension Trust Funds, Agency Funds, and Private-Purpose Trust Funds. Agency Funds are custodial in nature. Assets equal liabilities. Agency Funds use the accrual basis of accounting. Pension Trust Funds are used to account for resources that are required to be held in trust for the members and beneficiaries of benefit and contribution plans. Private-Purpose Trust Funds are to account for receipt of incremental property tax and payment of enforceable obligations (debts) of the former redevelopment agency.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

(b) Basis of Accounting and Measurement Focus, (Continued)

Permanent Funds

The City's permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

(c) Major Funds, Internal Service Funds and Fiduciary Fund Types

General Fund – The primary fund of the City is used to account for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.

Project Management Capital Projects Fund – Used to account for all capital improvement projects, except for those involving the utilities, and special assessment districts, where revenues are received from grants by other governments, private parties, and through transfer from other City funds.

The City reports the following major proprietary funds:

Light and Power Fund – Used to account for the operations of the City's electric utility; a self-supporting activity that renders services on a user-charge basis to residents and businesses as prescribed by the City Charter.

Water Fund – Used to account for the operations of the City's water utility; a self-supporting activity that renders services on a user-charge basis to residents and businesses as prescribed by the City Charter.

Off Street Parking Facilities Fund – In FY 2014, the City combined all of the parking funds into the Off Street Parking Facilities Fund. This fund is used to account for the operation of the parking facilities throughout the City.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(c) Major Funds, Internal Service Funds and Fiduciary Fund Types (Continued)

Additionally, the City reports the following fund types:

Internal Service Funds – Used to account for computing and communication services, building maintenance, fleet maintenance, employee benefits, workers’ compensation and general liability, equipment leasing, printing and mail services to other departments or agencies of the City.

Pension Trust Funds – Used to account for transactions of the FPRS and the City’s Deferred Compensation Plan.

Agency Funds – These funds account for assets held by the City on behalf of assessment district bondholders, the Foothill Employment and Training Consortium, and assets held for certain joint powers organizations.

Private-Purpose Trust Funds – To account for the receipt of incremental property tax and payment of enforceable obligations (debts) of the former redevelopment agency that were approved on the Recognized Obligation Payment Schedule by the California Department of Finance until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

(d) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the Proprietary Funds’ share in the City’s cash and investment pool. Cash equivalents have an original maturity date of three months or less from the date of purchase.

(e) Cash and Investments

Investments are reported in the accompanying financial statements at fair value based on quoted market prices, except for certain certificates of deposit, money market investments that mature within one year of acquisition and investment contracts that are reported at cost because they are not transferable, they have terms that are not affected by changes in market interest rates, and provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(e) Cash and Investments, (Continued)

Both realized and unrealized changes in fair value that occur during a fiscal year are recognized and recorded as *net changes in fair value of investments*. *Investment earnings* include interest earnings and all other investment income.

The City pools cash and investments of all funds, except for certain fund specific City held portfolios, deferred compensation assets, and assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment earnings associated with the following funds not legally required to receive pooled investment earnings that have been assigned to and recorded as revenue in the General Fund, as provided by the legal provisions of the California Government Code Section §53647: Health, Housing and Community Development, Project Management, Workers' Compensation, General Liability, Employment and Training, South Lake Business Improvement District and Old Pasadena Business Improvement District.

The City enters into interest rate swap agreements to modify rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

(f) Due from Other Governments

The amounts recorded as a receivable, *due from other governments*, include grant revenues and other state subventions, collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2014.

(g) Inventories

Inventories held for consumption by the Light and Power and Water Funds (Enterprise Funds) are carried at the lower of weighted average cost or market computed on a first-in /first-out basis. Inventories held by the Fleet Maintenance Fund (Internal Service Fund) are carried at average cost. Inventories held in the PCOC discretely presented component unit are stated at the lower of cost (first-in / first-out method) or market. In all cases, inventory items are accounted for as an expenditure or expense when consumed.

(h) Advances to Other Funds

Long-term interfund advances are recorded as a receivable and as reserved fund balance by the advancing governmental fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

(i) Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. The City utilizes the consumption method to record its prepaids. The prepaid assets recorded in the Governmental Funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

(j) Restricted Cash and Investments

The City considers all cash and investments from bond proceeds in Proprietary Funds as restricted. The City is legally mandated under bond indentures to use these resources only for the purposes specified. Also included as restricted cash and investments are amounts accumulated in the Light and Power Fund for the purpose of meeting future contractual commitments including the Stranded Investment Reserve (SIR) Utilization Plan which is discussed under Note 12 – Restricted Net Position, deferred compensation and all cash and investments belonging to Pension Trust and Agency Funds which are held by trustees.

(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 former Pasadena Community Development Commission (PCDC) project area.

On December 29, 2011 the California Supreme Court upheld Assembly Bill 1X 26 that provides for the dissolution of all redevelopment agencies in California. The bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. The City Council elected to become the Successor Agency on January 30, 2012.

(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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

(l) Capital Assets, (Continued)

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
<u>Governmental Activities</u>		<u>All Other Business-Type Activities</u>	
Building and		Building and	
Improvements	20 to 50 years	Improvements	20 to 45 years
Machinery and		Machinery and	
Equipment	2 to 10 years	Equipment	2 to 10 years
Infrastructure	8 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 16, excess liability insurance covers claims greater than the self-insurance thresholds.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(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 to three (depends on Memorandum of Understanding) 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.

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

Sick pay benefits only accumulate; they can be converted at retirement from the City for PERS Service Credit. Consistent with this policy, the City does not accrue sick pay benefits.

The total outstanding vacation, compensatory time-off, and sick leave obligations are accrued at fiscal year-end and included under "Compensated Absences" in the Benefits Internal Service Fund as a current liability. See Note 9. The total actual payments in FY2014 and FY2013 were 87% and 85% of prior year accruals, respectively.

(o) Net Pension Obligation

For each pension 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. Net Pension Obligation is reported in accordance with the requirements of GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2013.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(p) Post-employment Benefits Other Than Pension Obligation

The City provides other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. In accordance with the requirements of GASB Statement No. 45, the City requires accrual accounting for the expensing of OPEB. The expense is generally accrued over the working career of employees.

(q) Bond Premiums / Discounts / Issuance Costs

For Governmental-Wide Financial Statements and Proprietary Funds 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. The City implemented GASB Statement No. 65 during fiscal year 2014.

(r) Fund Balance

In the fund financial statements, governmental fund balance is made up of the following components:

- Non-spendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, notes receivable, and property held for resale, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the non-spendable category.
- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that is subject to self-imposed constraints due to City Council resolutions, as they have the highest level of decision-making authority.
- Assigned fund balance is the portion of fund balance that is constrained by the City's intent to utilize fund balance for a specific purpose. The authority to assign fund balance has been delegated by the City Council to the Finance Director through the Fund Balance Policy.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(r) Fund Balance. (Continued)

- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. Unassigned fund balances also include amounts that are in Special Revenue, Capital Projects, Debt Service and Permanent Funds in excess of assigned amounts.

The accounting policies of the City consider restricted fund balance to have been spent first when expenditures are incurred for purposes for which both the restricted and unrestricted fund balance is available. Similarly, when expenditures are incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned and then unassigned amounts.

(s) 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 GAAP. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(t) 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, 2014

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

(t) 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.

(u) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. The City has made certain estimates and assumptions relating to the revenues due and expenditures incurred through fiscal year- end, collectability of its receivables, the valuation of property held for resale, the useful lives of the capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

(v) Future GASB Statements

GASB Statements Nos. 68 and 69 listed below will be implemented in future financial statements (note all effective dates reflect that the provisions of these statements are effective for financial statements periods beginning after the date stated):

Statement No.	Title	Effective for Fiscal Year Beginning On or After
68	<i>Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27</i>	June 15, 2014
69	<i>Government Combinations and Disposals of Government Operations</i>	December 15, 2013

Management is in the process of evaluating the impact of the statements to be implemented for the fiscal year ended June 30, 2015 and beyond. For the fiscal year ended June 30, 2015, management does not anticipate any significant impact from the new statements on the financial statements.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(2) Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 327,123,164
Restricted cash and investments	157,517,738
Fiduciary funds:	
Cash and cash equivalents	<u>237,891,560</u>
Total cash and investments	<u><u>\$ 722,532,462</u></u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 66,179
Deposits with financial institutions	9,312,116
Investments	<u>713,154,167</u>
Total cash and investments	<u><u>\$ 722,532,462</u></u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(2) Cash and Investments, (Continued)

Primary Government (excluding FPRS Cash and Investments), (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City'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 City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized By Investment Policy	* Maximum Maturity	* Maximum Percentage of Portfolio	* Maximum Investment in One Issuer
Local Agency Bonds +	Yes	5 years	None	None
US Treasury Obligations +	Yes	5 years	None	None
US Agency Securities +	Yes	5 years	None	None
Banker's Acceptance	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	25%	None
Repurchase Agreement	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
Corporate Bonds	Yes	5 years	20%	10%
County Pooled Investment Fund	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
Registered State Warrants	Yes	N/A	None	None

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

+With the exception of the Power Reserve and Bond reserve Funds with consent of the bond insurers, these type of investment can be held for more than five years

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Investments Authorized by Debt Agreements

Investments 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 City'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, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity
US Treasury Obligations	None
US Agency Securities	None
Banker's Acceptance	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 Obligation Bonds	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 fair value of the investment is more susceptible to changes in market interest rates. One of the ways that the City 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

Information about the sensitivity of the fair values of the City'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 City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Corporate Bonds	\$ 77,488,105	11,170,675	19,981,453	46,335,977	-
Federal Agency Securities	196,034,071	-	3,345,404	174,884,761	17,803,906
Municipal Bond	54,173,261	26,192,685	17,281,906	7,981,079	2,717,591
Money Market Funds	62,053,849	62,053,849	-	-	-
State Investment Pool	68,175,914	68,175,914	-	-	-
Negotiable Certificates of Deposit	725,761	725,761	-	-	-
Held by Bond Trustee:					
Federal Agency Securities	16,672,226	-	-	16,672,226	-
Corporate Bonds	1,932,758	1,932,758	-	-	-
Money Market Funds	3,337,115	3,337,115	-	-	-
Investment Contracts	3,514,861	-	-	2,225,310	1,289,551
Deferred Compensation Plan:					
Mutual Fund	229,046,246	229,046,246	-	-	-
Total	\$ 713,154,167	402,635,003	40,608,763	248,099,353	21,811,048

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(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 notional recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type		Minimum Legal Rating	Rating as of Year-End			Not Rated
			AAA	Aa	A	
Corporate Bonds	\$ 77,488,105	A	9,897,597	16,628,809	50,961,699	-
Federal Agency Securities	196,034,071	N/A	196,034,071	-	-	-
Municipal Bond	54,173,261	N/A	-	30,370,008	23,140,766	662,487
Money Market Funds	62,053,849	N/A	-	-	-	62,053,849
State Investment Pool	68,175,914	N/A	-	-	-	68,175,914
Negotiable CDs	725,761	N/A	-	-	-	725,761
Held by Bond Trustee:						
Federal Agency Securities	16,672,226	N/A	16,672,226	-	-	-
Corporate Bonds	1,932,758	A	1,932,758	-	-	-
Money Market Funds	3,337,115	A	3,337,115	-	-	-
Investment Contracts	3,514,861	N/A	3,514,861	-	-	-
Deferred Compensation Plan:						
Mutual Fund	229,046,246	N/A	-	229,046,246	-	-
Total	<u>\$ 713,154,167</u>		<u>231,388,628</u>	<u>276,045,063</u>	<u>74,102,465</u>	<u>131,618,011</u>

N/A Not Applicable

Concentration of Credit Risk

The investment policy of the City 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 City investments are as follows:

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(2) Cash and Investments, (Continued)

Concentration of Credit Risk, (Continued)

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank LAIF	Federal Agency Securities	\$ 90,641,638
Federal National Mortgage Assoc.	State Investment Pool	69,889,200
Federal Home Loan Mortgage Corp.	Federal Agency Securities	49,876,436
East West Bank	Federal Agency Securities	47,146,631
Federal Farm Credit Bank	Money Market Funds	39,364,717
	Federal Agency Securities	29,968,000

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 City'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, 2014, \$0 of the City's deposits with financial institutions in excess of federal depository insurance limits was 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(2) Cash and Investments, (Continued)

Investment in State Investment Pool

The City 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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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.

(3) Accounts Receivable

As of June 30, 2014, the accounts receivable are categorized as follows:

	General	Project Management Capital Project	Non-Major Governmental Funds	Internal Service
Governmental activities:				
Accounts receivable	\$ 1,704,629	883,216	2,783,588	217,990
Accrued revenue receivable	9,679,460	3,055,806	7,247,977	137,646
Interest receivable	518,334	-	311,897	37,716
Paramedics receivable	3,014,015	-	-	-
Utility receivable	1,209,188	-	539,443	-
	<u>16,125,626</u>	<u>3,939,022</u>	<u>10,882,905</u>	<u>393,352</u>
Less: allowance for un- collectible amounts	(1,625,120)	-	(27,076)	-
Total	<u>\$ 14,500,506</u>	<u>3,939,022</u>	<u>10,855,829</u>	<u>393,352</u>

	Light and Power	Water	Off-Street Parking	Non-Major Proprietary
Business-type activities:				
Accounts receivable	\$ 39,178	9,238	192,625	94,443
Accrued revenue receivable	10,674,889	6,585,066	698,487	1,342,629
Interest receivable	420,381	21,217	38,000	1,974
Utility receivable	9,014,992	3,290,126	-	852,158
	<u>20,149,440</u>	<u>9,905,647</u>	<u>929,112</u>	<u>2,291,204</u>
Less: allowance for un- collectible amounts	(511,527)	(172,451)	-	(43,404)
Total	<u>\$ 19,637,913</u>	<u>9,733,196</u>	<u>929,112</u>	<u>2,247,800</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(4) Notes Receivable – Primary Government

The notes receivable in the Governmental Funds amounted to \$64,279,416 at June 30, 2014. \$40,840,974 consisted of primarily Housing and Community Development loans, which arose from the sale of land to project developers and other agencies, and the provision of loan assistance under the City’s affordable housing programs, subject to approved redevelopment plans. \$23,438,442 consisted of loans that the former redevelopment agency made to assist the development of affordable rental housing projects and the purchase of homes by homebuyers. These loans are secured by trust deeds and were funded with redevelopment low-moderate income housing set-aside funds. These notes have various terms, including maturities ranging from 5 to 45 years and interest rates ranging from 1.5% to 11%. Due to the uncertainty of their collectability at June 30, 2014, the City has recorded an allowance for uncollectible long-term receivables of \$41,184,217.

In January 2009, Light and Power utilized \$80.0 million of Reserves for Stranded Investment and in return received Subordinated Notes totaled \$70.0 million from Intermountain Power Agency (IPA) to defease some of IPA’s outstanding debt service requirement for Intermountain Power Project (IPP) bonds. These notes have various maturity dates, and the proceeds, when mature, will be used to stabilize future energy costs. The balance of the notes as of June 30, 2014 is \$47,752,500.

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2014 are as follows:

Primary Government

	Due from other funds	
Due to other funds	General Fund	Total
Non-Major Governmental Funds	\$ 3,277,110	3,277,110
Internal Service Funds	1,765,876	1,765,876
Total	\$ 5,042,986	5,042,986

The above balances are due to negative cash balances at the end of the fiscal year.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2014 are as follows:

Advances from other funds	Advances to other funds				Total
	General Fund	Light and Power Fund	Offstreet Parking Fund	Private Purpose Trust Funds	
General Fund	\$ -	990,000	-	-	990,000
Offstreet Parking Fund	7,136,545	-	-	2,959,136	10,095,681
Private Purpose Trust Funds	38,782,905	-	7,640,000	-	46,422,905
Total	<u>\$ 45,919,450</u>	<u>990,000</u>	<u>7,640,000</u>	<u>2,959,136</u>	<u>57,508,586</u>

**Outstanding at
June 30, 2014**

General Fund

The General Fund has an agreement with Old Pasadena Parking providing for advance of funds to finance parking activities. The annual reimbursement to the General Fund is \$350,000. The advance increase was due to the corrected and revised application of how the principal and interest were calculated to this advance from 1996 to 2014.

\$7,136,545

The City and the former PCDC entered into a 1986 Reimbursement Agreement that, among other things, obligated the former PCDC to use tax increment from the Downtown Redevelopment Project Area to reimburse the City for the cost of various public improvements. The repayments from the former PCDC were for the purpose of paying bonds issued by the City to meet its funding requirements for the Fire and Police Retirement Fund. The effectiveness of the Reimbursement Agreement, including the 1987 Amendment, and all actions taken pursuant to it, including the pension bonds, was validated by Senate Bill 481 and a 1999 Los Angeles County Superior Court judgment. For further information on the status of Senate Bill (SB) 481, please refer to Note 23.

38,782,905

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

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

Primary Government (Continued)

Light and Power

On May 14, 2012, City Council authorized a loan from Power Fund of Pasadena Water and Power (PWP) to Public Works Department (Public Works) and appropriated it to the Fiscal Year 2013 Capital Improvement Program Budget for the repair and/or replacement of existing street lighting systems CIP Project. Public Works agreed to repay the loan to PWP in ten equal annual installments of \$110,000 each on January 31 of each year starting on January 31, 2014 and ending on January 31, 2023.

990,000

Offstreet Parking Facilities Fund

In 1986 the City issued Refunding Certificates of Participation (COP) to finance the acquisition and construction of parking facilities in the Old Pasadena Redevelopment Project Area. Concurrently, the City and the former PCDC entered into a Reimbursement and Repayment Agreement pursuant to which the former PCDC obligated itself to make periodic payments to the City from former tax increment generated by the Project Area to repay the City for its cost of developing the facilities. The former PCDC's repayment obligations enabled the City to undertake its obligations under the Refunding COPs and were a material inducement to the City to issue the COPs. In 2011 the former PCDC issued a promissory note to the City to further evidence its obligation to make such payments.

7,640,000

Successor Agency PCDC

The City and former PCDC have an agreement to advance funds from Downtown and Old Pasadena Capital Project Funds to Del Mar Parking Garage to finance the purchase of 600 parking spaces at the Del Mar Gold Line Station. The agreement provides for reimbursement from net receipts when funds are available.

2,959,136

Total advances between City funds

\$57,508,586

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

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

Discretely Presented Component Units

Long-term interfund advance balances between the City and discretely presented component units as of June 30, 2014 are as follows:

<u>Advances To Component Units</u>	<u>Advances From the City</u>	<u>Amount</u>
General Fund	Pasadena Center Operating Company	<u>\$ 1,618,824</u>

**Outstanding at
June 30, 2014**

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.

\$530,614

On September 11 and October 25, 2011, PCOC borrowed a total of \$1,500,000 from the City to fund a new ice rink. The loan carries an interest rate of 2.5%. PCOC anticipates that the loan repayment will be from ice skating net income by the 5th year of operation of the new rink over a 10-year period.

1,088,210

Total advances between City and discretely presented component units

\$1,618,824

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2014 is as follows:

Governmental activities	Balance at June 30, 2013	Additions	Deletions	Prior Period Adjustment	Balance at June 30, 2014
Depreciable assets:					
Buildings and improvements	\$ 279,874,157	174,601	(3,356,215)	-	276,692,543
Machinery and equipment	61,740,090	4,872,029	(2,358,982)	-	64,253,137
Infrastructure	318,272,605	4,659,959	(725,072)	-	322,207,492
Total cost of depreciable assets	659,886,852	9,706,589	(6,440,269)	-	663,153,172
Less accumulated depreciation:					
Buildings and improvements	(107,759,755)	(5,780,474)	2,282,730	-	(111,257,499)
Machinery and equipment	(32,717,306)	(4,135,494)	2,338,413	-	(34,514,387)
Infrastructure	(113,808,577)	(6,271,919)	647,707	(6,070,790)	(125,503,579)
Total accumulated depreciation	(254,285,638)	(16,187,887)	5,268,850	(6,070,790)	(271,275,465)
Net depreciable assets	405,601,214	(6,481,298)	(1,171,419)	(6,070,790)	391,877,707
Capital assets not depreciated:					
Land	58,273,512	3,969,165	-	-	62,242,677
Construction in progress	27,041,250	11,994,640	(6,911,240)	-	32,124,650
Total cost of non-depreciable assets	85,314,762	15,963,805	(6,911,240)	-	94,367,327
Capital assets, net	\$ 490,915,976	9,482,507	(8,082,659)	(6,070,790)	486,245,034

Depreciation expense was charged in the following functions in the statement of activities:

General government	\$ 5,259,284
Public safety	1,424,553
Transportation	7,003,602
Health	351,237
Culture and leisure	354,987
Community development	1,794,224
	<u>\$ 16,187,887</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(7) Capital Assets, (Continued)

Primary Government, (Continued)

Business-type activities	Balance at June 30, 2013	Additions	Deletions	Prior Period Adjustment	Balance at June 30, 2014
Depreciable assets:					
Buildings and improvements	\$ 119,196,370	654,929	(165,597)	4,035,185	123,720,887
Utility lines, machinery and equipment	<u>756,947,373</u>	<u>25,427,794</u>	<u>(4,033,571)</u>	<u>(1,209,511)</u>	<u>777,132,085</u>
Total cost of depreciable assets	<u>876,143,743</u>	<u>26,082,723</u>	<u>(4,199,168)</u>	<u>2,825,674</u>	<u>900,852,972</u>
Less accumulated depreciation:					
Buildings and improvements	(33,704,294)	(2,829,784)	161,655	(2,358,665)	(38,731,088)
Utility lines, machinery and equipment	<u>(396,199,423)</u>	<u>(23,403,364)</u>	<u>2,865,601</u>	<u>165,672</u>	<u>(416,571,514)</u>
Total accumulated depreciation	<u>(429,903,717)</u>	<u>(26,233,148)</u>	<u>3,027,256</u>	<u>(2,192,993)</u>	<u>(455,302,602)</u>
Net depreciable assets	446,240,026	(150,425)	(1,171,912)	632,681	445,550,370
Capital assets not depreciated:					
Land	6,315,288	-	-	-	6,315,288
Construction in progress	<u>134,988,044</u>	<u>81,926,849</u>	<u>(23,454,690)</u>	<u>-</u>	<u>193,460,203</u>
Total cost of non-depreciable assets	<u>141,303,332</u>	<u>81,926,849</u>	<u>(23,454,690)</u>	<u>-</u>	<u>199,775,491</u>
Capital assets, net	<u>\$ 587,543,358</u>	<u>81,776,424</u>	<u>(24,626,602)</u>	<u>632,681</u>	<u>645,325,861</u>

Depreciation expense was charged in the following functions in the statement of activities:

Electric	\$ 18,278,973
Water	5,292,158
Refuse	820,564
Parking	1,807,918
Telecommunication	<u>33,535</u>
	<u>\$ 26,233,148</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(8) Deferred Inflow of Resources

Deferred inflow of resources consists of the following at June 30, 2014:

	General Fund	Project Management Capital Project	Non-Major Governmental	Total Governmental
(a) Revenues not "available"	\$ 38,782,905	-	3,321,984	42,104,889
(b) Rental income	144,500	-	-	144,500
(c) Miscellaneous revenue collected	32,262	3,055,740	521,938	3,609,940
	<u>\$ 38,959,667</u>	<u>3,055,740</u>	<u>3,843,922</u>	<u>45,859,329</u>

	Light and Power	Water	Total Proprietary
(c) Miscellaneous revenue collected	\$ 1,832,757	14,073	1,846,830
	<u>\$ 1,832,757</u>	<u>14,073</u>	<u>1,846,830</u>

Primary Government

- (a) In accordance with GASB Statement No. 33 revenue recognition requirements, the following revenues have been deferred because they were not available at year end: \$1,928,694 of Health grants, \$51,159 of Transportation services, \$1,342,131 of Housing grants, and \$38,782,905 of the Successor Agency (formerly PCDC) obligation due to the City in accordance with SB 481.
- (b) In fiscal year 1986, the Old Pasadena Parking Facility Fund pre-paid rent to the General Fund for the rental of land used to house the parking facility. The General Fund deferred rental income and is amortizing it over the life of the bonds. The current balance is \$144,500.
- (c) Miscellaneous deferred revenue consists of other miscellaneous revenue collected of which, revenue recognition criteria have not been met.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities

Primary Government

Changes in long-term debt and other liabilities for the year ended June 30, 2014 are as follows:

Governmental Activities:	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Due Within One Year	Due in More Than One Year
Notes payable	\$ 925,642	-	(363,969)	561,673	14,262	547,411
Pension bonds:						
1999 Taxable Pension Funding Bonds	60,420,000	-	(7,630,000)	52,790,000	1,585,000	51,205,000
2004 Taxable Pension Funding Bonds	26,045,000	-	(2,385,000)	23,660,000	23,660,000	-
2012 Taxable Pension Obligation Bonds	47,440,000	-	-	47,440,000	47,440,000	-
Total Pension Bonds	<u>133,905,000</u>	<u>-</u>	<u>(10,015,000)</u>	<u>123,890,000</u>	<u>72,685,000</u>	<u>51,205,000</u>
Certificates of participation:						
1993 COP	5,515,000	-	(5,515,000)	-	-	-
2008 COP Series B Refunding 2004 A&B	16,732,925	-	(2,162,989)	14,569,936	2,675,913	11,894,023
2008 COP Series C Refunding 2003 COP	63,525,000	-	(1,505,000)	62,020,000	1,565,000	60,455,000
Total certificates of participation	<u>85,772,925</u>	<u>-</u>	<u>(9,182,989)</u>	<u>76,589,936</u>	<u>4,240,913</u>	<u>72,349,023</u>
Revenue Bonds:						
2006 Revenue Bonds	6,700,000	-	(520,000)	6,180,000	540,000	5,640,000
Total Revenue Bonds	<u>6,700,000</u>	<u>-</u>	<u>(520,000)</u>	<u>6,180,000</u>	<u>540,000</u>	<u>5,640,000</u>
Capitalized lease obligations	8,532,705	350,708	(1,341,312)	7,542,101	1,388,671	6,153,430
Derivative Instrument Deferred Borrowing	539,912	310,951	(175,646)	675,217	119,451	555,766
Unamortized issuance premium (discount)	(999,347)	-	1,716,600	717,253	(20,495)	737,748
Other:						
Compensated absences	10,011,243	8,910,198	(8,672,836)	10,248,605	10,248,605	-
Other Post Employment Benefits Liability (OPEB)	14,912,018	2,609,000	(551,018)	16,970,000	-	16,970,000
Insurance claims payable	35,577,767	11,403,691	(7,534,066)	39,447,392	9,094,336	30,353,056
Net pension obligation	15,796,000	5,441,000	-	21,237,000	-	21,237,000
Total governmental activity long-term liabilities	<u>\$ 311,673,865</u>	<u>29,025,548</u>	<u>(36,640,236)</u>	<u>304,059,177</u>	<u>98,310,743</u>	<u>205,748,434</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Primary Government, (Continued)

Business-Type Activities:	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Due Within One Year	Due In More Than One Year
Notes payable	\$ 1,139,066	-	(152,262)	986,804	159,999	826,805
Revenue bonds:						
1998 Electric Revenue/Refunding Bonds	5,000	-	(5,000)	-	-	-
2002 Electric Revenue Bonds	3,535,000	-	(3,535,000)	-	-	-
2007 Water Revenue Bonds	18,935,000	-	(500,000)	18,435,000	520,000	17,915,000
2008 Power Revenue Bonds	52,715,000	-	(1,315,000)	51,400,000	1,365,000	50,035,000
2009 Electric Revenue Refunding Bonds	34,740,000	-	(2,955,000)	31,785,000	3,035,000	28,750,000
2010 Electric Revenue Refunding Bonds	35,540,000	-	(3,950,000)	31,590,000	4,070,000	27,520,000
2010A Water Revenue Bonds (Taxable Build America)	25,425,000	-	-	25,425,000	-	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	4,575,000	-	(585,000)	3,990,000	605,000	3,385,000
2011A Water Revenue Bonds (Refunding Bonds)	29,745,000	-	(1,985,000)	27,760,000	2,060,000	25,700,000
2012A Electric Revenue Refunding Bonds	7,950,000	-	(475,000)	7,475,000	480,000	6,995,000
2013A Electric Revenue Refunding Bonds	-	80,485,000	-	80,485,000	-	80,485,000
Total Water and Power	<u>213,165,000</u>	<u>80,485,000</u>	<u>(15,305,000)</u>	<u>278,345,000</u>	<u>12,135,000</u>	<u>266,210,000</u>
2008 Paseo Colorado Taxable Revenue Bonds	26,500,000	-	(600,000)	25,900,000	600,000	25,300,000
Total revenue bonds	<u>239,665,000</u>	<u>80,485,000</u>	<u>(15,905,000)</u>	<u>304,245,000</u>	<u>12,735,000</u>	<u>291,510,000</u>
Certificates of participation:						
1993 Refunding COP (Old Pasadena)	9,280,000	-	(1,640,000)	7,640,000	1,735,000	5,905,000
2008 COP Series B Refunding 2004A&B	557,075	-	(72,011)	485,064	89,087	395,977
Total certificates of participation	<u>9,837,075</u>	<u>-</u>	<u>(1,712,011)</u>	<u>8,125,064</u>	<u>1,824,087</u>	<u>6,300,977</u>
Capitalized lease obligations	44,626	-	(35,530)	9,096	9,096	-
Unamortized issuance premium (discount)	3,346,787	-	(6,387,122)	(3,040,335)	-	(3,040,335)
Total business-type activity long-term liabilities	<u>\$ 254,032,554</u>	<u>80,485,000</u>	<u>(24,191,925)</u>	<u>310,325,629</u>	<u>14,728,182</u>	<u>295,597,447</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Primary Government, (Continued)

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, \$2,777,968 of internal service funds capitalized lease obligations are included in the governmental activities schedule.

