

CITY OF PASADENA CALIFORNIA





ADA 25th Anniversary - July 26, 2015 Liberty, Justice, and Access for All

It has been 25 years since the Americans with Disabilities Act (ADA) was signed into law and mandated that people with disabilities have a civil right to the full range of opportunities in their community.

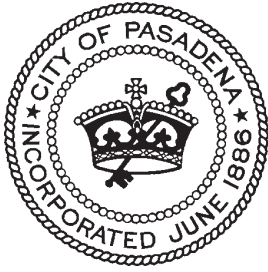
While the goal of removing all barriers to accessibility has not yet been accomplished, much has been achieved in the City of Pasadena's facilities and services. City parks, for example, have had many improvements, including accessible parking, accessible restrooms, smooth pathways, and play areas where children with disabilities and children without disabilities play together.

The Adaptive Recreation Art program is a City service for adults with disabilities, and it provides weekly art instruction in drawing and painting.

All art courtesy of the Pasadena Adaptive Recreation Art program.

CITY OF PASADENA • ADAPTIVE RECREATION

City of Pasadena, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016



Terry Tornek
Mayor



Gene Masuda
Vice-Mayor
District 4



Tyron A.L. Hampton
Council Member
District 1



Margaret McAustin
Council Member
District 2



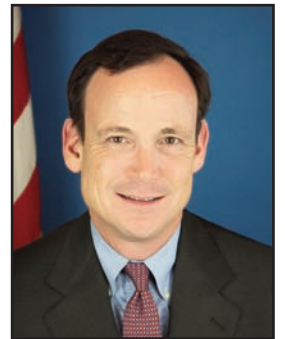
John J. Kennedy
Council Member
District 3



Victor Gordo
Council Member
District 5



Steve Madison
Council Member
District 6



Andy Wilson
Council Member
District 7

STEVE MERMELL, CITY MANAGER
MATTHEW E. HAWKESWORTH, DIRECTOR OF FINANCE
PREPARED BY THE DEPARTMENT OF FINANCE, CITY OF PASADENA

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CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	ix
Principal City Officials	xxiv
Organizational Chart	xxv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxvi
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	26

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Basic Financial Statements (Continued):	
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	30
Statement of Net Position – Fiduciary Funds	34
Statement of Changes in Net Position – Fiduciary Funds	35
Discretely Presented Component Units:	
Combining Statement of Net Position	36
Combining Statement of Revenues, Expenses and Changes in Net Position	37
Notes to the Basic Financial Statements	39
Required Supplementary Information:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	145
Housing Successor Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	146
GASB 65 Pension Information	149
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	156
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	157

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Special Revenue Funds:	
Combining Balance Sheet (Financial Data Schedule)	162
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Financial Data Schedule)	164
Public Safety Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	166
Health Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	167
Building Services Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	168
Sewer Construction and Maintenance Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	169
Underground Utilities Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	170
Transportation Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	171
Human Services Endowment Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	172
Library Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	173

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Special Revenue Funds, (Continued):	
Parking Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	174
Air Quality Improvement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	175
Housing and Community Development Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	176
Donated Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	177
Debt Service Funds:	
Combining Balance Sheet	180
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	182
Capital Projects Funds:	
Combining Balance Sheet	186
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	188
Permanent Funds	
Combining Balance Sheet	192
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	194

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Non-Major Enterprise Funds:	
Combining Statement of Net Position	198
Combining Statement of Revenues, Expenses and Changes in Net Position	199
Combining Statement of Cash Flows	200
Internal Service Funds:	
Combining Statement of Net Position	204
Combining Statement of Revenues, Expenses and Changes in Net Position	206
Combining Statement of Cash Flows	208
Fiduciary Funds:	
Pension Trust Funds:	
Combining Statement of Net Position	214
Combining Statement of Changes in Net Position	215
Agency Funds:	
Combining Balance Sheet	216
Combining Statements of Changes in Assets and Liabilities	217
Private Purpose Trust Funds:	
Combining Statement of Net Position	222
Combining Statement of Changes in Net Position	224
Discretely Presented Component Unit:	
Rose Bowl Operating Company:	
Combining Statement of Net Position	228

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS, (CONTINUED)

		<u>Page</u>
Combining Statement of Revenue, Expenses and Changes in Net Position		229
 <u>STATISTICAL SECTION (Unaudited)</u>		
Statistical Section Contents		
Net Position by Component	Table 1	232
Changes in Net Position	Table 2	234
Fund Balance of Governmental Funds	Table 3	238
Changes in Fund Balances of Governmental Funds	Table 4	240
Assessed Value and Actual Value of Taxable Property	Table 5	242
Direct and Overlapping Property Tax Rates	Table 6	244
Principal Property Taxpayers	Table 7	246
Property Tax Levies and Collections	Table 8	247
Electricity Sold by Type of Customer	Table 9	248
Electricity Rates	Table 10	250
Electricity Customers	Table 11	251
Ratios of Outstanding Debt by Type	Table 12	252
Ratio of General Bonded Debt Outstanding	Table 13	256
Direct and Overlapping Debt	Table 14	257
Legal Debt Margin Information	Table 15	258
Pledged-Revenue Coverage - Governmental Activity Debt	Table 16	260
Pledged-Revenue Coverage - Business-Type Activity Debt	Table 17	262
Demographic Statistics	Table 18	263

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016

TABLE OF CONTENTS, (CONTINUED)

		<u>Page</u>
Principal Employers	Table 19	264
Full-time and Part-time City Employees – by Function	Table 20	266
Operating Indicators – by Function	Table 21	268
Capital Asset Statistics – by Function	Table 22	270

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INTRODUCTORY SECTION



The Sky is the Limit
HANDICAPPED PARKING SIGNS FOR
PERSONS WITH DISABILITIES
By Viviana Rivera Castro



DEPARTMENT OF FINANCE

February 7, 2017

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, 2016. 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 Lance, Soll & Lunghard, LLP, 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, 2016, 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 unmodified opinion on the City of Pasadena's financial statements for the fiscal year ended June 30, 2016 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. Additionally, under the current auditor contract, the City required the audit to include sampling from every fund and with a scope larger than is required by generally accepted auditing standards.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special 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 internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

GASB 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 and 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 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 2016 population of 141,023, according to the State Department of Finance. The City is bounded on the west by the cities of Los Angeles, Glendale and La Cañada Flintridge, 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 is a party to and designated administrator for two Joint Powers Authorities, the Foothill Air Support Team (FAST) and the Foothill Workforce Investment Board. These are accounted for in the City books, CAFR, and audited as part of the City's audit.

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

As the City of Pasadena closes fiscal year 2016 it does so against a national economic backdrop of slow but steady growth. While the U.S. economy grew faster than other developed nations in 2015, the actual rate of growth as measured by the Gross Domestic Product was barely 2%. Expectations for growth throughout the balance of 2016 and 2017 remain in the low 2% range.

The U.S. economy continues to add jobs, as the unemployment rate has held steady at or below 5% for the six month period ending March 31, 2016 according to the Bureau of Labor Statistics. As of April, California's unemployment rate stood at 5.4%.

On January 7th 2016 the Governor released his proposed budget for California's 2017 fiscal year. On a positive note the budget message referenced the state's seven straight years of recovery and capital gains tax revenues reaching an all-time high. However, the message was tempered by the acknowledgment that economic recoveries have tended to last only five years and capital gains tax revenues remain a very unpredictable source which falls precipitously during down economic times.

The Governor has continued to press the Legislature to resist significant new spending initiatives and instead fund the state's Rainy Day Fund. The constitutional target level for the Fund is 10% of General Fund revenues; however, currently it stands at only 37% of that target. The Governor's proposed budget would bring it to 65% of target, or \$11.5 billion. Once the Fund reaches the full 10% of revenues target, roughly \$17 billion in today's dollars, its ability to offset impacts of a recession will be limited at best. Based on models developed by the State Department of Finance, a recession of average magnitude occurring in fiscal year 2017 would result in revenues losses to the State of \$55 billion.

Historically, when the State has suffered, it has balanced its budget at the expense of local governments. While it is believed that all possible vehicles for further raids on local revenues have either been exhausted, such as the elimination of redevelopment, or walled off constitutionally, should the State find itself in financial peril again, Pasadena and other local agencies may once again be threatened by some yet unknown state action.

Pasadena's local economy continues to perform well. The local unemployment rate stood at 4.9% through March 2016, better than Los Angeles County as a whole which was at 5.5%.

Building activities are up with numerous development projects underway or moving through the entitlement process. Since 2009, commercial development has been robust, especially in the hospitality sector. Currently, there are five new hotel projects that are in various stages of development. Recently the Constance Hotel dusic-D2, a 136 room hotel opened; the Residence Inn by Marriott, a 144 room hotel, is newly opened; the City is in negotiations with Kimpton Hotels to renovate the former YWCA property into a boutique hotel; a 179 room Hyatt Place hotel was recently entitled to be constructed on the former Macy's site at Paseo Colorado; and the Final EIR for the Planned Development project with up to 520 hotel rooms located at Colorado Boulevard and Hill Street was completed in April 2016. Moreover, the City recently approved a nearly one million square feet commercial project that consists of 380 housing units and 620,000 square feet of office and retail space on the Parsons Engineering headquarters site. Overall, several mixed use projects including 1,700 residential units are among the various projects under construction or proceeding through the development process in the City.

Pasadena economic base includes many successful businesses particularly in the fields of finance, healthcare and technology. East West Bank, Kaiser Permanente, Open X, Alibaba, Bluebeam, and iRobot, to mention but a few have all experienced positive growth and added jobs in Pasadena. Additionally, the opening of a Tesla Dealership in Old Pasadena has generated significant consumer interest and is considered a top performing location for the company. Given the scope of new development and continued success of local employers, Pasadena's economy remains vibrant.

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

The FY 2017 Adopted Budget has been 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
- Support and promote the local economy
- Ensure public safety

The FY 2017 budget continues the practice of conservative revenue estimates, especially in the General Fund. Overall, the FY 2017 Adopted Budget anticipates modest increases in most revenues that will enable the City to make some very minor enhancements to programs and services.

The FY 2017 Adopted Budget totals \$757.5 million overall. This includes an operating budget of \$634.4 million, capital appropriations of \$65.4 million and appropriations of \$57.7 million for the City's three operating companies—Rose Bowl Operating Company, Pasadena Center Operating Company and Pasadena Community Access Corporation.

The City's General Fund is the most important fund in that it provides for most basic City services including public safety, public works, parks and recreation. The Adopted Budget for the General Fund for FY 2017 is \$237.8 million with estimated revenues of \$237.8 million.

The Adopted Operating Budget includes \$8.3 million of enhancements, primarily in the Water, Power and Building Services funds where corresponding revenues are available to offset the increases.

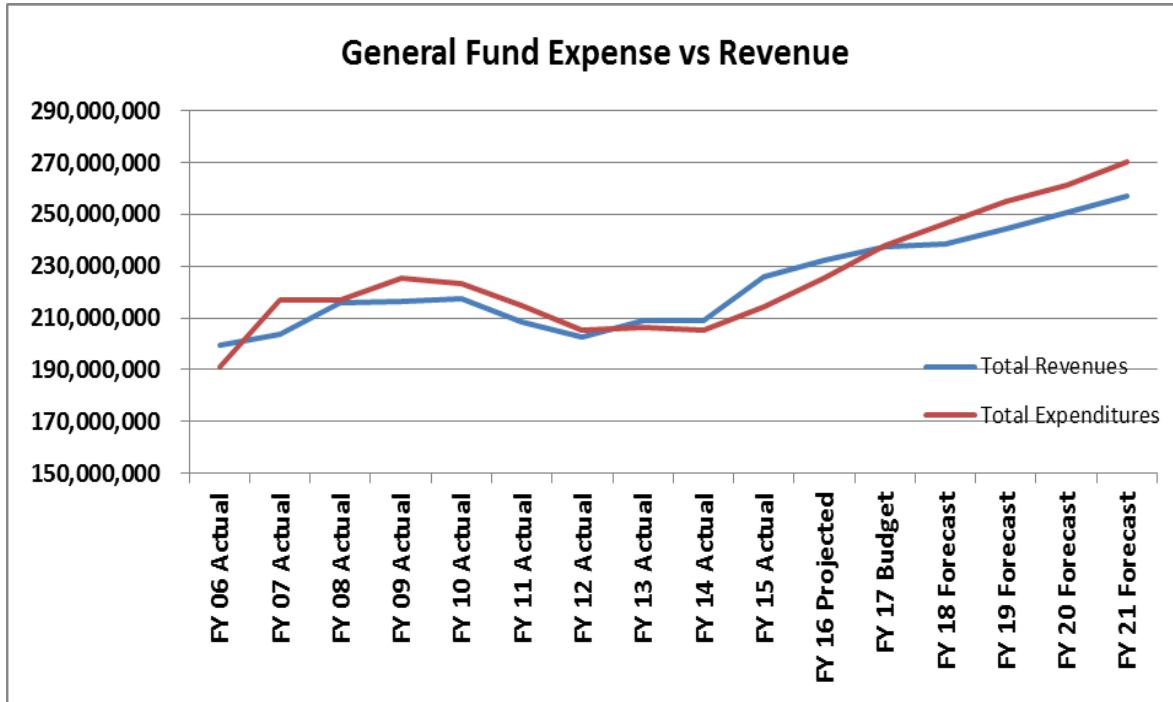
Enhancements in the General Fund are more modest, totaling \$1.3 million, which accounts for roughly 0.55% of the overall adopted General Fund budget.

General Fund Five-Year Financial Forecast

The General Fund five-year financial forecast is the mechanism by which the long-term financial health of the City's most important fund is monitored. By tracking and trending current and anticipated revenues and expenses, the forecast provides a tool for the City's policymakers. The current five-year projection indicates that unless growth in future expenses decrease, anticipated revenues increase or some combination thereof, the City's General Fund will begin to spend more than it receives in revenues beginning in FY 2018 thereby creating a structural deficit that will grow if not addressed. In such a situation, the City's fund balance, essentially its savings account, will be drawn down to fill the gap between revenues and expenses.

The fundamental challenge, as indicated by the forecast, and illustrated below, is that while the local economy continues to expand, the growth in overall City revenues is not projected to keep pace with increases in the cost of providing City services. Particularly as it relates to personnel costs which accounts for 63.3% of overall General Fund spending. The following section discusses some of the key fiscal drivers, including revenue sources as well as the major expense items in the General Fund.

Comprehensive Annual Financial Report (CAFR)
 City of Pasadena, California (City)
 Fiscal year ended June 30, 2016



General Fund 5-Year Financial Plan

	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
	----- \$'s in thousands -----				
Beginning Amount Available for Appropriations	\$19,084	\$19,107	\$15,526	\$8,847	\$2,915
Revenues					
Tax Revenues	156,877	163,261	167,802	172,499	176,521
Other Revenues	60,749	57,046	58,859	60,743	62,694
Contributions/Other Fund Svcs	20,212	20,139	20,730	21,217	21,922
Total Revenues	<u>237,838</u>	<u>240,446</u>	<u>247,391</u>	<u>254,459</u>	<u>261,137</u>
Expenses					
Personnel	150,651	156,347	164,959	172,382	180,139
Debt Service	13,808	14,115	14,075	11,473	11,480
Contributions to Other Funds	14,986	14,468	14,757	15,052	15,353
Other Expenses	58,370	59,097	60,279	61,485	62,715
Total Expenses	<u>237,815</u>	<u>244,027</u>	<u>254,070</u>	<u>260,392</u>	<u>269,687</u>
Net Income/(Loss)	23	(3,581)	(6,679)	(5,933)	(8,550)
Ending Amount Available for Appropriations	\$19,107	\$15,526	\$8,847	\$2,914	(\$5,636)

Fiscal Drivers

Major Revenues

The City's major revenue sources include Sales Tax, Utility Users Tax, and Property Tax, which collectively account for 51.5% of the General Fund's overall revenues.

The City's sales tax base has continued to show slow but steady growth. Between March 2015 and March 2016 sales tax revenues grew at 2.5%. Strong automobile sales, including the opening of a Tesla dealership, mentioned previously, have played a significant role in this growth. It is anticipated that in Fiscal Year 2017 sales tax revenues will reach \$35.5 million, which is approximately equal to the pre-recession levels of 2008 and 2009.

Looking forward, however, this key revenue source faces challenges as a result of increased regional shopping competition and the continued shift to on-line sales by consumers. Moreover, in January 2013, as part of a global restructuring, Avon Corporation announced the intended closure of its distribution center in Pasadena. Avon has continued to operate the facility and, in fact, consolidated other operations into Pasadena with support of a sales tax sharing agreement approved by the City Council. Nevertheless, Avon has recently indicated that it will close the facility permanently in the near future. As one of the City's top sales tax generators, it will be unlikely that the City will be able to fully replace this loss.

Utility Users Tax (UUT) is imposed by the City on the use of cable television, telephone service, and the consumption of natural gas, electricity and water. UUT revenue has been generally flat for more than five years. Factors impacting this include the transition to bundled television, telephone and Internet service at lower price points than individual services, along with the shift to satellite television for which the tax does not apply. Increased cellular telephone usage and the application of UUT to prepaid cellular will provide some offset, however, increased conservation by consumers and ever increasing efficiency will continue to impact this revenue source. For Fiscal Year 2017, revenues are estimated at \$30.4 million.

Pasadena's single largest General Fund revenue source is Property Tax. New and infill development has provided for steady increases in the City's property tax base and current development underway will continue that growth through the next several years. Property tax revenue for Fiscal Year 2017 is projected at \$56.7 million and represents 23.8% of General Fund revenues.

Pasadena's 2015 total assessed property (both residential and commercial) valuation was \$24.23 billion, up 5.48% 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 remained strong even during the past recession.

Major Expenses

Fiscal Year 2016 saw the adoption of memorandums of understanding with a number of the City's labor unions. As a result, adjustments to salary rates were implemented to ensure the City would continue to attract and retain quality staff. A particular challenge, although not exclusive to Pasadena, has been the recruitment and retention of police officers. To address this, increases in the

compensation rates for police officers and a “signing bonus” for those who lateral in from other agencies were put into effect.

The City of Pasadena is a member agency of CalPERS, which provides defined-benefit pensions to most City employees upon their retirement. In addition to state-wide changes that will reduce the benefit formula for new employees, as part of the City’s efforts to reduce pension-related costs, City employees began paying the employee portion of retirement costs, which previously the City paid on their behalf. Nevertheless, in recent years the contribution rates, i.e., the dollar amount the City must contribute to CalPERS on behalf of its employees in order to fund future pensions, has risen dramatically as CalPERS seeks to ensure its ability to meet future obligations based on the return on its investment portfolio. Last year with the implementation of GASB rule 68, the City is required to show on its financial statements the current outstanding liability for employee pensions. As of June 30, 2016 the total liability was \$363 million. This liability will be funded through the City’s ongoing contributions to CalPERS. For Fiscal Year 2017 the City’s total contribution to CalPERS is budgeted at \$43.2 million of which \$24.1 million is in the General Fund.

Unfortunately, continued increases in CalPERS contributions are anticipated for the foreseeable future and may become even more pronounced as the pension system seeks to reduce risk in its portfolio by seeking more stable investments, thus reducing the corresponding discount rate.

The City’s Workers Compensation Fund is underfunded and rates charged against departments/funds have been significantly increased to meet current costs and begin rebuilding the fund deficit. In an effort to reduce program costs, the City’s Workers Compensation program will be evaluated in Fiscal Year 2017 to determine if additional measures or program management practices can be undertaken to better control costs and return employees to work more quickly. The General Fund increase for workers compensation is \$1.96 million, which represents a 25% increase over the Fiscal Year 2016 budget.

Overall, the General Fund budget for personnel costs for Fiscal Year 2017 totals \$151 million. This represents an increase of 10.7% over Fiscal Year 2016.

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 2016, reflecting a July 1, 2015 valuation date. The report determined that Pasadena’s June 30, 2016 accrued actuarial liability was approximately \$54.2 million, an increase of \$25.6 million from the prior year. \$17.1 million of the increase reflected a new actuarial standard requiring inclusion of the “implicit subsidy”. The implicit subsidy reflects the cost of including older employees and retirees in premium rates that are the same for active and retired employees. Actuarially, the employer and younger employees are subsidizing older employee and retiree premiums. The annual required contribution (ARC) under GASB 45 was determined to be approximately \$5.9 million. Pasadena is currently using a pay-as-you-go methodology and is only paying about \$694,000 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.

Litigation & Impact on Revenues

SB 481 Litigation

In 1987, the City sponsored and secured the passage of Senate Bill No. 481 (SB 481), which provided a supplemental source of payment to fund the City's liabilities to the Fire and Police Retirement System (FPRS). SB 481 authorized the City to utilize tax increment revenues received by the Pasadena Community Development Commission (PCDC) from PCDC's Downtown Redevelopment Project Area and payable by PCDC to the City under a reimbursement agreement (Reimbursement Agreement) for the purpose of funding the City's liabilities to FPRS. PCDC's payments of tax increment under the Reimbursement Agreement are referred to as "SB 481 Receipts".

In 2011, the State of California enacted legislation that required the dissolution of California redevelopment agencies (including the PCDC) and the disposition and winding-down of the operations of those agencies. Following the enactment of the legislation, the State Department of Finance (DOF) challenged the enforceability of the obligation of PCDC to pay tax increment to the City under SB 481 and the Reimbursement Agreement. As a result of the litigation which subsequently ensued (the "SB 481 Litigation"), all SB 481 Receipts are now held in escrow by the County of Los Angeles, pending the resolution of such litigation.

In response to the DOF denial, 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. 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 Item 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.

The DOF appealed and 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. The Supreme Court declined to grant the City's Petition for Review. In response on January 30, 2015, the City filed its Application for Temporary Restraining Order and Motion for a Preliminary Injunction in the Writ Department of Sacramento Superior Court. The Superior Court issued a ruling on May 28, 2015, in favor of the DOF. Pursuant to the three party stipulations and the Court's order, the County was required to continue to maintain the \$39.7 million in escrow pending final adjudication of the case. The City appealed and, on January 13, 2017, the Appellate Court upheld the decision in favor of the California Department of Finance. This will result in all of the funds being distributed to all of the taxing agencies entitled to portions of this property tax. The City will receive approximately \$8.3 million as its portion of the funds being held.

Replenishment of the City's Reserves

Approximately \$25 million of General Fund reserves was used between FY 2009 and FY 2012 to help cushion the impact of the Great Recession on City service levels. Prudent fiscal planning and a commitment in the years leading up to FY 2009 had built up reserves that, absent their availability, would have resulted in catastrophic reductions in service levels that would have significantly reduced the quality of life in Pasadena.

Due to one-time tax revenues and lower than anticipated expenditures, the City Council has been able to make additional contributions to the City's emergency reserves in FY 2015 of \$10 million, in FY 2016 of \$2.5 million, and an additional \$3.0 million mid FY 2017. As of June 30, 2016 and December 31, 2016 the emergency reserves total approximately \$33.5 million and \$36.5 million respectively. As of June 30, 2016 this represented 15.2% of adopted General Fund appropriations for FY 2016.

FY 2017 CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS (As of June 30, 2017)

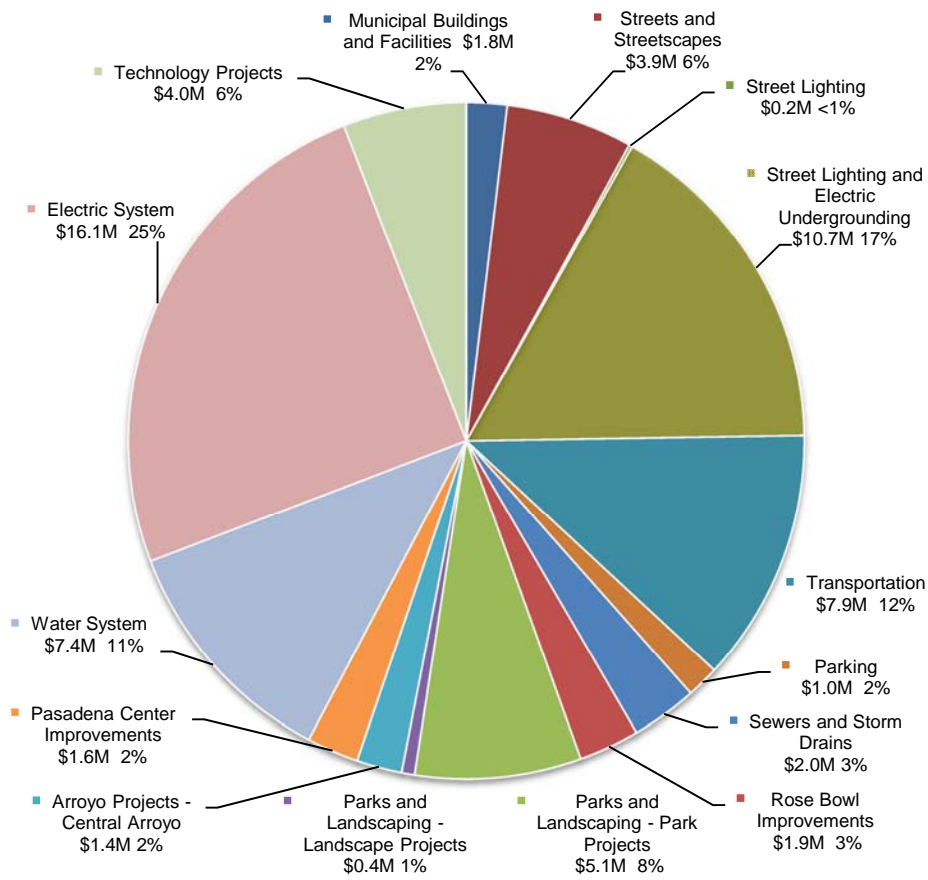
Protecting, maintaining and replacing the City's infrastructure such as roads, bridges, parks, public buildings, utility systems and parking facilities is one of the most important aspects of running an efficient, responsible City. Pasadena will continue with both major and minor infrastructure improvements through the City's FY 2017– 2021 Capital Improvement Program (CIP) Budget. The CIP is the blueprint for new construction and major maintenance projects designed to protect and preserve Pasadena's outstanding quality of life.

The current Capital Improvement plan includes 237 active projects with a total estimated cost of \$1.06 billion. Additionally, there are 71 identified projects totaling \$302 million in the Future Projects section that do not have funding. Identifying these projects as part of the program allows staff to pursue funding opportunities when, and if, they become available.