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt and other liabilities for the year ended June 30, 2014 are as follows:

Discretely Presented Component Units	Balance at June 30, 2013	Additions Including Accretion	Reductions	Balance at June 30, 2014	Due Within One Year	Due In More Than One Year
Certificates of participation:						
2006 COP (CONFERENCE CENTER PROJECT 2008 Refunding COP Series 2008A (Conference Center Project)	\$ 32,224,184	1,482,810	(2,560,000)	31,146,994	2,850,000	28,296,994
	<u>134,720,000</u>	<u>-</u>	<u>-</u>	<u>134,720,000</u>	<u>-</u>	<u>134,720,000</u>
Total Certificates of participation	<u>166,944,184</u>	<u>1,482,810</u>	<u>(2,560,000)</u>	<u>165,866,994</u>	<u>2,850,000</u>	<u>163,016,994</u>
Revenue Bonds:						
2010A Revenue Bonds-Tax Exempt	38,976,031	935,219	-	39,911,250	-	39,911,250
2010B Revenue Bonds-Taxable Build America Bonds	106,660,000	-	-	106,660,000	-	106,660,000
2010C Revenue Bonds-Taxable	5,005,000	-	-	5,005,000	280,000	4,725,000
2010D Revenue Bonds-Taxable Recovery	7,400,000	-	-	7,400,000	-	7,400,000
2013A Revenue Bonds-Refunding-Tax Exempt	34,900,000	-	-	34,900,000	-	34,900,000
2013B Revenue Bonds-Refunding-Taxable Fixed Rate	19,065,000	-	(1,035,000)	18,030,000	1,045,000	16,985,000
Total Revenue Bonds (Rose Bowl Renovation)	<u>212,006,031</u>	<u>935,219</u>	<u>(1,035,000)</u>	<u>211,906,250</u>	<u>1,325,000</u>	<u>210,581,250</u>
Energy Conservation Loan	2,538,701	-	(223,471)	2,315,230	232,385	2,082,845
Compensated absences	173,820	109,979	(97,345)	186,454	53,866	132,588
Total discretely presented component units long- term liabilities	<u>\$ 381,662,736</u>	<u>2,528,008</u>	<u>(3,915,816)</u>	<u>380,274,928</u>	<u>4,461,251</u>	<u>375,813,677</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Fiduciary Funds – Private Purpose Trust Fund

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Due Within One Year	Due In More Than One Year
Successor Agency to Pasadena Community Development Commission (PCDC):						
Tax allocation bonds:						
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove)	\$ 282,000	-	(282,000)	-	-	-
2000 Tax Allocation Refunding Revenue Bonds (Villa Parke)	182,000	-	(182,000)	-	-	-
2006 Tax Allocation Refunding Bonds (Fair Oaks)	1,675,000	-	(155,000)	1,520,000	160,000	1,360,000
2006 Tax Allocation Refunding Bonds (Villa Parke)	100,000	-	(100,000)	-	-	-
2006 Tax Allocation Refunding Bonds (Lake/Washington)	410,000	-	(75,000)	335,000	75,000	260,000
Total tax allocation bonds	<u>2,649,000</u>	<u>-</u>	<u>(794,000)</u>	<u>1,855,000</u>	<u>235,000</u>	<u>1,620,000</u>
Advances Payable-City	48,062,905	-	(1,640,000)	46,422,905	1,735,000	44,687,905
Total Successor Agency to PCDC long-term liabilities	<u>\$ 50,711,905</u>	<u>-</u>	<u>(2,434,000)</u>	<u>48,277,905</u>	<u>1,970,000</u>	<u>46,307,905</u>
Housing Successor:						
2006 Tax Allocation Revenue Bonds (Housing Set-Aside Revenues - Townhouse Project Refunding)	\$ 545,000	-	(270,000)	275,000	275,000	-
Total Housing Successor long-term liabilities	<u>\$ 545,000</u>	<u>-</u>	<u>(270,000)</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Governmental Activities:

	<u>Issue Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Coupon Interest Rate</u>	<u>Final Principal Payment Date</u>	<u>Outstanding at June 30, 2014</u>
<u>Detail of Long-Term Debts</u>						
Governmental Activities:						
Notes payable						
Notes Payable-HUD Section 108	8/7/2003	a	\$ 2,735,000	1.21% to 4.83%	8/1/2013	\$ -
Notes Payable-RBOC	1/15/2013	v	575,642	2.10%	1/7/2043	561,673
Total Notes Payable						\$ 561,673
Pension bonds:						
1999 Taxable Pension Funding Bonds	8/5/1999	b	\$ 101,940,000	6.26% to 7.28%	5/15/2022	\$ 52,790,000
2004 Taxable Pension Funding Bonds	8/1/2004	b	40,750,000	2.0% to 4.687%	5/15/2015	23,660,000
2012 Taxable Pension Obligation Bonds	3/15/2012	b	47,440,000	1.757%	5/15/2015	47,440,000
Total Pension Bonds						\$ 123,890,000
Certificates of Participation:						
1993 COP (Refunding and Capital Projects)	1/1/1994	c	\$ 79,835,000	5.350%	2/1/2014	\$ -
2008 COP Series B Refunding 2004A&B	5/15/2008	d	26,759,131	3.0% to 5.25%	2/1/2019	14,569,936
2008 COP Series C Refunding 2003 COP	7/16/2008	e	71,450,000	4.0% to 5.0%	2/1/2038	62,020,000
Total Certificates of Participation						\$ 76,589,936
Revenue Bonds:						
2006 Revenue Bonds	2/1/2006	f	\$ 10,355,000	variable	12/1/2023	\$ 6,180,000
Capitalized Lease Obligations						
2001 Property Lease 965 N Fair Oaks	12/27/2000	g	\$ 4,000,000	variable	12/27/2020	\$ 1,391,721
2006 Equipment Lease	7/1/2006	h	180,172	3.496%	8/10/2014	7,296
2011 Equipment Lease-ARTS Buses	12/23/2011	h	2,072,805	3.560%	1/15/2022	1,718,268
2012 Equipment Lease-Helicopter	6/18/2012	h	1,584,326	1.873%	11/20/2018	1,115,513
2012 Equipment Lease -911 System	6/18/2012	h	3,947,507	1.814%	11/20/2018	2,777,968
2013 Equipment Lease-Dental Clinic	6/28/2013	h	265,187	1.950%	6/28/2018	214,187
2014 Equipment Lease-Civic Center Parking Meter	7/15/2013	h	350,708	1.950%	7/15/2018	317,148
Total Capitalized Lease Obligations						\$ 7,542,101

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Business-Type Activities:

	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2014
<u>Detail of Long-Term Debts</u>						
<u>Business-Type Activities:</u>						
Notes payable						
Notes Payable-Marriott Parking Garage	8/18/1999	i	2,600,000	4.950%	12/19/2019	\$ 986,804
Revenue bonds:						
1998 Electric Revenue/Refunding Bonds	8/24/1998	j	70,635,000	3.464% to 4.075%	8/1/2024	\$ -
2002 Electric Revenue Bonds	7/15/2002	k	82,320,000	3.0% to 4.75%	6/1/2022	-
2007 Water Revenue Bonds	4/23/2007	n	21,550,000	3.5% to 4.44%	6/1/2036	18,435,000
2008 Power Revenue Bonds	1/28/2008	o	58,555,000	4.0% to 5.0%	6/1/2037	51,400,000
2008 Paseo Colorado Taxable Revenue Bonds	9/17/2008	p	28,800,000	variable	6/1/2038	25,900,000
2009 Electric Revenue/Refunding Bonds	11/24/2009	q	40,655,000	4.0% to 5.0%	8/1/2024	31,785,000
2010 Electric Revenue/Refunding Bonds	8/3/2010	r	36,320,000	2.0% to 4.0%	6/1/2021	31,590,000
2010A Water Revenue Bonds (Taxable Build America)	12/23/2010	n	25,425,000	6.0% to 7.3%	6/1/2040	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	12/23/2010	n	4,575,000	3.0% to 5.0%	6/1/2020	3,990,000
2011A Water Revenue/Refunding Bonds	12/20/2011	s	29,770,000	3.0% to 5.0%	6/1/2033	27,760,000
2012A Electric Revenue Refunding Bonds	10/4/2012	r	11,780,000	1.0% to 4.0%	6/1/2022	7,475,000
2013A Electric Revenue Refunding Bonds	12/3/2013	w	80,485,000	4.5% to 5.0%	6/1/2043	80,485,000
Total Revenue Bonds						\$ 304,245,000
Certificates of Participation:						
1993 Refunding COP (Old Pasadena)	7/01/1993	u	28,050,000	2.75% to 5.25%	1/1/2018	\$ 7,640,000
2008 COP Series B Refunding 2004A&B	5/15/2008	d	890,869	3.0% to 5.25%	2/1/2019	485,064
Total Certificates of Participation						\$ 8,125,064
Capital Lease Obligations						
2006 Equipment Lease	7/1/2006	h	224,630	3.496%	8/10/2014	\$ 9,096

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Business-Type Activities (Continued):

	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2014
<u>Detail of Long-Term Debts</u>						
<u>Discretely Presented Component Units</u>						
Certificates of Participation						
2006 COP (Conference Center Project)	8/23/2006	CC1	27,139,972	3.85% to 4.81%	2/1/2023	\$ 31,146,994
2008 Refunding COP, Series 2008A (Conference Center Project)	4/15/2008	CC2	134,720,000	variable	2/1/2035	<u>134,720,000</u>
Total Certificates of Participation (PCOC)						<u>\$ 165,866,994</u>
Revenue Bonds						
2010A Revenue Bonds-Tax Exempt Capital	11/18/2010	RB2	25,220,000	4.0% to 5.0%	3/1/2027	\$ 25,220,000
2010A Revenue Bonds-Tax Exempt Capital Appreciation	11/18/2010	RB2	11,558,265	6.43% to 6.52%	3/1/2033	14,691,250
2010B Revenue Bonds-Taxable Build America Bonds	11/18/2010	RB2	106,660,000	6.998% to 7.148%	3/1/2043	106,660,000
2010C Revenue Bonds-Taxable	11/18/2010	RB2	5,005,000	2.935% to 4.924%	3/1/2020	4,725,000
2010D Revenue Bonds-Taxable Recovery Zone Economic	11/18/2010	RB2	7,400,000	7.148%	3/1/2043	7,400,000
2013A Revenue Bonds-Refunding-Tax Exempt	1/15/2013	RB3	23,865,000	0.888% to 2.091%	12/1/2042	23,865,000
2013A Revenue Bonds-Refunding-Tax Exempt	1/15/2013	RB2	11,035,000	0.888% to 2.091%	12/1/2042	11,035,000
2013B Revenue Bonds-Refunding-Taxable Fixed Rate	1/15/2013	RB2	19,065,000	1.9% to 5.2%	12/1/2027	<u>18,030,000</u>
Total Revenue Bonds (RBOC)						<u>\$ 211,626,250</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

	<u>Issue Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Coupon Interest Rate</u>	<u>Final Principal Payment Date</u>	<u>Outstanding at June 30, 2014</u>
<u>Fiduciary Funds</u>						
Successor Agency to Pasadena Community Development Commission (PCDC):						
Tax Allocation bonds:						
2000 Tax Allocation Refunding (Orange Grove)	6/1/2000	T1	2,801,000	4.35% to 5.50%	6/1/2014	\$ -
2000 Tax Allocation Refunding(Villa Parke)	6/1/2000	T2	1,814,000	4.35% to 5.50%	6/1/2014	-
2006 Tax Allocation Refunding Bond (Fair Oaks)	5/17/2006	T3	2,470,000	3.8% to 4.9%	7/1/2021	1,520,000
2006 Tax Allocation Refunding Bond (Villa Parke)	5/17/2006	T4	710,000	3.8% to 4.5%	6/1/2014	-
2006 Tax Allocation Refunding Bond (Lake/Washington)	5/17/2006	T5	805,000	3.8% to 4.7%	7/1/2017	335,000
Total tax allocation bonds						1,855,000
Advances Payable – City	various		-	1.25% to 10.00%	various	46,422,905
Total Successor Agency to PCDC long-term liabilities						<u>\$ 48,277,905</u>
Housing Successor Debt Service						
2006 Tax Allocation Revenue Bonds (Housing Set-Aside)	5/17/2006	T6	1,935,000	3.8% to 4.3%	8/1/2014	\$ 275,000
Total Housing Successor long-term liabilities						<u>\$ 275,000</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Purpose of Debt:	
a	Fair Oaks Shopping Center
b	Fire and Police Retirement
c	Refund 1989 Certificates of Participation, 1990 Certificates of Participation
d	Refund 2004A&B Certificates of Participation
e	Refund 2003 Certificates of Participation City Hall and Park Improvements
f	City Facilities
g	Land Acquisition
h	Equipment Purchases, assets purchased collateralizes debt
i	Marriott Parking Improvements
j	Refund 1990-1994 Revenue Bonds
k	Re-powering-San Rafael transmission
l	Re-powering 2003
m	Refund 1993,1994 Water Bonds
n	Water System Capital Improvements
o	Modernization power warehouse
p	Refund 2000 Paseo Bonds
q	Refund partial 1998 Electric Bonds
r	Refund partial 2002/2003 Electric Bonds
s	Refund partial 2003 Water Bonds
t	Los Robles Parking Improvements
u	Refund 1986 Certificates of Participation
v	Refund 2006 Revenue Bonds
w	Refund 2002 Electric Bonds and Capital Improvements to the Electric System
CC1	Conference Center Improvements
CC2	Refund 2006B Certificates of Participation
RB1	Rose Bowl Stadium Improvements
RB2	Rose Bowl Stadium Renovation
RB3	Refund 2006 Rose Bowl Variable Rate Lease Revenue Bonds
T1	Orange Grove Redevelopment Project
T2	Villa Parke Redevelopment Project
T3	Fair Oaks Redevelopment Project & Public Improvement Program
T4	Villa Parke Redevelopment Project Refunding
T5	Lake Washington Redevelopment Project & Public Improvement Program
T6	Housing Set-Aside Revenues Townhouse Project Refunding

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

The annual requirements to amortize as of June 30, 2014, are as follows:

Governmental Activities:

Year Ending June 30	Notes Payable		Pension Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 14,262	11,795	72,685,000	4,834,731	4,240,913	3,582,485
2016	14,561	11,496	5,860,000	3,753,326	4,422,047	3,399,469
2017	14,867	11,190	6,285,000	3,323,789	4,613,342	3,206,287
2018	15,179	10,878	6,745,000	2,863,098	4,799,475	3,021,754
2019	15,498	10,559	7,240,000	2,368,690	5,029,159	2,792,031
2020-2024	82,512	47,773	25,075,000	3,762,489	10,680,000	11,890,035
2025-2029	91,547	38,739	-	-	13,410,000	9,158,575
2030-2034	101,572	28,713	-	-	13,295,000	5,529,750
2035-2039	112,694	17,591	-	-	16,100,000	1,958,200
2040-2043	98,981	5,249	-	-	-	-
Total Payment	\$ 561,673	193,983	123,890,000	20,906,123	76,589,936	44,538,586

Year Ending June 30	Revenue Bonds		Capitalized Lease	
	Principal	Interest	Principal	Interest
2015	\$ 540,000	52,416	1,388,671	136,818
2016	560,000	47,836	1,417,645	112,189
2017	560,000	43,086	1,455,468	87,056
2018	580,000	38,336	1,494,332	61,334
2019	600,000	33,417	988,643	35,281
2020-2024	3,340,000	87,190	797,342	44,363
Total Payment	\$ 6,180,000	302,281	7,542,101	477,041

Business-Type Activities

Year Ending June 30	Notes Payable		Certificates of Participation		Revenue Bonds		Capitalized Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 159,999	47,542	1,824,087	498,605	12,735,000	12,858,370	9,096	87
2016	168,028	39,514	1,942,953	386,158	13,245,000	12,351,815	-	-
2017	176,669	30,873	2,066,658	266,815	15,520,000	11,843,460	-	-
2018	185,646	21,894	2,185,525	139,823	15,405,000	11,259,105	-	-
2019	195,081	12,461	105,841	4,234	15,990,000	10,667,745	-	-
2020-2024	101,381	2,547	-	-	67,520,000	43,878,417	-	-
2025-2029	-	-	-	-	45,720,000	32,382,289	-	-
2030-2034	-	-	-	-	52,030,000	22,127,559	-	-
2035-2039	-	-	-	-	45,990,000	10,546,480	-	-
2040-2043	-	-	-	-	20,090,000	2,229,678	-	-
Total Payment	\$ 986,804	154,831	8,125,064	1,295,635	304,245,000	170,144,918	9,096	87

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(9) Long-Term Debt and Other Liabilities, (Continued)

Fiduciary Funds

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2015	\$ 510,000	88,021
2016	250,000	71,070
2017	265,000	59,159
2018	275,000	46,535
2019	195,000	35,441
2020-2022	635,000	47,640
Total Payment	<u>\$ 2,130,000</u>	<u>347,866</u>

New Debts Issued FY2014

2013A Electric Revenue Refunding Bonds

On December 3, 2013, the City issued the Electric Revenue Refunding Bonds, 2013A Series to fully refund the outstanding 2002 bonds, fund a Parity Reserve Fund, and to finance a portion of the costs of acquisition and construction of certain improvements to the Electrical System. The City realized a present value savings of \$330,000. The true interest cost on the financing was 4.74%.

2014 Equipment Lease-Civic Center Parking Meters

On July 15, 2013, the City entered into a Master Lease Purchase Agreement in the amount of \$350,708 with JP Morgan Chase Bank for the financing of Civic Center Parking Equipment, which is then leased to the City of Pasadena. Lease payments will be budgeted in the Civic Center Parking Meter Fund. Principal and interest of \$36,978.79 are due semi-annually. The rate of interest is 1.95%. Principal installments range from \$33,559 to \$36,622 commencing January 15, 2014 and ending July 15, 2018.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments

Primary Government

Governmental activities

Objective of the swaps: The City has entered into two separate floating to fixed interest rate swaps in order to lower the borrowing cost by accessing interest rate markets otherwise unattractive with traditional fixed rate debt structures. The greater liquidity and flexibility of the swap market has offered the City significant cost savings opportunities in both swaps the City has engaged in.

Rose Bowl Refinancing and Improvement Project - SWAP No.1

On February 23, 2006, the Pasadena Public Financing Authority entered into an interest rate swap agreement with Deutsche Bank related to the \$47,300,000 2006 Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Project). The objective was to effectively change the City's variable interest rate to a synthetic fixed rate of 3.285%. Under the terms of swap, the City pays the counterparty the fixed rate of 3.285% and receives a floating rate equal to 65% of the one month LIBOR rate.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the City's hedging derivative instrument outstanding at June 30, 2014, along with the credit rating of the associated counterparty.

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$ 6,180,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	A2/A+

On May 3, 2011, the City restructured the 2006 Bonds in order to take advantage of a more attractive interest rate adjustment mode than the 2006 previously had. As a result, pursuant to GASB Statement No.53, the hedging relationship terminated and the value of the swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2011 On-Market Swap) and the restructured 2006 bonds. The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2015	\$ 415,412	9,893	(82,347)	342,958
2016	342,958	8,082	(74,684)	276,356
2017	276,356	6,427	(66,881)	215,902
2018	215,902	4,935	(58,939)	161,898
2019	161,898	3,615	(50,718)	114,795
2020	114,795	2,479	(42,219)	75,055
2021	75,055	1,540	(33,440)	43,155
2022	43,155	811	(24,384)	19,582
2023	19,582	304	(14,909)	4,977
2024	4,977	38	(5,015)	-

On January 15, 2014, a portion of the restructured 2006 Bonds were refunded by the City's Lease Revenue Bonds (Rose Bowl), Series 2013A (the 2013A Bonds). As a result, pursuant to GASB Statement No. 53, a portion of the hedging relationship established in 2011 terminated and the value of that portion of the 2011 On-Market Swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2013 On-Market Swap) and the 2013A Bonds. The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2015	\$ 259,805	560	(47,557)	212,808
2016	212,808	454	(43,131)	170,131
2017	170,131	358	(38,625)	131,864
2018	131,864	273	(34,038)	98,099
2019	98,099	198	(29,291)	69,006
2020	69,006	135	(24,382)	44,759
2021	44,759	83	(19,313)	25,529
2022	25,529	43	(14,082)	11,490
2023	11,490	16	(8,610)	2,896
2024	2,896	2	(2,898)	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

The remaining portion of the 2011 On-Market Swap and the 2013 On-Market Swap were deemed to be "effective" under GASB Statement No. 53. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the change in fair value of such derivative instruments for the year then ended are as follows:

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (34,902)	Asset	\$ 39,964	\$ 6,180,000

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk: The City is exposed to credit risk on hedging derivative instruments to the extent the value of the swap is positive from the City's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2014 and therefore the City had no credit risk exposure.

Interest rate risk: The purpose of the swap is to eliminate interest rate risk on the associated hedged bonds and therefore the swap, in combination with related bonds does not create interest rate risk for the City.

Basis risk: The City is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2014, the weighted-average interest rate on the City's hedged variable-rate debt is 0.09816% while 65 percent of LIBOR is 0.09%.

Termination risk: The City or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

Rollover risk: The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the City will be re-exposed to the risks being hedged by the hedging derivative instrument.

Collateral requirements: There are no collateral requirements.

Hedging derivative instruments and hedged debt. The aggregate debt service payments for the City's hedged debt and net receipts/payments on associated derivative instruments assumes current interest rates on variable bonds and the current reference rates of hedging derivative instruments will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2014 and the changes in fair value of the derivative instrument for the year then ended are as follows:

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred inflow	\$ (139,608)	Asset	\$ 159,857	\$ 24,720,000

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of RBOC's hedging derivative instrument outstanding at June 30, 2014, along with the credit rating of the associated counterparty.

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$ 24,720,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	A2/A+

Credit risk: RBOC is exposed to credit risk on hedging derivative instruments to the extent the value of the swap is positive from the RBOC's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2014 and therefore the RBOC had no credit risk exposure.

Interest rate risk: RBOC is exposed to interest rate risk on its interest rate swap. On its pay-fixed, receive-variable interest rate swap, as the LIBOR swap index decreases, RBOC's net payment on the swap increases.

Basis risk: RBOC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by RBOC on these hedging derivative instruments are based on a rate or index other than interest rates RBOC pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2014, the weighted-average interest rate on RBOC's hedged variable-rate debt is 0.09816%, while 65 percent of LIBOR is 0.09%.

Termination risk: RBOC or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination, a hedging derivative instrument is in a liability position, RBOC would be liable to the counterparty for a payment equal to the liability.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Rollover risk: RBOC is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, RBOC will be re-exposed to the risks being hedged by the hedging derivative instrument.

Collateral requirements: There are no collateral requirements.

On May 3, 2011, the City entered into a new agreement to take advantage of a more advantageous interest rate adjustment mode than the 2006 previously had. As a result, the former derivative instrument terminated and the new instrument has off-market terms. As a result, an up-front payment was received. The up-front payment is reported as a borrowing. The borrowing is amortized over the life of the swap and amortizes using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year. The original balance of the borrowing was \$2,619,308. As of the year ending June 30, 2014, the balance was \$1,661,651.

The annual amortization and balance of the borrowing as of June 30, 2014 are as follows:

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2015	\$ 1,661,651	39,571	(329,388)	1,371,834
2016	1,371,834	32,327	(298,734)	1,105,427
2017	1,105,427	25,709	(267,523)	863,613
2018	863,613	19,738	(235,755)	647,596
2019	647,596	14,458	(202,872)	459,182
2020	459,182	9,917	(168,874)	300,225
2021	300,225	6,162	(133,762)	172,625
2022	172,625	3,242	(97,534)	78,333
2023	78,333	1,214	(59,635)	19,912
2024	19,912	151	(20,063)	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

On January 15, 2013, a portion of the restructured 2006 Bonds were refunded by the City's Lease Revenue Bonds (Rose Bowl), Series 2013A (the 2013A Bonds). As a result, pursuant to GASB Statement No. 53, a portion of the hedging relationship established in 2011 terminated and the value of that portion of the 2011 On-Market Swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2013 On-Market Swap) and the 2013A Bonds. The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2015	\$ 1,039,217	2,239	(190,229)	851,227
2016	851,227	1,815	(172,526)	680,516
2017	680,516	1,432	(154,500)	527,448
2018	527,448	1,090	(136,154)	392,384
2019	392,384	793	(117,162)	276,015
2020	276,015	539	(97,528)	179,026
2021	179,026	333	(77,250)	102,109
2022	102,109	174	(56,328)	45,955
2023	45,955	65	(34,441)	11,579
2024	11,579	8	(11,587)	-

Hedging derivative instruments and hedged debt. The aggregate debt service payments for the RBOC's hedged debt and net receipts/payments on associated derivative instruments assumes current interest rates on variable bonds and the current reference rates of hedging derivative instruments will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Conference Center Variable Rate Demand Refunding Certificates of Participation – SWAP No. 2

On September 18, 2006, the City entered into an interest rate swap agreement with DEPFA Bank related to the \$135,500,000 Conference Center Auction Rate Certificates Series 2006B. The objective was to effectively change the City’s Variable interest rate to a synthetic fixed rate of 3.536%. Under the terms of the swap, the City pays the counterparty the fixed rate of 3.536% and receives a floating rate equal to 64% of the one month LIBOR rate. The swap has a notional amount of \$133,000,000 representing a hedge ratio of 98.5% and declines according to the schedule set forth in the contract until the final principal payment on the certificates in 2034.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of PCOC’s hedging derivative instruments outstanding at June 30, 2014, along with the credit rating of the associated counterparty:

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2008A COP’s	\$ 133,000,000	9/18/2006	2/1/2034	Pays 3.536%; receive 64% of LIBOR index	Aa3/AA-

Note in 2011, due to its declining credit ratings, DEPFA Bank was replaced by RBC as the counterparty for the swap. Pursuant to GASB Statement No. 64, the replacement did not require any change in accounting treatment.

On April 15, 2008, the City issued the 2008 Refunding Certificates of Participation, Series 2008A in the amount of \$134,720,000. These certificates were issued to refund the City’s COP (Conference Center Project), Series 2006B and finance the cost of execution of the 2008A Certificates of Participation backed by a letter of credit from Bank of America. The final maturity on the 2008A COP’s was extended by one year to 2035 in order to reduce the reserve requirement and consequently, reduce the size of the issue by approximately \$800,000. The refunded certificates are considered to be defeased and the liability has been removed from the component unit’s column of the statement of net position and recorded as a deferred amount upon a refunding.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Objective and Terms of Hedging Derivative Instruments, (Continued)

During the fiscal year ending June 30, 2011, PCOC entered into a new agreement to take advantage of a more advantageous interest rate adjustment mode than the 2008 Series Bonds previously had. As a result, the former derivative instrument terminated and the new instrument has off-market terms. As a result, an up-front payment was received. The up-front payment is reported as a borrowing. The borrowing is amortized over the life of the swap and amortizes using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year. The original balance of the borrowing was \$8,935,613. As of the year ended June 30, 2014, the balance was \$7,233,921.

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2015	\$ 7,233,921	320,786	(646,380)	6,908,327
2016	6,908,327	305,736	(646,380)	6,567,683
2017	6,567,683	289,991	(646,380)	6,211,294
2018	6,211,294	273,518	(646,380)	5,838,432
2019	5,838,432	256,284	(646,380)	5,448,336
2020	5,448,336	238,252	(646,380)	5,040,208
2021	5,040,208	219,387	(646,380)	4,613,215
2022	4,613,215	199,651	(646,380)	4,166,486
2023	4,166,486	179,003	(646,380)	3,699,109
2024	3,699,109	157,461	(635,404)	3,221,166
2025	3,221,166	136,068	(601,344)	2,755,890
2026	2,755,890	115,332	(563,760)	2,307,462
2027	2,307,462	95,454	(522,409)	1,880,507
2028	1,880,507	76,649	(477,171)	1,479,985
2029	1,479,985	59,154	(427,721)	1,111,418
2030	1,111,418	43,226	(373,774)	780,870
2031	780,870	29,157	(315,009)	495,018
2032	495,018	17,258	(251,140)	261,136
2033	261,136	7,877	(181,805)	87,208
2034	87,208	1,487	(88,695)	-

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2014		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (1,427,108)	Debt	\$ (20,327,031)	\$ 133,000,000

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk: PCOC is exposed to credit risk on hedging derivative instruments to the extent that value of the swap is positive from PCOC's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2014 and therefore PCOC had no credit risk exposure.

Interest rate risk: The purpose of the swap is to eliminate interest rate risk on the associated hedged bonds and therefore the swap, in combination with related bonds does not create interest rate risk for PCOC.

Basis risk: PCOC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by PCOC on these hedging derivative instruments are based on a rate or index other than interest rates PCOC pays on its hedged variable-rate debt, which is typically remarketed every 7 days. As of June 30, 2014, the weighted-average interest rate on the PCOC's hedged variable-rate debt is 0.068%, while 64 percent of LIBOR is 0.09664%.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Derivative Instrument Liability, (Continued)

Termination risk: PCOC or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, PCOC may optionally terminate the agreement on any date. If at the time of a termination, PCOC may be required to make a termination payment to its counterparty. If PCOC had to terminate the Swap for any reason on June 30, 2014, the maximum exposure/loss would have been \$28,704,814.

Rollover risk: PCOC is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate prior to the maturity of the related debt, PCOC will be re-exposed to the risks being hedged by the hedging derivative instrument.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(11) Fund Balance and Net Position

Fund balances, Governmental Funds

On the Governmental Balance Sheet, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund Balances by classification for the year ended June 30, 2014, were as follows:

	<u>General Fund</u>	<u>Project Management Capital Project</u>	<u>Non-Major Governmental Funds</u>
Fund Balances			
Nonspendable:			
Notes Receivable	\$ 51,508	-	23,043,691
Permanent Fund Principal	-	-	1,459,638
Property Held for Resale	8,300,000	-	7,171,300
Restricted for:			
Air Quality Improvement	-	-	23,967
City Charter/Capital Projects	-	5,079,590	1,909,146
Community Development	-	-	5,637,886
Debt Service	-	-	24,754,798
Housing Successor	-	-	6,334,696
Other purposes			426,549
Public Safety			1,692,594
Transportation			11,440,978
Committed to:			
Capital Projects	5,011,378	1,001,399	17,393,860
City/Agency Advances	6,959,783	-	-
Component Unit/PCOC	1,618,824	-	31,630
Salaries, Services, and Suppli	1,012,264	-	-
Emergency Contingency	20,266,176	-	-
Libraries	-	-	3,022,491
Parking	-	-	1,716,812
Building Services	-	-	3,812,811
Sewer Construction and Maintenance	-	-	7,690,539
Underground Utilities	-	-	37,809,819
Assigned to:			
General Government	1,765,876	-	-
Parking	638,119	-	-
Health	2,327,272	-	-
Public Safety	203,262	-	-
Transportation	108,457	-	-
Unassigned:	<u>15,014,593</u>	<u>(6,896,765)</u>	<u>(1,085,093)</u>
Total fund balances	<u>\$ 63,277,512</u>	<u>(815,776)</u>	<u>154,288,112</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(11) Fund Balance and Net Position, (Continued)

Net Position

On the government-wide Statement of Net Position, the net position is reported in one of three classifications; Investment in capital assets, net of related debt, Restricted, or Unrestricted. Net position by classifications as of June 30, 2014 is:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	Total Component Units
Net Investment in capital assets	\$ 419,327,957	422,610,458	841,938,415	15,331,119
Nonspendable:	15,155,238	-	15,155,238	
Restricted:				
Expendable:				
Public safety	1,692,594	-	1,692,594	-
Cultural and leisure	1,416,537	-	1,416,537	-
Capital projects	-	-	-	35,534,775
Community development	4,221,349	-	4,221,349	-
Contributions	-	17,519,018	17,519,018	-
Debt service	24,754,798	-	24,754,798	-
Stranded investments (notes 12 and 19)	-	114,594,677	114,594,677	-
Transportation	11,440,978	-	11,440,978	-
Other purposes	450,516	1,676,858	2,127,374	-
Nonexpendable:	1,459,638	-	1,459,638	-
Unrestricted:	(29,751,250)	159,948,247	130,196,997	(54,919,402)
Total net position	<u>\$ 450,168,355</u>	<u>716,349,258</u>	<u>1,166,517,613</u>	<u>(4,053,508)</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(12) Restricted Net Position – Stranded Investments

In 1998, the City Council established a Reserve for Stranded Investment (Reserve) and imposed a Stranded Investment Surcharge (SIS) on all electric utility bills. The purpose of the Reserve for Stranded Investment was to create a fund to mitigate the potential impacts of open access to the energy market for Water and Power Department (PWP) customers and offset short and long term stranded energy costs associated with the Intermountain Power Project (IPP) and Palo Verde Nuclear Generating Station (PVNGS). Several sources of funding for the Reserve were identified in addition to the SIS and funding continued until June 30, 2002. At that time, it was determined that the Reserve was fully funded with no additional contributions required. Collection of the SIS was discontinued and excess funds returned to PWP customers. All funds deposited into the Reserves, including investment earnings, were recorded as income during the year collected or realized.

In November 2006, the City Council approved the Stranded Investment Reserve (SIR) Utilization Plan (Plan). In January 2009 in accordance with the Plan and a previously approved Prepayment Agreement (Agreement), PWP utilized approximately \$80.0 million of the reserve funds to complete an economic defeasance of selected bonds for IPP. As authorized in the Agreement, the IPA issued approximately \$70.0 million of subordinated notes to PWP, the payments for which will offset a portion of the debt service associated with the economically defeased bonds, thereby reducing the cost of energy purchased from IPP.

As of June 30, 2014, the Stranded Investment Reserve balance was \$114.6 million. The details of the additions and subtractions from the Reserve that occurred during fiscal year 2014 are shown below.

Restricted Cash and Investment

Beginning balance	\$	65,326,204
Interest earnings		1,242,933
Market gain/losses		273,040
Restricted cash and investment ending balance	\$	<u>66,842,177</u>

IPA Subordinated Notes

	Balance at June 30, 2013	Reduction	Balance at June 30, 2014
Notes Receivable	\$ 52,742,084	(4,989,584)	47,752,500
Premium Discount	6,741,221	(6,741,221)	-
Cost of Issuance	141,537	(141,537)	-
Total IPA Subordinated Notes	<u>\$ 59,624,842</u>	<u>(11,872,342)</u>	<u>47,752,500</u>

Restricted for Stranded Investments at June 30, 2014	\$	<u>114,594,677</u>
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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(13) Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances / net position at June 30, 2014:

	<u>Accumulated Deficit</u>
Governmental Activities:	
Special Revenue Funds:	
Health	\$ (1,085,093)
Capital Projects Funds:	
Project Management	(815,776)
Internal Service Funds:	
Building Maintenance	(229,496)
Benefits	(26,926,823)
Workers Compensation	(15,677,842)
General Liability	(9,672,442)
Printing Services	(1,583,580)

Management's plans for resolution of the accumulated fund deficits are as follows:

Health

The Public Health Department experienced a revenue shortfall in FY2014 due to late invoicing of funding agencies, unclaimed grant revenues stemming from staff vacancies, insufficient time study reporting and disallowances by funders. The Department is taking steps to ensure the timely invoicing of grants by hiring two temporary accountants, recruiting for a permanent Senior Accountant position and centralizing grant tracking and fiscal management under the Acting Director and Management Analyst IV. The Department will continue to pursue outstanding receivables, review every cost center and implement measures to improve and enhance fee for service billing.