For FY 2017, the CIP includes \$65.4 million in appropriations for 93 projects, including 18 new projects. The following graph illustrates FY 2017 appropriations by major project category.

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FY 2017 CIP Appropriations by PROJECT Category



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

- Public safety concerns
- If costs of existing maintenance exceed projected replacement costs
- Whether the existing facility or system no longer meets City needs/demands

One of the most significant 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 approved under 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. The system improvements also reduce dependency on imported purchased water and help meet California’s conservation requirements.

For FY 2017, the City Council is appropriating \$23.5 million to its water and electric systems, \$8.9 million to transportation projects, \$16.8 million to streets and streetscapes/street lighting/sewer and storm drains/street lighting and electrical undergrounding, \$6.9 million to parks (including the Arroyo) and \$4.0 million to technology projects. Additionally, the respective operating companies are including \$1.9 million for Rose Bowl Improvements and \$1.6 million to the Pasadena Center projects.

Infrastructure priorities for 2017 include:

- Integrating technology and leveraging industry best prices to build a strong infrastructure and increase investment in sustainable, renewable resources;
- Replacing 3.0 miles of water distribution mains;
- Upgrading the Santa Anita Booster Station and completing the rehabilitation of Monte Vista Well;
- Expanding water conservation program offerings;
- Completing the rehabilitation of La Loma Bridge;
- Implementing the human resources and payroll modules of the Enterprise Resource Project; and
- Investing \$1.25 million in the Citywide Sidewalk Improvements Project.

The complete FY 2017 – FY 2021 CIP document is posted on the City’s website under the Public Works Department pages at: http://www.cityofpasadena.net/PublicWorks/Capital_Improvement_Program/

Looking to the Future

During the great recession the City had to respond quickly to the sudden loss of revenues. It did so through the elimination of vacant and filled positions, the shifting of the employee-portion of pension obligations to City employees and elimination of previously negotiated salary increases for employee bargaining groups.

The current fiscal challenges are significant; however, barring a downturn in the economy or other factor such as a natural disaster, the anticipated gap between revenues and expenses is expected to widen over a more extended period of time. This provides the City the opportunity to establish budget priorities and act strategically on both sides of the fiscal equation: revenues and costs.

There are some immediate actions the City can take to enhance General Fund revenues. These include redirecting growth in Transient Occupancy Tax revenues, largely from the development of new hotels, to the City’s General Fund, and ensuring that all cost of service based fees are fully recovering their costs.

In spring 2012, the City completed an Economic Development Strategic Plan which was followed later that same year by a Task Force report focusing on what economic development efforts the City should give priority to. Reinvigorating this effort will be a priority in Fiscal Year 2017 and beyond. Based on current projections, relying on potential new revenues alone is unlikely to close the anticipated future gap. This is because continued upward pressure on expenses, largely in the form of personnel costs, is expected to remain. Consequently, under the leadership of the City Council, it is vitally important for the City to establish priorities for its limited financial resources and give

thoughtful consideration as to whether some functions/services should be scaled back or discontinued altogether. As an example, last fiscal year the City faced growing financial losses in the Public Health Department's clinical programs. Based on detailed analysis, the situation was determined to be unsustainable and as a consequence the City discontinued offering the programs. However, actual service delivery has continued as a result of creative partnerships with non-profit entities.

Across the entire municipal organization there are a number of programs and services that warrant further analysis to determine their relative cost-benefit. With the City Council's endorsement, staff will undertake this effort.

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 2016 accomplishments include:

- Adoption of balanced budget for a fourth consecutive year, consistent with the Council's goal to maintain fiscal responsibility and stability;
- Launched the core financial modules of the multi-year Enterprise Resource Planning system on July 1, 2015;
- Started City Council mandated Fraud Risk Assessment and completed 4 of 6 department reviews included in Phase 1 of the contract;
- Completed construction of the new 71 megawatt combined cycle power-generating unit at the Glenarm Power Plant facility with final commission and commercial operations in early FY 2017;
- Maintained "diamond status" associated with APPA's prestigious Reliable Public Power Provider ("RP3") designation for providing the highest degree of reliable and safe electric service;
- Successfully established a framework for the new internal audit function in compliance with California Government Code 1236;
- Issued \$55.35 million City of Pasadena 2015 Series A Refunding Certificates of Participation for the purpose of refinancing and reducing interest paid on debt;
- Adopted a new Power Integrated Resource Plan, with a goal of eliminating the use of coal-based energy by 2027 and achieving a 60 percent reduction of greenhouse gas emissions by 2030;
- Achieved a Renewable Energy Portfolio Standard ("RPS") of over 29 percent in Calendar Year 2015;
- The Fire Department is honored to be one of only 32 fire departments in the United States that are both Insurance Services Office (ISO) Class 1 and Accredited by the Center of Public Safety Excellence's (CPSE) Commission on Fire Accreditation International (CFAI);

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2016

- The Fire Department took delivery of two new rescue ambulances;
- The Housing Department have managed several affordable housing projects including; Heritage Square (70 units), Mar Vista Union Apartments (20 units), and The Groves (44 units);
- Implemented Continuum of Care Program providing 86 homeless persons with transitional or permanent housing;
- Successor Agency to the Pasadena Community Development Commission obtained a “Finding of Completion” and approval of the “Long Range Property Management Plan (LRPMP), which are essential final steps for the City’s management of former Redevelopment Activities under California law;
- Transferred ownership of the Paseo Colorado and Plaza Las Fuentes parking operation from the Successor Agency to the City;
- Conducted over 4,900 Code compliance inspections, 1,610 residential inspections through the Occupancy Inspection Program, 5,100 residential quadrennial inspections, and over 28,000 building inspections for commercial and residential construction;
- The Pasadena Police Department continues to promote the highly successful “See Something, Say Something” campaign;
- The Police Department was awarded a \$250,000 competitive grant from the U.S. Department of Justice for the purchase of Body Worn Cameras, which is being implemented in late 2016/early 2017.
- Deployed end to end replacement of the Mobile Audio-Video system (aka In Car Video or MAV) for the Police Department patrol vehicles;
- Provided paid summer jobs to 188 youth through the Summer Rose Program;
- Opened McKinley Gym, a joint project with Pasadena Unified School District, where various sports leagues and tournaments will take place;
- Celebrated and provided City support of the 128th Tournament of Roses Parade and the 102nd Rose Bowl Game;
- Tripled capacity in the 5.5 mile southern portion of the City’s fiber optic ring, supporting utility, transportation management, and business customer connectivity requirements;
- Completed the Electric Vehicle (EV) Charging grant project with the installation of 50 level II chargers citywide;
- Received California Chapter and Los Angeles Section APA awards and ASCE Metro Los Angeles Branch award for the City’s Transportation Performance Measures;
- The Public Works Department began construction on the La Loma Bridge Rehabilitation Project, completed design work for increased sewer capacity and repair/replacement of 10,000 feet of sewer pipes, resurfaced nearly six miles of streets, repaired 150,000 square feet of sidewalks, 5,000 linear feet of curbs and gutters. For a comprehensive status of Capital Improvement projects, please visit: http://www.cityofpasadena.net/PublicWorks/Capital_Improvement_Program/;

- Answered 79,000 calls to the Citizen Service Center, 71 percent within 30 seconds, and received over 28,000 web and mobile applications service order requests for all City Departments;
- 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, 2015. This was the 17th 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.

- Standard & Poor's affirmed its "AAA" issuer credit rating on the City which is the highest rating given by Standard and Poor's. The City continues to hold an AA+ rating from Fitch Ratings.

Conclusion

Pasadena is a destination city that blends its rich history and traditions with innovation and culture. The employees of the City take great pride in providing quality public services to those they serve. This Fiscal Year 2016 Comprehensive Annual Financial Report demonstrates the City's accomplishments to deliver exemplary municipal services responsive to the entire community and consistent with our history, culture and unique character.

Under the City Council's leadership, Pasadena has achieved remarkable success and has overcome many obstacles. There is every reason to believe that despite the challenges discussed herein, the City will continue to thrive and serve as a model for other communities to emulate.

Respectfully submitted,



Steve Mermell
City Manager



Matthew E. Hawkesworth
Director of Finance

**CITY OF PASADENA
City Officials**

CITY COUNCIL

Mayor	Terry Tornek
Vice-Mayor	Gene Masuda (District 4)
Councilmember	Tyron A.L Hampton (District1)
Councilmember	Margaret McAustin (District 2)
Councilmember	John J. Kennedy (District 3)
Councilmember	Victor Gordo (District 5)
Councilmember	Steve Madison (District 6)
Councilmember	Andy Wilson (District 7)

APPOINTED OFFICIALS

City Manager	Steve Mermell
City Attorney	Michele Beal Bagneris
City Clerk	Mark Jomsky

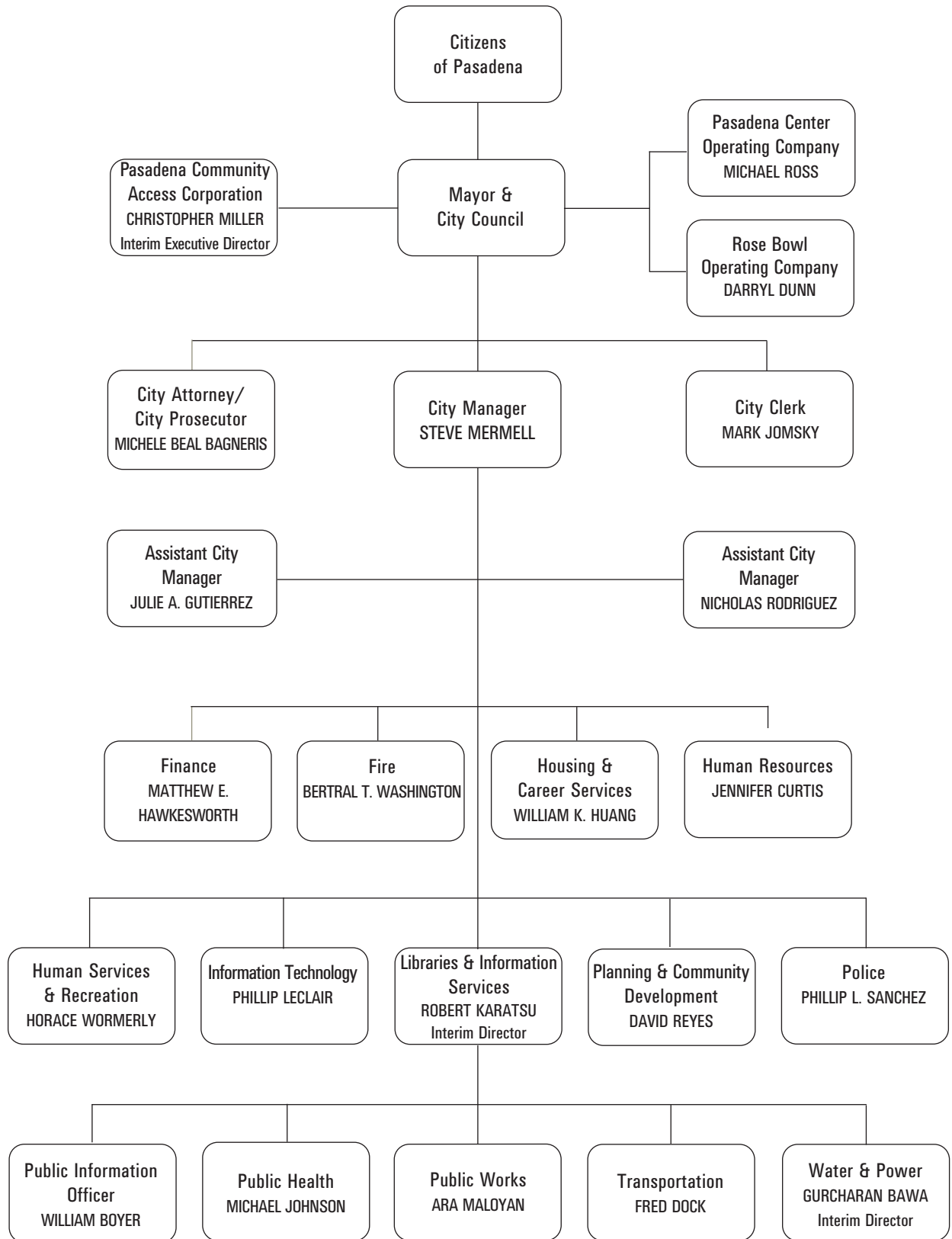
EXECUTIVE LEADERSHIP TEAM

Assistant City Manager	Julie A. Gutierrez
Assistant City Manager	Nicholas Rodriguez
Director of Finance	Matthew E. Hawkesworth
Director of Housing and Career Services	William K. Huang
Director of Human Resources	Jennifer Curtis
Director of Human Services and Recreation	Horace Wormely
Interim Director of Information Services	Robert Karatsu
Chief Information Officer	Phillip Leclair
Director of Planning and Community Development	David Reyes
Chief of Police	Phillip L. Sanchez
Director of Public Health	Michael Johnson
Director of Public Works	Ara Maloyan
Director of Transportation	Fred Dock
Interim General Manager of Water and Power	Gurcharan Bawa
Public Information Officer	William Boyer
Fire Chief	Bertral T. Washington

OPERATING COMPANY EXECUTIVES

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

CITY OF PASADENA
Organization Chart
June 30, 2016



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2016



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, 2015

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, 2015.

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.



FINANCIAL SECTION



The Sky is the Limit
CAPITOL CRAWL - MARCH 12, 1990
By Alan League



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of 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 City of Pasadena, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, 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.



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

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 of Pasadena, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund and housing successor fund, the schedules of changes in net pension liability and related ratios, and the schedules of plan contributions 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 basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
February 7, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pasadena, we offer this narrative overview and analysis of the financial activities of the City of Pasadena for the fiscal year ended June 30, 2016. 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-xxi of this report.

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.

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'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 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 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 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 five 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, the Project Management Capital Project Fund, and the General Debt Service Fund, all three of which are considered to be major funds. Data from the other thirty two 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 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'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, and Off Street 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 two 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. The activities of the Successor Agency to the Pasadena Community Development Commission are also reported with the City's fiduciary funds as a private purpose trust fund. Individual fund data for each of these fiduciary funds is provided in the form of *combining statements* elsewhere in this report. 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 39-143 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 145-154 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 156-195 of this report.

FINANCIAL HIGHLIGHTS

New Significant Accounting Standards Implemented

In fiscal year 2015-16, the City adopted three new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB) that relates to various accounting matters:

- Statement No. 72, “*Fair Value Measurement and Application*,” and
- Statement No.73, “*Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*,” and
- Statement No. 76, “*The Hierachy of Generally Accepted Accounting Principles for State and Local Governments*”.

Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures for all fair value measurements.

Statement No. 73 establishes requirements for defined pension plans that are not within the scope of Statement No. 68, extending the requirements of Statement No. 68, “Accounting and Financial Reporting for Persions – an amendment of GASB Statement No. 27” to all pensions. As the City implemented GASB Statement No. 68 last year, the majority of this Statement does not apply to the City. A portion of Statement No. 73 provided technical corrections to GASB Statement No. 68 and applies to the City.

Statement No. 76 further defines the hierarchy of generally accepted accounting principles (GAAP), which provides a framework for utilizing sources of accounting principles to prepare state and local government financial statements. This increases the opportunity for more public input into these accounting principles and application to financial reporting with less variation between governments.

Restatement of Beginning Net Position and Fund Balances

As disclosed in Footnote 21 on page 140, the beginning net positions of certain funds were restated to reflect a detailed reconciliation of the capital assets of the City as part of the new Enterprise Resource Planning (ERP) implementation. As a result the net positions of Governmental Activities were reduced by \$10,885,566 and Business-Type Activities were increased \$2,097,762 as of July 1, 2015.

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 and deferred outflows exceeded liabilities and deferred inflows by \$869.5 million at the close of the most recent fiscal year.

\$823.7 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	
	2016	2015*	2016	2015*	2016	2015*
Current and other assets	\$ 360.4	273.9	441.1	407.1	801.5	681.0
Capital assets	402.8	481.6	745.8	678.8	1,148.6	1,160.5
Total Assets	763.2	755.5	1,186.9	1,085.9	1,950.1	1,841.4
Deferred outflows	42.9	26.3	9.0	8.8	51.9	35.1
Long-term debt outstanding	254.0	250.8	294.3	310.6	548.3	561.4
Net pension liability	318.2	296.4	67.8	64.3	386.0	360.7
Other liabilities	58.2	57.2	92.2	43.3	150.4	100.5
Total Liabilities	630.4	604.4	454.3	418.2	1,084.7	1,022.6
Deferred inflows	39.6	64.3	8.2	14.2	47.8	78.5
Net position:						
Net investment in capital assets	405.8	408.2	449.1	371.6	854.9	779.8
Nonspendable	-	-	-	-	-	-
Restricted	56.1	44.3	153.3	176.2	209.4	220.5
Unrestricted	(325.8)	(339.3)	131.0	114.5	(194.8)	(224.8)
Total Net Position	\$ 136.1	113.2	733.4	662.3	869.5	775.5

* As restated

A portion of the City of Pasadena's net position, \$209.3 million or 24.1 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in *unrestricted net position* of, (\$163.5) million, or (18.8) percent is for unrestricted uses in accordance with finance-related legal requirements. This deficit reflects liabilities which exceed assets on hand and is related to implementation of GASB 68 regarding Pension Plan reporting.

At the end of the 2016 fiscal year, the City of Pasadena is able to report positive balances in all categories of net position for the government as a whole except for unrestricted net position.

During the 2016 fiscal year, the primary government's net position increased by \$102.8 million. Approximately \$33.8 million of this is an increase in the City's Governmental Activities and \$69.0 million of this increase is in the City Business-Type Activities. The increase in the Governmental activities reflects increases in spending offset by increases in revenues and a one-time special item related to reinstatement for formal redevelopment loans more fully described in footnote 23. The increase in Business-Type activities is the continuance of positive trend in increased revenues and this year modest increases in expenses.

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City of Pasadena's Changes in Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015*	2016	2015*	2016	2015*
Revenues:						
Program Revenues:						
Charges for services	\$ 75.6	74.6	277.1	287.4	352.8	362.0
Operating and capital grants and contributions	55.8	58.1	2.8	2.9	58.7	61.0
General revenues:						
Taxes:						
Property taxes, levied for general purpose	59.1	56.4	-	-	59.1	56.4
Sales taxes	36.9	33.7	-	-	36.9	33.7
Utility users' tax	28.1	29.3	-	-	28.1	29.3
Other taxes	35.6	33.9	4.6	4.3	40.2	38.2
Other revenues	22.9	21.4	6.3	5.6	29.2	27.0
Misc revenues	14.6	4.9	42.3	15.6	56.9	20.5
Total revenues	328.7	312.3	333.1	315.8	661.8	628.1
Expenses:						
General government	59.4	38.9	-	-	59.4	38.9
Public safety	96.5	106.3	-	-	96.5	106.3
Transportation	35.7	49.5	-	-	35.7	49.5
Culture and leisure	32.3	30.1	-	-	32.3	30.1
Community development	72.7	35.3	-	-	72.7	35.3
Interest and other fiscal charges	9.2	10.3	-	-	9.2	10.3
Electric	-	-	174.9	171.3	174.9	171.3
Water	-	-	45.2	48.5	45.2	48.5
Other expenses	15.2	18.0	29.0	26.4	44.2	44.4
Total expenses	321.0	288.4	249.1	246.2	570.1	534.6
Increase (decrease) in net position before transfers	7.7	23.9	84.0	69.6	91.7	93.5
Transfers	15.0	14.7	(15.0)	(14.7)	-	-
Special Item	11.1	-	-	-	11.1	-
Increase (decrease) in net position	33.8	38.6	69.0	54.9	102.8	93.5
Net position at beginning of year, as restated	102.3	74.6	664.4	607.4	766.7	682.0
Net position at end of year	\$ 136.1	113.2	733.4	662.3	869.5	775.5

* As restated

Governmental Activities

Governmental activities increased City of Pasadena's net position by \$33.8 million, a 33.0 percent increase in the primary government's net position. Key elements of this increase are a combination of factors as follows:

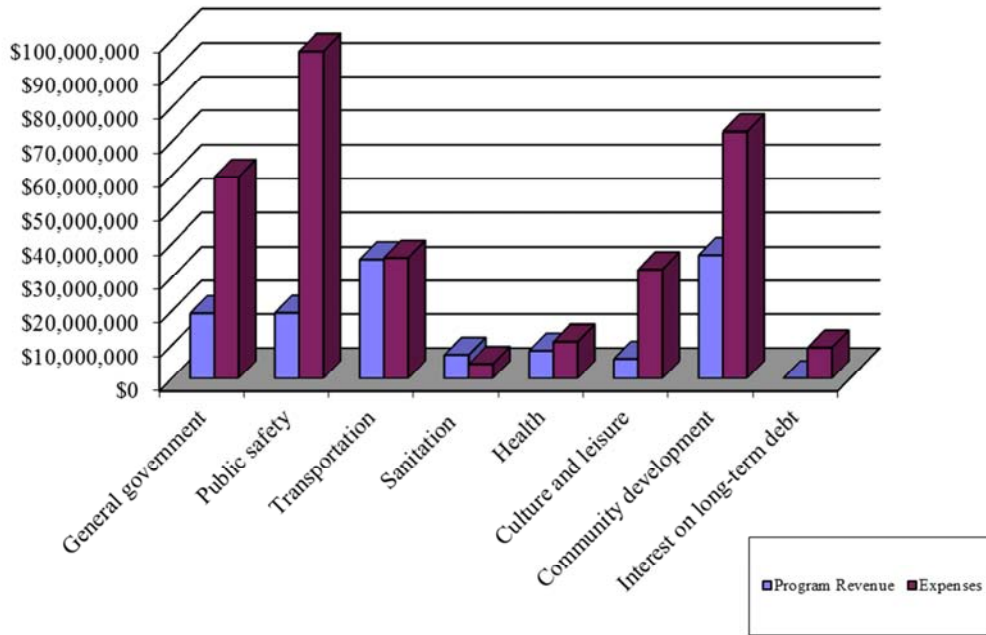
- The revenue components of this increase totaled \$16.4 million or 5.3 percent over prior year revenues. The following categories showed increases: miscellaneous revenues \$9.8 million, sales tax \$3.1 million, charges for services \$1.1 million, property taxes \$2.7 million, other taxes \$1.7 million, and other revenues \$1.5 million. Operating and capital grants and contributions decreased \$2.3 million as did utility user taxes by \$1.2 million.
- While the expense components in total increased \$32.6 million over the prior year, total expenses of \$321.0 million were \$7.7 million less than revenues. The largest changes in expenses from the prior year were:

community development increased \$37.5 million, general government increased \$20.5 million, transportation decreased \$13.8 million, and public safety decreased \$9.8 million.

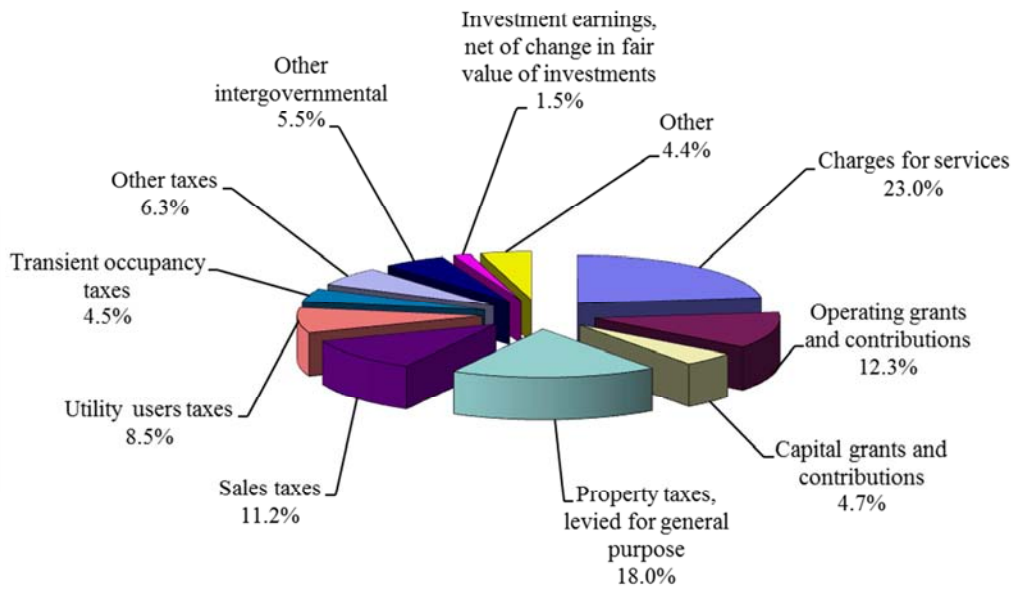
- Net transfers were very close to the prior year amount, at \$15.0 million, only up \$.3 million.
- This year had a special item of \$11.1 million reflecting the California Department of Finance approval which allowed loans made by the City to the City's redevelopment agency to be recognized and future repayment allowed.
- Charges for services increased \$1.1 million or 1.4 percent largely attributable to an improved economy and construction activity. The Community Development component increased \$1.6 million or 12.4 percent primarily due to increased building permits. The General Government component decreased \$.7 million.
- Operating Grants and Contributions decreased \$1.5 million or 3.6 percent, and Capital Grants and Contributions decreased \$.8 million or 5.0 percent from the prior year. The City continues to seek out grant opportunities. However, the City received less Operating Grants and Contributions in Culture and Leisure. The decreases in Capital Grants and Contributions were primarily attributed to the decrease in impact fees in Community Development.
- Tax revenue increased by \$6.4 million or 4.1 percent from fiscal year 2015 in the Governmental Activities reporting section. Property tax revenue of the City increased \$2.7 million or 4.8 percent reflecting sustained growth in assessed values and the additional distribution of tax increment from the City's dissolved redevelopment agency. Sales tax revenue increased by \$3.1 million or 9.3 percent as the City received the final triple-flip sales tax.
- Investment earnings increased \$.5 million or 11.1 percent, due increase in cash and better market conditions.
- Total expenses increased by \$32.6 million to \$321.0 million from \$288.4 million in fiscal year 2015 with increases in some categories offset by decreases in others. The largest increase occurred in Community Development which increased \$37.5 million or 106.3 percent. The City recorded over \$22.0 million bad debt expenses to modify the accounts receivable balances. The City also paid \$4.1 million back to HUD based on a California Department of Finance Determination Letter. The General Government expenses increased approximately \$20.5 million which included \$7.2 million bad debt expense projected for the \$11.1 million enforceable obligation restated per California Department of Finance. The Transportation expenses decreased \$13.8 million due to a fiscal year 2015 capital asset adjustment of \$12.3 million to prepare for the new ERP system implementation.