Project Management

In fiscal year 2011, management developed a five-year recovery plan designed to eliminate the deficit and achieve a positive fund balance. Implementation of this plan began in fiscal year 2012 and fiscal year 2014 budget changes are consistent with the plan goals of eliminating the deficit.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(13) Accumulated Fund Deficits, (Continued)

Benefits Fund

The Benefits Fund was established to account for employee compensated absences, retirement, and health benefits. A deficit is likely to be shown in this fund each year, as a large portion of the deficit reflects the total liability that would be paid out if all employees left employment. In reality a small percentage of employees leave employment requiring the payout of their accrued leave balances. Each year, the city reviews the rates charged to Departments to adjust to an appropriate recovery level and keep the deficit as low as possible. The portion of the increased deficit previously attributable to the one time withdrawal penalty paid to a supplemental pension plan which was 100% employee funded by the PACTE/LIUNA bargaining unit has been repaid by the General Fund. This City paid cost was being recouped over time through salary savings. At year end, the General Fund transferred \$2,000,000 to the Benefits Fund to bolster fund balance for accrued vacation balances and unfunded OPEB liability.

Workers' Compensation

The City has established a Workers' Compensation Fund to provide for the potential claim and cost expenditures for workers' compensation claims against the City. In addition to any monies held in this Fund, the City makes an annual appropriation based upon its estimate of claim and expense payments during the fiscal year. Management has reviewed the deficit, and is correcting the situation through a combination of more aggressive claims management, including improved documentation of reserve levels, improved Return to Work procedures, increased focus on medical management of claims as well as an increase in rates charged as part of the annual budget process.

General Liability

The City has established a General Liability Fund to provide for the potential claim and cost expenditures for general liability claims against the City. In addition to any monies held in this fund, the City makes an annual appropriation based upon its estimate of claim and expense payments during the fiscal year. Management is reviewing the deficit and plans to correct the situation through an increase in rates charged as part of the annual budget process. It should be noted, that although there is a deficit in fund balance, there is a cash balance of \$4,615,700 in the fund. At year end the General Fund transferred \$1,858,812 to the General Liability fund to bolster reserves for future payments to the Water Fund under the settlement agreement described in Note 19, Commitments and Contingencies.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(13) Accumulated Fund Deficits, (Continued)

Printing Services

In response to citywide cost reductions during previous years, Printing Services has experienced significant reductions in work as departments cut back on reproductive services. As budgetary restraints begin to lessen, additional revenue has begun to be generated and should be garnered in upcoming years, as city departments increase their printing services requests. Printing Services is exploring ways to increase revenue by expanding services and capabilities and increasing efficiency. Management will continue to explore ways to improve Printing Services financial standing in upcoming years.

(14) Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions of the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service of pledged revenues for the remainder of the term of the commitments.

Of the total pledge revenues reported under the Fiduciary Funds, \$1,390,007 was received and recorded in June 2013, per Department of Finance guideline, it is not to be spent until next fiscal year.

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses) (in thousands)</u>	<u>Annual Debt Service Payment (in thousands)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
<i>Primary Government</i>			
Light and Power Revenues	\$ 38,038	15,885	42%
Water Revenues	19,157	7,115	37%
<i>Fiduciary Funds</i>			
Tax Increment (Downtown SB481)	\$ - (a)	-	-
Tax Increment (Other Projects)	4,829 (b)	3,429	71%

Note:

(a) SB184 was denied by the State Department of Finance in FY14, therefore did not receive pledged revenue

(b) \$1,390,007 of \$4,828,849 of pledge revenue was received and recorded in June 2013 to be spent during the period of July 2013 - December 2013

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(15) Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2014:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 6,078,482
	Non-Major Governmental Funds	25,833,887 A
	Project Management Fund	1,122,740
	Non-Major Enterprise Funds	85,000
		<u>33,120,109</u>
Project Management Fund	Light and Power Fund	71,687
	Non-Major Enterprise	214,282
	Internal Service Funds	33,108
		<u>319,077</u>
Light and Power Fund	General Fund	14,543,862 B
	Internal Service Funds	138,494
		<u>14,682,356</u>
Water Fund	General Fund	3,942,950
	Internal Service Funds	25,000
		<u>3,967,950</u>
Off Street Parking Facilities	Internal Service Funds	124,560
	Project Management Fund	358,500
	General Fund	35,000
		<u>518,060</u>
Non-Major Governmental Funds	General Fund	1,475,060
	Light and Power Fund	2,900,000
	Off Street Parking	238,863
	Non-Major Governmental Funds	1,827,116
	Project Management Fund	10,838,266
		<u>17,279,305 C</u>
Non-Major Enterprise Funds	General Fund	198,240
	Project Management Fund	2,560
	Internal Service Funds	445,655
		<u>646,455</u>
Internal Service Funds	Project Management Fund	906,862
Total		<u>\$ 71,440,174</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(15) Transfers, (Continued)

Fiduciary Funds

The following is a summary of transfers in and out for the year ended June 30, 2014:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Redevelopment Obligation Retirement Fund	Successor Agency Debt Service Funds	\$ 6,010,383
Redevelopment Obligation Retirement Fund	Successor Agency Administrative Fund	339,954
Redevelopment Obligation Retirement Fund	Other City Government	290,149
Total		<u>\$ 6,640,486</u>

Primary Government

(A) Transfers from the General Fund to Non-Major Governmental Funds consist of:

- \$13,638,633 to pay for General Fund’s debt service obligations.
- \$10,601,205 to support the Library Services Fund.
- \$1,594,049 to Housing and Community Development and various Transportation and Parking funds to support their operations.

(B) Light and Power contributed \$14,543,862 to the General Fund for the payment of interest and principal on City bonds, municipal improvements and other purposes.

(C) Transfers from Non-Major Governmental Funds include:

- \$10,838,266 was transferred to the Project Management Fund to fund various capital improvement projects.
- \$6,150,890 was transferred to various other funds; including \$2,900,000 to Light and Power, \$1,475,060 to the General Fund and \$1,775,830 to various other Debt Service, Special Revenue, and Off Street Parking Facility funds.

Fiduciary Funds

(D) The Redevelopment Obligation Retirement Fund transferred approximately \$6,010,383 to pay Successor Agency debt service obligations.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(16) Self-Insurance

The City maintains self-insurance and excess insurance programs for general liability, and City maintains self-insurance for workers compensation. Liability claims are self-administered. All City workers compensation claims (Public Safety (Fire and Police); and miscellaneous, or Citywide) workers compensation claims are administered by a Third Party Administrator, with claim dates of July 1, 2012 through all new claims. The City maintains a few self-administered claims with dates before July 1, 2012, and high value self-administered claims. For the period July 1, 2013 to June 30, 2014 excess liability insurance has been purchased with limits of \$20 million excess of a \$3 million self-insured retention. No excess insurance for worker's compensation has been purchased.

Four workers' compensation claims from prior years, when the retention was \$500,000, have exceeded the excess level. Six workers' compensation claims from prior years, when the retention was \$250,000, have exceeded the excess level. One workers' compensation claim from prior years, when the retention was \$100,000, has exceeded the excess level. Four workers' compensation claims from prior years, when the retention was \$50,000, have exceeded the excess level. No workers' compensation injury was incurred this fiscal year that is expected to exceed \$1,000,000 over the course of succeeding years.

The Office of the City Attorney, primarily using staff counsel, controls litigated liability claims. A Liability Claim is loosely defined as a claim for money damages by a 3rd party arising from City operations. During FY 2014, for Liability Claims occurring in FY 2014, the City paid approximately \$17,972 (loss payments), which is below the historical expectation of payments on the type of incidents tracked. The overall total incurred for Liability Claims occurring in FY 2014 is \$3,739,930 (losses plus expenses). Liability Claims against public entities tend to yield a defense verdict or settlement at a fraction of the exposure. On November 30/December 1, 2011, Pasadena was hit by a windstorm which toppled trees; insurance companies have presented Liability Claims against the City arising from the windstorm exposing the City to property damage liability for damage to private property. There were two (2) claims related to the windstorm event of November 30/December 1, 2011 that have high value losses associated: 1) \$600,000 reserves for tree falling onto a house; 2) a \$30,000 reserve for damages sustained by property owner alleging private trees were cut-down by City contractor immediately following the windstorm event - the claim settled and was paid during FY 2014. The Police Department was sued as a result of a 2012 officer-involved shooting death – claim has been settled and paid during FY 2014. A child in a stroller was hit in the head by an errant golf ball near Brookside Golf Course – the City has filed a dispositive motion, with a hearing scheduled during FY 2015. One claim alleges discrimination against paramedics in the provision of medical services following a homicide – claimant also filed a second claim alleging the Police Department conducted a faulty criminal investigation. No other pending liability claims appear to have sufficient damages and adverse liability to develop into a “catastrophe” claim with future payment in excess of \$1 million.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(16) Self-Insurance, (Continued)

Self-Insurance losses and administrative costs are reported in the General Liability and Workers' Compensation Internal Service Funds. Losses incurred are reimbursed by departments over a period of time as part of an internal service assessment system. Legal expenses are reported in the City Attorney Department of the General Fund. A case reserve is established for each claim, monitored and adjusted by the Liability Claims Coordinator or the Workers' Compensation Claims Supervisor, including expected litigation expenses and losses that will be paid by the City Treasurer.

The City buys insurance for its helicopter fleet with liability limits of \$20,000,000. Hull insurance with a 5% deductible is purchased on helicopters if purchased with money from Certificates of Participation. There have been no hull-coverage claims during the past three years.

The City bought All Risk Property Insurance on all its buildings, and a separate policy for production facilities at the power plant, with a combined total scheduled insured value in excess of \$1.3 billion. The basic "all-risk" deductible is \$25,000. Exclusions include earthquake, pollution clean-up, and mold. The City had a major Fire claim at the power plant in FY 2013, to GT 2 unit, which had a capitated loss value of \$7.8 million; as a result of this and the prior fire loss at the power plant (GT1), the power plant production facilities are excluded from the All Risk/Boiler & Machinery policy, and is insured under a separate Property and Boiler & Machinery policy with Lloyds of London syndicates.

The City bought Boiler and Machinery insurance as part of the All Risk Property Insurance Purchasing Group for limits of \$100,000,000. The coverage is subject to certain sub limits, with variable deductibles including \$2,500 on Consequential Damage (except \$250,000 at power plants). There have been increases in property values. The City has no claims pending.

PCOC is entitled to indemnity from the City; however, PCOC purchases a Special Liability Insurance Program (SLIP) for general liability and employment practice coverage. The City manages the PCOC claims and tenders to the insurance carrier third party administrator. PCOC carries statutory workers' compensation insurance with no retention. PCOC requires licensees to provide insurance or purchase Special Events Liability Insurance from PCOC. The City buys liability insurance on the parking structures at PCOC. PCOC buys separate liability insurance on the ice rink. There are lawsuits pending that are being defended by an insurance company without a reservation of rights.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(16) Self-Insurance, (Continued)

RBOC is entitled to indemnity from the City, and its losses are included in the City’s general liability self-insurance program. RBOC carries statutory workers’ compensation insurance with no retention. Brookside Golf Course is administered through RBOC, which has contracted with American Golf to operate the facility and the Club House. Major Rose Bowl tenants include the Pasadena Tournament of Roses, UCLA Football, and the R. G. Canning Swap Meet. Tenants provide insurance on behalf of the City to a varying extent. Some claims may be processed by American Golf or the tenants’ insurance companies without beginning with a Claim for Damages against City, and are not included in the table below. The Rose Bowl has essentially completed most of its major restoration and construction, and its separate course of construction policy has been cancelled according to the construction scope of work.

The claims liability reported in the General Liability and Workers’ Compensation Internal Service Funds is based on the requirements of GASB Statement No. 10, which requires a liability for claims to be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated, including incurred but not yet reported claims. As of June 30, 2014, liability claims payable amounted to \$17,842,530 of which \$3,421,193 is estimated to be paid within one year. Workers’ Compensation claims payable amounted to \$21,604,862, of which \$5,673,143 is estimated to be paid within one year.

	Current Beginning Liability	Year Claims and Prior Year Changes Fiscal Year in Estimates	Claim Payments	Ending Fiscal Year Liability
2012-13	31,459,825	12,015,632	7,897,690	35,577,767
2013-14	35,577,767	11,403,691	7,534,066	39,447,392

(17) Deferred Compensation Plan

For the benefit of its employees, the City has adopted a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or an unforeseeable emergency. As a result of changes under the Small Business Job Protection Act of 1996, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts must be held in a trust, custodial account, or annuity contract for the exclusive benefit of the employee participants and their beneficiaries. The new

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(17) Deferred Compensation Plan, (Continued)

law effectively repeals the requirement that a Section 457 plan sponsored by a governmental entity be solely the property of the employer, subject only to the claims of the employer's general creditors.

The plan has a Plan Administrator and an oversight committee. The five member committee is comprised of three elected City employees and two members of the community appointed by the City Council. The oversight committee members basically monitor the plan activity, performance of investment options and ensure that the Plan Administrator carries out his duties and responsibilities. The Plan Administrator is the Director of Finance or his designee who is responsible for the day to day administration. The Plan Administrator has authority to sign all legal agreements with approved plan providers, and ensures proper amounts are withheld, immediately transferred to the trust, and invested in accordance with participants' directions.

The following is a summary of the increases and decreases of amounts in the deferred compensation plan during the fiscal year reported in a Pension Trust Fund:

	<u>2014</u>	<u>2013</u>
Assets, beginning of year (market value)	\$ 203,051,006	\$ 192,200,488
Deferrals of compensation	16,149,758	16,125,642
Earnings and adjustments to market value	25,386,767	18,410,313
Payments to eligible employees	<u>(15,541,285)</u>	<u>(23,685,437)</u>
Assets, end of year (market value)	<u>\$ 229,046,246</u>	<u>203,051,006</u>

(18) Pension Plans

Each full-time employee and each part-time employee (with 1,000 hours or more of service) of the City is a member of either the FPRS or CalPERS. Both plans are defined benefit pension plans and are described individually in the following notes.

Pasadena Fire and Police Retirement System

Plan Description

FPRS is a single-employer defined benefit plan governed by a Retirement Board (Board) under provisions of the City Charter. The plan covers all fire and police personnel who were employed by the City prior to July 1, 1977, except for those who elected to transfer to CalPERS when FPRS closed to new member in June 2004. In June 2004, active members were provided a one-time opportunity to transfer from FPRS to CalPERS as provided by an agreement with the City. Once

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Plan Description, (Continued)

transferred to CalPERS, retirement benefits for all fire and police personnel employed thereafter are provided under CalPERS. The plan provides retirement, death and disability benefits. Copies of FPRS's annual financial report may be obtained from the Department of Finance, 100 North Garfield Avenue, 3rd Floor, Pasadena, California 91109. This annual financial report includes the required three-year trend information.

Deposits and Investment Risk

The Board adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3, effective July 1, 2004. The statement is designed to inform financial statement users about deposit and investment risks that could affect the ability to provide services and meet obligations as they become due. The disclosures required by this statement provide information to assess common risks inherent in deposit and investment transactions. The statement also requires the disclosure of the following specific risks that apply to the plan's investments: (1) Credit Risk and Market Value of Investments, (2) Custodial Credit Risk – Deposits and Investments, (3) Concentration of Credit Risk, (4) Interest Rate Risk, (5) Highly Sensitive Investments, (6) Foreign Currency Risk, and (7) Cash and Investments.

Funding Policy

Section 1509.9 of the City Charter provides that the normal member contribution rates will provide an average annuity, at age 50, equal to 1/100 of the final compensation of members for each year of service according to tables adopted by the Board. The basic benefits otherwise funded by these contributions have now been fully funded by Contribution Agreement 16,900. Pursuant to the agreement, the City contributed \$100,000,000 net proceeds from the issuance of pension bonds to FPRS on August 5, 1999. The net proceeds plus the existing assets of FPRS became sufficient to fully fund the basic benefits, the unfunded basic benefits, the 1919 benefits, and \$82,539,000 of the \$109,274,000 present value of the cost-of-living adjustment (COLA) benefits. Contributions are recognized when due. Therefore, member contributions are suspended as long as basic benefits remain fully funded.

In October 2011, the Board and the City approved an Amended and Restated Contribution Agreement 20,823 (Amended Contribution Agreement), which permanently changes actuarial methodology used to calculate the plan's funded percentage by adopting assumed interest rate and inflation assumptions for the June 30, 2011 valuation and for future valuations. The Amended Contribution Agreement 20,823 also required the City to issue pension obligation bonds that would yield approximately \$46.6 million in net proceeds to the plan by March 31, 2012, which

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Funding Policy, (continued)

would meet the plan's funding requirement if they were paid by that date because the net proceeds would be treated as if they had been assets of the plan as of June 30, 2011, and the City no longer owed supplemental contribution to the plan for fiscal year 2011/2012. The City contributed \$46,600,000 in net proceeds to the plan on March 29, 2012; therefore, the City no longer owed supplemental contribution to the plan for fiscal year ending June 30, 2012. Pursuant to Section 1509.81 of the Charter, members also contribute an additional 5% of compensation for cost-of-living benefits. Because this is a flat rate and cost-of-living benefits are not fully funded, these contributions continued. The contribution requirement of plan members and the City are established and may be amended by the Board within the provisions of the City Charter.

Annual Pension Cost

For fiscal year 2014, the City's annual pension cost was \$6,605,000 for FPRS. The City's required and actual fiscal year contribution was \$9,407,000 and \$1,164,000, respectively. Pursuant to Amended Contribution Agreement 20,823, the Board, with the concurrence of the City Treasury and the plan's Investment Advisor, adopted the following recommended assumptions and studies for the July 1, 2012 actuarial valuation for the fiscal year ending June 30, 2013: (a) 6.0% investment rate of return, (b) projected annual salary increases of 0.0%, (c) 3.0% per year COLA, and (d) CalPERS 1997-2007 Experience Study mortality tables with projection Scale AA. The actuarial value of FPRS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period (smoothed market value). Pursuant to this agreement, future annual valuations after June 30, 2012, shall adopt an assumed interest rate and inflation assumption based on analysis performed by the System's actuary and after seeking input from the City and System's professional consultants. During June 2004, FPRS entered into a Settlement and Release Agreement with the City. Under the agreement, the City issued a debenture of \$13,735,616 in June 2004 and agreed to make three payments to FPRS (in addition to the Cost of Living contributions required under the City Ordinance and employer pick-up of employee contributions negotiated in a labor agreement). The debenture included a principal amount of \$12,829,096 plus interest accrued through the end of the fiscal year. The City made the first payment of \$15 million in August 2004. The second payment of \$15 million was made on November 1, 2004. A third payment of \$10 million was made on January 2, 2005. The payments in excess of the debenture were used to cover any Supplemental Contribution required under Actuarial as of June 30, 2004. In exchange for these payments, the FPRS Board agreed to modify the methodology used to calculate the actuarial value of assets in this and subsequent annual valuations. The modified methodology no longer requires that the actuarial value of assets remain within a 20% corridor around the actual market value of the assets. FPRS' unfunded actuarial accrued liability is being amortized as a

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Annual Pension Cost, (Continued)

level percentage of projected payrolls on a closed basis. Benefits and refunds are recognized when due and payable. The amortization period of the unfunded actuarial liability ends on June 30, 2014.

Three-Year Trend Information for FPRS (in thousands)

Fiscal Year	Annual Pension Cost (APC)	Actual Contributed	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 8,700	46,600	535.63%	8,557
6/30/2013	7,239	-	0.00%	15,796
6/30/2014	6,605	1,164	17.62%	21,237

Three-Year Trend Information for FPRS (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll
6/30/2012	\$ 136,272	174,249	37,977	78.2%	-	N/A
6/30/2013	127,985	168,781	40,796	75.8%	-	N/A
6/30/2014	130,183	159,516	29,333	81.6%	-	N/A

As of June 30, 2014, no active employees are in the closed plan.

Changes in the Net Pension Obligation (NPO) during the fiscal year ended June 30, 2014 are as follows:

Beginning of year net pension obligation	\$ 15,796,000
Pension Cost:	
Annual Required Contribution (ARC)	9,407,000
Interest on beginning of year NPO less interest on mid year City contribution	948,000
Amortization of beginning of year NPO	<u>(3,750,000)</u>
Total pension costs	6,605,000
Less: City contribution	<u>(1,164,000)</u>
End of year net pension obligation	<u>\$ 21,237,000</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

California Public Employees' Retirement System

The City contributes to the CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

The City received notice from CalPERS advising the City's increases in its employer contribution rates. On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Beginning with the June 30, 2013 valuations that will set the 2015-16 rates, CalPERS will employ an amortization and rate smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. In 2014, CalPERS completed a 2 year asset liability management study incorporating actuarial assumptions and strategic asset allocations. On February 19, 2014, the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent.

The table shown below represents a five-year plan for the employer's actual and future contribution rates.

Employer Contribution Rate (Five-Year Plan)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Superfunded?</u>
6/30/2013	25.621%	16.227%	No
6/30/2014	27.226%	17.377%	No
6/30/2015	29.321%	19.219%	No
6/30/2016	31.771%	21.076%	N/A
6/30/2017	34.7% (projected)	22.6% (projected)	N/A

Under GASB Statement No. 27, an employer reports an APC equal to the ARC plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

called the NPO. The ARC for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. The contribution rate indicated for the period is 27.226% of payroll for the safety plan and 17.377% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2014, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2013 to June 30, 2014.

A summary of principal assumptions and methods used to determine the ARC is shown below.

	<u>Retirement Program</u>	<u>Misc. Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2011	N/A	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method	N/A	Modified Term Insurance Method
Amortization Method	Level Percent of Payroll	N/A	Level Percent of Payroll
Average Remaining Period	22 Years as of the Valuation Date (23 years for the Safety Plan)	N/A	Rolling 5 Years
Asset Valuation Method	15 Year Smoothed Market	N/A	3 Year Smoothed Market
Actuarial Assumptions			7.75% (net of admin. expenses)
Investment Rate of Return	7.75% (net of admin. expenses)	N/A	
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment (3.30% to 14.20% for the Safety Plan)	N/A	N/A
Inflation	2.75%	N/A	N/A
Payroll Growth	3.00%	N/A	N/A
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	N/A	N/A

Defined Benefit Pension Plan (CalPERS)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30-year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30-year amortization period.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll. The schedule of funding progress, shown below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Defined Benefit Pension Plan (CalPERS), (Continued)

Three-Year Trend Information (in thousands)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Valuation of Assets *	Unfunded Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Payroll
<i>Retirement Program - Safety</i>						
6/30/2011	\$ 403,626	331,603	72,023	82.2%	44,058	163.5%
6/30/2012	429,718	355,015	74,703	82.6%	42,612	175.3%
6/30/2013	457,271	338,082	119,189	73.9%	41,383	288.0%
<i>Retirement Program - Miscellaneous</i>						
6/30/2011	\$ 819,327	666,290	153,037	81.3%	110,571	138.4%
6/30/2012	852,217	695,108	157,109	81.6%	105,201	149.3%
6/30/2013	882,572	641,333	241,239	72.7%	104,378	231.1%

* Beginning with the 6/30/2013 actuarial valuation, the Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 11,370	16,744	100.00%	-
6/30/2013	10,993	17,439	100.00%	-
6/30/2014	11,176	17,909	100.00%	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(18) Pension Plans, (Continued)

Defined Contribution Plan (PARS)

The City provides pension benefits for employees not covered by CalPERS or FPRS through the PARS. This is a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 501, and administered by Phase II Systems. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. On October 29, 2012, the City adopted a Salary Resolution for the Non-Represented Non-Management employees requiring the covered employees to contribute the full 7.5% of their earnings effective December 31, 2012. Prior to the adoption of the Salary Resolutions, the plan agreement required the City to contribute an amount equal to 4.0% of the employees' earnings and the covered employee contributed 3.5%. The City contributions for each employee were fully vested.

The City's payroll for employees covered by PARS for the year ended June 30, 2014, was \$4,270,271. The covered employees made the total required 7.5% contributions of \$320,270.

(19) Commitments and Contingencies

Primary Government

"Take or Pay" Contracts

The City's electric operation has entered into various long term "Take or Pay" contracts to provide for current and future electric generating capacity and transmission of energy for City customers. The City is obligated to pay the amortized cost of indebtedness regardless of the ability of the contracting agency to provide electricity and/or transmission, as applicable. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. The contracts expire at various times through FY 2036. The total commitment under these contracts as of June 30, 2014 is \$313 million.

Additional financial information on the SCPA may be obtained by contacting the City of Pasadena Department of Water and Power at 150 South Los Robles, Suite 200, Pasadena, CA 91101.

Stranded Investments

In response to California Assembly Bill 1890 ("AB1890"), the City chose to open its market to competition on January 1, 2000. The City has long-term contracts with IPA and SCPA, most of which obligate the City to purchase power and/or services at cost, which was projected to be higher than market in a deregulated environment. As a result, the City was faced with a "stranded

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(19) Commitments and Contingencies (Continued)

Primary Government (Continued)

investment” with a net present value estimated to be approximately \$114.6 million in 2014. The City has implemented the approved Stranded Investment Utilization Plan by direct defeasance of the debt service of IPP outstanding bonds and mitigation of variable energy costs.

Additional information related to IPA and SCPPA is available online from Water and Power Department’s website or may be obtained by contacting the department at 150 South Los Robles, Suite 200, Pasadena, CA 91101.

SB481

California Department of Finance denied Senate Bill 481 which requires all tax increment monies (excluding 20% for low and moderate income housing) to pay the debt service on Pension Obligation Bonds. For detailed information, please see Note 23.

Water Fund Lawsuit

Water Fund Lawsuit (*Rooney v. City of Pasadena*, Los Angeles Superior Court Case No. BS145352) was filed against the City in September 2013. It challenged the City’s charter-authorized practice of Water Fund Revenue transfer to the General Fund and for Hahamongna Watershed Park operations.

In August 2014, the parties entered into Settlement Agreement. The City agreed to reduce the Water Fund Revenue transfer to the General Fund beginning in Fiscal Year 2014-15, consistent with a May 2014 cost-of-service study. The City also agreed to transfer a total of \$7,200,000 from General Fund to the Water Fund (inclusive of the opposing party’s attorney’s fees), spread over seven years, as follows: \$1,000,000 each year from Fiscal Year 2014-15 through 2018-2019 and \$1,100,000 in FY 2019-2020 and 2020-2021.

Lawsuits and Claims

A number of suits and claims are pending against the City arising in the normal course of operations. In the opinion of management, the results of such legal actions will not have a material adverse effect on the financial position or results of operations of the City.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(19) Commitments and Contingencies (Continued)

Primary Government (Continued)

Other

Certain federal and state revenues are received for specific purposes and are subject to audit by the grantor agencies. City management is of the opinion that adjustments, if any, resulting from such audits will not be significant.

(20) Debt Without Government Commitment – Primary Government

The City of Pasadena serves as a conduit for entities to issue revenue bonds to finance various projects. The City of Pasadena does not bear any responsibility for the tax exempt status of the bonds, the debt service on the bonds or any other matter related to the bonds. These are not obligations of the City, and are therefore excluded from the City's financial statements.

On November 13, 1997, the City issued \$13.3 million of its Community Facilities District (CFD) #1 Special Tax Bonds to finance public improvements related to the Civic Center West Project. Special taxes assessed on the property by means of direct billing are pledged to pay debt service and administrative expenses. The City is not liable for repayments, but is only acting as an agent for revenue payers. The bonds are not recorded as liabilities in the accompanying financial statements. The CFD bonds were fully defeased on December 3, 2014.

The City also participates in private property financing arrangements between lenders and property owners under the Marks Historical Rehabilitation Act of 1976. Such financing arrangements were issued by the City in 1984 in an aggregate amount of \$4 million and are due in December 2014.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(21) Post-employment Benefits Other Than Pensions

The City of Pasadena provides a subsidy to retirees of the City who are members of the California Public Employees’ Retirement System or the Pasadena Fire and Police Pension System. Benefit provisions are established and amended through negotiations between the City and the respective unions. Two different levels of subsidy toward the purchase of medical insurance from CalPERS under the Public Employees’ Medical and Hospital Care Act (PEMHCA) are offered. These are currently at \$119.00 or \$47.60 per month depending on the bargaining unit or the unrepresented group the employee was a member of. For fiscal year ended June 30, 2014 the number of employees covered by the subsidy follows:

	Partial Benefit Group	Full Benefit Group	Total
Active Participants	1,184	566	1,750
Participants receiving subsidy	108	463	571
	<u>1,292</u>	<u>1,029</u>	<u>2,321</u>

Plan Description

Eligibility. The plan provides benefits to individuals who retire with the City and begin to collect a monthly benefit under one of the retirement plans sponsored by the City. Employees who terminate under service retirement or disability retirement and certain survivors of Safety members who die in active service are eligible.

Service Retirement: Employees retiring directly from active status receive medical benefits commencing at retirement. Employee must be age 50 (or 52 if a “new member” as defined in the Public Employees’ Pension Reform Act of 2013) or older with 5 or more years of service.

Disability Retirement: Employees retiring directly from active status due to disability receive medical benefits commencing at retirement. Employees are eligible for Industrial Disability retirement at hire and for Non-Industrial Disability retirement after 5 years of CalPERS service.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(21) Post-employment Benefits Other Than Pensions (Continued)

Pre-retirement Death:
Safety Employees:

Industrial: Survivor receives medical benefits commencing immediately.

Non-Industrial: Survivor receives medical benefits immediately if death occurs after member reaches age 50 with 5 years of service.

Miscellaneous Employees: Survivor receives medical benefits immediately if death occurs after member reaches age 50 with 5 years of service.

Dependent Eligibility: Dependents are not eligible for benefits.

Survivor Eligibility: Survivors are eligible for benefits if the retiree elected a form of coverage providing for continued pension payments to the retiree.

Benefits:

Medical Benefit: Eligible retirees are provided a subsidy for medical benefits through PEHMCA. For the calendar year 2014, this monthly amount is \$119.00 for certain classes of employees and \$47.60 for remaining employees.

Funding Policy and Annual OPEB Cost. The City contribution requirements have been established at the individual retiree levels of \$119.00 or \$47.60 per month depending on bargaining unit membership and policy enacted by CalPERS pursuant to State Law. These minimum requirements may be increased through future negotiations between the City and respective unions. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. This is the third year of implementation of GASB No. Statement 45 and the city's liability is based on "Pay-as-you-go" funding. If the City should select the "Prefunding" method the annual OPEB cost would be reduced. The City's annual OPEB cost for the current year and related information follows:

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(21) Post-employment Benefits Other Than Pensions, (Continued)

	Partial Benefit Group	Full Benefit Group	Total
Annual Required Contribution (ARC)	\$ 1,509,000	1,391,000	2,900,000
Interest on Net OPEB Obligation	284,000	387,000	671,000
Adjustment to ARC	<u>(408,000)</u>	<u>(554,000)</u>	<u>(962,000)</u>
Annual OPEB Cost	1,385,000	1,224,000	2,609,000
Contributions made	<u>150,018</u>	<u>401,000</u>	<u>551,018</u>
Increase in net OPEB obligation	1,234,982	823,000	2,057,982
Net OPEB obligation – beginning of year	<u>6,318,091</u>	<u>8,593,927</u>	<u>14,912,018</u>
Net OPEB obligation – end of year	<u>\$ 7,553,073</u>	<u>\$ 9,416,927</u>	<u>\$ 16,970,000</u>

*UAAL is amortized over an initial 30 years using the level-dollar method on a closed basis. The remaining period at June 30, 2013 is assumed to be 25 years.

Annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2014 and the two preceding years are as follows:

Year Ended	Amount Groups Receiving Per Month Benefit	Annual OPEB Cost	Percentage OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	112.00	1,481,740	24.43%	1,119,795
6/30/2012	33.60	<u>1,519,774</u>	<u>6.78%</u>	<u>1,416,675</u>
6/30/2012 Total		<u>3,001,514</u>	<u>31.21%</u>	<u>2,536,470</u>
6/30/2013	115.00	1,502,497	16.72%	1,378,423
6/30/2013	40.25	<u>1,489,829</u>	<u>16.60%</u>	<u>1,389,380</u>
6/30/2013 Total		<u>2,992,326</u>	<u>33.32%</u>	<u>2,767,803</u>
6/30/2014	119.00	1,385,000	10.83%	1,235,000
6/30/2014	47.60	<u>1,224,000</u>	<u>10.29%</u>	<u>823,000</u>
6/30/2014 Total		<u>2,609,000</u>	<u>21.12%</u>	<u>2,058,000</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(21) Post-employment Benefits Other Than Pensions, (Continued)

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2014 follows:

	Partial Benefit Group	Full Benefit Group	Total
Actuarial accrued liability	12,723,000	14,193,000	26,916,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	12,723,000	14,193,000	26,916,000
 Funded Ratio	 0%	 0%	 0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information will provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Economic Assumptions:

Discount Rate:	Pay-as-you-go – 5.00% per year.
Administrative Expenses:	Not assumed to be paid from this plan.
Future Mutual Price Inflation:	5.0% per year
Pre-retirement Turnover:	Utilizing CalPERS 2009 experience study rates
Pre-retirement Mortality:	Utilizing CalPERS 2009 experience study rates
Post-retirement Mortality:	Utilizing CalPERS 2009 experience study rates
 Disability Rates:	 Utilizing CalPERS 2009 experience study rates
Medical Inflation Rates:	Assumed to be 5.00% per year

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(21) Post-employment Benefits Other Than Pensions, (Continued)

Demographic Assumptions:

Post-retirement mortality:

- Service Retirement: CalPERS healthy recipients mortality for public agencies
- Disability Retirement: CalPERS non-industrially disabled recipients' mortality for miscellaneous public agencies for miscellaneous members. CalPERS industrially disabled recipients' mortality for safety employees for safety members.
- Spouse CalPERS healthy recipients' mortality for public agencies.

Termination:

Rates varying by age and service.

Pre-retirement mortality:

Rates varying by age.

Disability:

Rates varying by age.

Service retirement:

Members eligible for service retirement are assumed to retire based on rates varying by age and/or service.

Percentage married at Retirement:

50% of miscellaneous active members assumed married at retirement. 65% of safety active members assumed married at retirement.

Spouse Ages:

For active members reaching retirement, wives are assumed to be three years younger than husbands.

Medical Coverage Elections:

60% of retiring members are assumed to elect coverage.

Implicit Subsidy:

CalPERS Health Plans utilized by the City are community rated. As such, the City has no implicit subsidy for these benefits.

Actuarial Methods:

Funding Method:

Entry Age Normal – Level Dollar.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(21) Post-employment Benefits Other Than Pensions, (Continued)

Amortization Period: New Unfunded Actuarial Accrued Liability resulting from plan amendments, changes in assumptions or methods, or experience gains and losses are amortized over a closed 30 year period on a level dollar basis.

Schedule of Funding Progress

Actuarial Valuation Fiscal Year	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll
6/30/2010	\$ -	30,819,908	30,819,908	0.0%	160,705,028	19.2%
6/30/2011	-	31,678,052	31,678,052	0.0%	153,898,526	20.6%
6/30/2012	-	32,236,889	32,236,889	0.0%	150,943,707	21.4%
6/30/2013	-	32,236,889	32,236,889	0.0%	150,719,361	21.4%
6/30/2014	-	26,916,000	26,916,000	0.0%	144,388,695	18.6%

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(22) Restatement of Beginning Net Position and Fund Balances

Primary Government

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning fund balance of the General Fund, and Net Position of the Governmental Activities of the Primary Government. In fiscal year 2014 the City implemented GASB Statement No. 65 which required the restatement of its fiscal year 2013 government-wide financial statements by eliminating any carrying amounts of bond issuance costs and related amortization. An error in the calculation of accumulated depreciation in fiscal year 2013 required the infrastructure correction and the residual value of an asset transferred between a governmental and an enterprise fund resulted in the transfer of assets adjustment.

The following schedule summarizes the effect of the prior period adjustment to the beginning fund balance/net position as of July 1, 2013:

	Governmental Activities		Business-Type Activities
Net Position at July 1, 2013	\$ 452,097,134	Net Position at July 1, 2013	\$ 694,102,725
Infrastructure Correction	6,070,790	GASB65 Adjustment	(2,177,283)
		Transfer of Assets	632,681
Net Position, as restated	<u>\$ 458,167,924</u>	Net Position, as restated	<u>\$ 692,558,123</u>

	Successor Agency Debt Service				Housing Successor- Debt Service
	Fair Oaks	Orange Grove	Villa Parke	Lake Washington	
Net Position at July 1, 2013	\$ (978,027)	(187,910)	1,076,006	967,208	(178,039)
GASB65 Adjustment	(32,591)	(6,908)	(7,098)	(9,319)	(6,385)
Net Position, as restated	<u>\$ (1,010,618)</u>	<u>(194,818)</u>	<u>1,068,908</u>	<u>957,889</u>	<u>(184,424)</u>

	Power Fund	Water Fund	Off Street Parking Fund
Net Position at July 1, 2013	\$ 532,308,653	\$ 134,291,067	\$ 20,914,834
GASB65 Adjustment	(2,166,813)	242,015	(252,486)
Transfer of Assets	-	-	632,681
Net Position, as restated	<u>\$ 530,141,840</u>	<u>\$ 134,533,082</u>	<u>\$ 21,295,029</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(22) Restatement of Beginning Net Position and Fund Balances, (Continued)

Discretely Presented Component Units

	<u>RBOC</u>	<u>PCOC</u>
Net Position at July 1, 2013	\$ 4,859,349	\$ (8,475,178)
GASB65 Adjustment	<u>(2,340,087)</u>	<u>(495,638)</u>
Net Position, as restated	<u>\$ 2,519,262</u>	<u>\$ (8,970,816)</u>

(23) State Assembly Bill 1484, Clean-Up Legislation, and Current Status

On June 27, 2012, the California Legislature passed, and the Governor signed, Assembly Bill 1484 ("AB 1484"). AB 1484 makes several substantive and technical amendments to ABx1 26, the bill enacted in late June 2011 that directed the dissolution of all of California's redevelopment agencies. As a budget "trailer bill," a bill providing appropriations related to the Budget Bill, AB 1484 took immediate effect upon signature by the Governor.

AB 1484 requires those involved in the redevelopment unwind process to learn and implement significant new rules of conduct just as they were beginning to adapt to and implement the already complex rules mandated by last year's ABx1 26. Although AB 1484 establishes a separate legal status of the Successor Agency, several provisions expose the dissolved RDA's sponsoring community city and/or county ("Sponsoring Community") to penalties and liabilities for the actions and inactions of the separate entity that is the Successor Agency.

In particular, AB 1484 has added many new or modified actions and deadlines such as the Due Diligence Review (DDR) report that details the fund balances for both of the Housing and Non-Housing Funds. Additionally, AB 1484 established a "meet and confer" process that provides the Successor Agency a formalized means of communication with the California Department of Finance over matters related to disputes regarding an enforceable obligation or a dispute within the DDR. The Successor Agency has successfully met all of the new deadlines and procedures imposed by AB 1484.

The City's position is that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of AB 1484. However, the City's position on this issue is not a position of settled law, at this time.

Senate Bill 481

On December 18, 2012, the Department of Finance of the State of California (DOF) notified the City of Pasadena and its former redevelopment agency's Successor Agency that Items 1 (Senate Bill 481 Pension Payment Obligations) and 14 (Senate Bill 481 Affordable Housing Set Aside

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2014

(23) State Assembly Bill 1484, Clean-Up Legislation, and Current Status (Continued)

Obligations) from Recognized Obligation Payment Schedule III have been determined by DOF to not be enforceable obligations under the redevelopment dissolution act (commonly known as AB 26) and to not be eligible for payment from former tax increment generated by the redevelopment projects (known as Redevelopment Property Tax Trust Fund, or RPTTF, funding). Previously the DOF, by letter dated June 29, 2012 had found both such items to be enforceable obligations and had found both such items to be eligible for payment from RPTTF funding. There have been no changes in facts or circumstances relating to such items between June 29, 2012 and December 18, 2012. This action was taken by letter from the Department of Finance dated December 18, 2012.

On December 28, 2012, the City filed litigation in the Superior Court of the State of California, City of Pasadena Successor vs. Ana Matosantos Director of the State of California Department of Finance, Case No. 34-2012-000134585-CU-MC-GDS and applied for a temporary restraining order so that the RPTTF funds would be made available for payment of Items 1 (Senate Bill 481 Pension Payment Obligations) and 14 (Senate Bill 481 Affordable Housing Set Aside Obligations) on Recognized Obligation Payment Schedule III, as required by applicable statutory validation, judicial validation and application of law, and to restrain the distribution of these funds on January 2, 2013 to other property tax agencies. The City prevailed at the trial court level by first obtaining a Temporary Restraining Order and, later, a Preliminary Injunction which declared Items 1 (Senate Bill 481 Pension Payment Obligations) and 14 (Senate Bill 481 Affordable Housing Obligations) as obligations of the former redevelopment agency due to the City as valid enforceable obligations payable by the successor agency.

On August 19, 2014, the Court of Appeal issued a published decision remanding the case back to the trial court. [City of Pasadena v. Cohen, (2014) 228 Cal.App.4th 1461] The Court of Appeal did not rule on the merits of the case but rather directed the case to be heard in the Writ Department of Sacramento Superior Court.

On September 25, 2014, the City filed a Petition for Review with California Supreme Court. No final judgment has been obtained, and further legal proceedings will follow at the trial court level, even if the Supreme Court grants review.

(24) Subsequent Events

Subsequent events were evaluated through the date of the audit report.

Line of Credit (Electric Fund)

On June 23, 2014, the City Council had the first reading of an ordinance amending Pasadena Municipal Code Title 4, Chapter 4.08, Competitive Bidding Ordinance, to provide for the solicitation and entering into a loan facility (Line of credit) with a financial institution designed to

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2014

(24) Subsequent Events (continued)

serve as an interim financing of improvements to the Electric System and authorizing the issuance of not to exceed \$75 million aggregate principal amount of the City of Pasadena Subordinate Electric Revenue Bonds payable out of the Light and Power Fund. On July 14, 2014 the City Council adopted a resolution establishing competitive bidding procedures and authorizing the distribution of a request for a loan facility (line of credit) for the Electric System and authorizing the entry into the transaction and certain actions related thereto. The \$75 million Line of Credit financing is estimated to close by December 2014.

Reissuance of the 2008 Paseo Colorado Lease Revenue Bonds

On September 18, 2014, the 2008 Paseo Colorado Lease Revenue Bonds were reissued in an aggregate amount of \$25,900,000 with a new Standby Bond Purchase Agreement from Bank of the West which replaced KBC bank as the liquidity provider.

Successor Agency to the Pasadena Community Development Commission's Senate Bill 481

Please refer to Footnote 23, State Assembly Bill 1484, Clean-Up Legislation, and Current Status, regarding pending litigation that the City filed against the Department of Finance of the State of California (DOR) in the Superior Court of the State of California.

Water Fund Lawsuit

The Water Fund lawsuit was settled in August 2014. Please see Footnote 19 for additional information.

Lawsuit Seeking Refund of Extra-Territorial Water Service Charges

In July 2014, a putative class action lawsuit was filed by water customers residing outside of the City who contend that, among other things, the City's extra-territorial water service rate violates Proposition 218. No trial date is set in the litigation, and the City is continuing to defend the litigation to protect Water Fund revenues.

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CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2014

(1) Budgets and Budgetary Data

The City Council is required to adopt an annual budget resolution by June 30 of each fiscal year. The budgets are adopted on a basis that does not differ materially from GAAP.

An appropriated annual budget is legally adopted for the General and Special Revenue Governmental Funds. Annual appropriated budgets are not adopted for Debt Service Funds because bond indentures are used as the method for adequate budgetary control. Some Capital Projects Funds have annual appropriated budgets. Control over some projects is maintained by means of an annual budget; others through a project-length capital improvement budget. This project-length budget authorizes total expenditures over the duration of a construction project, rather than year by year.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the department level and within a single fund. The City Manager may authorize transfers of appropriations within a department so long as it is within a single fund. Supplemental appropriations during the year must be approved by the City Council. All unencumbered appropriations lapse at fiscal year-end. In order to be an encumbered appropriation there must be either an approved purchase order or contract in force as of June 30.

(2) Expenditures in Excess of Appropriations

The general fund reported an excess of expenditures over appropriations at June 30, 2014:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
General Fund:			
General government			
City Council	\$ 2,021,928	\$ 2,035,277	\$ (13,349)
Non-departmental	2,209,080	9,612,295	(7,403,215)
Public Safety			
Fire	38,933,500	39,025,144	(91,644)

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2014

(2) Expenditures in Excess of Appropriations, (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
Special Revenue Funds:			
Underground Utilities	\$ 44,333	\$ 45,216	\$ (883)

The City Council’s budget did not include sufficient funds budgeted for printing and mailing. Due to an increase in district mailings they exceeded their budget.

The general government, non-departmental expenditures exceeded appropriations because expenditures for billable projects do not typically have budgets.

During fiscal year 2014 the Fire Department recruited for Fire Fighters, a task larger than originally planned which used more overtime than originally allocated. Of the approximately 72 candidates interviewed, 12 have been hired.

Underground Utilities Fund expenditures exceeded appropriations due to a minor variance from initial budget estimates for abatements.

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CITY OF PASADENA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 126,461,600	126,461,600	128,501,059	2,039,459	122,014,755
Licenses and permits	2,844,570	2,844,570	4,107,361	1,262,791	3,046,516
Intergovernmental revenues	14,535,970	14,847,340	15,248,230	400,890	14,709,095
Charges for services	30,204,037	30,204,037	32,642,104	2,438,067	32,475,987
Fines and forfeits	7,085,950	7,085,950	6,768,360	(317,590)	7,452,899
Investment earnings	1,137,247	3,117,150	3,301,390	184,240	9,874,106
Rental income	1,069,787	1,069,787	1,384,077	314,290	1,602,381
Miscellaneous revenues	2,826,127	2,851,127	2,721,496	(129,631)	2,644,508
Total revenues	<u>186,165,288</u>	<u>188,481,561</u>	<u>194,674,077</u>	<u>6,192,516</u>	<u>193,820,247</u>
Expenditures:					
Current:					
General government:					
City Attorney/City Prosecutor	6,137,877	6,137,877	5,802,828	335,049	4,909,552
City Clerk	1,753,961	1,753,961	1,484,701	269,260	1,995,512
City Council	2,021,928	2,021,928	2,035,277	(13,349)	2,000,419
City Manager	5,213,060	5,263,060	4,620,640	642,420	4,879,177
Finance	9,255,161	9,387,911	8,309,389	1,078,522	8,518,347
Human Resources	2,907,944	3,137,944	2,971,350	166,594	2,357,668
Non-departmental	1,045,080	2,209,080	9,356,933	(7,147,853)	6,285,160
Public safety:					
Fire	38,933,500	38,933,500	39,025,144	(91,644)	38,125,196
Police	61,193,916	61,886,937	58,665,380	3,221,557	57,887,197
Transportation:					
Public Works and Transportation	26,309,759	26,320,259	24,783,817	1,536,442	22,804,610
Culture and leisure:					
Human Services and Recreation	9,141,207	9,141,207	9,095,181	46,026	8,615,826
Non-departmental - PCOC	7,606,418	7,606,418	7,580,574	25,844	5,854,461
Community development:					
Planning and Permitting	7,581,610	7,826,967	6,686,614	1,140,353	6,808,301
Total expenditures	<u>179,101,421</u>	<u>181,627,049</u>	<u>180,417,828</u>	<u>1,209,221</u>	<u>171,041,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,063,867</u>	<u>6,854,512</u>	<u>14,256,249</u>	<u>7,401,737</u>	<u>22,778,821</u>
Other financing sources (uses):					
Transfers in	19,374,350	20,613,850	20,195,112	(418,738)	21,783,098
Transfers out	<u>(26,517,861)</u>	<u>(32,395,849)</u>	<u>(33,120,109)</u>	<u>(724,260)</u>	<u>(42,141,527)</u>
Total other financing sources (uses)	<u>(7,143,511)</u>	<u>(11,781,999)</u>	<u>(12,924,997)</u>	<u>(1,142,998)</u>	<u>(20,358,429)</u>
Change in fund balances	(79,644)	(4,927,487)	1,331,252	6,258,739	2,420,392
Fund balances at beginning of year	<u>61,946,260</u>	<u>61,946,260</u>	<u>61,946,260</u>	<u>-</u>	<u>59,525,868</u>
Fund balances at end of year	<u>\$ 61,866,616</u>	<u>57,018,773</u>	<u>63,277,512</u>	<u>6,258,739</u>	<u>61,946,260</u>

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SUPPLEMENTARY INFORMATION

CITY OF PASADENA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2014	2013
Assets						
Cash and investments	\$ 79,698,173	24,673,886	19,268,197	1,911,103	125,551,359	127,917,420
Accounts receivable	10,725,870	83,085	40,160	6,714	10,855,829	9,542,888
Notes receivable	64,227,908	-	-	-	64,227,908	55,039,409
Prepays and other assets	4,638	-	-	-	4,638	4,638
Allowance for uncollectible long-term receivables	(41,184,217)	-	-	-	(41,184,217)	(30,314,725)
Property held for resale	7,171,300	-	-	-	7,171,300	7,171,300
Total assets	<u>\$ 120,643,672</u>	<u>24,756,971</u>	<u>19,308,357</u>	<u>1,917,817</u>	<u>166,626,817</u>	<u>169,360,930</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,005,814	2,173	5,351	-	4,013,338	3,472,203
Deposits	633,472	-	-	-	633,472	364,202
Due to other funds	3,277,110	-	-	-	3,277,110	2,774,077
Due to other governments	570,863	-	-	-	570,863	560,771
Total liabilities	<u>8,487,259</u>	<u>2,173</u>	<u>5,351</u>	<u>-</u>	<u>8,494,783</u>	<u>7,171,253</u>
Deferred inflow of resources:						
Deferred inflow of resources (note 8)	<u>3,843,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,843,922</u>	<u>2,298,493</u>
Fund balances:						
Nonspendable	30,214,991	-	-	1,459,638	31,674,629	33,355,622
Restricted	25,130,121	24,754,798	1,909,146	426,549	52,220,614	65,201,013
Committed	54,052,472	-	17,393,860	31,630	71,477,962	61,350,382
Unassigned	(1,085,093)	-	-	-	(1,085,093)	(15,833)
Total fund balances	<u>108,312,491</u>	<u>24,754,798</u>	<u>19,303,006</u>	<u>1,917,817</u>	<u>154,288,112</u>	<u>159,891,184</u>
Total liabilities and fund balances	<u>\$ 120,643,672</u>	<u>24,756,971</u>	<u>19,308,357</u>	<u>1,917,817</u>	<u>166,626,817</u>	<u>169,360,930</u>

CITY OF PASADENA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2014	2013
Revenues:						
Taxes	\$ 8,463,543	-	-	-	8,463,543	8,341,519
Licenses and permits	9,567,955	-	-	-	9,567,955	6,149,818
Intergovernmental revenues	39,841,784	-	-	-	39,841,784	41,497,202
Charges for services	10,034,294	-	674,392	-	10,708,686	9,442,656
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	885,734	848,094	187,212	32,780	1,953,820	1,166,679
Rental income	2,680,332	-	-	-	2,680,332	2,752,964
Miscellaneous revenues	3,359,003	-	-	-	3,359,003	3,527,522
Contributions	39,877	-	5,986,805	48,962	6,075,644	1,035,761
Total revenues	<u>74,872,522</u>	<u>848,094</u>	<u>6,848,409</u>	<u>81,742</u>	<u>82,650,767</u>	<u>73,914,121</u>
Expenditures:						
Current:						
General government	-	26,802	5,412	-	32,214	31,359
Public safety	2,179,986	-	-	-	2,179,986	3,667,540
Transportation	12,128,103	-	-	-	12,128,103	11,614,772
Sanitation	4,106,041	-	-	-	4,106,041	3,743,615
Health	13,550,586	-	-	-	13,550,586	13,479,818
Culture and leisure	12,763,216	-	-	600,000	13,363,216	13,769,964
Community development	22,892,753	-	-	-	22,892,753	25,639,253
Capital outlay	-	-	128,774	-	128,774	94,245
Debt service:						
Principal retirement	350,000	20,457,505	-	-	20,807,505	20,414,902
Interest	9,617	9,787,450	-	-	9,797,067	10,782,846
Total expenditures	<u>67,980,302</u>	<u>30,271,757</u>	<u>134,186</u>	<u>600,000</u>	<u>98,986,245</u>	<u>103,238,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,892,220</u>	<u>(29,423,663)</u>	<u>6,714,223</u>	<u>(518,258)</u>	<u>(16,335,478)</u>	<u>(29,324,193)</u>
Other financing sources (uses):						
Issuance of long-term debt	-	350,708	-	-	350,708	840,829
Transfers in	12,870,909	14,790,094	-	-	27,661,003	41,577,250
Transfers out	<u>(11,380,227)</u>	<u>(1,514,707)</u>	<u>(4,384,371)</u>	<u>-</u>	<u>(17,279,305)</u>	<u>(22,474,442)</u>
Total other financing sources (uses)	<u>1,490,682</u>	<u>13,626,095</u>	<u>(4,384,371)</u>	<u>-</u>	<u>10,732,406</u>	<u>19,943,637</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,196,629)</u>
Change in fund balances	<u>8,382,902</u>	<u>(15,797,568)</u>	<u>2,329,852</u>	<u>(518,258)</u>	<u>(5,603,072)</u>	<u>(11,577,185)</u>
Fund balances at beginning, as restated	<u>99,929,589</u>	<u>40,552,366</u>	<u>16,973,154</u>	<u>2,436,075</u>	<u>159,891,184</u>	<u>171,468,369</u>
Fund balances at end of year	<u>\$ 108,312,491</u>	<u>24,754,798</u>	<u>19,303,006</u>	<u>1,917,817</u>	<u>154,288,112</u>	<u>159,891,184</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. In a governmental fund other than the general fund, expenditures incurred for a specific purpose might exceed the amounts in the fund that are restricted, committed, and assigned to that purpose and a negative residual balance for that purpose may result. If that occurs, amount assigned to other purposes in that fund should be reduced to eliminate the deficit. If the remaining deficit eliminates all other assigned amounts in the fund, or if there are no amounts assigned to other purposes, the negative residual amount should be classified as unassigned fund balance.

Public Safety Fund - to account for revenue received from State AB3229 funds, the 1/2-cent sales tax approved by the voters in November 1993, money received by the Police Department from forfeited cash and other tangible property seized under the Federal Comprehensive Crime Control Act of 1984 and grants received from the Homeland Security Grant Program..

Health Fund - to account for all grants received for the provision of health services which are restricted by grant award agreements.

Building Services Fund - to account for fees collected and restricted to the operations of the Permit Center.

Sewer Construction and Maintenance Fund - to account for revenue received from sewer use and storm drain charges restricted for the construction and maintenance of the City's sewer system.

Underground Utilities Fund - to account for revenue received from the underground surtax on sales of electric energy restricted for the extension, conversion, replacement and repair of underground utility lines.

Transportation Fund - to account for the use of revenue derived from the 1/2-cent sales tax approved by voters, state gasoline tax, sales tax collected for bikeways and pedestrian facilities, and State AB2928 traffic congestion relief, all of which are restricted for construction, maintenance, preservation and rehabilitation of the City's street and road system.

Human Services Endowment Fund - to account for funds appropriated from the Lind Bequest, Holmes Bequest, Williams Bequest and others sources restricted by the donors to deliver quality human services to Pasadena residents.

Library Fund - to account for the operations of the City's public libraries and the library special tax approved by the voters on June 22, 1993 and restricted for Library use.

Parking Fund - to account for revenue derived from on-off street parking, zoning credits, parking and business improvement tax, parking space rental and leases, and on-street parking meters. These funds are restricted for use in the various enterprise zones of the City.

Air Quality Improvement Fund - to account for the use of revenue derived from a fee added to the motor vehicle registration fee for reducing air pollution in accordance with the California Government Code (AB2766).

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

Housing and Community Development Fund - to account for the use of Community Development Block Grant and other U.S. Department of Housing and Urban Development programs restricted for housing and community development.

Donated Funds - to account for principal and interest on funds donated to the City for expressed and expendable purposes.

Housing Successor Fund - to account for the use of property tax increment legally restricted for increasing or improving housing for low and moderate income households effective February 1, 2012.

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CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities
Assets:					
Cash and investments	\$ 1,384,597	-	4,252,404	7,013,096	37,212,401
Accounts receivable	557,144	4,240,060	329,263	705,996	597,418
Prepays and other assets	-	-	-	-	-
Notes receivable	-	-	-	-	-
Allowance for uncollectible long-term	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	<u>1,941,741</u>	<u>4,240,060</u>	<u>4,581,667</u>	<u>7,719,092</u>	<u>37,809,819</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	44,679	612,336	198,702	28,553	-
Deposits	1,206	42,481	570,154	-	-
Due to other funds	203,262	2,327,272	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	<u>249,147</u>	<u>2,982,089</u>	<u>768,856</u>	<u>28,553</u>	<u>-</u>
Deferred inflow of resources:					
Deferred inflow of resources (note 8)	-	2,343,064	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	1,692,594	-	-	-	-
Committed	-	-	3,812,811	7,690,539	37,809,819
Unassigned	-	(1,085,093)	-	-	-
Total fund balances (deficit)	<u>1,692,594</u>	<u>(1,085,093)</u>	<u>3,812,811</u>	<u>7,690,539</u>	<u>37,809,819</u>
Total liabilities and fund balances	<u>\$ 1,941,741</u>	<u>4,240,060</u>	<u>4,581,667</u>	<u>7,719,092</u>	<u>37,809,819</u>

Transportation	Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds
10,906,408	11,643	3,588,558	2,523,265	-	5,020,034	1,444,943
1,940,786	5,196	66,830	76,266	45,210	2,150,108	4,689
3,602	-	-	-	-	1,036	-
-	-	-	-	-	40,789,466	-
-	-	-	-	-	(31,405,528)	-
-	-	-	-	-	5,771,300	-
12,850,796	16,839	3,655,388	2,599,531	45,210	22,326,416	1,449,632
1,271,445	12,728	602,312	234,300	-	950,521	37,206
-	-	2,917	10,300	-	6,414	-
87,214	-	-	638,119	21,243	-	-
-	-	-	-	-	570,863	-
1,358,659	12,728	605,229	882,719	21,243	1,527,798	37,206
51,159	-	27,668	-	-	1,422,031	-
-	-	-	-	-	15,155,238	-
11,440,978	4,111	-	-	23,967	4,221,349	1,412,426
-	-	3,022,491	1,716,812	-	-	-
-	-	-	-	-	-	-
11,440,978	4,111	3,022,491	1,716,812	23,967	19,376,587	1,412,426
12,850,796	16,839	3,655,388	2,599,531	45,210	22,326,416	1,449,632

CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Housing Successor	Totals	
		2014	2013
Assets:			
Cash and investments	\$ 6,340,824	79,698,173	68,002,011
Accounts receivable	6,904	10,725,870	9,412,610
Prepays and other assets	-	4,638	4,638
Notes receivable	23,438,442	64,227,908	55,039,409
Allowance for uncollectible long-term	(9,778,689)	(41,184,217)	(30,314,725)
Property held for resale	1,400,000	7,171,300	7,171,300
Total assets	<u>21,407,481</u>	<u>120,643,672</u>	<u>109,315,243</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	13,032	4,005,814	3,388,111
Deposits	-	633,472	364,202
Due to other funds	-	3,277,110	2,774,077
Due to other governments	-	570,863	560,771
Total liabilities	<u>13,032</u>	<u>8,487,259</u>	<u>7,087,161</u>
Deferred inflow of resources:			
Deferred inflow of resources (note 8)	-	3,843,922	2,298,493
Fund balances:			
Nonspendable	15,059,753	30,214,991	31,895,984
Restricted	6,334,696	25,130,121	21,249,417
Committed	-	54,052,472	46,800,021
Unassigned	-	(1,085,093)	(15,833)
Total fund balances (deficit)	<u>21,394,449</u>	<u>108,312,491</u>	<u>99,929,589</u>
Total liabilities and fund balances	<u>\$ 21,407,481</u>	<u>120,643,672</u>	<u>109,315,243</u>

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CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities
Revenues:					
Taxes	\$ -	806,824	-	-	5,151,623
Licenses and permits	-	1,291,328	8,276,627	-	-
Intergovernmental revenues	3,382,382	8,555,312	-	-	-
Charges for services	-	735,390	-	8,009,887	-
Investment earnings	12,644	-	30,731	77,113	462,802
Rental income	-	-	-	-	-
Miscellaneous revenues	-	121,386	10,860	-	-
Contributions	-	-	-	-	-
Total revenues	<u>3,395,026</u>	<u>11,510,240</u>	<u>8,318,218</u>	<u>8,087,000</u>	<u>5,614,425</u>
Expenditures:					
Current:					
Public safety	2,179,986	-	-	-	-
Transportation	-	-	-	-	45,216
Sanitation	-	-	-	4,106,041	-
Health	-	13,550,586	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	4,489,574	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,179,986</u>	<u>13,550,586</u>	<u>4,489,574</u>	<u>4,106,041</u>	<u>45,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,215,040</u>	<u>(2,040,346)</u>	<u>3,828,644</u>	<u>3,980,959</u>	<u>5,569,209</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,442)	(55,923)	-	(2,269,578)	(4,686,193)
Total other financing sources (uses)	<u>(1,442)</u>	<u>(55,923)</u>	<u>-</u>	<u>(2,269,578)</u>	<u>(4,686,193)</u>
Change in fund balances	<u>1,213,598</u>	<u>(2,096,269)</u>	<u>3,828,644</u>	<u>1,711,381</u>	<u>883,016</u>
Fund balances (deficit) at beginning of year	<u>478,996</u>	<u>1,011,176</u>	<u>(15,833)</u>	<u>5,979,158</u>	<u>36,926,803</u>
Fund balances (deficit) at end of year	<u>\$ 1,692,594</u>	<u>(1,085,093)</u>	<u>3,812,811</u>	<u>7,690,539</u>	<u>37,809,819</u>

Transportation	Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds
-	-	2,490,828	14,268	-	-	-
-	-	-	-	-	-	-
12,188,985	-	26,500	-	173,993	15,514,612	-
883,182	-	11,566	394,269	-	-	-
132,971	2,335	40,168	23,397	-	68,120	19,329
-	-	1,936	2,504,854	-	110,601	-
1,362,922	-	77,844	5,819	-	1,459,362	165,703
-	-	-	-	-	-	39,877
14,568,060	2,335	2,648,842	2,942,607	173,993	17,152,695	224,909
-	-	-	-	-	-	-
9,580,025	-	-	2,502,862	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	212,846	12,287,393	-	-	-	262,977
-	-	-	-	-	17,995,325	-
-	-	-	-	-	350,000	-
-	-	-	1,164	-	8,453	-
9,580,025	212,846	12,287,393	2,504,026	-	18,353,778	262,977
4,988,035	(210,511)	(9,638,551)	438,581	173,993	(1,201,083)	(38,068)
413,792	-	10,601,205	500,379	-	1,065,384	-
(2,815,354)	-	(288,441)	(767,930)	(167,300)	(37,917)	-
(2,401,562)	-	10,312,764	(267,551)	(167,300)	1,027,467	-
2,586,473	(210,511)	674,213	171,030	6,693	(173,616)	(38,068)
8,854,505	214,622	2,348,278	1,545,782	17,274	19,550,203	1,450,494
11,440,978	4,111	3,022,491	1,716,812	23,967	19,376,587	1,412,426

CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	Housing Successor	Totals	
		2014	2013
Revenues:			
Taxes	\$ -	8,463,543	8,341,519
Licenses and permits	-	9,567,955	6,149,818
Intergovernmental revenues	-	39,841,784	41,497,202
Charges for services	-	10,034,294	9,052,571
Investment earnings	16,124	885,734	470,107
Rental income	62,941	2,680,332	2,752,964
Miscellaneous revenues	155,107	3,359,003	3,497,372
Contributions	-	39,877	1,022
Total revenues	<u>234,172</u>	<u>74,872,522</u>	<u>71,762,575</u>
Expenditures:			
Current:			
Public safety	-	2,179,986	3,667,540
Transportation	-	12,128,103	11,614,772
Sanitation	-	4,106,041	3,743,615
Health	-	13,550,586	13,479,818
Culture and leisure	-	12,763,216	13,762,385
Community development	407,854	22,892,753	25,639,253
Debt service:			
Principal retirement	-	350,000	335,000
Interest	-	9,617	24,711
Total expenditures	<u>407,854</u>	<u>67,980,302</u>	<u>72,267,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(173,682)</u>	<u>6,892,220</u>	<u>(504,519)</u>
Other financing sources (uses):			
Transfers in	290,149	12,870,909	17,902,886
Transfers out	<u>(290,149)</u>	<u>(11,380,227)</u>	<u>(17,262,194)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,490,682</u>	<u>640,692</u>
Change in fund balances	<u>(173,682)</u>	<u>8,382,902</u>	<u>136,173</u>
Fund balances (deficit) at beginning of year	<u>21,568,131</u>	<u>99,929,589</u>	<u>99,793,416</u>
Fund balances (deficit) at end of year	<u>\$ 21,394,449</u>	<u>108,312,491</u>	<u>99,929,589</u>

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CITY OF PASADENA
Public Safety Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Intergovernmental revenues	\$ 2,391,573	2,391,573	3,382,382	990,809	3,258,745
Investment earnings	3,262	3,262	12,644	9,382	8,287
Total revenues	<u>2,394,835</u>	<u>2,394,835</u>	<u>3,395,026</u>	<u>1,000,191</u>	<u>3,267,032</u>
Expenditures:					
Current:					
Public safety	<u>2,299,897</u>	<u>2,536,930</u>	<u>2,179,986</u>	<u>356,944</u>	<u>3,667,540</u>
Total expenditures	<u>2,299,897</u>	<u>2,536,930</u>	<u>2,179,986</u>	<u>356,944</u>	<u>3,667,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>94,938</u>	<u>(142,095)</u>	<u>1,215,040</u>	<u>1,357,135</u>	<u>(400,508)</u>
Other financing sources (uses):					
Transfers out	<u>-</u>	<u>(349,511)</u>	<u>(1,442)</u>	<u>348,069</u>	<u>(300,489)</u>
Total other financing sources (uses)	<u>-</u>	<u>(349,511)</u>	<u>(1,442)</u>	<u>348,069</u>	<u>(300,489)</u>
Change in fund balances	94,938	(491,606)	1,213,598	1,705,204	(700,997)
Fund balance at beginning of year	<u>478,996</u>	<u>478,996</u>	<u>478,996</u>	<u>-</u>	<u>1,179,993</u>
Fund balance at end of year	<u>\$ 573,934</u>	<u>(12,610)</u>	<u>1,692,594</u>	<u>1,705,204</u>	<u>478,996</u>

CITY OF PASADENA
Health Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes	\$ 786,467	786,467	806,824	20,357	669,575
Licenses and permits	990,000	990,000	1,291,328	301,328	1,041,414
Intergovernmental revenues	10,981,937	11,545,380	8,555,312	(2,990,068)	9,038,110
Charges for services	743,929	749,466	735,390	(14,076)	625,136
Investment earnings	8,455	8,455	-	(8,455)	-
Miscellaneous revenues	523,400	523,400	121,386	(402,014)	739,510
Total revenues	<u>14,034,188</u>	<u>14,603,168</u>	<u>11,510,240</u>	<u>(3,092,928)</u>	<u>12,113,745</u>
Expenditures:					
Current:					
Health	13,960,786	14,524,229	13,550,586	973,643	13,479,818
Total expenditures	<u>13,960,786</u>	<u>14,524,229</u>	<u>13,550,586</u>	<u>973,643</u>	<u>13,479,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,402</u>	<u>78,939</u>	<u>(2,040,346)</u>	<u>(2,119,285)</u>	<u>(1,366,073)</u>
Other financing sources:					
Transfers in	-	-	-	-	1,341,455
Transfers out	-	-	(55,923)	(55,923)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>(55,923)</u>	<u>(55,923)</u>	<u>1,341,455</u>
Change in fund balances	73,402	78,939	(2,096,269)	(2,175,208)	(24,618)
Fund balance at beginning of year	<u>1,011,176</u>	<u>1,011,176</u>	<u>1,011,176</u>	<u>-</u>	<u>1,035,794</u>
Fund balance (deficit) at end of year	<u>\$ 1,084,578</u>	<u>1,090,115</u>	<u>(1,085,093)</u>	<u>(2,175,208)</u>	<u>1,011,176</u>

CITY OF PASADENA
Building Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Licenses and permits	\$ 4,996,606	4,996,606	8,276,627	3,280,021	5,108,404
Investment earnings	(7,365)	(7,365)	30,731	38,096	-
Miscellaneous revenues	200,510	200,510	10,860	(189,650)	8,374
Total revenues	<u>5,189,751</u>	<u>5,189,751</u>	<u>8,318,218</u>	<u>3,128,467</u>	<u>5,116,778</u>
Expenditures:					
Current:					
Community development	4,474,419	4,974,419	4,489,574	484,845	3,697,932
Total expenditures	<u>4,474,419</u>	<u>4,974,419</u>	<u>4,489,574</u>	<u>484,845</u>	<u>3,697,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>715,332</u>	<u>215,332</u>	<u>3,828,644</u>	<u>3,613,312</u>	<u>1,418,846</u>
Other financing sources (uses):					
Transfers out	-	-	-	-	(274,375)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(274,375)</u>
Change in fund balances	715,332	215,332	3,828,644	3,613,312	1,144,471
Fund balance (deficit) at beginning of year	<u>(15,833)</u>	<u>(15,833)</u>	<u>(15,833)</u>	<u>-</u>	<u>(1,160,304)</u>
Fund balance (deficit) at end of year	<u>\$ 699,499</u>	<u>199,499</u>	<u>3,812,811</u>	<u>3,613,312</u>	<u>(15,833)</u>

CITY OF PASADENA
Sewer Construction and Maintenance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with	Prior
	Original	Final		Final Budget	Year
				Positive (Negative)	Actual
Revenues:					
Charges for services	\$ 6,853,463	6,853,463	8,009,887	1,156,424	7,082,748
Investment earnings	40,158	40,158	77,113	36,955	27,899
Miscellaneous revenues	200,000	200,000	-	(200,000)	-
Total revenues	<u>7,093,621</u>	<u>7,093,621</u>	<u>8,087,000</u>	<u>993,379</u>	<u>7,110,647</u>
Expenditures:					
Current:					
Sanitation	4,171,482	4,171,482	4,106,041	65,441	3,743,615
Total expenditures	<u>4,171,482</u>	<u>4,171,482</u>	<u>4,106,041</u>	<u>65,441</u>	<u>3,743,615</u>
Excess of revenues over expenditures	<u>2,922,139</u>	<u>2,922,139</u>	<u>3,980,959</u>	<u>1,058,820</u>	<u>3,367,032</u>
Other financing sources (uses):					
Transfers out	(435,335)	(3,692,859)	(2,269,578)	1,423,281	(2,081,225)
Total other financing sources (uses)	<u>(435,335)</u>	<u>(3,692,859)</u>	<u>(2,269,578)</u>	<u>1,423,281</u>	<u>(2,081,225)</u>
Change in fund balances	2,486,804	(770,720)	1,711,381	2,482,101	1,285,807
Fund balance at beginning of year	<u>5,979,158</u>	<u>5,979,158</u>	<u>5,979,158</u>	<u>-</u>	<u>4,693,351</u>
Fund balance at end of year	<u>\$ 8,465,962</u>	<u>5,208,438</u>	<u>7,690,539</u>	<u>2,482,101</u>	<u>5,979,158</u>

CITY OF PASADENA
Underground Utilities Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with	Prior
	Original	Final		Final Budget	Year
				Positive (Negative)	Actual
Revenues:					
Taxes	\$ 5,174,946	5,174,946	5,151,623	(23,323)	5,234,822
Investment earnings	352,423	352,423	462,802	110,379	261,553
Total revenues	<u>5,527,369</u>	<u>5,527,369</u>	<u>5,614,425</u>	<u>87,056</u>	<u>5,496,375</u>
Expenditures:					
Current:					
Transportation	44,333	44,333	45,216	(883)	44,286
Total expenditures	<u>44,333</u>	<u>44,333</u>	<u>45,216</u>	<u>(883)</u>	<u>44,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,483,036</u>	<u>5,483,036</u>	<u>5,569,209</u>	<u>86,173</u>	<u>5,452,089</u>
Other financing sources (uses):					
Transfers out	(48,060)	(8,001,510)	(4,686,193)	3,315,317	(4,399,176)
Total other financing sources (uses)	<u>(48,060)</u>	<u>(8,001,510)</u>	<u>(4,686,193)</u>	<u>3,315,317</u>	<u>(4,399,176)</u>
Change in fund balances	5,434,976	(2,518,474)	883,016	3,401,490	1,052,913
Fund balance at beginning of year	<u>36,926,803</u>	<u>36,926,803</u>	<u>36,926,803</u>	<u>-</u>	<u>35,873,890</u>
Fund balance at end of year	<u>\$ 42,361,779</u>	<u>34,408,329</u>	<u>37,809,819</u>	<u>3,401,490</u>	<u>36,926,803</u>

CITY OF PASADENA
Transportation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Intergovernmental revenues	\$ 10,899,376	11,913,389	12,188,985	275,596	10,135,180
Charges for services	881,706	881,706	883,182	1,476	863,571
Investment earnings	101,368	101,368	132,971	31,603	71,233
Miscellaneous revenues	1,384,612	1,384,612	1,362,922	(21,690)	1,378,382
Total revenues	<u>13,267,062</u>	<u>14,281,075</u>	<u>14,568,060</u>	<u>286,985</u>	<u>12,448,366</u>
Expenditures:					
Current:					
Transportation	10,506,764	11,141,277	9,580,025	1,561,252	8,471,661
Total expenditures	<u>10,509,903</u>	<u>11,144,416</u>	<u>9,580,025</u>	<u>1,564,391</u>	<u>8,471,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,757,159</u>	<u>3,136,659</u>	<u>4,988,035</u>	<u>1,851,376</u>	<u>3,976,705</u>
Other financing sources (uses):					
Transfers in	462,475	462,475	413,792	(48,683)	413,135
Transfers out	(288,712)	(4,156,207)	(2,815,354)	1,340,853	(6,022,531)
Total other financing sources (uses)	<u>173,763</u>	<u>(3,693,732)</u>	<u>(2,401,562)</u>	<u>1,292,170</u>	<u>(5,609,396)</u>
Change in fund balances	2,930,922	(557,073)	2,586,473	3,143,546	(1,632,691)
Fund balance at beginning of year	<u>8,854,505</u>	<u>8,854,505</u>	<u>8,854,505</u>	<u>-</u>	<u>10,487,196</u>
Fund balance at end of year	<u>\$ 11,785,427</u>	<u>8,297,432</u>	<u>11,440,978</u>	<u>3,143,546</u>	<u>8,854,505</u>

CITY OF PASADENA
Human Services Endowment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 15,489	15,489	2,335	(13,154)	16,187
Total revenues	15,489	15,489	2,335	(13,154)	16,187
Expenditures:					
Current:					
Culture and leisure	113,017	223,017	212,846	10,171	1,809,159
Total expenditures	113,017	223,017	212,846	10,171	1,809,159
Excess (deficiency) of revenues over (under) expenditures	(97,528)	(207,528)	(210,511)	(2,983)	(1,792,972)
Other financing sources:					
Transfers in	110,000	110,000	-	(110,000)	503,286
Total other financing sources	110,000	110,000	-	(110,000)	503,286
Change in fund balances	12,472	(97,528)	(210,511)	(112,983)	(1,289,686)
Fund balance at beginning of year	214,622	214,622	214,622	-	1,504,308
Fund balance at end of year	\$ 227,094	117,094	4,111	(112,983)	214,622

CITY OF PASADENA
Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Taxes	\$ 2,455,321	2,455,321	2,490,828	35,507	2,427,241
Intergovernmental revenues	-	-	26,500	26,500	-
Charges for services	11,040	11,040	11,566	526	13,001
Investment earnings	25,700	25,700	40,168	14,468	4,436
Rental income	2,000	2,000	1,936	(64)	1,289
Miscellaneous revenues	103,549	103,549	77,844	(25,705)	147,533
Total revenues	2,597,610	2,597,610	2,648,842	51,232	2,593,500
Expenditures:					
Current:					
Culture and leisure	12,622,854	12,622,854	12,287,393	335,461	11,637,828
Total expenditures	12,622,854	12,622,854	12,287,393	335,461	11,637,828
(Deficiency) of revenues (under) expenditures	(10,025,244)	(10,025,244)	(9,638,551)	386,693	(9,044,328)
Other financing sources (uses):					
Transfers in	10,601,205	10,601,205	10,601,205	-	10,372,999
Transfers out	-	(376,418)	(288,441)	87,977	-
Total other financing sources (uses)	10,601,205	10,224,787	10,312,764	87,977	10,372,999
Change in fund balances	575,961	199,543	674,213	474,670	1,328,671
Fund balance at beginning of year	2,348,278	2,348,278	2,348,278	-	1,019,607
Fund balance at end of year	\$ 2,924,239	2,547,821	3,022,491	474,670	2,348,278

CITY OF PASADENA
Parking Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Taxes	\$ 15,000	15,000	14,268	(732)	9,881
Charges for services	311,685	311,685	394,269	82,584	467,719
Investment earnings	8,456	8,456	23,397	14,941	14,284
Rental income	2,312,026	2,403,026	2,504,854	101,828	2,576,437
Miscellaneous revenues	3,500	3,500	5,819	2,319	4,536
Total revenues	<u>2,650,667</u>	<u>2,741,667</u>	<u>2,942,607</u>	<u>200,940</u>	<u>3,072,857</u>
Expenditures:					
Current:					
Transportation	2,322,394	2,677,654	2,502,862	174,792	3,098,825
Interest	-	-	1,164	(1,164)	-
Total expenditures	<u>2,322,394</u>	<u>2,677,654</u>	<u>2,504,026</u>	<u>173,628</u>	<u>3,098,825</u>
Excess of revenues over expenditures	<u>328,273</u>	<u>64,013</u>	<u>438,581</u>	<u>374,568</u>	<u>(25,968)</u>
Other financing sources (uses):					
Transfers in	149,671	500,379	500,379	-	388,534
Transfers out	(474,511)	(958,350)	(767,930)	190,420	(682,738)
Total other financing sources (uses)	<u>(324,840)</u>	<u>(457,971)</u>	<u>(267,551)</u>	<u>190,420</u>	<u>(294,204)</u>
Change in fund balances	3,433	(393,958)	171,030	564,988	(320,172)
Fund balance at beginning of year	<u>1,545,782</u>	<u>1,545,782</u>	<u>1,545,782</u>	<u>-</u>	<u>1,865,954</u>
Fund balance at end of year	<u>\$ 1,549,215</u>	<u>1,151,824</u>	<u>1,716,812</u>	<u>564,988</u>	<u>1,545,782</u>

CITY OF PASADENA
Air Quality Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Intergovernmental revenues	\$ 167,300	167,300	173,993	6,693	167,946
Total revenues	<u>167,300</u>	<u>167,300</u>	<u>173,993</u>	<u>6,693</u>	<u>167,946</u>
Expenditures:					
Current:					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>167,300</u>	<u>167,300</u>	<u>173,993</u>	<u>6,693</u>	<u>167,946</u>
Other financing sources (uses):					
Transfers out	<u>(167,300)</u>	<u>(167,300)</u>	<u>(167,300)</u>	<u>-</u>	<u>(167,946)</u>
Total other financing sources (uses)	<u>(167,300)</u>	<u>(167,300)</u>	<u>(167,300)</u>	<u>-</u>	<u>(167,946)</u>
Change in fund balances	-	-	6,693	6,693	-
Fund balance at beginning of year	<u>17,274</u>	<u>17,274</u>	<u>17,274</u>	<u>-</u>	<u>17,274</u>
Fund balance at end of year	<u>\$ 17,274</u>	<u>17,274</u>	<u>23,967</u>	<u>6,693</u>	<u>17,274</u>

CITY OF PASADENA
Housing and Community Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Intergovernmental revenues	\$ 17,135,583	17,753,101	15,514,612	(2,238,489)	18,897,221
Charges for services	-	-	-	-	186
Investment earnings	55,351	55,351	68,120	12,769	51,054
Rental income	106,464	106,464	110,601	4,137	112,297
Miscellaneous revenues	462,576	462,576	1,459,362	996,786	667,454
Total revenues	<u>17,759,974</u>	<u>18,377,492</u>	<u>17,152,695</u>	<u>(1,224,797)</u>	<u>19,728,212</u>
Expenditures:					
Current:					
Community development	18,511,702	20,046,220	17,995,325	2,050,895	21,457,159
Debt service:					
Principal retirement	350,000	350,000	350,000	-	335,000
Interest	8,453	8,453	8,453	-	24,711
Total expenditures	<u>18,870,155</u>	<u>20,404,673</u>	<u>18,353,778</u>	<u>2,050,895</u>	<u>21,816,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,110,181)</u>	<u>(2,027,181)</u>	<u>(1,201,083)</u>	<u>826,098</u>	<u>(2,088,658)</u>
Other financing sources (uses):					
Transfers in	898,384	1,065,384	1,065,384	-	1,019,571
Transfers out	-	-	(37,917)	(37,917)	(101,225)
Total other financing sources (uses)	<u>898,384</u>	<u>1,065,384</u>	<u>1,027,467</u>	<u>(37,917)</u>	<u>918,346</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(211,797)	(961,797)	(173,616)	788,181	(1,170,312)
Fund balance at beginning of year	<u>19,550,203</u>	<u>19,550,203</u>	<u>19,550,203</u>	<u>-</u>	<u>20,720,515</u>
Fund balance at end of year	<u>\$ 19,338,406</u>	<u>18,588,406</u>	<u>19,376,587</u>	<u>788,181</u>	<u>19,550,203</u>

CITY OF PASADENA
Donated Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Investment earnings	\$ 18,379	18,379	19,329	950	15,174
Miscellaneous revenue	-	-	165,703	165,703	131,738
Contributions	50,000	50,000	39,877	(10,123)	1,022
Total revenues	<u>68,379</u>	<u>68,379</u>	<u>224,909</u>	<u>156,530</u>	<u>147,934</u>
Expenditures:					
Current:					
Culture and leisure	324,499	324,499	262,977	61,522	315,398
Total expenditures	<u>324,499</u>	<u>324,499</u>	<u>262,977</u>	<u>61,522</u>	<u>315,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(256,120)</u>	<u>(256,120)</u>	<u>(38,068)</u>	<u>218,052</u>	<u>(167,464)</u>
Other financing sources (uses):					
Transfers out	-	-	-	-	(477,618)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477,618)</u>
Change in fund balances	(256,120)	(256,120)	(38,068)	218,052	(645,082)
Fund balance at beginning of year	<u>1,450,494</u>	<u>1,450,494</u>	<u>1,450,494</u>	<u>-</u>	<u>2,095,576</u>
Fund balance at end of year	<u>\$ 1,194,374</u>	<u>1,194,374</u>	<u>1,412,426</u>	<u>218,052</u>	<u>1,450,494</u>

CITY OF PASADENA
Housing Successor Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final			
Revenues:					
Investment earnings	\$ -	-	16,124	16,124	-
Rental income	63,301	63,301	62,941	(360)	62,941
Miscellaneous revenues	98,987	98,987	155,107	56,120	419,845
Total revenues	<u>162,288</u>	<u>162,288</u>	<u>234,172</u>	<u>71,884</u>	<u>482,996</u>
Expenditures:					
Current:					
Community development	393,022	568,022	407,854	160,168	484,162
Total expenditures	<u>393,022</u>	<u>568,022</u>	<u>407,854</u>	<u>160,168</u>	<u>484,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(230,734)</u>	<u>(405,734)</u>	<u>(173,682)</u>	<u>232,052</u>	<u>(1,166)</u>
Other financing sources (uses):					
Transfers in	648,087	648,087	290,149	(357,938)	3,863,906
Transfers out	(291,512)	(291,512)	(290,149)	1,363	(2,754,871)
Total other financing sources (uses)	<u>356,575</u>	<u>356,575</u>	<u>-</u>	<u>(356,575)</u>	<u>1,109,035</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>125,841</u>	<u>(49,159)</u>	<u>(173,682)</u>	<u>(124,523)</u>	<u>1,107,869</u>
Fund balance at beginning of year	<u>21,568,131</u>	<u>21,568,131</u>	<u>21,568,131</u>	<u>-</u>	<u>20,460,262</u>
Fund balance at end of year	<u>\$ 21,693,972</u>	<u>21,518,972</u>	<u>21,394,449</u>	<u>(124,523)</u>	<u>21,568,131</u>

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for and payment of the City's general long-term debt principal and interest.

General Debt Service Fund - to account for the payment of interest and principal of the 1999, 2004 and 2012 pension bonds and other city-wide obligations.

1993 Certificates of Participation Fund - to account for the payment of interest and principal on certain construction projects and infrastructure improvements.

2006 Lease Revenue Bond Debt Service – to account for the payments of interest and principal on certain construction projects and infrastructure, public facilities and capital improvements.

2008 Series B Refunding COP Fund – to account for the payment of interest and principle on certain construction projects and infrastructure, public facilities and capital improvements.

2008 Series C Refunding COP Fund – to account for the payment of interest and principle on certain municipal building renovation and park improvement projects.

CITY OF PASADENA
Non-Major Governmental Funds
Debt Service Funds
Combining Balance Sheet
June 30, 2014

	General Debt Service	1993 Certificates of Participation (COP)	2006 Lease Revenue Bond Debt Service
Assets			
Cash and investments	\$ 15,099,498	3,502,844	15,405
Accounts receivable	83,085	-	-
Total assets	<u>15,182,583</u>	<u>3,502,844</u>	<u>15,405</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	15,182,583	3,502,844	15,405
Total fund balances	<u>15,182,583</u>	<u>3,502,844</u>	<u>15,405</u>
Total liabilities and fund balances	<u>\$ 15,182,583</u>	<u>3,502,844</u>	<u>15,405</u>

2008 Series B Refunding COP Debt Service	2008 Series C Refunding COP Debt Service	Totals	
		2014	2013
1,220,461	4,835,678	24,673,886	40,468,671
-	-	83,085	83,695
<u>1,220,461</u>	<u>4,835,678</u>	<u>24,756,971</u>	<u>40,552,366</u>
-	2,173	2,173	-
-	<u>2,173</u>	<u>2,173</u>	-
1,220,461	4,833,505	24,754,798	40,552,366
<u>1,220,461</u>	<u>4,833,505</u>	<u>24,754,798</u>	<u>40,552,366</u>
<u>1,220,461</u>	<u>4,835,678</u>	<u>24,756,971</u>	<u>40,552,366</u>

CITY OF PASADENA
Non-Major Governmental Funds
Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	General Debt Service	1993 Certificates of Participation (COP)	2006 Lease Revenue Bond Debt Service
Revenues:			
Investment earnings	\$ 606,794	79,401	1
Total revenues	<u>606,794</u>	<u>79,401</u>	<u>1</u>
Expenditures:			
Current:			
General government	9,549	4,688	1,188
Debt service:			
Principal retirement	10,754,516	5,515,000	520,000
Interest	<u>5,472,737</u>	<u>295,053</u>	<u>279,640</u>
Total expenditures	<u>16,236,802</u>	<u>5,814,741</u>	<u>800,828</u>
(Deficiency) of revenues (under) expenditures	<u>(15,630,008)</u>	<u>(5,735,340)</u>	<u>(800,827)</u>
Other financing sources:			
Issuance of long-term debt	350,708	-	-
Transfers in	850,216	5,779,726	800,828
Transfers out	<u>(1,514,707)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>(313,783)</u>	<u>5,779,726</u>	<u>800,828</u>
Change in fund balances	<u>(15,943,791)</u>	<u>44,386</u>	<u>1</u>
Fund balances at beginning of year	<u>31,126,374</u>	<u>3,458,458</u>	<u>15,404</u>
Fund balances at end of year	<u>\$ 15,182,583</u>	<u>3,502,844</u>	<u>15,405</u>

2008 Series B Refunding COP Debt Service	2008 Series C Refunding COP Debt Service	Totals	
		2014	2013
33,864	128,034	848,094	561,209
33,864	128,034	848,094	561,209
4,602	6,775	26,802	26,058
2,162,989	1,505,000	20,457,505	20,079,902
731,255	3,008,765	9,787,450	10,758,135
2,898,846	4,520,540	30,271,757	30,864,095
(2,864,982)	(4,392,506)	(29,423,663)	(30,302,886)
-	-	350,708	840,829
2,891,177	4,468,147	14,790,094	23,624,364
-	-	(1,514,707)	(3,098,680)
2,891,177	4,468,147	13,626,095	21,366,513
26,195	75,641	(15,797,568)	(8,936,373)
1,194,266	4,757,864	40,552,366	49,488,739
1,220,461	4,833,505	24,754,798	40,552,366

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NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition or construction of major capital facilities by the City, other than those financed by proprietary funds.

Charter Capital Projects Fund - to account for certain resources identified by the City Council for the acquisition, construction, replacement or repair of municipal improvements where disbursements other than specific municipal improvement projects can be authorized only by a vote of the people.

New Development Impact Fund - to account for fees received from developers of commercial and industrial facilities to be used to fund capital projects, which are made necessary in whole or in part by new development.

Residential Development Impact Fund - to account for fees received from developers of residential facilities to be used to develop park or recreational facilities.

10% Green Fee Capital Projects Fund - to account for capital improvements related to the development of the Arroyo Seco. Funding comes from 10% of the gross receipts generated from green fees at the Brookside Golf Course, which are submitted to the capital project fund.

Capital Public Art Fund – to account for fees collected to be used for public art projects.

Traffic Reduction and Transportation Improvement Fee Fund – to account for fees assessed on new fee for new industrial, office, retail, and residential development, to insure that the transportation improvements identified in the Mobility Element necessary to address the impact of new development on the City's transportation system are equitably shared by all new development.

**CITY OF PASADENA
Non-Major Governmental Funds
Capital Projects Funds
Combining Balance Sheet
June 30, 2014**

	Charter Capital Projects	New Development Impact	Residential Development Impact	10% Green Fee Capital Projects
Assets				
Cash and investments	\$ 1,907,337	1,113,042	13,850,349	280,208
Accounts receivable	1,809	2,056	32,681	1,408
Total assets	1,909,146	1,115,098	13,883,030	281,616
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,909,146	-	-	-
Committed	-	1,115,098	13,883,030	281,616
Total fund balances	1,909,146	1,115,098	13,883,030	281,616
Total liabilities and fund balances	\$ 1,909,146	1,115,098	13,883,030	281,616

Capital Public Art	Traffic Reduction Transportation Improvement	Totals	
		2014	2013
495,364	1,621,897	19,268,197	17,017,484
1,764	442	40,160	39,762
<u>497,128</u>	<u>1,622,339</u>	<u>19,308,357</u>	<u>17,057,246</u>
5,351	-	5,351	84,092
<u>5,351</u>	<u>-</u>	<u>5,351</u>	<u>84,092</u>
-	-	-	-
-	-	1,909,146	3,040,941
491,777	1,622,339	17,393,860	13,932,213
<u>491,777</u>	<u>1,622,339</u>	<u>19,303,006</u>	<u>16,973,154</u>
<u>497,128</u>	<u>1,622,339</u>	<u>19,308,357</u>	<u>17,057,246</u>

CITY OF PASADENA
Non-Major Governmental Funds
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	Charter Capital Projects	New Development Impact	Residential Development Impact	10% Green Fee Capital Projects
Revenues:				
Taxes	\$ -	-	-	-
Charges for services	-	-	-	-
Investment earnings	3,855	10,345	149,636	5,514
Miscellaneous revenues	-	-	-	-
Contributions	-	489,055	4,967,750	-
Total revenues	3,855	499,400	5,117,386	5,514
Expenditures:				
Current:				
General government	5,412	-	-	-
Capital outlay	-	-	-	-
Total expenditures	5,412	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,557)	499,400	5,117,386	5,514
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(1,130,238)	(35,117)	(3,003,107)	(215,909)
Total other financing sources (uses)	(1,130,238)	(35,117)	(3,003,107)	(215,909)
Extraordinary gain (loss)	-	-	-	-
Change in fund balances	(1,131,795)	464,283	2,114,279	(210,395)
Fund balances (deficits) at beginning	3,040,941	650,815	11,768,751	492,011
Fund balances (deficits) at end of year	\$ 1,909,146	1,115,098	13,883,030	281,616

Captial Public Art	Traffic Reduction Transportation Improvement	Totals	
		2014	2013
-	-	-	-
-	674,392	674,392	390,085
7,429	10,433	187,212	117,488
-	-	-	30,150
-	530,000	5,986,805	1,034,739
7,429	1,214,825	6,848,409	1,572,462
-	-	5,412	5,301
128,774	-	128,774	94,245
128,774	-	134,186	99,546
(121,345)	1,214,825	6,714,223	1,472,916
-	-	-	50,000
-	-	(4,384,371)	(2,087,900)
-	-	(4,384,371)	(2,037,900)
-	-	-	(2,196,629)
(121,345)	1,214,825	2,329,852	(2,761,613)
613,122	407,514	16,973,154	19,734,767
491,777	1,622,339	19,303,006	16,973,154

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NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Vroman Art Bequest Fund - for purchase of books on art and works of art for the Pasadena Public Library.

Singer Trust Fund - for maintenance of Singer Park.

Noble Award Fund - for purchase of medals to award persons rendering notable service in promoting the beauty or general welfare of Pasadena.

Holmes Bequest Fund - for charitable and humanitarian purposes.

Sheldon Memorial Fund - to finance periodic awards to deserving citizens.

Pasadena Center Capital Improvement Trust Fund - for capital improvements.

Cox Trust Fund - for purchase of literary classics.

Jankos Trust Fund - for purchase of books and materials for the purpose of self-improvement, career development, and agriculture.

Hudson Family Trust Fund - for the purchase of any type of library material for the Lamanda Park Branch of the Pasadena Public Library.

M. A. Berger Trust Fund - for support and maintenance of the Library's business and economic collections.

CITY OF PASADENA
Non-Major Governmental Funds
Permanent Funds
Combining Balance Sheet
June 30, 2014

	Vroman Art Bequest	Singer Trust	Noble Award	Holmes Bequest	Sheldon Memorial
Assets					
Cash and investments	\$ 5,495	43,627	5,811	-	303
Accounts receivable	17	119	16	-	1
Total assets	<u>\$ 5,512</u>	<u>43,746</u>	<u>5,827</u>	<u>-</u>	<u>304</u>
Total other financing					
Fund balances:					
Nonspendable	5,000	23,426	1,100	25,507	298
Restricted	512	20,320	4,727	(25,507)	6
Committed	-	-	-	-	-
Total fund balances	<u>5,512</u>	<u>43,746</u>	<u>5,827</u>	<u>-</u>	<u>304</u>
Total liabilities and fund balances	<u>\$ 5,512</u>	<u>43,746</u>	<u>5,827</u>	<u>-</u>	<u>304</u>

Pasadena Center Capital Improvement Trust	Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Totals	
					2014	2013
428,824	4,385	26,191	103,998	1,292,469	1,911,103	2,429,254
2,806	12	71	312	3,360	6,714	6,821
<u>431,630</u>	<u>4,397</u>	<u>26,262</u>	<u>104,310</u>	<u>1,295,829</u>	<u>1,917,817</u>	<u>2,436,075</u>
400,000	4,307	25,000	100,000	875,000	1,459,638	1,459,638
-	90	1,262	4,310	420,829	426,549	358,289
31,630	-	-	-	-	31,630	618,148
<u>431,630</u>	<u>4,397</u>	<u>26,262</u>	<u>104,310</u>	<u>1,295,829</u>	<u>1,917,817</u>	<u>2,436,075</u>
<u>431,630</u>	<u>4,397</u>	<u>26,262</u>	<u>104,310</u>	<u>1,295,829</u>	<u>1,917,817</u>	<u>2,436,075</u>

CITY OF PASADENA
Non-Major Governmental Funds
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

	<u>Vroman Art Bequest</u>	<u>Singer Trust</u>	<u>Noble Award</u>	<u>Holmes Bequest</u>	<u>Sheldon Memorial</u>
Revenues:					
Investment earnings	\$ 72	572	76	-	4
Contributions	-	-	-	-	-
Total revenues	<u>72</u>	<u>572</u>	<u>76</u>	<u>-</u>	<u>4</u>
Expenditures:					
Current:					
Culture and leisure	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>72</u>	<u>572</u>	<u>76</u>	<u>-</u>	<u>4</u>
Other financing sources (uses):					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	72	572	76	-	4
Fund balances at beginning of year	<u>5,440</u>	<u>43,174</u>	<u>5,751</u>	<u>-</u>	<u>300</u>
Fund balances at end of year	<u>\$ 5,512</u>	<u>43,746</u>	<u>5,827</u>	<u>-</u>	<u>304</u>

Pasadena Center Capital Improvement Trust	Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Totals	
					2014	2013
13,482	58	343	1,362	16,811	32,780	17,875
-	-	-	-	48,962	48,962	-
<u>13,482</u>	<u>58</u>	<u>343</u>	<u>1,362</u>	<u>65,773</u>	<u>81,742</u>	<u>17,875</u>
600,000	-	-	-	-	600,000	7,579
<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>7,579</u>
(586,518)	58	343	1,362	65,773	(518,258)	10,296
-	-	-	-	-	-	(25,668)
-	-	-	-	-	-	<u>(25,668)</u>
(586,518)	58	343	1,362	65,773	(518,258)	(15,372)
1,018,148	4,339	25,919	102,948	1,230,056	2,436,075	2,451,447
<u>431,630</u>	<u>4,397</u>	<u>26,262</u>	<u>104,310</u>	<u>1,295,829</u>	<u>1,917,817</u>	<u>2,436,075</u>

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NON-MAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Refuse Collection Fund - to account for the operations of the City's refuse collection program, a self-supporting activity, which renders services on a user charge basis to residents and businesses.