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Program Revenues and Expenses - Governmental Activities



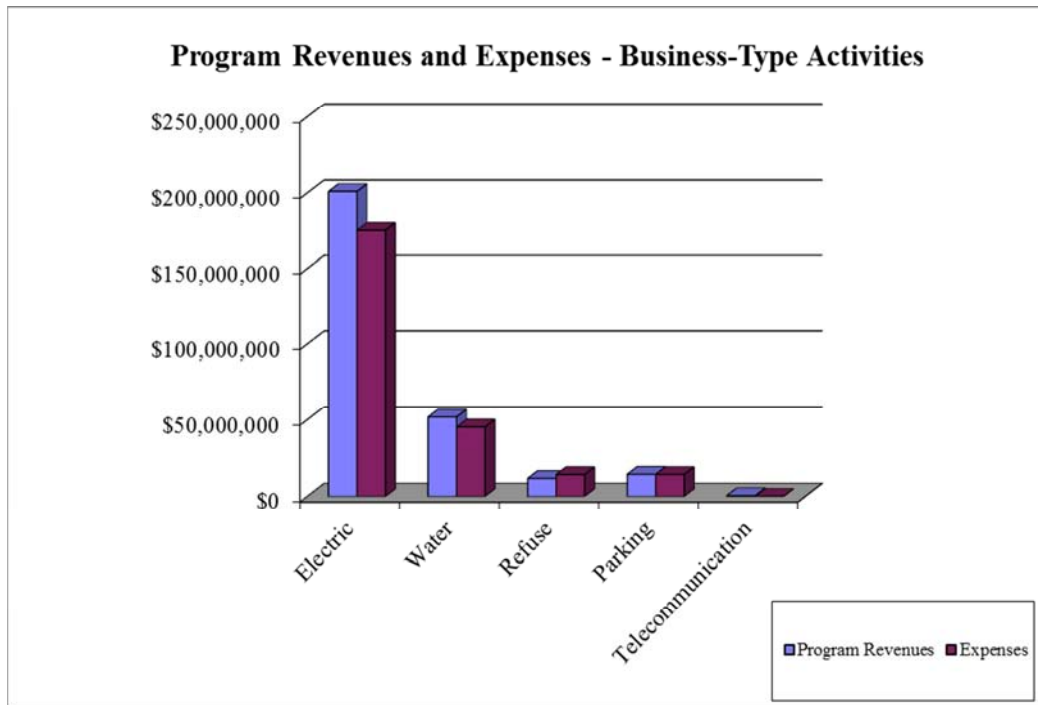
Revenues by Sources - Governmental Activities

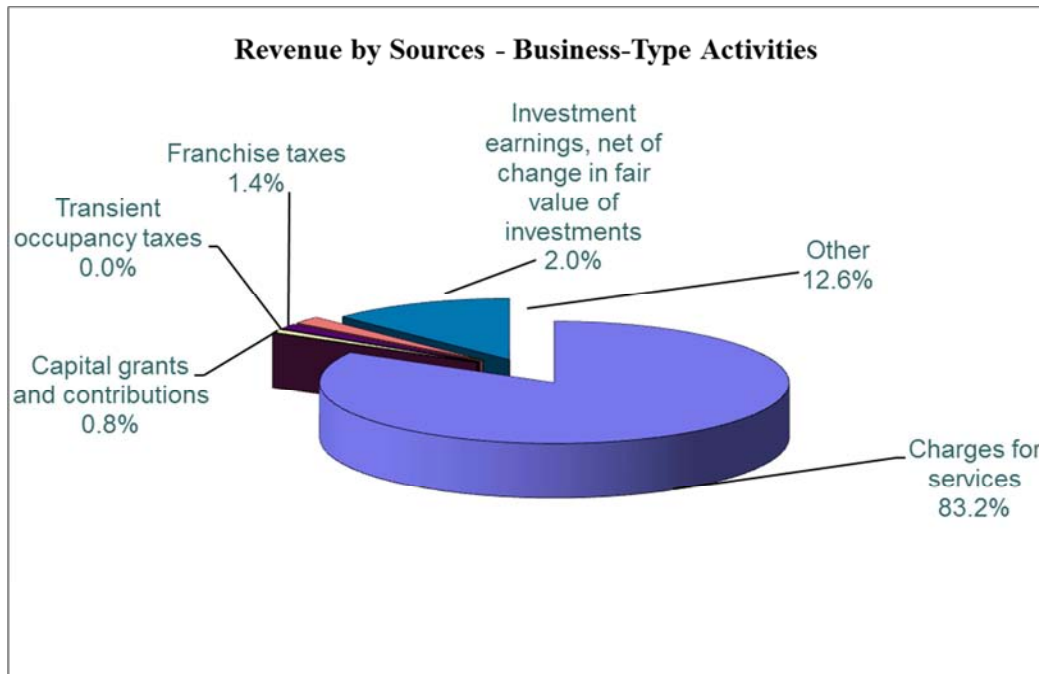


Business-Type Activities

Business-type activities increased the City of Pasadena's net position by \$69.0 million. Key elements of this year's increase are as follows:

- Net income of the Light and Power, Water, Off Street Parking, and Non-Major Enterprise Funds were \$20.0 million, \$11.0 million, \$34.6 million, and \$3.3 million respectively.
- Electric charges for services decreased \$4.5 million or 2.2 percent from the prior year primarily due to reduced utilization.
- Electric expenses (operating plus interest) increased \$3.8 million or 2.2 percent from \$171.0 million to \$174.8 million due to higher operating costs.
- Water charges for services decreased \$6.6 million or 11.5 percent over the prior year mainly due to water conservation efforts during our drought.
- Water expenses (operating plus interest) decreased \$2.9 million or 6.1 percent from \$48.2 million to \$45.2 million mostly due to conservation efforts.
- Off Street Parking revenues increased \$1.0 million and expenses increased \$1.0 million or 7.6 percent.
- Off Street Parking had a onetime miscellaneous revenue item of \$34.4 million which represents recognition of four City parking structures which the California Department of Finance approved for release from the Successor Agency to the City as they serve a governmental purpose.





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'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 on June 27, 2016 when City Council *committed* an additional \$2,500,000 per the current policy of increasing the commitment until a 20 percent of the General Fund annual appropriations per the adopted City Budget is achieved. This increased the General Fund Emergency Contingency committed fund balance to \$33,451,483 at June 30, 2016. This represents 15.2% of the General Fund annual appropriations.

At the end of the 2016 fiscal year, the City's governmental funds reported combined ending fund balances of \$235.1 million, an increase of \$8.7 million in comparison with the prior year. The non-spendable fund balance of \$20.0 million represents assets generated by prepayments, permanent trust fund balances and receivables in funds, net of allowances. The restricted fund balance of \$56.0 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 \$134.8 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 \$17.2 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 2016 fiscal year, total fund balance equaled \$78.5 million in comparison to \$63.2 million in the prior year. The fund balance of the City of

Pasadena's General Fund increased by \$15.3 million or 24.2 percent, during the fiscal year 2016. Key factors in this increase are as follows:

- Total expenditures increased \$6.3 million or 3.2 percent. Four of five of the components increased as follows: \$4.1 million in General Government, \$1.9 million in Public Safety, \$1.0 million in Culture and Leisure, and \$20 thousand in Community Development. Transportation decreased \$.7 million. General Government increase is due to \$7.2 million bad debt expense projected for the \$11.1 million enforceable obligation re-stated per California Department of Finance, \$1.9 million increase in personnel cost as more vacant positions are filled and \$5.1 million decrease due to the water settlement in the fiscal year 2015. Culture and leisure increase is primarily due to increase in transfer of Transient Occupancy Tax by \$1.5 million to PCOC, and the other expenses decreased \$.5 million. Transportation expenditures decreased \$.7 million due to less service and supply expenditures in the fiscal year 2016. Public Safety cost increased by \$1.9 million primarily due to police officers and firefighters position coverage increases and higher workers compensation cost for both police and fire, and Police officers received \$.6 million more certification pay in the fiscal year 2016.
- Total revenues increased by \$8.1 million and are explained by increases in seven categories of revenue and decreases in one category, as explained below:
 - Taxes increased by a net \$6.4 million showing continued strengthening of economic recovery. Sales tax increased \$4.6 million as the City received the final disbursement of the triple-flip sales tax in the fiscal year 2016. Transient Occupancy tax revenue increased \$1.7 million; Property tax revenue increased \$1.2 million, and the utility users tax decreased by \$1.0 million.
 - Charges for services decreased \$1.1 million in various categories.
 - Intergovernmental revenues increased by \$1.3 million primarily due to receipt of \$.7 million from FEMA. The City received \$.9 million more in motor vehicle in lieu of tax and \$.4 million less State Mandate Costs.
 - Miscellaneous revenues increased by \$0.7 million due to revenue recognized from old deposit payables by the Human Services and Recreation Department.
 - The remaining differences are smaller and cover a number of categories: licenses and permits up \$.4 million, fines and forfeits up \$49 thousand, investment earnings up \$.2 million, and rental income up \$36 thousand.
 - General Fund Transfers in increased \$1.1 million and Transfers out increased \$9.6 million for a combined net increase in other financing use of \$8.5 million. The three largest changes in transfers out of the General Fund were related to \$5.2 million more debt service obligations due to the new 2015 Taxable Pension Obligation, \$3.4 million more to Capital Project Fund, and \$.9 million more transfers out to the Refuse Fund in order to qualify for \$.9 million storm water state mandate costs. The \$1.1 million increase of transfers in is due to \$1.2 million from Light and Power to cover debt service and other costs.

The Project Management Capital Project Fund has a fund balance of \$0.2 million, which is a decrease of \$0.5 million from the prior year. The key factors contributing to this decrease are as follows:

- A net increase of \$0.8 million in total revenues reflects a \$3.3 million or 64 percent increase in Intergovernmental revenues and \$2.5 million or 60 percent decrease in Contributions. Intergovernmental revenues are primarily Federal transportation grants and Los Angeles County Metro funding. The decrease in contribution of \$2.5 million is due to decreased contribution from Light and Power Fund and Water Fund for the Enterprise Resource Project by \$0.7 million and the balance is decreased of private contributions where the City is paid to install street lights, sewer, traffic signals, and other items upon request.

- Total expenditures increased \$12.2 million primarily due to increased expenditures incurred on Municipal Buildings, Parking Structures and Technology projects by \$1.6 million, increased Street Improvements projects by \$8.5 million, increased Transportation projects by \$0.3 million, increased Sewer and Storm Drain projects by \$1.0 million, increased Arroyo projects by \$0.2 million and increased Parks and Landscaping projects by \$1.0 million
- Other financing sources increased by \$9.3 million or 104 percent from \$8.9 million in 2015 to \$18.3 million in 2016. 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 \$117.4 million and those for the Water, Off Street Parking Fund, and Non-Major Enterprise Funds amounted to \$30.9 million, \$2.3 million, and \$6.3 million respectively. The total net income or (loss) for each fund was \$20.0 million, \$11.0 million, \$34.6 million, and \$3.3 million respectively.

Light and Power operating revenues decreased \$4.6 million from prior year. Total retail electric energy sold was approximately 1.1 million megawatt hours, a 1.0 percent decrease compared to prior fiscal year. Total operating expenses increased \$4.2 million or 2.5 percent to \$170.7 million and are attributable to increased utility production costs.

Water Fund operating revenues decreased \$6.6 million due to significant conservation efforts during our drought. Operating expenses decreased \$2.8 million or 6.4 percent. Water Fund purchased water expenses decreased \$2.0 million or 10.3 percent.

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 net income of \$34.6 million in FY 2016. This included \$34.4 million of onetime miscellaneous revenue to recognize four City parking structures which the California Department of Finance has approved for release from the Successor Agency to the City as they serve a governmental purpose. Without this one time transaction, net income would have been \$.2 million.

Last year's Implementation of GASB 68 has resulted in showing a "GASB 68 Net Pension Liability" in the Proprietary Funds at June 30, 2016. The GASB 68 Net Pension Liability is \$45.8 million, \$15.4 million, \$.8 million, and \$5.8 million for Light and Power, Water, Off Street Parking, and Non-Major Enterprise funds respectively.

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, 2016 amounts to \$1,239.8 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 \$79.3 million (a \$2.3 million decrease for governmental activities and \$81.7 million increase for business-type activities.)

Major capital asset related events during the 2016 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, Curbs and Gutters, rehabilitate La Loma Bridge, replace or construct restroom buildings in various parks. Projects completed during the 2016 fiscal year reached \$49.8 million. Costs for projects that are not completed are shown as Construction in Progress. The amount of Construction in Progress for the governmental activities as of June 30, 2016 is \$36.6 million and for the business-type activities is \$274.7 million.
- In the area of technology upgrade project, the City spent \$2.3 million towards implementation of an integrated ERP (Enterprise Reporting Planning) system and spent \$1.2 million for equipment life cycle replacement
- Improvement of city-owned facilities continues. \$3.3 million were spent for preventive maintenance and technology upgrade for the City buildings and facilities during fiscal year 2016.
- As of June 30, 2016, the business-type activities net assets amounted to \$760.5 million, an increase of 12 percent or \$81.7 million.
- Off Street Parking net assets amounted to \$49.1 million, an increase of \$32.6 million. This is primarily due to transfer back to the City of ownership of Plaza Las Fuentes and Paseo parking structures by the Successor Agency to Pasadena Community Development Commission authorized by the California Department of Finance.
- Water and Power utility plant net assets amounted to \$706.8 million, an increase of \$49.2 million. During the fiscal year, the City spent \$98.2 million on various water and power projects and moved \$27.1 million into completed projects.
 - Some of the major power projects are Utility undergrounding \$4.6 million, Power Distribution Capacity and reliability \$3.1 million, 4kvdistribution System conversion \$2.4 million, Services from Public Right-of-Way \$1.8 million and Services from Utility Underground System Private Property Vaults \$1.2 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 costs for this project are \$132 million and expenditures during fiscal year 2016 totaled \$40.9 million.
 - Some of the major Water projects are Distribution Mains \$3.7 million, Meter and Services \$3.2 million, Customer Driven Meters and Services \$3.0 million, Monk Hill Perchlorate Treatment Plant \$1.3 million and Reservoir Improvements \$1.2 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	76.5	67.7	14.6	6.3	91.1	74.0
Buildings and improvements	164.6	166.9	53.2	55.4	217.8	222.3
Machinery and equipment	26.9	29.6	418.0	393.4	444.9	423.0
Infrastructure	174.7	186.9	-	-	174.7	186.9
Construction in progress	36.6	30.5	274.7	223.7	311.3	254.3
Totals	479.3	481.6	760.5	678.8	1,239.8	1,160.5

Additional information on the City of Pasadena's capital assets can be found in note 7 on pages 73-75 of this report.

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These include \$119.5 million of taxable pension bonds, \$292.0 million of revenue bonds, \$77.8 million of certificates of participation, \$7.2 million of notes payable and \$4.8 million of capitalized lease obligations. Long-term debt decreased by a net amount of \$9.4 million as a result of new debt issuance, normal scheduled principal maturities, increased compensated absences, increased Other Post-Employment Benefits (OPEB), decreased insurance claims payable. The net pension obligation increased \$25.2 million. The City was assigned an AAA issuer rating by Standard and Poor's and AA+ rating by Fitch Rating Agency.

The new issues are:

- Notes Payable Section 108 – Robinson Park Project \$6,000,000
- 2015 Refunding Certificates of Participation, Series 2015A \$55,350,000
- 2015 Equipment Lease – South Lake Parking Meters \$112,924

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Long-term debt (including premium/discount):						
Notes payable	\$ 6.5	0.6	0.7	0.8	7.2	1.4
Bonds	122.3	122.8	289.2	303.4	411.5	426.2
Certificates of participation	73.4	73.2	4.4	6.3	77.8	79.5
Capitalized lease obligations	4.8	6.2	-	-	4.8	6.2
Total long-term debt	207.0	202.8	294.3	310.5	501.3	513.3
Operational Liabilities:						
Compensated absences	9.8	8.2	-	-	9.8	8.2
OPEB	22.9	19.1	-	-	22.9	19.1
Insurance Claims Payable	37.1	39.9	-	-	37.1	39.9
Total operational liabilities	69.8	67.2	-	-	69.8	67.2
Totals	\$ 276.8	270.0	294.3	310.5	571.1	580.5
Net pension obligation	318.2	296.4	67.7	64.3	385.9	360.7

Additional information on the City of Pasadena's long-term debt can be found in note 9 on pages 78 to 88 of this report. Information on Insurance Claims Payable can be found in note 16 on pages 110 to 112, Other Post-Employment Benefits can be found in note 20 on pages 134 to 139, and Net Pension Obligation in note 18 on pages 114 to 132.

The City reports four items of significant economic importance in its subsequent event note 24 on pages 142 to 143.

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 S348, Pasadena, California, 91109.

CITY OF PASADENA
Statement of Net Position
June 30, 2016

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments (note 2)	\$ 220,777,329	221,812,918	442,590,247
Accounts receivable, net (note 3)	34,501,177	31,800,992	66,302,169
Notes receivable (note 4 and 6)	137,865	36,948,750	37,086,615
Internal balances	6,366,545	(6,366,545)	-
Inventories	363,666	21,710,750	22,074,416
Prepays and other assets	195,194	21,020,668	21,215,862
Advances to component units (note 6)	1,150,351	-	1,150,351
Due from City	-	-	-
Due from Successor Agency	3,948,874	4,055,000	8,003,874
Restricted assets - cash and investments (note 2)	8,868,753	95,472,818	104,341,571
Derivative instrument asset (note 10)	106,079	-	106,079
Property held for resale	7,563,853	-	7,563,853
Capital assets (note 7):			
Land	76,447,083	14,676,119	91,123,202
Construction in progress	36,622,246	274,672,069	311,294,315
Other capital assets, net	366,224,405	471,145,613	837,370,018
Total assets	<u>763,273,420</u>	<u>1,186,949,152</u>	<u>1,950,222,572</u>
Deferred outflow of resources			
Accumulated decrease in fair value of hedging derivatives	-	-	-
Deferred charges - bond refunding (note 8)	5,348,580	2,687,350	8,035,930
Deferred Outflows related to net pension liability (note 8 and 18)	37,576,336	6,323,641	43,899,977
Total deferred outflow of resources	<u>42,924,916</u>	<u>9,010,991</u>	<u>51,935,907</u>
Liabilities			
Accounts payable and accrued liabilities	28,569,793	34,989,462	63,559,255
Deposits	5,067,817	7,712,735	12,780,552
Due to primary government	-	-	-
Due to other governments	465,512	-	465,512
Advances from primary government (note 6)	-	-	-
Unearned revenues	1,371,854	3,899,100	5,270,954
Line of credit (note 9)	-	45,700,000	45,700,000
Derivative instrument liability (note 10)	-	-	-
Noncurrent liabilities:			
Net pension liability (note 18)	318,218,281	67,770,369	385,988,650
Other post employment benefits liability (note 20)	22,893,780	-	22,893,780
Due within one year (note 9)	29,372,484	17,763,327	47,135,811
Due in more than one year (note 9)	224,596,627	276,545,918	501,142,545
Total liabilities	<u>630,556,148</u>	<u>454,380,911</u>	<u>1,084,937,059</u>
Deferred inflow of resources			
Accumulated increase in fair value of interest rate swap (note 10)	106,079	-	106,079
Derivative instruments (note 10)	446,487	-	446,487
Deferred refunding charge	-	-	-
Deferred inflows related to net pension liability (note 8 and 18)	39,007,138	8,161,170	47,168,308
Sale of future revenue	-	-	-
Service concession agreement	-	-	-
Total deferred inflow of resources	<u>39,559,704</u>	<u>8,161,170</u>	<u>47,720,874</u>
Net Position			
Net Investment in capital assets	405,857,937	449,140,888	854,998,825
Restricted:			
Expendable:			
Public safety	1,975,568	-	1,975,568
Culture and leisure	2,034,775	-	2,034,775
Capital projects	5,597,842	-	5,597,842
Community development	17,155,457	-	17,155,457
Contribution	-	18,915,465	18,915,465
Debt service	12,036,110	25,668,623	37,704,733
Stranded investments (notes 12 and 19)	-	106,452,586	106,452,586
Transportation	16,661,443	-	16,661,443
Other purposes	589,348	2,203,392	2,792,740
Unrestricted	(325,825,996)	131,037,108	(194,788,888)
Total net position	<u>136,082,484</u>	<u>733,418,062</u>	<u>869,500,546</u>

See accompanying notes to the basic financial statements.

Aggregate Component Units	Total
26,392,466	468,982,713
6,322,192	72,624,361
-	37,086,615
-	-
-	22,074,416
851,334	22,067,196
-	1,150,351
1,193,706	1,193,706
-	8,003,874
27,186,919	131,528,490
-	106,079
-	7,563,853
2,611,707	93,734,909
3,610,950	314,905,265
346,220,618	1,183,590,636
<u>414,389,892</u>	<u>2,364,612,464</u>
34,760,284	34,760,284
1,376,692	9,412,622
879,965	44,779,942
<u>37,016,941</u>	<u>88,952,848</u>
11,232,456	74,791,711
1,209,478	13,990,030
1,524,212	1,524,212
301,493	767,005
1,150,351	1,150,351
-	5,270,954
-	45,700,000
34,760,284	34,760,284
1,993,478	387,982,128
-	22,893,780
6,046,443	53,182,254
369,341,038	870,483,583
<u>427,559,233</u>	<u>1,512,496,292</u>
-	106,079
6,567,683	7,014,170
1,785,946	1,785,946
362,440	47,530,748
4,401,221	4,401,221
546,621	546,621
<u>13,663,911</u>	<u>61,384,785</u>
(18,700,514)	836,298,311
-	1,975,568
-	2,034,775
29,385,568	34,983,410
-	17,155,457
-	18,915,465
-	37,704,733
-	106,452,586
-	16,661,443
-	2,792,740
<u>(501,365)</u>	<u>(195,290,253)</u>
<u>10,183,689</u>	<u>879,684,235</u>

CITY OF PASADENA
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 59,424,710	18,053,230	1,166,215	-
Public safety	96,484,245	14,840,612	4,491,988	-
Transportation	35,739,501	16,383,695	7,830,248	11,047,612
Sanitation	4,266,631	7,007,799	-	-
Health	10,913,967	644,371	7,611,296	-
Culture and leisure	32,285,646	4,504,217	1,314,220	-
Community development	72,725,074	14,193,042	18,007,611	4,335,746
Interest and other fiscal charges	9,187,233	-	-	-
Total governmental activities	<u>321,027,007</u>	<u>75,626,966</u>	<u>40,421,578</u>	<u>15,383,358</u>
Business-type activities:				
Electric	174,858,117	199,197,455	-	1,813,649
Water	45,240,147	50,834,933	-	975,613
Refuse	14,420,675	11,880,419	-	-
Parking	14,487,627	14,620,547	-	-
Telecommunication	141,498	608,652	-	-
Total business-type activities	<u>249,148,064</u>	<u>277,142,006</u>	<u>-</u>	<u>2,789,262</u>
Total primary government	<u>\$ 570,175,071</u>	<u>352,768,972</u>	<u>40,421,578</u>	<u>18,172,620</u>
Aggregate Component Units	<u>\$ 65,515,363</u>	<u>41,744,880</u>	<u>-</u>	<u>219,981</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

(Loss) on sale of assets

Miscellaneous revenues

Reinstatement of PCDC Loan (note 23)

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated (note 21)

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	Aggregate Component Units	Total
(40,205,265)	-	(40,205,265)	-	(40,205,265)
(77,151,645)	-	(77,151,645)	-	(77,151,645)
(477,946)	-	(477,946)	-	(477,946)
2,741,168	-	2,741,168	-	2,741,168
(2,658,300)	-	(2,658,300)	-	(2,658,300)
(26,467,209)	-	(26,467,209)	-	(26,467,209)
(36,188,675)	-	(36,188,675)	-	(36,188,675)
(9,187,233)	-	(9,187,233)	-	(9,187,233)
(189,595,105)	-	(189,595,105)	-	(189,595,105)
-	26,152,987	26,152,987	-	26,152,987
-	6,570,399	6,570,399	-	6,570,399
-	(2,540,256)	(2,540,256)	-	(2,540,256)
-	132,920	132,920	-	132,920
-	467,154	467,154	-	467,154
-	30,783,204	30,783,204	-	30,783,204
(189,595,105)	30,783,204	(158,811,901)	-	(158,811,901)
-	-	-	(23,550,502)	(23,550,502)
59,141,195	-	59,141,195	-	59,141,195
36,854,764	-	36,854,764	-	36,854,764
28,099,333	-	28,099,333	-	28,099,333
14,863,549	-	14,863,549	9,865,330	24,728,879
4,375,472	-	4,375,472	-	4,375,472
6,482,993	-	6,482,993	-	6,482,993
2,542,098	4,574,692	7,116,790	-	7,116,790
7,334,575	-	7,334,575	3,525,664	10,860,239
18,005,608	-	18,005,608	121,509	18,127,117
4,955,663	6,592,666	11,548,329	2,946,813	14,495,142
(59,587)	(310,598)	(370,185)	-	(370,185)
14,621,055	42,426,905	57,047,960	8,603,741	65,651,701
11,128,159	-	11,128,159	-	11,128,159
15,032,532	(15,032,532)	-	-	-
223,377,409	38,251,133	261,628,542	25,063,057	286,691,599
33,782,304	69,034,337	102,816,641	1,512,555	104,329,196
102,300,180	664,383,725	766,683,905	8,671,134	775,355,039
\$ 136,082,484	733,418,062	869,500,546	10,183,689	879,684,235