Telecommunications Fund - to account for revenues received for the use of the fiber optic system excess capacity by private sector firms and used to repay the loan, which funded its construction, as well as fees for setting up wireless facilities on City-owned property.

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Net Position
June 30, 2014

	Refuse Collection	Tele- communi- cations	Totals	
			2014	2013
Assets				
Current assets:				
Cash and investments	5,577,874	326,805	5,904,679	3,581,160
Accounts receivable, net	2,106,371	141,429	2,247,800	2,360,541
Total current assets	<u>7,684,245</u>	<u>468,234</u>	<u>8,152,479</u>	<u>5,941,701</u>
Noncurrent assets:				
Capital assets	10,599,734	708,613	11,308,347	9,479,122
Less accumulated depreciation	(6,066,706)	(67,220)	(6,133,926)	(5,650,488)
Net property, plant and equipment	4,533,028	641,393	5,174,421	3,828,634
Total noncurrent assets	<u>4,533,028</u>	<u>641,393</u>	<u>5,174,421</u>	<u>3,828,634</u>
Total assets	<u>12,217,273</u>	<u>1,109,627</u>	<u>13,326,900</u>	<u>9,770,335</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	576,681	66,105	642,786	502,591
Deposits	3,180,216	-	3,180,216	2,634,947
Capitalized lease obligations - current	9,096	-	9,096	35,530
Total current liabilities	<u>3,765,993</u>	<u>66,105</u>	<u>3,832,098</u>	<u>3,173,068</u>
Noncurrent liabilities:				
Capitalized lease obligations - long-term	-	-	-	9,096
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,096</u>
Total liabilities	<u>3,765,993</u>	<u>66,105</u>	<u>3,832,098</u>	<u>3,182,164</u>
Net Position				
Net Investment in Capital Assets	4,523,932	641,393	5,165,325	3,784,008
Unrestricted	3,927,348	402,129	4,329,477	2,804,163
Total net position (deficit)	<u>8,451,280</u>	<u>1,043,522</u>	<u>9,494,802</u>	<u>6,588,171</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Refuse Collection	Tele- communi- cations	Totals	
			2014	2013
Operating revenues:				
Charges for services:				
Refuse collection	11,925,263	-	11,925,263	12,056,606
Telecommunication	-	815,575	815,575	580,434
Total operating revenues	<u>11,925,263</u>	<u>815,575</u>	<u>12,740,838</u>	<u>12,637,040</u>
Operating expenses:				
Refuse collection	12,200,932	-	12,200,932	12,330,295
Telecommunications	-	814,898	814,898	802,039
Depreciation	820,564	33,535	854,099	877,523
Total operating expenses	<u>13,021,496</u>	<u>848,433</u>	<u>13,869,929</u>	<u>14,009,857</u>
Operating income (loss)	<u>(1,096,233)</u>	<u>(32,858)</u>	<u>(1,129,091)</u>	<u>(1,372,817)</u>
Nonoperating revenues (expenses):				
Taxes	3,906,957	-	3,906,957	3,825,841
Intergovernmental revenues	146,910	-	146,910	76,836
Investment earnings	54,849	8,790	63,639	7,574
Interest expense	(975)	-	(975)	(2,312)
Gain (loss) on disposal of assets	5,129	-	5,129	14,842
Miscellaneous revenues	261,235	-	261,235	166,600
Total nonoperating revenues (expenses)	<u>4,374,105</u>	<u>8,790</u>	<u>4,382,895</u>	<u>4,089,381</u>
Income (loss) before transfers and contributions	<u>3,277,872</u>	<u>(24,068)</u>	<u>3,253,804</u>	<u>2,716,564</u>
Transfers:				
Transfers in	85,000	214,282	299,282	135,000
Transfers out	<u>(392,873)</u>	<u>(253,582)</u>	<u>(646,455)</u>	<u>(389,242)</u>
Net income (loss)	<u>2,969,999</u>	<u>(63,368)</u>	<u>2,906,631</u>	<u>2,462,322</u>
Net position at beginning of year	<u>5,481,281</u>	<u>1,106,890</u>	<u>6,588,171</u>	<u>4,125,849</u>
Net position (deficit) at end of year	<u>8,451,280</u>	<u>1,043,522</u>	<u>9,494,802</u>	<u>6,588,171</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2014

	Refuse Collection	Tele- communi- cations	Totals	
			2014	2013
Cash flows from operating activities:				
Cash received from customers	12,036,672	818,279	12,854,951	12,387,751
Cash payments to suppliers for goods and services	(4,587,157)	(731,286)	(5,318,443)	(5,848,354)
Cash payments to employees for services	(4,193,896)	-	(4,193,896)	(5,133,319)
Cash payments to other funds for services	(2,801,510)	(16,517)	(2,818,027)	(2,263,416)
Miscellaneous revenues	261,235	-	261,235	166,600
Net cash provided by (used for) operating activities	715,344	70,476	785,820	(690,738)
Cash flows from noncapital financing activities:				
Transfers to other funds	(392,873)	(253,582)	(646,455)	(389,242)
Transfers from other funds	85,000	214,282	299,282	135,000
Cash received (paid) on loans to other funds	-	-	-	(188,240)
Taxes received	3,906,957	-	3,906,957	3,825,841
Intergovernmental revenues	146,910	-	146,910	76,836
Net cash provided by (used for) noncapital financing	3,745,994	(39,300)	3,706,694	3,460,195
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,911,840)	(288,046)	(2,199,886)	(139,288)
Proceeds from sale of capital assets	5,129	-	5,129	-
Principal paid on debt	(35,530)	-	(35,530)	(34,202)
Interest paid on debt	(975)	-	(975)	(2,312)
Net cash used for capital and related financing activities	(1,943,216)	(288,046)	(2,231,262)	(175,802)
Cash flows from investing activities:				
Investment earnings (expenses)	54,849	7,418	62,267	6,202
Net cash provided by investing activities	54,849	7,418	62,267	6,202
Net increase (decrease) in cash and cash equivalents	2,572,971	(249,452)	2,323,519	2,599,857
Cash and cash equivalents at beginning of year	3,004,903	576,257	3,581,160	981,303
Cash and cash equivalents at end of year	<u>5,577,874</u>	<u>326,805</u>	<u>5,904,679</u>	<u>3,581,160</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:				
Cash and investments	5,577,874	326,805	5,904,679	3,581,160
Cash and cash equivalents at end of year	<u>5,577,874</u>	<u>326,805</u>	<u>5,904,679</u>	<u>3,581,160</u>

(continued)

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2014

	Refuse Collection	Tele- communi- cations	Totals	
			2014	2013
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	(1,096,233)	(32,858)	(1,129,091)	(1,372,817)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	820,564	33,535	854,099	877,523
Miscellaneous revenues	261,235	-	261,235	166,600
(Increase) decrease in accounts receivable	111,409	2,704	114,113	(249,289)
Increase (decrease) in accounts payable and accrued liabilities	73,100	67,095	140,195	35,099
Increase (decrease) in deposits payable	545,269	-	545,269	(147,854)
Total adjustments	1,811,577	103,334	1,914,911	682,079
Net cash provided by (used for) operating activities	<u>715,344</u>	<u>70,476</u>	<u>785,820</u>	<u>(690,738)</u>
Non-cash changes in fair value of investments	<u>872</u>	<u>(263)</u>	<u>609</u>	<u>(14,052)</u>

See accompanying notes to the basic financial statements

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one City department to another or to other governmental units on a cost-reimbursement basis.

Computing and Communication Services Fund - to account for all operations of the Computing and Communications Division of the City Manager's Department, which includes such services as data processing, radio communications, telephone, and voice services.

Building Maintenance Fund - to account for housekeeping and structural maintenance of City buildings.

Fleet Maintenance Fund - to account for the procurement maintenance and repair of City vehicles and equipment.

Benefits Fund - to account for employee compensated absences, retirement, and health benefits.

Workers' Compensation Fund - to account for investigation services, temporary disability and medical payments, excess insurance, permanent disability awards, administrative services, and litigation costs. Premiums based on employee worker classifications are indirectly charged to each department for claims proportionate to current industry rates applicable to job functions.

General Liability Fund - to account for payment of self-insured general liability and automobile liability claims, excess insurance, claims adjusting services, litigation costs, and administrative services. Contributions are made from each department and are based on past claims experience and appropriate risk factors.

Printing Services Fund – to account for printing services provided to other departments by the Printing Services Section of the Department of Finance.

Mail Services Fund – to account for mail services provided to other departments by the Mail Services Division of the City Clerk's office.

311 Call Center Fund – to account for the operation of the City's central call center.

CITY OF PASADENA
Internal Service Funds
Combining Statement of Net Position
June 30, 2014

Assets	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Current assets:					
Cash and investments	\$ 564,090	175,155	2,787,391	4,237,281	5,988,307
Accounts receivable	125,865	36,381	114,033	5,499	31,705
Due from other funds	-	-	-	-	-
Inventories	-	-	217,752	-	-
Prepays and other assets	18,154	-	-	136,574	-
Total current assets	<u>708,109</u>	<u>211,536</u>	<u>3,119,176</u>	<u>4,379,354</u>	<u>6,020,012</u>
Noncurrent assets:					
Property held for resale	-	-	-	-	-
Prepaid long-term assets	60,514	-	-	-	-
Capital assets	12,200,222	69,573	24,495,804	-	-
Less accumulated depreciation	(5,939,729)	(51,889)	(16,019,334)	-	-
Net property, plant and equipment	<u>6,260,493</u>	<u>17,684</u>	<u>8,476,470</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>6,321,007</u>	<u>17,684</u>	<u>8,476,470</u>	<u>-</u>	<u>-</u>
Total assets	<u>7,029,116</u>	<u>229,220</u>	<u>11,595,646</u>	<u>4,379,354</u>	<u>6,020,012</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	669,014	458,716	345,330	4,087,572	92,992
Insurance claims payable - current	-	-	-	-	5,673,143
Due to other funds	-	-	-	-	-
Compensated absences	-	-	-	10,248,605	-
Capitalized lease obligations - current	597,966	-	-	-	-
Total current liabilities	<u>1,266,980</u>	<u>458,716</u>	<u>345,330</u>	<u>14,336,177</u>	<u>5,766,135</u>
Noncurrent liabilities:					
Insurance claims payable - long-term	-	-	-	-	15,931,719
OPEB liability	-	-	-	16,970,000	-
Capitalized lease obligations - long-term	2,180,002	-	-	-	-
Total long-term liabilities	<u>2,180,002</u>	<u>-</u>	<u>-</u>	<u>16,970,000</u>	<u>15,931,719</u>
Total liabilities	<u>3,446,982</u>	<u>458,716</u>	<u>345,330</u>	<u>31,306,177</u>	<u>21,697,854</u>
Net Position					
Net Investment in Capital Assets	3,482,525	17,684	8,476,470	-	-
Assigned	-	-	-	-	-
Unassigned	99,609	(247,180)	2,773,846	(26,926,823)	(15,677,842)
Total net position (deficit)	<u>\$ 3,582,134</u>	<u>(229,496)</u>	<u>11,250,316</u>	<u>(26,926,823)</u>	<u>(15,677,842)</u>

General Liability	Printing Services	Mail Services	311 Call Center	Totals	
				2014	2013
4,615,700	-	104,665	107,369	18,579,958	16,337,085
69,369	10,667	(114)	(53)	393,352	443,366
-	-	-	-	-	862,777
-	-	-	-	217,752	220,458
-	-	244,221	-	398,949	363,579
<u>4,685,069</u>	<u>10,667</u>	<u>348,772</u>	<u>107,316</u>	<u>19,590,011</u>	<u>18,227,265</u>
-	-	-	-	-	3,714,391
-	-	-	-	60,514	78,668
3,714,391	752,439	19,184	-	41,251,613	38,313,930
-	(536,365)	(17,405)	-	(22,564,722)	(22,250,567)
<u>3,714,391</u>	<u>216,074</u>	<u>1,779</u>	<u>-</u>	<u>18,686,891</u>	<u>16,063,363</u>
<u>3,714,391</u>	<u>216,074</u>	<u>1,779</u>	<u>-</u>	<u>18,747,405</u>	<u>19,856,422</u>
<u>8,399,460</u>	<u>226,741</u>	<u>350,551</u>	<u>107,316</u>	<u>38,337,416</u>	<u>38,083,687</u>
229,372	44,445	41,352	7,326	5,976,119	7,175,684
3,421,193	-	-	-	9,094,336	10,764,226
-	1,765,876	-	-	1,765,876	2,302,928
-	-	-	-	10,248,605	10,011,243
-	-	-	-	597,966	587,265
<u>3,650,565</u>	<u>1,810,321</u>	<u>41,352</u>	<u>7,326</u>	<u>27,682,902</u>	<u>30,841,346</u>
14,421,337	-	-	-	30,353,056	24,813,541
-	-	-	-	16,970,000	14,912,018
-	-	-	-	2,180,002	2,777,968
<u>14,421,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,503,058</u>	<u>42,503,527</u>
<u>18,071,902</u>	<u>1,810,321</u>	<u>41,352</u>	<u>7,326</u>	<u>77,185,960</u>	<u>73,344,873</u>
3,714,391	216,074	1,779	-	15,908,923	12,698,130
-	-	-	-	-	202,309
<u>(13,386,833)</u>	<u>(1,799,654)</u>	<u>307,420</u>	<u>99,990</u>	<u>(54,757,467)</u>	<u>(47,959,316)</u>
<u>(9,672,442)</u>	<u>(1,583,580)</u>	<u>309,199</u>	<u>99,990</u>	<u>(38,848,544)</u>	<u>(35,261,186)</u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Operating revenues:					
Charges for services:					
Computing and communication services	\$ 12,340,060	-	-	-	-
Building maintenance	-	10,430,203	-	-	-
Fleet maintenance	-	-	8,716,827	-	-
Employee benefits	-	-	-	30,290,319	-
Insurance	-	-	-	-	8,255,726
Printing	-	-	-	-	-
Mail	-	-	-	-	-
Total operating revenues	<u>12,340,060</u>	<u>10,430,203</u>	<u>8,716,827</u>	<u>30,290,319</u>	<u>8,255,726</u>
Operating expenses:					
Computing and communication services	12,049,846	-	-	-	-
Building maintenance	-	9,488,413	-	-	-
Fleet maintenance	-	-	7,454,983	-	-
Depreciation	1,217,280	9,028	1,158,193	-	-
Benefits	-	-	-	31,780,681	-
Insurance	-	-	-	-	13,843,593
Printing	-	-	-	-	-
Mail	-	-	-	-	-
311 Call Center	-	-	-	-	-
Total operating expenses	<u>13,267,126</u>	<u>9,497,441</u>	<u>8,613,176</u>	<u>31,780,681</u>	<u>13,843,593</u>
Operating income (loss)	<u>(927,066)</u>	<u>932,762</u>	<u>103,651</u>	<u>(1,490,362)</u>	<u>(5,587,867)</u>
Nonoperating revenues (expenses):					
Investment earnings	4,067	(4,886)	40,763	(9,958)	99,569
Interest expense	(75,365)	-	-	-	-
Gain (loss) on disposal of assets	(7,752)	(11,240)	25,330	-	-
Miscellaneous revenues	-	334,736	-	-	-
Total nonoperating revenues (expenses)	<u>(79,050)</u>	<u>318,610</u>	<u>66,093</u>	<u>(9,958)</u>	<u>99,569</u>
Income (loss) before transfers	(1,006,116)	1,251,372	169,744	(1,500,320)	(5,488,298)
Transfers from (to) other funds:					
Transfers in	889,325	362,180	-	3,273,620	-
Transfers out	-	(802,396)	(104,466)	-	-
Net income (loss)	(116,791)	811,156	65,278	1,773,300	(5,488,298)
Net position at beginning of year	<u>3,698,925</u>	<u>(1,040,652)</u>	<u>11,185,038</u>	<u>(28,700,123)</u>	<u>(10,189,544)</u>
Net position (deficit) at end of year	<u><u>3,582,134</u></u>	<u><u>(229,496)</u></u>	<u><u>11,250,316</u></u>	<u><u>(26,926,823)</u></u>	<u><u>(15,677,842)</u></u>

General Liability	Printing Services	Mail Services	311 Call Center	Totals	
				2014	2013
-	-	-	-	12,340,060	11,571,041
-	-	-	-	10,430,203	10,660,712
-	-	-	-	8,716,827	8,716,257
-	-	-	-	30,290,319	29,828,869
2,656,622	-	-	-	10,912,348	12,502,038
-	1,094,831	-	-	1,094,831	1,032,783
-	-	460,293	-	460,293	425,088
<u>2,656,622</u>	<u>1,094,831</u>	<u>460,293</u>	<u>-</u>	<u>74,244,881</u>	<u>74,736,788</u>
-	-	-	-	12,049,846	10,996,054
-	-	-	-	9,488,413	10,024,935
-	-	-	-	7,454,983	7,424,798
-	70,960	4,268	-	2,459,729	2,601,554
-	-	-	-	31,780,681	36,418,271
4,909,281	-	-	-	18,752,874	17,339,673
-	1,382,439	-	-	1,382,439	1,430,540
-	-	457,777	-	457,777	296,027
-	-	-	362,563	362,563	-
<u>4,909,281</u>	<u>1,453,399</u>	<u>462,045</u>	<u>362,563</u>	<u>84,189,305</u>	<u>86,531,852</u>
<u>(2,252,659)</u>	<u>(358,568)</u>	<u>(1,752)</u>	<u>(362,563)</u>	<u>(9,944,424)</u>	<u>(11,795,064)</u>
47,223	(22,208)	2,139	1,191	157,900	106,593
-	-	-	-	(75,365)	(86,642)
-	-	(4,980)	-	1,358	42,449
-	-	-	-	334,736	240,404
<u>47,223</u>	<u>(22,208)</u>	<u>(2,841)</u>	<u>1,191</u>	<u>418,629</u>	<u>302,804</u>
(2,205,436)	(380,776)	(4,593)	(361,372)	(9,525,795)	(11,492,260)
1,858,812	-	-	461,362	6,845,299	3,307,924
-	-	-	-	(906,862)	(623,563)
<u>(346,624)</u>	<u>(380,776)</u>	<u>(4,593)</u>	<u>99,990</u>	<u>(3,587,358)</u>	<u>(8,807,899)</u>
<u>(9,325,818)</u>	<u>(1,202,804)</u>	<u>313,792</u>	<u>-</u>	<u>(35,261,186)</u>	<u>(26,453,287)</u>
<u><u>(9,672,442)</u></u>	<u><u>(1,583,580)</u></u>	<u><u>309,199</u></u>	<u><u>99,990</u></u>	<u><u>(38,848,544)</u></u>	<u><u>(35,261,186)</u></u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2014

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Cash flows from operating activities:					
Cash payments to suppliers for goods or services	\$ (3,559,376)	(4,570,213)	(4,754,802)	(1,214,719)	(5,137,331)
Cash payments to employees for services	(7,495,619)	(3,875,329)	(2,169,309)	(29,594,635)	(6,235,155)
Cash payments to other funds for services	(898,174)	(1,742,035)	(686,418)	(105,563)	(277,310)
Cash payments from other funds for services	12,248,721	10,472,945	9,655,552	30,293,255	8,255,726
Miscellaneous revenues	-	334,736	-	-	-
Net cash provided by (used for) operating activities	<u>295,552</u>	<u>620,104</u>	<u>2,045,023</u>	<u>(621,661)</u>	<u>(3,394,069)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	889,325	362,180	-	3,273,620	-
Transfers to other funds	-	(802,396)	(104,466)	-	-
Net cash provided by (used for) noncapital financing activities	<u>889,325</u>	<u>(440,216)</u>	<u>(104,466)</u>	<u>3,273,620</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(1,295,302)	-	-
Proceeds from sale of capital assets	(250,044)	(1)	177,841	-	-
Principal paid on debt	(587,265)	-	-	-	-
Miscellaneous revenues	(75,365)	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(912,674)</u>	<u>(1)</u>	<u>(1,117,461)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Investment earnings (expenses)	3,846	(4,732)	40,924	(12,481)	98,850
Net cash provided by (used for) investing activities	<u>3,846</u>	<u>(4,732)</u>	<u>40,924</u>	<u>(12,481)</u>	<u>98,850</u>
Net increase (decrease) in cash and cash equivalents	<u>276,049</u>	<u>175,155</u>	<u>864,020</u>	<u>2,639,478</u>	<u>(3,295,219)</u>
Cash and cash equivalents at beginning of year	<u>288,041</u>	<u>-</u>	<u>1,923,371</u>	<u>1,597,803</u>	<u>9,283,526</u>
Cash and cash equivalents at end of year	<u>\$ 564,090</u>	<u>175,155</u>	<u>2,787,391</u>	<u>4,237,281</u>	<u>5,988,307</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:					
Cash and investments	\$ 564,090	175,155	2,787,391	4,237,281	5,988,307
Cash and cash equivalents at end of year	<u>\$ 564,090</u>	<u>175,155</u>	<u>2,787,391</u>	<u>4,237,281</u>	<u>5,988,307</u>

General Liability	Printing Services	Mail Services	311 Call Center	Totals	
				2014	2013
(2,610,045)	(1,532,162)	(113,511)	(26,846)	(23,519,004)	(21,508,399)
(257,494)	517,319	(201,447)	(286,183)	(49,597,851)	(53,809,709)
(205,968)	(74,698)	(166,393)	(42,154)	(4,198,713)	(2,409,712)
2,662,058	1,111,874	460,225	-	75,160,356	74,680,124
-	-	-	-	334,736	240,404
(411,449)	22,334	(21,126)	(355,184)	(1,820,476)	(2,807,292)
1,858,812	-	-	461,362	6,845,299	3,307,924
-	-	-	-	(906,862)	(623,563)
1,858,812	-	-	461,362	5,938,437	2,684,361
-	-	-	-	(1,295,302)	(1,431,253)
-	-	-	-	(72,204)	43,457
-	-	-	-	(587,265)	(582,274)
-	-	-	-	(75,365)	(86,642)
-	-	-	-	(2,030,136)	(2,056,712)
47,577	(22,334)	2,207	1,191	155,048	105,796
47,577	(22,334)	2,207	1,191	155,048	105,796
1,494,940	-	(18,919)	107,369	2,242,873	(2,073,847)
3,120,760	-	123,584	-	16,337,085	18,410,932
4,615,700	-	104,665	107,369	18,579,958	16,337,085
4,615,700	-	104,665	107,369	18,579,958	16,337,085
4,615,700	-	104,665	107,369	18,579,958	16,337,085
4,615,700	-	104,665	107,369	18,579,958	16,337,085

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2014

	<u>Computing and Communication Services</u>	<u>Building Maintenance</u>	<u>Fleet Maintenance</u>	<u>Benefits</u>	<u>Workers' Compensation</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (927,066)	932,762	103,651	(1,490,362)	(5,587,867)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,217,280	9,028	1,158,193	-	-
(Increase) decrease in accounts receivable	(91,339)	42,742	75,948	2,936	-
(Increase) decrease in due from other funds	-	-	862,777	-	-
(Increase) decrease in inventories	-	-	2,706	-	-
(Increase) decrease in prepaids and other assets	18,154	-	-	(25,413)	-
Increase (decrease) in accounts payable and accrued liabilities	78,523	163,613	(158,252)	(1,404,166)	(3,928)
Increase (decrease) in due to other funds	-	(862,777)	-	-	-
Increase (decrease) in insurance claims payable	-	-	-	-	2,197,726
Increase (decrease) in OPEB liability	-	-	-	2,057,982	-
Increase (decrease) in compensated absences	-	-	-	237,362	-
Miscellaneous revenues	-	334,736	-	-	-
Total adjustments	<u>1,222,618</u>	<u>(312,658)</u>	<u>1,941,372</u>	<u>868,701</u>	<u>2,193,798</u>
Net cash provided by (used for) operating activities	<u>\$ 295,552</u>	<u>620,104</u>	<u>2,045,023</u>	<u>(621,661)</u>	<u>(3,394,069)</u>
Non-cash changes in fair value of investments	<u>\$ 40,643</u>	<u>(20,911)</u>	<u>135,030</u>	<u>435,345</u>	<u>256,514</u>

General Liability	Printing Services	Mail Services	311 Call Center	Totals	
				2014	2013
(2,252,659)	(358,568)	(1,752)	(362,563)	(9,944,424)	(11,795,064)
-	70,960	4,268	-	2,459,729	2,601,554
5,436	17,043	(68)	-	52,698	(251,703)
-	325,725	-	-	1,188,502	564,757
-	-	-	-	2,706	850
-	-	(9,957)	-	(17,216)	(29,351)
163,875	(32,826)	(13,617)	7,379	(1,199,399)	(126,661)
-	-	-	-	(862,777)	(689,022)
1,671,899	-	-	-	3,869,625	4,117,942
-	-	-	-	2,057,982	2,767,803
-	-	-	-	237,362	(208,801)
-	-	-	-	334,736	240,404
1,841,210	380,902	(19,374)	7,379	8,123,948	8,987,772
(411,449)	22,334	(21,126)	(355,184)	(1,820,476)	(2,807,292)
158,481	6,080	(368)	90	1,010,904	749,227

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FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee or agency capacity for individuals, governmental entities, and others, and are operated by carrying out the specifications of trust indentures, statutes, ordinances, or other governing regulations.

Pension Trust Fund:

Deferred Compensation Fund - to account for resources earned by present and former employees and held in a trust capacity by the City in accordance with the provisions of Internal Revenue Code Section 457.

Fire and Police Retirement Fund - to account for transactions of the Fire and Police Retirement System, which is governed by its own retirement board.

Agency Funds:

Lake/Washington Special Assessment District Fund - to account for maintenance costs of the parking lot located at Lake Avenue and Washington Boulevard.

Library Equipment Replacement Fund - to account for the library automated control system operated under joint agreement with the City of Glendale.

Workforce Investment Act Fund – to account for the administration of Workforce Investment Act activities under the direction of the Foothill Workforce Investment Board (FWIB).

Community Facilities District No. 1 Fund - to account for the funds used for the Civic Center West Project bond in accordance with the trust agreement.

Open Space Assessment District Fund – to account for receipt and disbursement of debt service activity related to the acquisition and improvement of the Annandale Canyon Estates and adjacent property to be established as open space.

Private-Purpose Trust Funds: Fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. Private-purpose trust funds are used for the activities of the Successor Agency to the Pasadena Community Development Commission. Please see the next tab for the combining statements related to the Successor Agency.

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Net Position
June 30, 2014

	Deferred Compensation	Fire and Police Retirement System	Totals	
			2014	2013
Assets				
Cash and cash equivalents	\$ 229,046,246	7,918,592	236,964,838	209,582,096
Receivables:				
Pending trade sales	-	790,981	790,981	-
Interest	-	267,661	267,661	269,374
Total receivables	-	1,058,642	1,058,642	269,374
Investments, at fair value:				
Government and agencies	-	32,697,093	32,697,093	25,808,780
Domestic corporate obligations	-	24,057,998	24,057,998	30,694,777
International corporate obligations	-	1,868,772	1,868,772	1,993,499
Real estate	-	16,261,014	16,261,014	14,604,925
Real estate investment trust (REIT)	-	256,320	256,320	241,809
Domestic corporate stocks	-	55,172,827	55,172,827	52,640,208
International corporate stocks	-	15,304,857	15,304,857	14,254,407
Total investments	-	145,618,881	145,618,881	140,238,405
Total assets	229,046,246	154,596,115	383,642,361	350,089,875
Liabilities				
Accounts payable and accrued liabilities	-	86,304	86,304	69,192
Pending purchases	-	6,305,421	6,305,421	6,796,907
Total liabilities	-	6,391,725	6,391,725	6,866,099
Net position reserved in trust for employees' pension benefits	\$ 229,046,246	148,204,390	377,250,636	343,223,776

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Deferred Compensation	Fire and Police Retirement System	Totals	
			2014	2013
Additions:				
Contributions:				
Employer	\$ -	1,164,000	1,164,000	-
Plan members	16,149,758	-	16,149,758	16,125,642
Total contributions	<u>16,149,758</u>	<u>1,164,000</u>	<u>17,313,758</u>	<u>16,125,642</u>
Net investment income:				
Investment earnings	25,562,187	17,782,040	43,344,227	33,300,172
Interest	-	2,211,690	2,211,690	-
Dividends	-	1,128,886	1,128,886	1,305,036
Other	-	520,000	520,000	-
Gross investment income	<u>25,562,187</u>	<u>21,642,616</u>	<u>47,204,803</u>	<u>34,605,208</u>
Less investment expenses	-	(338,651)	(338,651)	(373,953)
Net investment income	<u>25,562,187</u>	<u>21,303,965</u>	<u>46,866,152</u>	<u>34,231,255</u>
Total additions	<u>41,711,945</u>	<u>22,467,965</u>	<u>64,179,910</u>	<u>50,356,897</u>
Deductions:				
Benefits paid to participants	15,541,285	14,140,462	29,681,747	38,007,682
Administrative expenses	175,420	295,883	471,303	462,007
Total deductions	<u>15,716,705</u>	<u>14,436,345</u>	<u>30,153,050</u>	<u>38,469,689</u>
Net increase	25,995,240	8,031,620	34,026,860	11,887,208
Net position reserved in trust for employees' pension benefits:				
Beginning of year	<u>203,051,006</u>	<u>140,172,770</u>	<u>343,223,776</u>	<u>331,336,568</u>
End of year	<u>\$ 229,046,246</u>	<u>148,204,390</u>	<u>377,250,636</u>	<u>343,223,776</u>

CITY OF PASADENA
 Agency Funds
 Combining Balance Sheet
 June 30, 2014

	<u>Lake/ Washington Special Assessment District</u>	<u>Library Equipment Replacement</u>	<u>Workforce Investment Act</u>	<u>Community Facilities District No. 1</u>
<u>Assets</u>				
Cash and investments	-	1,507,936	-	-
Accounts receivable	906	4,152	585,693	-
Other assets	-	-	-	-
Total assets	<u>906</u>	<u>1,512,088</u>	<u>585,693</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	1,384	13,271	585,693	-
Due to other governments	(478)	1,498,817	-	-
Due to bondholders	-	-	-	-
Total liabilities	<u>906</u>	<u>1,512,088</u>	<u>585,693</u>	<u>-</u>

Open Space Assessment District	Totals	
	2014	2013
153,487	1,661,423	10,678,278
1,797	592,548	803,260
961,701	961,701	990,442
<u>1,116,985</u>	<u>3,215,672</u>	<u>12,471,980</u>

700	601,048	861,257
-	1,498,339	2,853,924
<u>1,116,285</u>	<u>1,116,285</u>	<u>8,756,799</u>
<u>1,116,985</u>	<u>3,215,672</u>	<u>12,471,980</u>

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2014

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 282	27,445	27,727	-
Accounts receivable	6	900	-	906
Total assets	<u>\$ 288</u>	<u>28,345</u>	<u>27,727</u>	<u>906</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	-	1,384	-	1,384
Due to other governments	\$ 288	26,061	26,827	(478)
Total liabilities	<u>\$ 288</u>	<u>27,445</u>	<u>26,827</u>	<u>906</u>
<u>LIBRARY EQUIPMENT REPLACEMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,493,769	134,007	119,840	1,507,936
Accounts receivable	4,162	68,831	68,841	4,152
Total assets	<u>\$ 1,497,931</u>	<u>202,838</u>	<u>188,681</u>	<u>1,512,088</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	55,442	54,837	97,008	13,271
Due to other governments	\$ 1,442,489	734,075	677,747	1,498,817
Total liabilities	<u>\$ 1,497,931</u>	<u>788,912</u>	<u>774,755</u>	<u>1,512,088</u>

(Continued)

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities (Continued)
For the Fiscal Year Ended June 30, 2014

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>WORKFORCE INVESTMENT ACT</u>				
<u>Assets</u>				
Cash and investments	\$ -	4,863,682	4,863,682	-
Accounts receivable	796,643	3,117,916	3,328,866	585,693
Total assets	<u>\$ 796,643</u>	<u>7,981,598</u>	<u>8,192,548</u>	<u>585,693</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 796,643	5,118,406	5,329,356	585,693
Total liabilities	<u>\$ 796,643</u>	<u>5,118,406</u>	<u>5,329,356</u>	<u>585,693</u>
<u>COMMUNITY FACILITIES DISTRICT NO. 1</u>				
<u>Assets</u>				
Cash and investments	\$ 9,043,462	-	9,043,462	-
Total assets	<u>\$ 9,043,462</u>	<u>-</u>	<u>9,043,462</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 8,401	-	8,401	-
Due to other governments	1,411,147	-	1,411,147	-
Due to bondholders	7,623,914	-	7,623,914	-
Total liabilities	<u>\$ 9,043,462</u>	<u>-</u>	<u>9,043,462</u>	<u>-</u>

(Continued)

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities (Continued)
For the Fiscal Year Ended June 30, 2014

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>OPEN SPACE ASSESSMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 140,765	101,137	88,415	153,487
Accounts receivable	2,449	2,980	3,632	1,797
Other assets	990,442	70,474	99,215	961,701
Total assets	<u>\$ 1,133,656</u>	<u>174,591</u>	<u>191,262</u>	<u>1,116,985</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 771	2,999	3,070	700
Due to bondholders	1,132,885	-	16,600	1,116,285
Total liabilities	<u>\$ 1,133,656</u>	<u>2,999</u>	<u>19,670</u>	<u>1,116,985</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 10,678,278	5,126,271	14,143,126	1,661,423
Accounts receivable	803,260	3,190,627	3,401,339	592,548
Other assets	990,442	70,474	99,215	961,701
Total assets	<u>\$ 12,471,980</u>	<u>8,387,372</u>	<u>17,643,680</u>	<u>3,215,672</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 861,257	5,177,626	5,437,835	601,048
Due to other funds	-	-	-	-
Due to other governments	2,853,924	760,136	2,115,721	1,498,339
Due to bondholders	8,756,799	-	7,640,514	1,116,285
Total liabilities	<u>\$ 12,471,980</u>	<u>5,937,762</u>	<u>15,194,070</u>	<u>3,215,672</u>

Private-Purpose Trust Funds

Private-purpose trust funds are one type of the fiduciary funds reported in the prior tab.

Successor Agency to Pasadena Community Development Commission – was formed to account for receipt of incremental property tax and disbursements related to enforceable obligations (debts) of the former redevelopment agency. It will remain in place until all enforceable obligations, as approved on the Recognized Obligation Payment Schedule by California Department of Finance, are paid in full and all assets have been liquidated. It includes the following funds:

Successor Agency Administration Fund – to account for administrative costs of the Successor Agency as approved on the Recognized Obligation Payment Schedule.

Redevelopment Obligation Retirement Fund – to account for receipts and disbursements of incremental property tax.

Successor Agency Debt Service Funds – to account for debt service payments and other enforceable obligations of the former redevelopment agency. They include Old Pasadena, Lincoln, Downtown, Fair Oaks, Orange Grove, Villa Parke, and Lake/Washington project areas.

Successor Agency Debt Service Fund – Affordable Housing – to account for the 2006 Tax Allocation Revenue Bonds (housing set-aside revenues-Townhouse Project Refunding), Housing Enabled By Local Partnerships (HELP) program loans, and payment of enforceable obligations of the former Low and Moderate Income Housing Fund.

CITY OF PASADENA
Private Purpose Trust Funds
Combining Statement of Net Position
June 30, 2014

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
Assets					
Cash and investments	\$ 32,006	1,942,555	783,942	544,933	28,384
Prepays and other assets	3,111	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	1,479,568	-	1,479,568
Allowance for uncollectible long-term receivables	-	-	-	-	(3)
Total assets	<u>35,117</u>	<u>1,942,555</u>	<u>2,263,510</u>	<u>544,933</u>	<u>1,507,949</u>
Liabilities					
Accounts payable and accrued liabilities	23,610	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	7,640,000	-	38,782,905
Bonds payable	-	-	-	-	-
Unamortized premium (discount)	-	-	-	-	-
Total liabilities	<u>23,610</u>	<u>-</u>	<u>7,640,000</u>	<u>-</u>	<u>38,782,905</u>
Net Position					
Net position held in trust	<u>\$ 11,507</u>	<u>1,942,555</u>	<u>(5,376,490)</u>	<u>544,933</u>	<u>(37,274,956)</u>

Successor Agency Debt Service				Housing Successor- Debt Service	Totals	
Fair Oaks	Orange Grove	Villa Parke	Lake Washington		2014	2013
708,168	210,470	1,174,928	1,379,169	379,336	7,183,891	7,422,488
-	-	-	-	-	3,111	31,780
2,059,876	230,000	829,942	-	-	3,119,818	7,331,498
-	-	-	-	-	-	428,132
-	-	-	-	-	2,959,136	2,959,136
(2,059,876)	(230,000)	(829,942)	-	-	(3,119,821)	(7,331,501)
708,168	210,470	1,174,928	1,379,169	379,336	10,146,135	10,841,533
36,583	800	1,420	8,355	7,699	78,467	118,438
-	-	-	-	-	-	428,132
-	-	-	-	-	46,422,905	48,062,905
1,520,000	-	-	335,000	275,000	2,130,000	3,194,000
-	-	-	-	-	-	(33,455)
1,556,583	800	1,420	343,355	282,699	48,631,372	51,770,020
(848,415)	209,670	1,173,508	1,035,814	96,637	(38,485,237)	(40,928,487)

CITY OF PASADENA
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
Additions:					
Property taxes	\$ -	6,486,149	-	-	-
Investment earnings	-	-	-	-	5,690
Miscellaneous revenues	-	-	-	-	-
Total additions	-	6,486,149	-	-	5,690
Deductions:					
Fiscal agency expenses	-	-	-	-	-
Interest expense	-	-	580,000	-	-
Statutory pass-through expenses	-	-	1,835,757	16,987	-
Lease expense	38,424	-	-	-	-
Administrative expenses:					
County administrative expenses	-	-	88,905	6,560	501,475
Claims settlement	-	-	-	-	16,080
Successor agency administrative cost allowance	301,527	-	-	-	-
Total deductions	339,951	-	2,504,662	23,547	517,555
Transfers:					
Transfers in	339,952	-	4,144,662	23,547	501,475
Transfers out	-	(6,640,486)	-	-	-
Change in net position before extraordinary items	1	(154,337)	1,640,000	-	(10,390)
Extraordinary items:					
Assets of Pasadena Community Development Commission	-	-	-	-	-
Total extraordinary items	-	-	-	-	-
Change in net position	1	(154,337)	1,640,000	-	(10,390)
Net Position held in trust at beginning of year, as restated (note 22)	11,506	2,096,892	(7,016,490)	544,933	(37,264,566)
Net Position held in trust at end of year	\$ 11,507	1,942,555	(5,376,490)	544,933	(37,274,956)

Successor Agency Debt Service				Housing Successor- Debt Service	Totals	
Fair Oaks	Orange Grove	Villa Parke	Lake Washington		2014	2013
-	-	-	-	-	6,486,149	9,537,230
6,674	88,090	6,943	2,242	6,552	116,191	-
-	40,048	-	-	-	40,048	-
6,674	128,138	6,943	2,242	6,552	6,642,388	9,537,230
2,300	2,094	4,329	2,300	3,815	14,838	13,387
71,925	20,985	18,454	15,470	11,825	718,659	1,219,124
80,047	34,500	185,678	221,949	-	2,374,918	4,130,930
-	-	-	-	-	38,424	37,469
18,610	15,256	33,344	8,241	-	672,391	747,254
-	-	-	-	-	16,080	-
-	-	-	-	-	301,527	636,574
172,882	72,835	241,805	247,960	15,640	4,136,837	6,784,738
328,411	349,185	339,462	323,643	290,149	6,640,486	21,003,121
-	-	-	-	-	(6,640,486)	(22,112,156)
162,203	404,488	104,600	77,925	281,061	2,505,551	1,643,457
-	-	-	-	-	-	2,196,628
-	-	-	-	-	-	2,196,628
162,203	404,488	104,600	77,925	281,061	2,505,551	3,840,085
(1,010,618)	(194,818)	1,068,908	957,889	(184,424)	(40,990,788)	(44,768,572)
(848,415)	209,670	1,173,508	1,035,814	96,637	(38,485,237)	(40,928,487)

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DISCRETELY PRESENTED COMPONENT UNIT

ROSE BOWL OPERATING COMPANY

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Discretely presented component units do not meet one of the two criteria for blending. The two criteria required to blend component units are 1) the board of the component unit is substantively the same as that of the City or 2) the component unit serves the City exclusively.

Rose Bowl Operating Company – incorporated on January 18, 1994, as a legally separate entity with the primary purpose of returning economic and civic value to the City by managing a world class stadium and a professional quality golf course complex in a residential open-space environment.

CITY OF PASADENA
Discretely Presented Component Units
Rose Bowl Operating Company
Combining Statement of Net Position
June 30, 2014

	Rose Bowl	Golf Course	Totals	
			2014	2013
Assets				
Current assets:				
Cash and investments (note 2)	\$ 10,435,566	5,726,248	16,161,814	12,876,964
Cash and investments restricted (note 2)	24,081,575	-	24,081,575	40,244,679
Accounts receivable, net	2,007,388	568,722	2,576,110	2,040,082
Prepays and other assets	74,911	-	74,911	41,581
Total current assets	<u>36,599,440</u>	<u>6,294,970</u>	<u>42,894,410</u>	<u>55,203,306</u>
Noncurrent assets:				
Other receivable	549,585	-	549,585	575,642
Unamortized bond issuance costs	-	-	-	2,186,181
Derivative instrument asset	159,857	-	159,857	2,319,838
Capital assets (note 7):				
Construction in progress	42,647,612	1,284,281	43,931,893	143,051,103
Other capital assets, net	<u>141,698,132</u>	<u>5,481,514</u>	<u>147,179,646</u>	<u>31,036,895</u>
Total noncurrent assets	<u>185,055,186</u>	<u>6,765,795</u>	<u>191,820,981</u>	<u>179,169,659</u>
Total assets	<u>221,654,626</u>	<u>13,060,765</u>	<u>234,715,391</u>	<u>234,372,965</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	4,332,413	24,379	4,356,792	4,512,646
Deposits	349,662	-	349,662	289,452
Interest payable	3,267,877	-	3,267,877	3,258,877
Due to primary government	1,356,774	-	1,356,774	749,867
Current portion of compensated absences	44,709	9,157	53,866	50,217
Current portion of long-term debt (note 9)	<u>1,325,000</u>	<u>-</u>	<u>1,325,000</u>	<u>1,035,000</u>
Total current liabilities	<u>10,676,435</u>	<u>33,536</u>	<u>10,709,971</u>	<u>9,896,059</u>
Noncurrent liabilities:				
Compensated absences	120,029	12,559	132,588	123,603
Long-term debt (note 9)	<u>210,900,964</u>	<u>-</u>	<u>210,900,964</u>	<u>211,425,728</u>
Total noncurrent liabilities	<u>211,020,993</u>	<u>12,559</u>	<u>211,033,552</u>	<u>211,549,331</u>
Total liabilities	<u>221,697,428</u>	<u>46,095</u>	<u>221,743,523</u>	<u>221,445,390</u>
Deferred inflow of resources:				
Accumulated increase in fair value of hedging derivatives (note 10)	159,857	-	159,857	299,465
Deferred refunding charge	2,700,869	-	2,700,869	3,216,983
Sales of future revenue	<u>5,094,026</u>	<u>-</u>	<u>5,094,026</u>	<u>4,551,778</u>
Total deferred inflow of resources	<u>7,954,752</u>	<u>-</u>	<u>7,954,752</u>	<u>8,068,226</u>
Net Position				
Net Investment in Capital Assets	28,472,479	6,765,795	35,238,274	17,832,306
Restricted	20,978,590	352,407	21,330,997	39,474,461
Unrestricted	<u>(57,448,623)</u>	<u>5,896,468</u>	<u>(51,552,155)</u>	<u>(52,447,418)</u>
Total net position	<u>\$ (7,997,554)</u>	<u>13,014,670</u>	<u>5,017,116</u>	<u>4,859,349</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Rose Bowl Operating Company
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Rose Bowl	Golf Course	Totals	
			2014	2013
Operating revenues:				
Charges for services:				
Rose Bowl	\$ 23,491,743	-	23,491,743	10,956,255
Golf course	-	2,068,538	2,068,538	2,010,790
Total operating revenues	23,491,743	2,068,538	25,560,281	12,967,045
Operating expenses:				
Rose Bowl	13,351,296	-	13,351,296	8,953,648
Golf course	-	598,193	598,193	473,931
Depreciation	6,937,424	338,179	7,275,603	2,654,569
Total operating expenses	20,288,720	936,372	21,225,092	12,082,148
Operating income	3,203,023	1,132,166	4,335,189	884,897
Nonoperating revenues (expenses):				
Investment earnings	1,774,006	108,883	1,882,889	(1,825,331)
Interest expense	(14,212,902)	-	(14,212,902)	(12,139,047)
Other nonoperating revenues	10,210,563	627,135	10,837,698	3,828,945
Total nonoperating revenues (expenses)	(2,228,333)	736,018	(1,492,315)	(10,135,433)
Income (loss) before transfers	974,690	1,868,184	2,842,874	(9,250,536)
Capital contributions	(345,020)	-	(345,020)	809,750
Change in net position	629,670	1,868,184	2,497,854	(8,440,786)
Net position at beginning of year, as restated (note 22)	(8,627,224)	11,146,486	2,519,262	13,300,135
Net position at end of year	<u>\$ (7,997,554)</u>	<u>13,014,670</u>	<u>5,017,116</u>	<u>4,859,349</u>

See accompanying notes to the basic financial statements.

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GOVERNMENTAL FUNDS

CAPITAL ASSETS

Capital assets are land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of arts and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CITY OF PASADENA
Capital Assets Used in the Operation of Government Funds
Comparative Schedule by Source ⁽¹⁾
June 30, 2014 and 2013

	2014	2013
Governmental funds capital assets:		
Land	\$ 58,528,286	58,273,512
Buildings and improvements	276,368,117	279,549,731
Machinery and equipment	27,040,341	23,750,586
Infrastructure	322,207,492	318,272,605
Construction in progress	32,124,651	27,041,251
Total governmental funds capital assets	716,268,887	706,887,685
Investment in governmental funds capital assets by source:		
General Fund	155,374,199	157,247,897
Special revenue fund	21,779,650	21,960,543
Capital projects funds	539,115,038	527,679,245
Total governmental funds capital assets	\$ 716,268,887	706,887,685

⁽¹⁾ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF PASADENA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity ⁽¹⁾
June 30, 2014

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Totals
General government:						
City Council	\$ -	-	-	-	-	-
City Manager	-	-	-	-	-	-
City Attorney	-	-	-	-	-	-
City Prosecutor	-	-	-	-	-	-
City Clerk	-	-	12,990	-	-	12,990
Finance	-	4,952,142	490,573	-	-	5,442,715
Human Resources	-	-	-	-	-	-
Affirmative Action and Diversity	-	-	-	-	-	-
Non-departmental	54,226,482	152,395,353	180,172	-	-	206,802,007
Total general government	<u>54,226,482</u>	<u>157,347,495</u>	<u>683,735</u>	<u>-</u>	<u>-</u>	<u>212,257,712</u>
Public safety:						
Fire	-	6,124,754	2,603,887	-	-	8,728,641
Police	-	27,258,534	8,148,242	-	-	35,406,776
Total public safety	<u>-</u>	<u>33,383,288</u>	<u>10,752,129</u>	<u>-</u>	<u>-</u>	<u>44,135,417</u>
Transportation:						
Transportation	1,492,584	14,950,520	10,629,105	322,207,492	32,124,651	381,404,352
Health:						
Public Health	-	11,576,441	106,110	-	-	11,682,551
Culture and leisure:						
Human Services, Recreation and Neighborhoods	-	20,808,918	801,941	-	-	21,610,859
Community development:						
Planning and Permitting	-	6,927,375	1,703,038	-	-	8,630,413
Housing and Development	2,809,220	31,374,080	2,364,283	-	-	36,547,583
Total community development	<u>2,809,220</u>	<u>38,301,455</u>	<u>4,067,321</u>	<u>-</u>	<u>-</u>	<u>45,177,996</u>
Total general fixed assets	<u>\$ 58,528,286</u>	<u>276,368,117</u>	<u>27,040,341</u>	<u>322,207,492</u>	<u>32,124,651</u>	<u>716,268,887</u>

⁽¹⁾ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF PASADENA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity ⁽¹⁾
For the Period Ended June 30, 2014

	Governmental Funds Capital Assets June 30, 2013	Additions	Retirements	Governmental Funds Capital Assets June 30, 2014
General government:				
City Council	\$ -	-	-	-
City Manager	-	-	-	-
City Attorney	-	-	-	-
City Prosecutor	-	-	-	-
City Clerk	12,990	-	-	12,990
Finance	7,491,288	12,306	(2,060,879)	5,442,715
Human Resources	2,327	-	(2,327)	-
Affirmative Action and Diversity	-	-	-	-
Non-departmental	206,802,007	-	-	206,802,007
Total general government	<u>214,308,612</u>	<u>12,306</u>	<u>(2,063,206)</u>	<u>212,257,712</u>
Public safety:				
Fire	8,621,724	106,917	-	8,728,641
Police	35,301,953	264,104	(159,281)	35,406,776
Total public safety	<u>43,923,677</u>	<u>371,021</u>	<u>(159,281)</u>	<u>44,135,417</u>
Transportation:				
Public Works and Transportation	<u>369,052,762</u>	<u>19,987,902</u>	<u>(7,636,312)</u>	<u>381,404,352</u>
Health:				
Public Health	<u>11,685,122</u>	<u>-</u>	<u>(2,571)</u>	<u>11,682,551</u>
Culture and leisure:				
Human Services, Recreation and Neighborhoods	<u>21,610,859</u>	<u>-</u>	<u>-</u>	<u>21,610,859</u>
Community development:				
Planning and Permitting	8,630,413	-	-	8,630,413
Housing and Development	<u>37,676,240</u>	<u>174,602</u>	<u>(1,303,259)</u>	<u>36,547,583</u>
Total community development	<u>46,306,653</u>	<u>174,602</u>	<u>(1,303,259)</u>	<u>45,177,996</u>
Total governmental funds capital assets	<u>\$ 706,887,685</u>	<u>20,545,831</u>	<u>(11,164,629)</u>	<u>716,268,887</u>

⁽¹⁾ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

(Unaudited)

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

Contents	Page
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	218
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	228
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	238
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	251
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	256

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF PASADENA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Invested in capital assets, net of related debt	\$ 177,710	221,450	284,366	318,192
Restricted	11,021	37,608	44,513	73,830
Unrestricted	84,615	52,625	15,402	(19,054)
Total governmental activities net position	<u>\$ 273,346</u>	<u>311,683</u>	<u>344,281</u>	<u>372,968</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 144,993	172,776	211,672	254,992
Restricted	184,290	191,111	191,731	153,935
Unrestricted	108,110	76,034	88,377	119,139
Total business-type activities net position	<u>\$ 437,393</u>	<u>439,921</u>	<u>491,780</u>	<u>528,066</u>
Primary government				
Net Investment in Capital Assets	\$ 322,703	394,226	496,038	573,185
Restricted	195,311	228,719	236,244	227,763
Unrestricted	192,725	128,659	103,779	104,085
Total primary government net position	<u>\$ 710,739</u>	<u>751,604</u>	<u>836,061</u>	<u>905,033</u>

Table 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
325,410	364,990	375,202	382,296	430,453	422,518
94,360	87,602	97,996	37,259	63,633	49,335
(28,083)	(61,972)	(198,788)	36,017	(41,046)	(18,878)
<u>391,687</u>	<u>390,620</u>	<u>274,410</u>	<u>455,572</u>	<u>453,039</u>	<u>452,974</u>
257,831	291,079	311,054	332,781	364,493	425,651
158,337	155,458	151,872	149,763	144,017	133,790
146,345	160,885	176,307	188,164	185,593	156,908
<u>562,513</u>	<u>607,422</u>	<u>639,233</u>	<u>670,708</u>	<u>694,103</u>	<u>716,349</u>
583,241	656,069	686,256	715,077	794,946	848,169
252,697	243,060	249,868	187,022	207,649	183,125
118,261	98,913	(22,481)	224,181	144,547	138,030
<u>954,199</u>	<u>998,042</u>	<u>913,643</u>	<u>1,126,280</u>	<u>1,147,142</u>	<u>1,169,324</u>

CITY OF PASADENA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 50,248	38,301	45,708	44,788
Public safety	78,920	82,372	95,181	99,785
Transportation	37,322	42,277	34,109	50,035
Sanitation	2,409	3,104	3,110	3,189
Health	10,834	11,548	12,469	12,444
Culture and leisure	23,379	24,725	26,123	27,608
Community development	31,593	33,655	38,596	40,763
Interest and other fiscal charges	15,740	15,979	16,753	15,345
Total governmental activities expenses	<u>250,445</u>	<u>251,961</u>	<u>272,049</u>	<u>293,957</u>
Business-type activities:				
Electric	125,859	143,063	141,189	162,719
Water	30,281	29,424	32,886	36,394
Refuse	9,331	10,737	10,785	12,098
Parking	10,727	11,293	11,960	12,437
Telecommunication	416	382	364	470
Total business-type activities expenses	<u>176,614</u>	<u>194,899</u>	<u>197,184</u>	<u>224,118</u>
Total primary government expenses	<u><u>427,059</u></u>	<u><u>446,860</u></u>	<u><u>469,233</u></u>	<u><u>518,075</u></u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	14,246	14,786	16,161	16,679
Public safety	16,497	12,068	13,274	14,064
Transportation	5,466	10,964	12,275	13,802
Sanitation	4,884	5,358	5,593	5,583
Health	734	766	731	788
Culture and leisure	2,029	2,112	2,152	2,114
Community development	11,735	11,768	9,867	10,503
Operating grants and contributions	32,560	34,842	33,668	41,254
Capital grants and contributions	22,602	16,113	17,166	14,456
Total governmental activities program revenues	<u>110,753</u>	<u>108,777</u>	<u>110,887</u>	<u>119,243</u>
Business-type activities:				
Charges for services:				
Electric	138,642	149,985	167,538	185,043
Water	34,267	34,508	39,942	39,560
Refuse	8,744	9,136	9,627	10,012
Parking	11,075	11,878	12,282	13,867
Telecommunication	446	356	358	428
Operating grants and contributions	2,764	2,693	2,670	3,233
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>195,938</u>	<u>208,556</u>	<u>232,417</u>	<u>252,143</u>
Total primary government program revenues	<u><u>306,691</u></u>	<u><u>317,333</u></u>	<u><u>343,304</u></u>	<u><u>371,386</u></u>
Net Revenues (Expenses)				
Governmental activities	(139,692)	(143,184)	(161,162)	(174,714)
Business-type activities	19,324	13,657	35,233	28,025
Total net revenues (expenses)	<u><u>\$ (120,368)</u></u>	<u><u>(129,527)</u></u>	<u><u>(125,929)</u></u>	<u><u>(146,689)</u></u>

Table 2

Fiscal Year						
2009	2010	2011	2012	2013	2014	
43,926	38,973	43,955	35,085	54,650	53,515	
103,180	104,870	103,392	103,389	105,541	104,708	
49,979	43,905	51,134	63,839	45,045	56,646	
4,061	3,697	3,782	3,516	3,744	4,106	
13,373	11,458	12,108	11,422	14,228	14,239	
26,048	25,996	26,196	27,825	29,402	31,066	
42,791	53,845	45,937	42,169	35,156	31,798	
18,755	13,249	12,121	41,481	3,142	11,085	
<u>302,113</u>	<u>295,993</u>	<u>298,625</u>	<u>328,726</u>	<u>290,908</u>	<u>307,163</u>	
170,428	158,770	167,442	173,410	183,202	177,590	
36,877	35,920	40,101	43,771	46,484	51,054	
11,833	13,131	13,158	16,783	13,185	13,022	
12,775	11,159	11,384	11,711	12,229	14,556	
457	452	380	267	827	849	
<u>232,370</u>	<u>219,432</u>	<u>232,465</u>	<u>245,942</u>	<u>255,927</u>	<u>257,071</u>	
<u>534,483</u>	<u>515,425</u>	<u>531,090</u>	<u>574,668</u>	<u>546,834</u>	<u>564,234</u>	
17,899	17,552	16,975	17,465	17,563	16,675	
15,504	12,097	13,315	11,085	13,370	13,050	
13,852	13,248	13,215	12,863	13,784	14,253	
6,685	6,504	6,541	7,220	7,083	8,010	
737	902	696	666	741	797	
1,957	2,270	2,476	2,856	2,975	3,382	
9,244	7,450	7,724	9,594	9,085	14,131	
28,808	33,659	36,910	86,051	38,350	35,297	
18,112	15,289	11,090	15,665	7,116	16,504	
<u>112,798</u>	<u>108,971</u>	<u>108,942</u>	<u>163,465</u>	<u>110,067</u>	<u>122,099</u>	
193,158	183,712	186,993	185,951	190,071	188,174	
43,096	43,480	47,137	54,301	58,536	61,233	
10,285	11,050	10,918	11,291	12,057	11,925	
13,124	12,558	11,753	11,991	12,783	13,334	
595	629	681	670	580	816	
4,216	-	-	-	-	-	
-	3,962	2,481	2,317	1,933	2,828	
<u>264,474</u>	<u>255,391</u>	<u>259,963</u>	<u>266,521</u>	<u>275,960</u>	<u>278,310</u>	
<u>377,272</u>	<u>364,362</u>	<u>368,905</u>	<u>429,986</u>	<u>386,027</u>	<u>400,408</u>	
(189,315)	(187,022)	(189,683)	(165,261)	(180,841)	(185,064)	
<u>32,104</u>	<u>35,959</u>	<u>27,498</u>	<u>20,579</u>	<u>20,033</u>	<u>21,239</u>	
<u>(157,211)</u>	<u>(151,063)</u>	<u>(162,185)</u>	<u>(144,682)</u>	<u>(160,807)</u>	<u>(163,826)</u>	

(continued)

CITY OF PASADENA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property tax, levied for general purpose	\$ 46,268	51,116	61,736	63,449
Sales tax	34,025	33,992	34,634	36,519
Utility users' tax	26,639	26,766	28,063	29,640
Transient occupancy tax	7,445	8,481	8,565	8,848
Construction tax	3,974	3,223	3,828	3,984
Business license tax	4,147	5,289	5,321	5,604
Franchise tax	2,079	2,194	2,187	2,108
Other taxes	5,475	5,721	6,153	6,222
Other intergovernmental	14,213	13,478	14,145	14,565
Investment earnings	9,780	8,820	16,448	12,851
Gain on sale of assets	-	23	-	146
Miscellaneous revenues	12,094	9,429	6,361	5,329
Transfers	16,587	22,915	6,320	14,137
Extraordinary Gain	-	-	-	-
Total governmental activities	<u>182,726</u>	<u>191,447</u>	<u>193,761</u>	<u>203,402</u>
Business-type activities:				
Taxes:				
Transient occupancy tax	1,439	1,766	1,793	1,883
Franchise tax	1,110	1,659	1,957	2,215
Investment earnings	10,801	4,455	16,056	15,447
Gain on sale of assets	1,106	-	-	(149)
Miscellaneous revenues	4,244	3,906	3,139	3,004
Transfers	(16,587)	(22,915)	(6,320)	(14,137)
Extraordinary Gain	-	-	-	-
Total business-type activities	<u>2,113</u>	<u>(11,129)</u>	<u>16,625</u>	<u>8,263</u>
Total primary government	<u><u>184,839</u></u>	<u><u>180,318</u></u>	<u><u>210,386</u></u>	<u><u>211,665</u></u>
Changes in Net Position				
Governmental activities	43,034	48,263	32,599	28,688
Business-type activities	21,437	2,528	51,858	36,288
Total primary government	<u>\$ 64,471</u>	<u>50,791</u>	<u>84,457</u>	<u>64,976</u>

Table 2

Fiscal Year						
2009	2010	2011	2012	2013	2014	
69,062	68,354	70,803	54,051	42,957	44,066	
32,913	28,949	30,301	32,239	30,871	33,198	
31,162	29,520	29,355	29,318	29,531	28,893	
7,382	6,942	7,668	9,553	11,109	12,043	
2,367	1,397	1,480	2,819	2,066	3,682	
5,861	5,664	5,600	5,479	5,230	5,633	
2,402	1,933	2,216	2,015	2,063	2,361	
6,078	6,035	6,108	6,262	6,532	7,088	
15,094	14,901	15,427	14,919	15,187	15,924	
9,887	6,030	3,690	3,178	2,681	4,833	
665	250	737	5,396	424	1,153	
6,121	4,465	7,033	11,509	4,023	4,655	
15,040	12,122	16,216	19,285	22,083	16,305	
-	-	-	150,399	(2,197)	-	
204,034	186,562	196,634	346,422	172,559	179,834	
1,605	1,464	1,421	541	-	-	
2,128	3,098	2,901	2,760	3,825	3,907	
10,868	9,333	6,910	9,401	4,743	7,136	
(188)	-	-	-	(92)	(1,161)	
2,970	10,946	9,296	6,670	20,614	8,977	
(15,040)	(17,408)	(16,215)	(19,300)	(20,974)	(16,305)	
-	-	-	10,825	-	-	
2,343	7,433	4,313	10,897	8,117	2,553	
206,377	193,995	200,947	357,319	180,675	182,387	
14,719	(460)	6,951	181,161	(8,282)	(5,230)	
34,447	43,392	31,811	31,476	28,150	23,793	
49,166	42,932	38,762	212,637	19,868	18,561	

CITY OF PASADENA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2005	2006	2007	2008
General Fund:				
Reserved	\$ 7,085	7,065	6,971	7,127
Unreserved	61,996	72,401	59,517	62,798
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 69,081</u>	<u>79,466</u>	<u>66,488</u>	<u>69,925</u>
All Other Governmental Funds:				
Reserved	\$ 67,444	90,640	85,131	98,390
Unreserved, reported in:				
Special revenue funds	43,104	44,033	43,025	46,593
Capital project funds	95,572	54,847	38,463	22,592
Debt service funds	(24,786)	(25,363)	(24,475)	(23,379)
Permanent funds	971	993	1,047	1,062
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 114,861</u>	<u>74,510</u>	<u>58,060</u>	<u>46,868</u>

* As restated.

^ Beginning in 2010, the City started reporting fund balance in conformity with GASB Statement 54, which changed how fund balance is classified.