CITY OF PASADENA
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General</u>	<u>Project Management Capital Projects</u>	<u>General Debt Service</u>	<u>Housing Successor</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Assets:						
Cash and investments (note 2)	\$ 54,897,130	1,379,281	3,183,636	4,011,219	136,449,314	199,920,580
Cash with fiscal agent (note 2)	-	-	-	-	8,843,753	8,843,753
Accounts receivable, net (note 3)	21,219,623	4,922,200	8,721	5,132	7,981,933	34,137,609
Notes receivable (note 4)	51,508	-	-	20,889,093	47,769,657	68,710,258
Due from other funds (note 5)	5,406,941	-	-	-	-	5,406,941
Due from Successor Agency	11,128,159	-	-	-	-	11,128,159
Prepays and other assets	-	-	-	-	62,752	62,752
Restricted cash and investments	25,000	-	-	-	-	25,000
Advances to other funds (note 6)	7,136,545	-	-	-	-	7,136,545
Advances to component units (note 6)	1,150,351	-	-	-	-	1,150,351
Allowance for uncollectible notes receivable (note 4)	(51,508)	-	-	(20,889,093)	(47,631,792)	(68,572,393)
Allowance for due to Successor Agency	(7,179,285)	-	-	-	-	(7,179,285)
Property held for resale	-	-	-	1,400,000	6,163,853	7,563,853
Total assets	<u>93,784,464</u>	<u>6,301,481</u>	<u>3,192,357</u>	<u>5,416,351</u>	<u>159,639,470</u>	<u>268,334,123</u>
Liabilities:						
Accounts payable and accrued liabilities	9,768,025	4,472,922	-	10	3,700,516	17,941,473
Deposits	4,401,983	-	-	-	665,834	5,067,817
Due to other funds (note 5)	-	-	-	-	2,542,221	2,542,221
Due to other governments	3,969	-	-	-	461,543	465,512
Unearned revenue	-	-	-	-	1,371,854	1,371,854
Advances from other funds (note 6)	770,000	-	-	-	-	770,000
Capitalized lease obligations - long-term	-	-	-	-	-	-
Total liabilities	<u>14,943,977</u>	<u>4,472,922</u>	<u>-</u>	<u>10</u>	<u>8,741,968</u>	<u>28,158,877</u>
Deferred inflow of resources:						
Unavailable revenues (note 8)	387,583	1,647,153	-	-	3,026,625	5,061,361
Fund balances:						
Nonspendable	1,107,611	-	-	-	7,798,601	8,906,212
Restricted	400,000	3,694,483	3,192,357	5,416,341	43,347,362	56,050,543
Committed	33,451,483	2,704,749	-	-	98,633,572	134,789,804
Assigned	17,227,006	-	-	-	-	17,227,006
Unassigned	26,266,804	(6,217,826)	-	-	(1,908,658)	18,140,320
Total fund balances	<u>78,452,904</u>	<u>181,406</u>	<u>3,192,357</u>	<u>5,416,341</u>	<u>147,870,877</u>	<u>235,113,885</u>
Total liabilities and fund balances	<u>\$ 93,784,464</u>	<u>6,301,481</u>	<u>3,192,357</u>	<u>5,416,351</u>	<u>159,639,470</u>	<u>268,334,123</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, 2016

Fund balances of governmental funds	\$	235,113,885
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.		461,535,362
Long-term debt has not been included in governmental fund activity.		
Notes payable	\$	(6,532,849)
Pension bonds		(119,460,000)
Revenue bonds		(5,080,000)
Certificates of participation		(67,146,976)
Capitalized lease obligations		(3,266,891)
Other post employment benefits liability		(22,893,780)
Unamortized premium (discount)		(4,030,275)
Net adjustment		(228,410,771)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(2,207,330)
Unavailable revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.		
Revenues not available		
General Fund	\$	387,583
Project Management Capital Project Fund		1,647,153
Non-Major Governmental Funds		3,026,625
Total revenues not available		5,061,361
The substance of an advanced refunding is reported as deferring the difference and amortizing it over future periods.		5,324,374
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.		
Deferred amount related to the hedgeable portion of the derivative instrument		(446,487)
The City implemented GASB68. The following related items have been reflected in the Statement of Net Position.		
Net pension liability	\$	(241,430,724)
Net pension liability - deferred inflows		(29,888,938)
Net pension liability - deferred outflows		30,584,607
		(240,735,055)
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		
Internal service funds	\$	(122,046,635)
OPEB liability included in long term debt		22,893,780
		(99,152,855)
Net position of governmental activities	\$	<u>136,082,484</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, 2016

	General	Project Management Capital Projects	General Debt Service	Housing Successor	Non-Major Governmental Funds	Total
Revenues:						
Taxes	\$ 150,707,823	-	-	-	8,986,156	159,693,979
Licenses and permits	4,317,626	-	-	-	10,628,032	14,945,658
Intergovernmental revenues	17,981,082	8,459,230	-	-	38,858,835	65,299,147
Charges for services	34,699,807	17,360	-	1,208	12,265,776	46,984,151
Fines and forfeits	7,377,968	-	-	-	-	7,377,968
Investment earnings	2,938,186	-	13,776	18,677	1,809,309	4,779,948
Rental income	1,200,454	-	-	61,741	2,949,674	4,211,869
Miscellaneous revenues	3,662,805	-	-	439,407	12,238,850	16,341,062
Contributions	-	1,619,713	-	-	4,876,344	6,496,057
Total revenues	<u>222,885,751</u>	<u>10,096,303</u>	<u>13,776</u>	<u>521,033</u>	<u>92,612,976</u>	<u>326,129,839</u>
Expenditures:						
Current:						
General government	47,923,747	-	263,693	-	396,270	48,583,710
Public safety	106,355,091	-	-	-	2,302,442	108,657,533
Transportation	24,682,710	-	-	-	11,856,507	36,539,217
Sanitation	-	-	-	-	4,356,330	4,356,330
Health	-	-	-	-	11,294,173	11,294,173
Culture and leisure	18,723,894	-	-	-	13,518,143	32,242,037
Community development	6,607,544	-	-	16,220,632	38,012,695	60,840,871
Capital outlay	-	28,907,221	-	-	124,275	29,031,496
Debt service:						
Principal retirement	-	-	834,022	-	5,777,047	6,611,069
Interest	-	-	5,427,743	-	2,711,616	8,139,359
Total expenditures	<u>204,292,986</u>	<u>28,907,221</u>	<u>6,525,458</u>	<u>16,220,632</u>	<u>90,349,498</u>	<u>346,295,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,592,765</u>	<u>(18,810,918)</u>	<u>(6,511,682)</u>	<u>(15,699,599)</u>	<u>2,263,478</u>	<u>(20,165,956)</u>
Other financing sources (uses):						
Proceeds from issuance of debt	-	-	112,924	-	6,000,000	6,112,924
Proceeds from issuance of refunding debt	-	-	-	-	55,350,000	55,350,000
Release of reserves	-	-	-	-	(1,002,949)	(1,002,949)
Bond premium (discount)	-	-	-	-	5,790,149	5,790,149
Payment to refunded bond escrow agent	-	-	-	-	(60,762,161)	(60,762,161)
Reinstatement of PCDC Loan (note 23)	11,128,159	-	-	-	-	11,128,159
Transfers in (note 15)	19,576,357	18,383,854	6,261,766	-	77,697,949	121,919,926
Transfers out (note 15)	<u>(34,042,940)</u>	<u>(67,598)</u>	<u>(112,924)</u>	-	<u>(75,408,048)</u>	<u>(109,631,510)</u>
Total other financing sources (uses)	<u>(3,338,424)</u>	<u>18,316,256</u>	<u>6,261,766</u>	<u>-</u>	<u>7,664,940</u>	<u>28,904,538</u>
Change in fund balances	<u>15,254,341</u>	<u>(494,662)</u>	<u>(249,916)</u>	<u>(15,699,599)</u>	<u>9,928,418</u>	<u>8,738,582</u>
Fund balances at beginning of year, as restated (note 21)	<u>63,198,563</u>	<u>676,068</u>	<u>3,442,273</u>	<u>21,115,940</u>	<u>137,942,459</u>	<u>226,375,303</u>
Fund balances at end of year	<u>\$ 78,452,904</u>	<u>181,406</u>	<u>3,192,357</u>	<u>5,416,341</u>	<u>147,870,877</u>	<u>235,113,885</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, 2016

Net change in fund balances - total governmental funds	\$	8,738,582
<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		29,031,496
Depreciation		(8,479,602)
Capital Projects Completed		282,923
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(11,870,247)
<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:		
Certificates of Participation	\$	(55,350,000)
Notes Payable		(6,000,000)
Capitalized lease obligations		(112,924)
Repayments:		
Changes in net pension obligations for FPRS		(7,798,000)
To bond, certificate, and note holders		61,946,071
Net adjustment		(7,314,853)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
		2,339,935
<p>Bond issuance costs, premiums, discounts, and similar items are recorded as expenditures in governmental funds when debt is first issued, whereas these payments are deferred and amortized in the Statement of Activities. This amount is the net offset of the differences.</p>		
		(5,505,467)
<p>The net difference between the outstanding amount and the advanced refunding was recorded as expenditures in the governmental funds. This amount is deferred and amortized in the Statement of Activities.</p>		
		5,427,161
<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>		
		(100,481)
<p>GASB68 Pension Expense</p>		
		18,406,519
<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>		
		2,826,338
Change in net position of governmental activities		\$ 33,782,304

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Net Position
Proprietary Funds
June 30, 2016

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Assets				
Current assets:				
Cash and investments (note 2)	\$ 158,175,499	40,073,271	7,164,225	16,399,923
Accounts receivable, net (note 3)	22,171,720	6,608,083	210,764	2,610,425
Notes receivable (note 4)	5,826,250	-	-	-
Due from Successor Agency	-	-	4,055,000	-
Inventories	13,265,894	8,444,856	-	-
Prepays and other assets	3,365,732	322,210	301,217	-
Total current assets	<u>202,805,095</u>	<u>55,448,420</u>	<u>11,731,206</u>	<u>19,010,348</u>
Noncurrent assets:				
Restricted assets - cash and investments:				
To finance stranded investments (note 12)	69,503,836	-	-	-
Other restricted cash and investments	15,065,953	6,427,126	4,475,903	-
Advances to other funds (note 6)	770,000	-	-	-
Deposit with Independent System Operator (ISO)	200,000	-	-	-
Notes receivable (note 4)	31,122,500	-	-	-
Prepaid long-term assets	17,031,509	-	-	-
Capital assets (note 7)	889,236,771	276,250,084	85,253,790	10,770,334
Less accumulated depreciation	<u>(369,594,196)</u>	<u>(89,010,288)</u>	<u>(36,075,936)</u>	<u>(6,336,758)</u>
Net property, plant and equipment	<u>519,642,575</u>	<u>187,239,796</u>	<u>49,177,854</u>	<u>4,433,576</u>
Total noncurrent assets	<u>653,336,373</u>	<u>193,666,922</u>	<u>53,653,757</u>	<u>4,433,576</u>
Total assets	<u>856,141,468</u>	<u>249,115,342</u>	<u>65,384,963</u>	<u>23,443,924</u>
Deferred outflow of resources				
Deferred charges - bond refunding	2,224,223	463,127	-	-
Deferred Outflows related to net pension liability	4,141,384	1,554,261	81,641	546,355
Total	<u>6,365,607</u>	<u>2,017,388</u>	<u>81,641</u>	<u>546,355</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	26,587,983	5,834,239	1,146,428	1,420,812
Deposits	1,899,086	243,795	253,405	5,316,449
Insurance claims payable - current (note 16)	-	-	-	-
Due to other funds (note 5)	-	-	-	-
Unearned revenues	2,533,631	1,365,469	-	-
Compensated absences	-	-	-	-
Line of credit	45,700,000	-	-	-
Notes payable - current (note 9)	-	-	176,669	-
Revenue bonds - current (note 9)	11,290,000	3,630,000	600,000	-
Certificates of participation - current (note 9)	-	-	2,066,658	-
Capitalized lease obligations - current (note 9)	-	-	-	-
Total current liabilities	<u>88,010,700</u>	<u>11,073,503</u>	<u>4,243,160</u>	<u>6,737,261</u>
Noncurrent liabilities:				
Insurance claims payable - long-term (note 16)	-	-	-	-
OPEB liability - long-term (notes 9 and 20)	-	-	-	-
Advances from other funds (note 6)	-	-	7,136,545	-
GASB68 Net pension liability	45,755,405	15,371,629	828,445	5,814,890
Notes payable - long-term (note 9)	-	-	482,108	-
Revenue bonds - long-term (note 9)	181,444,878	68,227,566	24,100,000	-
Certificates of participation - long-term (note 9)	-	-	2,291,366	-
Capitalized lease obligations - long-term (note 9)	-	-	-	-
Total long-term liabilities	<u>227,200,283</u>	<u>83,599,195</u>	<u>34,838,464</u>	<u>5,814,890</u>
Total liabilities	<u>315,210,983</u>	<u>94,672,698</u>	<u>39,081,624</u>	<u>12,552,151</u>
Deferred inflow of resources:				
Deferred inflows related to net pension liability	5,625,359	1,739,682	115,667	680,462
Total	<u>5,625,359</u>	<u>1,739,682</u>	<u>115,667</u>	<u>680,462</u>
Net Position				
Net Investment in capital assets	298,497,873	122,272,483	23,936,956	4,433,576
Restricted:				
Debt Service	14,765,594	6,427,126	4,475,903	-
Contribution	17,371,327	1,544,138	-	-
Stranded investments (notes 12 and 19)	106,452,586	-	-	-
Other purposes	2,203,392	-	-	-
Unrestricted	<u>102,379,961</u>	<u>24,476,603</u>	<u>(2,143,546)</u>	<u>6,324,090</u>
Total net position	<u>\$ 541,670,733</u>	<u>154,720,350</u>	<u>26,269,313</u>	<u>10,757,666</u>