Table 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
11,982	-	-	-	-	-
48,401	-	-	-	-	-
-	404	52	8,352	8,351	8,352
-	-	-	-	-	-
-	39,201	39,321	80,043	37,380	37,917
-	4,794	8,583	5,510	4,249	5,078
-	8,778	(1,391)	(40,129)	11,965	10,535
60,383	53,177	46,565	53,776	61,945	61,881
112,237	-	-	-	-	-
48,859	-	-	-	-	-
21,961	-	-	-	-	-
(17,547)	-	-	-	-	-
1,205	-	-	-	-	-
-	41,456	44,386	36,311	33,356	31,675
-	86,805	85,216	85,250	69,676	55,611
-	53,267	54,266	59,078	62,629	68,944
-	-	-	-	-	-
-	(42,460)	(45,102)	(6,874)	(4,265)	(1,745)
54,478	139,068	138,766	173,765	161,396	154,485

CITY OF PASADENA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Taxes	\$ 130,053	136,783	150,487	156,373
Licenses and permits	9,438	9,185	7,121	8,646
Intergovernmental revenues	64,173	56,485	60,304	57,531
Charges for services	32,358	34,653	37,892	39,088
Fines and forfeits	6,542	7,080	7,758	8,025
Investment earnings	22,582	22,874	32,450	29,350
Rental income	4,870	4,867	4,991	5,370
Miscellaneous revenues	15,148	11,336	8,756	7,894
Contributions	2,382	4,836	7,292	6,005
Forgiveness of advances	-	-	-	-
Total revenues	<u>287,546</u>	<u>288,099</u>	<u>317,051</u>	<u>318,282</u>
Expenditures:				
Current:				
General government	27,261	31,037	34,717	35,124
Public safety	77,965	81,861	92,713	96,211
Transportation	31,012	33,923	34,193	36,717
Sanitation	2,409	3,104	3,109	3,189
Health	10,727	11,430	12,247	12,124
Culture and leisure	22,912	24,293	25,518	26,821
Community development	35,142	37,059	38,052	39,682
Capital outlay	38,786	75,111	60,902	34,999
Debt service:				
Principal retirement	53,054	12,322	12,296	41,972
Interest	29,577	31,557	35,212	34,165
Bond issuance costs	-	-	-	-
Payment to refunded bond escrow agent	-	1,408	-	-
Total expenditures	<u>328,845</u>	<u>343,105</u>	<u>348,959</u>	<u>361,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,299)</u>	<u>(55,006)</u>	<u>(31,908)</u>	<u>(42,722)</u>
Other financing sources (uses):				
Premium (discount) on debt issued	-	(36)	-	836
Issuance of long-term debt	42,932	17,542	87	27,939
Payment to refunded bond escrow agent	-	(5,186)	-	-
Transfers in	134,570	136,498	109,124	112,228
Transfers out	(116,182)	(112,144)	(99,825)	(96,215)
Transfers to component units	-	-	-	-
Transfers from component units	-	-	-	-
Total other financing sources (uses)	<u>61,320</u>	<u>36,674</u>	<u>9,386</u>	<u>44,788</u>
Extraordinary gain (loss):				
Net change in fund balances	<u>\$ 20,021</u>	<u>(18,332)</u>	<u>(22,522)</u>	<u>2,066</u>
Debt service as a percentage of noncapital expenditures	28.5%	16.4%	16.5%	23.4%

Table 4

Fiscal Year						
2009	2010	2011	2012	2013	2014	
157,227	148,794	153,532	141,736	130,356	136,965	
7,136	6,737	7,063	9,525	9,196	13,675	
61,410	63,398	61,459	64,715	58,988	60,854	
42,783	41,489	40,820	38,939	42,006	43,416	
8,844	5,135	6,362	6,796	7,453	6,768	
28,423	28,089	25,332	11,745	11,041	5,255	
5,277	4,687	4,601	4,462	4,355	4,064	
6,570	6,651	8,431	13,618	6,172	6,731	
8,012	842	2,928	5,280	1,534	7,807	
-	-	-	-	-	-	
325,682	305,822	310,528	296,816	271,101	285,537	
35,826	36,976	39,418	77,897	30,977	34,869	
102,518	101,078	100,535	100,265	99,680	99,871	
36,904	33,038	33,895	35,275	34,419	36,912	
4,061	3,697	3,782	3,517	3,744	4,106	
11,471	11,049	11,027	10,899	13,480	13,551	
26,936	25,154	25,214	27,192	28,240	30,039	
42,652	52,600	42,043	37,848	32,447	29,708	
29,991	34,374	21,612	20,645	24,907	23,571	
86,074	21,553	21,174	20,303	20,415	20,808	
33,432	37,067	40,296	16,486	10,783	9,797	
-	-	-	-	-	-	
-	-	-	-	-	-	
409,865	356,586	338,996	350,327	299,092	303,231	
(84,183)	(50,764)	(28,468)	(53,511)	(27,991)	(17,694)	
-	-	-	(459)	-	-	
80,032	-	-	51,097	841	351	
-	-	-	-	-	-	
158,735	112,078	95,951	81,635	84,444	61,085	
(142,668)	(96,168)	(77,238)	(63,131)	(65,045)	(50,718)	
-	-	-	-	-	-	
-	-	-	-	-	-	
96,099	15,910	18,713	69,142	20,240	10,718	
-	-	-	152,582	(2,197)	-	
11,916	(34,854)	(9,755)	168,213	(9,948)	(6,976)	
31.5%	18.2%	19.4%	11.2%	11.4%	10.9%	

CITY OF PASADENA
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Secured Valuations	Homeowners Exemption	Net Secured Valuations	Unsecured Valuations	Total Assessed Valuation	Total Direct Tax Rate
2005	\$ 13,672,183	(134,055)	13,538,128	564,808	14,102,936	0.34%
2006	15,071,977	(134,405)	14,937,572	598,396	15,535,968	0.34%
2007	16,759,245	(133,112)	16,626,133	620,524	17,246,657	0.37%
2008	18,339,519	(134,380)	18,205,139	607,798	18,812,937	0.34%
2009	20,237,173	(136,262)	20,100,911	651,376	20,752,287	0.33%
2010	20,204,880	(138,631)	20,066,249	644,888	20,711,137	1.00%
2011	20,481,388	(138,275)	20,343,113	605,404	20,948,517	0.34%
2012	20,969,532	(137,843)	20,831,689	567,527	21,399,216	0.32%
2013	21,368,295	(136,241)	21,232,054	571,614	21,803,668	0.24%
2014	22,534,203	(134,257)	22,399,946	575,006	22,974,952	0.22%

NOTES:

Amounts pertaining to the Pasadena Community Development Commission and the City have been combined

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Total direct tax rate information was not available for years prior to 2003.

Source: Los Angeles County Auditor-Controller and California Municipal Statistics, Inc.

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CITY OF PASADENA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
City Direct Rates:				
City basic rate	0.1894	0.1925	0.2139	0.1926
Pasadena Community Development Commission (PCDC)	0.1515	0.1480	0.1552	0.1447
PCDC Successor Agency	-	-	-	-
Total City Direct Rate	0.3409	0.3405	0.3691	0.3373
Overlapping Rates:				
Los Angeles County General	0.3332	0.3225	0.3067	0.3277
Pasadena School District	0.3316	0.3555	0.2847	0.2993
Pasadena Community	-	-	-	-
College District	0.1019	0.0964	0.1122	0.1103
Flood Control District	0.0003	0.0001	0.0001	-
Metropolitan Water District	0.0058	0.0052	0.0047	0.0045
Total Direct Rate	1.1137	1.1202	1.0775	1.0791

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the various intergovernmental overlapping debt.

PCDC dissolved in January 2012, thereby, this schedule represents its seven months of enforceable obligations. The remaining five months are reported under the Successor Agency for the former PCDC.

Source: County of Los Angeles Tax Assessor and California Municipal Statistics, Inc.

Table 6

Fiscal Year						
2009	2010	2011	2012	2013	2014	
0.1932	0.1920	0.1891	0.1921	0.1970	0.1918	
0.1396	0.1380	0.1489	0.0605	-	-	
-	-	-	0.0657	0.0437	0.0282	
<u>0.3328</u>	<u>0.3300</u>	<u>0.3380</u>	<u>0.3183</u>	<u>0.2407</u>	<u>0.2200</u>	
0.3635	0.2280	0.3307	0.3346	0.4266	0.4483	
0.2765	0.3908	0.4392	0.3589	0.4389	0.4379	
-	-	-	-	-	-	
0.1018	0.1273	0.1231	0.1121	0.1248	0.1247	
-	-	-	-	-	-	
0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	
<u>1.0789</u>	<u>1.0804</u>	<u>1.2347</u>	<u>1.1276</u>	<u>1.2345</u>	<u>1.2345</u>	

**CITY OF PASADENA
Principal Property Taxpayers
Current Year and Nine Years Ago**

Property Owner	2014		2005	
	Total Assessed Valuation	Percent of Total City Taxable Assessed Valuation	Total Assessed Valuation	Percent of Total City Taxable Assessed Valuation
PPF Off 100 West Walnut Street	\$ 326,298,000	1.42%	\$ -	0.00%
Kaiser Foundation Health Plan	228,054,453	0.99%	153,089,763	1.09%
Paseo Colorado Holdings LLC	199,951,085	0.87%	120,044,060	0.85%
Equity Office Properties Trust	165,393,501	0.72%	121,620,026	0.86%
Pacific Huntington Hotel Corp	151,522,564	0.66%	-	0.00%
Irvine Company LLC	144,500,000	0.63%	-	0.00%
Tishman Speyer Archstone Smith	135,665,406	0.59%	-	0.00%
BCSP Pasadena Towers Property	123,216,000	0.54%	-	0.00%
SSR Paseo Colorado LLC	114,893,796	0.50%	99,820,489	0.71%
TC Trio Apartment LLC	114,108,420	0.50%	-	0.00%
Pasadena Towers LLC	-	0.00%	93,921,373	0.67%
Aetna Life Insurance Co	-	0.00%	71,165,426	0.50%
Operating Engineers Funds Inc	-	0.00%	59,253,872	0.42%
Parfinco EWA LLC	-	0.00%	67,091,731	0.48%
SI VIII LLC	-	0.00%	59,039,298	0.42%
Indymac Bank FSB	-	0.00%	58,200,000	0.41%
Total principal property taxpayers gross assessed value	<u>\$ 1,703,603,225</u>	7.81%	<u>\$ 903,246,038</u>	6.41%

The amounts shown above include assessed value data for both the City and the Redevelopment Agency. Data is only presented for the top ten properties in each of the two years presented.

Source: Los Angeles County Assessor data, MuniServices, LLC.

CITY OF PASADENA
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy (2)
2004	25,035,000	24,263,454	96.92%		24,256,163	96.89%
2005	25,035,000	23,473,719	93.76%		24,407,118	97.49%
2006	27,050,015	26,707,198	98.73%	395,971	27,103,169	100.20%
2007	32,496,995	31,024,296	95.47%	481,826	31,506,122	96.95%
2008	33,781,403	33,745,845	99.89%	501,424	34,247,269	101.38%
2009	37,380,921	37,340,002	99.89%	795,552	38,135,554	102.02%
2010	37,326,902	36,726,304	98.39%	626,804	37,353,107	100.07%
2011	37,774,007	36,668,527	97.07%	505,708	36,668,527	97.07%
2012	38,752,298	38,214,429	98.61%	567,546	38,214,429	98.61%
2013	39,044,561	38,331,579	98.17%	*	38,331,579	98.17%

(1) Excludes collections from Police Building General Obligation Bond Assessment.

(2) This percentage may exceed 100% because information provided by Tax Assessor may not clearly identify the year collected.

For fiscal years 2002-2005, insufficient data was available to determine what portion of the amount collected within the fiscal year was actually levied in another year, therefore the total taxes collected during the fiscal year are lump summed into the Total Collections.

* Collection in subsequent year information for fiscal year 2013 is not available.

As of fiscal year 2007, we recorded both secured and unsecured taxes levied in column C.

Source: County of Los Angeles Tax Assessor and California Municipal Statistics, Inc.

CITY OF PASADENA
Electricity Sold by Type of Customer
Last Ten Fiscal Years
(in Megawatt-Hours)

	Fiscal Year			
	2005	2006	2007	2008
Type of Customer:				
Residential	313,470	314,235	337,905	338,855
Commercial and Industrial	830,523	862,664	880,661	884,070
Street Lights and Traffic Signals	18,667	16,841	15,744	15,701
Wholesales to Other Utilities	125,250	27,816	122,496	315,484
Other	8,369	(6,119)	9,045	(7,212)
Total	<u>1,296,279</u>	<u>1,215,437</u>	<u>1,365,851</u>	<u>1,546,898</u>
 Total direct rate per megawatt hour ¹	 106.95	 123.40	 109.81	 119.62

¹ Rate represents average cost per megawatt hour with respect to total revenue sales from electricity.

Source: Pasadena Water and Power

Table 9

Fiscal Year					
2009	2010	2011	2012	2013	2014
337,531	328,320	319,657	316,084	334,179	316,631
887,698	883,413	813,566	783,296	776,816	783,878
16,266	16,272	15,640	15,598	15,683	13,678
118,231	164,215	168,613	199,045	185,361	36,811
3,513	(6,340)	10,697	(867)	574	-
<u>1,363,240</u>	<u>1,385,880</u>	<u>1,328,173</u>	<u>1,313,156</u>	<u>1,312,613</u>	<u>1,150,998</u>
141.69	132.55	140.79	141.61	144.80	163.49

CITY OF PASADENA
Electricity Rates
Last Ten Fiscal Years
(Average Rate in Dollars per Kilowatt-Hour)

Fiscal Year Ended June 30	Residential	Commercial & Industrial	Street Lights & Traffic Signals	Other
2005	0.1150	0.1050	0.0930	1.0190
2006	0.1180	0.1060	0.1010	N/A
2007	0.1310	0.1160	0.1160	N/A
2008*	0.1423	0.1235	0.1269	N/A
2009*	0.1552	0.1305	0.1379	N/A
2010*	0.1528	0.1307	0.1357	N/A
2011*	0.1554	0.1337	0.1367	N/A
2012*	0.1570	0.1362	0.1396	N/A
2013*	0.1613	0.1443	0.1313	N/A
2014*	0.1612	0.1442	0.1427	N/A

* FY 2008 - FY 2014 include Public Benefit Charge (PBC)

Source: Pasadena Water and Power

**CITY OF PASADENA
Electricity Customers
Current Year**

Electricity Customer	2014	
	Electricity Charges	Percent of Operating Electric Revenues
California Institute of Technology	\$ 4,518,429	2.40%
Huntington Memorial Hospital	4,107,367	2.18%
Pasadena Unified School District	2,065,019	1.10%
Pasadena City College	2,113,661	1.12%
Street Lights/Transportation Dept.	1,773,785	0.94%
Kaiser Permanente	2,198,191	1.17%
Public Works	1,320,749	0.70%
Paseo Colorado Holdings LLC	1,372,772	0.73%
Aetna Life Insurance	1,331,939	0.71%
AT&T	1,350,019	0.72%
	\$ 22,151,930	11.77%

CITY OF PASADENA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				
	General Obligation Bonds	Revenue Bonds [^]	Pension Bonds	Certificates of Participation ¹	Tax Allocation Bonds ^{**}
2005	3,025,000	-	135,590,000	149,034,480	12,065,364
2006	1,550,000	10,355,000	131,960,000	143,901,497	10,607,328
2007	-	10,355,000	128,045,000	138,963,861	9,928,550
2008	-	9,895,000	123,610,000	131,036,605	8,819,025
2009	-	9,415,000	118,365,000	124,732,976	7,656,689
2010	-	8,910,000	111,525,000	114,437,082	6,422,412
2011	-	8,405,000	103,935,000	103,651,183	5,149,000
2012	-	7,880,000	143,040,000	94,920,443	-
2013	-	6,700,000	133,905,000	85,772,925	-
2014	-	6,180,000	123,890,000	76,589,936	-

[^] Information of Revenue Bonds under Governmental Activities was added in FY 2011

¹ Restated COP prior year data 2007 to 2011

Table 12

Capitalized Lease Obligations	Notes Payable	Other	Total Governmental Activities
9,618,935	7,811,133	43,225,855	360,370,767
9,291,742	8,144,865	44,239,546	360,049,978
7,812,910	7,162,835	48,425,138	350,693,294
6,527,207	7,120,623	81,945,620	368,954,080
12,499,210	6,258,463	85,195,029	364,122,367
9,992,673	4,020,056	89,836,926	345,144,149
8,196,271	3,420,722	92,795,473	325,552,649
9,494,610	685,000	61,632,939	317,652,992
8,532,705	925,642	75,837,593	311,673,865
7,542,101	561,673	89,295,467	304,059,177

(continued)

CITY OF PASADENA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Business-type Activities					Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Capitalized Lease Obligations	Notes Payable	Other	
2005	210,515,000	33,688,067	3,247,905	2,119,416	-	249,570,388
2006	201,535,000	31,469,000	2,353,108	2,016,981	2,243,757	239,617,846
2007	213,785,000	29,106,683	1,284,128	1,909,341	2,215,365	248,300,517
2008	262,250,000	26,530,869	740,391	1,796,485	2,244,061	293,561,806
2009	253,675,000	23,798,315	448,305	1,677,796	1,309,143	280,908,559
2010	240,655,000	20,735,016	653,215	1,552,911	3,169,698	266,765,840
2011	263,190,000	17,393,817	111,754	1,421,679	2,069,094	284,186,344
2012	251,565,000	13,764,557	78,828	1,283,965	2,641,858	269,334,208
2013	239,665,000	9,837,075	44,626	1,139,066	3,346,787	254,032,554
2014	304,245,000	8,125,064	9,096	986,804	(3,040,335)	310,325,629

* Percentage of Personal Income and Debt Per Capital (See Table 18)

**FY 2012's balance from Tax Allocation Bonds under Governmental Activities were transferred to FY 2012's Long-Term Liabilities under Private Purpose Trust Fund

Source: City of Pasadena Notes to Financial Statements and Statistical Table 18.

Table 12

Total Primary Government	Private Purpose Long-Term Liabilities**	Percentage of Personal Income *	Debt Per Capita *
609,941,155	-	121.93	4,197
599,667,824	-	109.83	4,103
598,993,811	-	102.21	4,068
662,515,886	-	105.82	4,473
645,030,926	-	106.43	4,295
611,909,989	-	107.06	4,474
609,738,993	-	107.40	4,389
586,987,200	66,886,678	103.17	4,216
565,706,419	51,256,905	108.65	4,040
614,384,806	48,552,905	103.42	4,361

CITY OF PASADENA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Total
	General Obligation Bonds	Revenue Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds **	
2005	3,025,000	-	135,590,000	149,034,480	12,065,364	299,714,844
2006	1,550,000	10,355,000	131,960,000	143,901,497	10,607,328	298,373,825
2007	-	10,355,000	128,045,000	138,963,861	9,928,550	287,292,411
2008	-	9,895,000	123,610,000	131,036,605	8,819,025	273,360,630
2009	-	9,415,000	118,365,000	124,732,976	7,656,689	260,169,665
2010	-	8,910,000	111,525,000	114,437,082	6,422,412	241,294,494
2011	-	8,405,000	103,935,000	103,651,183	5,149,000	221,140,183
2012	-	7,880,000	143,040,000	94,920,443	-	245,840,443
2013	-	6,700,000	133,905,000	85,772,925	-	226,377,925
2014	-	6,180,000	123,890,000	76,589,936	-	206,659,936

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

**FY 2012's balance from Tax Allocation Bonds under Governmental Activities were transferred to FY 2012's Long-Term Liabilities under the Private Purpose Trust Funds

Percent of Assessed Value ¹	Per Capita
2.13%	2,063
1.92%	2,042
1.67%	1,951
1.45%	1,845
1.26%	1,732
1.17%	1,764
1.06%	1,592
1.15%	1,766
1.04%	1,617
0.90%	1,467

CITY OF PASADENA
Direct and Overlapping Debt
June 30, 2014

City Assessed Valuation	\$ 19,604,345,272
Redevelopment Agency Incremental Valuation	<u>3,370,606,728</u>
Total Assessed Valuation	<u><u>\$ 22,974,952,000</u></u>

	Percentage Applicable ¹	Outstanding Debt 6/30/14	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Los Angeles County Flood Control District	2.201%	\$ 17,480,000	\$ 384,735
Metropolitan Water District	1.058%	132,275,000	1,399,470
Pasadena Area Community College District	34.854%	97,368,312	33,936,751
La Canada Unified School District	0.211%	27,581,728	58,197
Pasadena Unified School District	73.318%	360,460,000	264,282,063
Los Angeles County Improvement District No. 2658-M	0.987%	2,400,000	23,688
Los Angeles County Regional Park and Open Space Assessment District	2.029%	<u>113,615,000</u>	<u>2,305,248</u>
Total overlapping tax and assessment debt		<u>751,180,040</u>	<u>302,390,152</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	2.029%	1,835,420,030	37,240,672
Los Angeles County Superintendent of Schools Certificates of Participation	2.029%	9,529,882	193,361
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	0.409-59.512%	37,897,628	8,373,248
Pasadena Unified School District Certificates of Participation	73.318%	1,666,665	1,221,965
Total gross overlapping other debt		<u>1,884,514,205</u>	<u>47,029,246</u>
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)			
Total net overlapping debt		<u>\$ 2,635,694,245</u>	349,419,398
City direct debt			<u>214,763,710</u>
Total direct and overlapping debt			<u><u>\$ 564,183,108</u></u>

Notes:

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The City Direct Debt amount does not include Business Type Activities debt.

Source: California Municipal Statistics, Inc.

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CITY OF PASADENA
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Assessed valuation	14,102,936	15,535,968	17,246,657	18,812,937
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	<u>3,525,734</u>	<u>3,883,992</u>	<u>4,311,664</u>	<u>4,703,234</u>
Debt limit percentage	15%	15%	15%	15%
Debt limit	<u>528,860</u>	<u>582,599</u>	<u>646,750</u>	<u>705,485</u>
Total net debt applicable to limit:	<u>3,025</u>	<u>1,550</u>	<u>-</u>	<u>-</u>
Legal debt margin	525,835	581,049	646,750	705,485
Total debt applicable to the limit as a percentage of debt limit	0.6%	0.3%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Pasadena, Department of Finance
Los Angeles County Tax Assessor

Table 15

Fiscal Year					
2009	2010	2011	2012	2013	2014
20,752,287	20,711,137	20,948,517	21,399,216	21,803,668	22,974,952
25%	25%	25%	25%	25%	25%
5,188,072	5,177,784	5,237,129	5,349,804	5,450,917	5,743,738
15%	15%	15%	15%	15%	15%
778,211	776,668	785,569	802,471	817,638	861,561
-	-	-	-	-	-
778,211	776,668	785,569	802,471	817,638	861,561
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF PASADENA
Pledged-Revenue Coverage
Governmental Activity Debt
Last Ten Fiscal Years
(in thousands)**

Fiscal Year Ended June 30	General Obligation Bonds				
	Property Taxes	Debt Service		Coverage	Tax Increment
		Principal	Interest		
2005	26,717	1,400	217	16.52	21,372
2006	28,122	1,475	150	17.31	22,994
2007	34,969	1,550	76	21.51	26,767
2008	36,228	-	-	-	27,221
2009	40,087	-	-	-	28,975
2010	39,771	-	-	-	28,583
2011	39,608	-	-	-	31,195
2012	41,106	-	-	-	12,945
2013	42,957	-	-	-	-
2014	44,066	-	-	-	-

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

*Up to January 31, 2012, the date of PCDC dissolution, tax increment was reported under Primary Government grouping.

**As of February 1, 2012, tax increment is reported under Private Purpose Trust Fund grouping.

Amount reported is gross before the deduction of County Administrative Cost and Pass-through.

Table 16

Tax Allocation Bonds						
Primary Government*			Private Purpose Trust Fund**			
Debt Service			Tax Increment **	Debt Service		
Principal	Interest	Coverage		Principal	Interest	Coverage
912	786	12.59	-	-	-	-
963	738	13.52	-	-	-	-
678	459	23.54	-	-	-	-
1,109	383	18.24	-	-	-	-
1,162	442	18.06	-	-	-	-
1,234	380	17.71	-	-	-	-
1,273	315	19.64	-	-	-	-
455	182	20.33	14,065	500	65	24.88
-	-	-	9,537	13,433	1,187	0.65
-	-	-	6,486	2,704	725	1.89

CITY OF PASADENA
Pledged-Revenue Coverage
Business-Type Activity Debt
Last Ten Fiscal Years
(in thousands)

Light & Power Revenue Bonds						
Fiscal Year Ended June 30	Light & Power Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
2004	146,699	111,410	35,289	7,470	6,626	250.35%
2005	147,346	105,701	41,645	7,575	6,472	296.47%
2006	159,104	122,899	36,205	6,740	6,040	283.29%
2007	179,700	120,616	59,084	6,940	5,969	457.70%
2008	198,231	140,503	57,728	7,205	6,454	422.64%
2009	202,612	145,971	56,641	7,210	7,908	374.66%
2010	191,927	134,035	57,892	7,510	7,604	383.04%
2011	193,049	142,962	50,087	5,320	6,261	432.49%
2012	192,542	149,327	43,215	7,945	6,181	305.93%
2013	193,400	159,351	34,049	9,060	5,885	227.83%
2014	193,701	155,663	38,038	8,695	7,190	239.46%

Water Revenue Bonds						
Fiscal Year Ended June 30	Water Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
2004	32,487	24,659	7,828	2,430	1,976	177.67%
2005	35,008	25,502	9,506	1,385	2,235	262.60%
2006	34,971	24,396	10,575	1,450	2,165	292.53%
2007	40,571	27,442	13,129	1,520	2,176	355.22%
2008	40,874	30,192	10,682	1,995	2,949	216.06%
2009	43,552	30,170	13,382	2,095	2,881	268.93%
2010	43,788	28,667	15,121	2,195	2,780	303.94%
2011	47,353	31,480	15,873	2,300	3,518	272.83%
2012*	54,777	36,413	18,364	2,390	4,340	272.87%
2013	58,839	37,699	21,140	2,985	4,188	294.72%
2014	61,772	42,615	19,157	3,070	4,045	269.25%

¹ Total operating revenues including investment earnings

² Total operating expenses exclusive of depreciation

³ Requirements are reported on a cash basis, excluding premiums

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

* Amount restated

**CITY OF PASADENA
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2005	145,314	5,002,580	34,426	4.3%
2006	146,138	5,460,008	37,362	4.7%
2007	147,262	5,860,144	39,794	4.9%
2008	148,126	6,260,545	42,265	4.3%
2009	150,185	6,060,866	40,356	9.9%
2010	136,769	5,715,713	41,791	9.4%
2011	138,915	5,677,039	40,867	12.6%
2012	139,222	5,689,585	40,867	9.1%
2013	140,020	5,206,803	37,186	8.4%
2014	140,879	5,940,727	42,169	5.8%

Source:

(1) State of California, Department of Finance County Population Estimates

(2) Bureau of Economic Analysis - Includes Long Angeles - Long Beach -
Glendale Metropolitan Division: <http://www.bea.gov/regional/reis/drill.cfm>

(3) State of California Employment Development Department

<http://www.labormarketinfo.edd.ca.gov/cgi/dataAnalysis/AreaSelection.asp?tableName=labforce&geogArea=0604000037>

Table 19

**CITY OF PASADENA
Principal Employers
Current Year and Nine Years Ago**

Employer	2014		2005	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
California Institute of Technology	5,201	4.90%	5,200	18.41%
Kaiser Permanente	4,813	4.53%	2,000	7.08%
California Institute of Technology - Campus	3,900	3.67%	3,600	12.75%
Huntington Memorial Hospital	3,238	3.05%	3,000	10.62%
The City of Pasadena	2,389	2.25%	1,825	6.46%
Pasadena Unified School District	2,043	1.92%	2,007	7.11%
Bank of America	1,908	1.80%	1,300	4.60%
Pasadena City College	1,866	1.76%	2,200	7.79%
Art Center College of Design	833	0.78%	810	2.87%
Hathaway-Sycamores	665	0.63%	*	*
ATT (SBC IN 2007)	634	0.60%	2,525	8.94%
Parsons Corporation	570	0.54%	2,000	7.08%
The Langham Huntington Hotel (The Ritz-Carlton)	567	0.53%	597	2.11%
Western Asset	546	0.51%	300	1.06%
East West Bank	449	0.42%	*	*
One West Bank	331	0.31%	*	*
Rusnak Pasadena	285	0.27%	450	1.59%
Pacific Clinics Administration	274	0.26%	*	*
Avon Products	209	0.20%	425	1.51%

The Number of Employees for the City of Pasadena includes seasonal employees.

* Data not available

"Total Employment" as used above represents the total employment of all employers located within City limits.

Data comes from several sources including individual company's HR and Payroll Departments, Pasadena Chamber of Commerce, EDD, Buxton, and MuniServices, LLC.

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CITY OF PASADENA
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2005	2006	2007	2008
General government	471.8	474.3	480.1	487.6
Public safety	563.6	564.6	575.6	591.6
Public works	355.8	357.3	360.3	372.3
Transportation	43.0	43.0	44.0	46.0
Health	93.1	103.4	104.3	108.8
Culture and leisure	148.1	147.3	146.2	147.2
Water & power	383.0	402.0	413.0	423.0
Information services	118.9	119.8	120.2	121.8
Seasonal	-	-	-	-
Total	2,177.3	2,211.7	2,243.7	2,298.3

Source: City Payroll Office

Table 20

Fiscal Year						
2009	2010	2011	2012	2013	2014	
489.6	453.9	448.4	338.0	348.5	338.0	
594.6	593.6	568.8	560.0	562.9	540.0	
373.3	357.9	340.4	292.0	306.6	293.0	
48.0	48.0	45.0	43.0	45.0	51.0	
103.1	96.8	92.0	96.0	103.9	124.0	
148.2	142.6	139.4	210.0	192.2	281.0	
428.0	430.5	434.0	371.0	422.0	355.0	
121.8	116.0	105.4	150.0	104.9	140.0	
-	-	-	119.0	288.0	267.0	
<u>2,306.6</u>	<u>2,239.3</u>	<u>2,173.4</u>	<u>2,179.0</u>	<u>2,374.0</u>	<u>2,389.0</u>	

CITY OF PASADENA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Police:				
Arrests	9,815	9,655	10,117	9,722
Transportation:				
** Parking citations issued	154,245	163,103	177,060	189,017
Fire:				
Number of emergency calls	*	*	11,565	16,089
Inspections	4,827	*	3,855	5,017
Water:				
New connections	99	84	99	61
Average daily consumption (thousands of gallons)	30,130	29,960	32,970	31,537

* Information was not available.

** Parking citations were originally reported under Police Dept. This category moved to Transportation Department in FY10 because a majority of parking tickets are issued by Transportation Department.

Table 21

Fiscal Year						
2009	2010	2011	2012	2013	2014	
9,055	8,535	6,481	6,031	4,906	3,852	
189,932	132,042	142,615	160,384	172,154	168,896	
15,921	15,592	15,647	16,431	16,570	17,368	
5,720	6,737	*	7,168	7,123	7,445	
99	85	66	42	55	57	
29,872	25,623	24,528	25,174	26,982	28,368	

CITY OF PASADENA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Police:				
Stations	1	1	1	1
Substations	3	3	3	3
Fire:				
Fire stations	8	8	8	8
Transportation:				
Streets (miles)	321	322	322	322
Streetlights	16,720	16,798	17,047	17,047
Traffic signals	312	312	324	340
Parking facilities	11	11	11	11
Culture and leisure:				
Park sites	23	24	24	24
Community centers	6	6	6	6
Libraries	10	10	10	10
Electric Utility:				
Power plants	1	1	1	1
Customers	61,401	62,256	62,793	62,902
Miles of service	650	640	531	525
Maximum capacity (megawatts)	355	258	197	197
Water:				
Water mains (miles)	500	508	508	508
Customers	37,359	37,135	37,463	37,522
Average daily consumption (mgd)	30.13	29.96	32.97	31.53

Table 22

Fiscal Year						
2009	2010	2011	2012	2013	2014	
1	1	1	1	1	1	1
4	4	5	5	5	5	5
8	8	7	7	8	8	8
322	322	322	322	322	322	357
17,047	17,047	17,069	17,100	17,207	17,452	17,452
325	327	327	329	329	329	329
11	11	12	12	9	9	9
24	24	24	24	20	20	20
6	6	5	4	4	4	4
10	10	10	10	10	10	10
1	1	1	1	1	1	1
63,576	63,838	63,957	64,163	64,931	65,039	65,039
525	525	525	525	673	680	680
197	197	175	175	174	175	175
508	508	508	508	516	520	520
37,602	37,586	38,036	38,069	37,911	37,974	37,974
29.87	25.62	26.70	25.17	26.98	28.37	28.37

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