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
221,812,918	20,856,749	242,669,667
31,600,992	363,568	31,964,560
5,826,250	-	5,826,250
4,055,000	-	4,055,000
21,710,750	363,666	22,074,416
3,989,159	132,442	4,121,601
<u>288,995,069</u>	<u>21,716,425</u>	<u>310,711,494</u>
69,503,836	-	69,503,836
25,968,982	-	25,968,982
770,000	-	770,000
200,000	-	200,000
31,122,500	-	31,122,500
17,031,509	-	17,031,509
1,261,510,979	43,696,398	1,305,207,377
(501,017,178)	(25,938,026)	(526,955,204)
<u>760,493,801</u>	<u>17,758,372</u>	<u>778,252,173</u>
<u>905,090,628</u>	<u>17,758,372</u>	<u>922,849,000</u>
<u>1,194,085,697</u>	<u>39,474,797</u>	<u>1,233,560,494</u>
2,687,350	24,206	2,711,556
<u>6,323,641</u>	<u>6,991,729</u>	<u>13,315,370</u>
<u>9,010,991</u>	<u>7,015,935</u>	<u>16,026,926</u>
34,989,462	8,420,990	43,410,452
7,712,735	-	7,712,735
-	12,614,272	12,614,272
-	2,864,720	2,864,720
3,899,100	-	3,899,100
-	9,792,780	9,792,780
45,700,000	-	45,700,000
176,669	-	176,669
15,520,000	-	15,520,000
2,066,658	-	2,066,658
-	619,957	619,957
<u>110,064,624</u>	<u>34,312,719</u>	<u>144,377,343</u>
-	24,473,929	24,473,929
-	22,893,780	22,893,780
7,136,545	-	7,136,545
67,770,369	76,787,557	144,557,926
482,108	-	482,108
273,772,444	-	273,772,444
2,291,366	-	2,291,366
-	951,182	951,182
<u>351,452,832</u>	<u>125,106,448</u>	<u>476,559,280</u>
<u>461,517,456</u>	<u>159,419,167</u>	<u>620,936,623</u>
8,161,170	9,118,200	17,279,370
<u>8,161,170</u>	<u>9,118,200</u>	<u>17,279,370</u>
449,140,888	16,211,439	465,352,327
25,668,623	-	25,668,623
18,915,465	-	18,915,465
106,452,586	-	106,452,586
2,203,392	-	2,203,392
131,037,108	(138,258,074)	(7,220,966)
<u>733,418,062</u>	<u>(122,046,635)</u>	<u>611,371,427</u>

CITY OF PASADENA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Operating revenues:				
Utilities	\$ 199,197,455	50,834,933	-	-
Offstreet parking	-	-	14,620,547	-
Refuse collection	-	-	-	11,880,419
Telecommunication	-	-	-	608,652
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
311 Call Center	-	-	-	-
Total operating revenues	<u>199,197,455</u>	<u>50,834,933</u>	<u>14,620,547</u>	<u>12,489,071</u>
Operating expenses:				
Utility production	103,893,601	23,174,943	-	-
Utility transmission and distribution	14,250,126	4,473,713	-	-
Utility commercial and general	28,206,973	7,850,894	-	-
Offstreet parking	-	-	10,015,527	-
Refuse collection	-	-	-	12,895,930
Telecommunications	-	-	-	52,406
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
311 Call Center	-	-	-	-
Depreciation	24,303,385	5,971,084	1,883,876	1,613,837
Total operating expenses	<u>170,654,085</u>	<u>41,470,634</u>	<u>11,899,403</u>	<u>14,562,173</u>
Operating income (loss)	<u>28,543,370</u>	<u>9,364,299</u>	<u>2,721,144</u>	<u>(2,073,102)</u>
Non-operating revenues (expenses):				
Taxes	-	-	-	4,574,692
Intergovernmental revenues	-	639,883	-	155,085
Investment earnings	5,026,956	702,934	673,006	189,770
Miscellaneous	-	-	34,397,995	-
Interest expense	(4,204,032)	(3,769,513)	(2,588,224)	-
Gain (loss) on disposal of assets	(292,797)	(15,666)	-	(2,135)
Other	1,838,084	5,159,237	(58,384)	295,005
Total nonoperating revenues (expenses)	<u>2,368,211</u>	<u>2,716,875</u>	<u>32,424,393</u>	<u>5,212,417</u>
Income (loss) before transfers and contributions	<u>30,911,581</u>	<u>12,081,174</u>	<u>35,145,537</u>	<u>3,139,315</u>
Capital contributions	1,813,649	975,613	-	-
Transfers in (note 15)	4,908,006	-	-	985,039
Transfers out (note 15)	(17,589,165)	(2,014,557)	(534,503)	(787,352)
Net income (loss)	<u>20,044,071</u>	<u>11,042,230</u>	<u>34,611,034</u>	<u>3,337,002</u>
Net position (deficit) at beginning of year, as restated (note 21)	<u>521,626,662</u>	<u>143,678,120</u>	<u>(8,341,721)</u>	<u>7,420,664</u>
Net position (deficit) at end of year	<u>\$ 541,670,733</u>	<u>154,720,350</u>	<u>26,269,313</u>	<u>10,757,666</u>

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
250,032,388	-	250,032,388
14,620,547	-	14,620,547
11,880,419	-	11,880,419
608,652	-	608,652
-	14,142,695	14,142,695
-	11,643,799	11,643,799
-	10,310,424	10,310,424
-	31,789,642	31,789,642
-	14,009,264	14,009,264
-	980,815	980,815
-	929,747	929,747
-	557,349	557,349
<u>277,142,006</u>	<u>84,363,735</u>	<u>361,505,741</u>
127,068,544	-	127,068,544
18,723,839	-	18,723,839
36,057,867	-	36,057,867
10,015,527	-	10,015,527
12,895,930	-	12,895,930
52,406	-	52,406
-	12,552,905	12,552,905
-	9,202,032	9,202,032
-	6,653,884	6,653,884
-	33,820,077	33,820,077
-	16,903,984	16,903,984
-	1,421,819	1,421,819
-	1,037,296	1,037,296
-	492,653	492,653
<u>33,772,182</u>	<u>2,476,820</u>	<u>36,249,002</u>
<u>238,586,295</u>	<u>84,561,470</u>	<u>323,147,765</u>
<u>38,555,711</u>	<u>(197,735)</u>	<u>38,357,976</u>
4,574,692	-	4,574,692
794,968	-	794,968
6,592,666	175,715	6,768,381
34,397,995	62,718	34,460,713
(10,561,769)	(53,723)	(10,615,492)
(310,598)	4,726	(305,872)
<u>7,233,942</u>	<u>90,521</u>	<u>7,324,463</u>
<u>42,721,896</u>	<u>279,957</u>	<u>43,001,853</u>
<u>81,277,607</u>	<u>82,222</u>	<u>81,359,829</u>
2,789,262	-	2,789,262
5,893,045	4,222,880	10,115,925
<u>(20,925,577)</u>	<u>(1,478,764)</u>	<u>(22,404,341)</u>
<u>69,034,337</u>	<u>2,826,338</u>	<u>71,860,675</u>
<u>664,383,725</u>	<u>(124,872,973)</u>	<u>539,510,752</u>
<u>733,418,062</u>	<u>(122,046,635)</u>	<u>611,371,427</u>

CITY OF PASADENA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 201,256,445	53,871,050	14,653,144	12,352,694
Cash payments to suppliers for goods and services	(109,510,289)	(23,734,156)	(9,282,506)	(3,337,767)
Cash payments to employees for services	(27,326,709)	(9,340,768)	(640,842)	(5,386,321)
Cash payments to other funds for services	(6,338,695)	(3,040,727)	(354,231)	(3,161,782)
Cash payments from other funds for services	192,632	92,307	-	-
Net cash provided by (used for) operating activities	<u>58,273,384</u>	<u>17,847,706</u>	<u>4,375,565</u>	<u>466,824</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	4,908,006	-	34,397,995	985,039
Transfers to other funds	(17,589,165)	(2,014,557)	(534,503)	(787,352)
Advances to other funds	-	-	1,850,000	-
Cash received (paid) on loans from other funds	-	-	(3,127,164)	-
Cash received (paid) on loans to other funds	3,671,750	-	-	-
Taxes received	-	-	-	4,574,692
Miscellaneous revenues (expenses)	1,352,655	5,051,264	-	292,870
Intergovernmental revenues	-	639,883	-	155,085
Net cash provided by (used for) noncapital financing activities	<u>(7,656,754)</u>	<u>3,676,590</u>	<u>32,586,328</u>	<u>5,220,334</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	44,700,000	-	-	-
Acquisition and construction of capital assets	(63,812,600)	(14,672,326)	(34,555,812)	(989,481)
Proceeds from sale of capital assets	-	-	-	-
Capital Contributions	1,813,649	975,613	-	-
Principal paid on debt	(9,340,000)	(3,305,000)	(2,542,953)	-
Interest paid on debt	(4,585,952)	(3,902,622)	(2,485,718)	-
Net cash used for capital and related financing activities	<u>(31,224,903)</u>	<u>(20,904,335)</u>	<u>(39,584,483)</u>	<u>(989,481)</u>
Cash flows from investing activities:				
Purchase of investments	(69,888,479)	-	-	-
Proceeds from sale of investments	57,454,382	2,088	-	-
Investment earnings	4,411,830	702,934	614,622	189,770
Payments received from loans made to suppliers	5,541,668	-	-	-
Net cash provided by (used for) investing activities	<u>(2,480,599)</u>	<u>705,022</u>	<u>614,622</u>	<u>189,770</u>
Net increase (decrease) in cash and cash equivalents	16,911,128	1,324,983	(2,007,968)	4,887,447
Cash and cash equivalents at beginning of year	<u>147,070,967</u>	<u>39,019,794</u>	<u>13,648,096</u>	<u>11,512,476</u>
Cash and cash equivalents at end of year	<u>\$ 163,982,095</u>	<u>40,344,777</u>	<u>11,640,128</u>	<u>16,399,923</u>

Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:

Cash and investments	\$ 158,175,499	40,073,271	7,164,225	16,399,923
Stranded investments	69,503,836	-	-	-
Other restricted cash and investments	15,065,593	6,427,126	4,475,903	-
Less non-cash equivalents	(78,762,833)	(6,155,620)	-	-
Cash and cash equivalents at end of year	<u>\$ 163,982,095</u>	<u>40,344,777</u>	<u>11,640,128</u>	<u>16,399,923</u>

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
282,133,333	-	282,133,333
(145,864,718)	(28,109,393)	(173,974,111)
(42,694,640)	(48,470,316)	(91,164,956)
(12,895,435)	(4,318,688)	(17,214,123)
284,939	84,407,346	84,692,285
80,963,479	3,508,949	84,472,428
40,291,040	4,222,880	44,513,920
(20,925,577)	(1,478,764)	(22,404,341)
1,850,000	-	1,850,000
(3,127,164)	-	(3,127,164)
3,671,750	200,413	3,872,163
4,574,692	-	4,574,692
6,696,789	153,239	6,850,028
794,968	-	794,968
33,826,498	3,097,768	36,924,266
44,700,000	-	44,700,000
(114,030,219)	(2,071,518)	(116,101,737)
-	21,750	21,750
2,789,262	-	2,789,262
(15,187,953)	(633,068)	(15,821,021)
(10,974,292)	(53,723)	(11,028,015)
(92,703,202)	(2,736,559)	(95,439,761)
(69,888,479)	-	(69,888,479)
57,456,470	-	57,456,470
5,919,156	160,802	6,079,958
5,541,668	-	5,541,668
(971,185)	160,802	(810,383)
21,115,590	4,030,960	25,146,550
211,251,333	16,825,789	228,077,122
232,366,923	20,856,749	253,223,672
221,812,918	20,856,749	242,669,667
69,503,836	-	69,503,836
25,968,622	-	25,968,622
(84,918,453)	-	(84,918,453)
232,366,923	20,856,749	253,223,672

CITY OF PASADENA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2016

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 28,543,370	9,364,299	2,721,144	(2,073,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	24,303,385	5,971,084	1,883,876	1,613,837
Miscellaneous revenue	192,632	92,307	-	-
(Increase) decrease in accounts receivable	534,961	2,643,491	32,597	(136,377)
Increase (decrease) in allowance for uncollectible accounts	39,965	(15,918)	-	-
(Increase) decrease in due to other funds	-	-	-	-
(Increase) decrease in inventories	(2,388,092)	496,893	-	-
(Increase) decrease in prepaids and other assets	136,298	985	81,452	-
(Increase) decrease in prepaid long term assets	1,925,436	-	6,782	-
(Increase) decrease in deferred outflow	(916,765)	(385,432)	(27,259)	(57,691)
Increase (decrease) in accounts payable and accrued liabilities	4,450,529	(562,270)	(87,450)	543,836
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in deferred charges	1,484,064	408,544	-	-
Increase (decrease) in OPEB liability	-	-	-	-
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in deposits payable	800,710	48,168	(210,367)	802,845
Increase (decrease) in deferred inflow	(3,105,454)	(1,054,475)	(59,303)	(532,885)
Increase (decrease) in Net Pension Obligations	2,272,345	840,030	34,093	306,361
Total adjustments	29,730,014	8,483,407	1,654,421	2,539,926
Net cash provided by (used for) operating activities	\$ 58,273,384	17,847,706	4,375,565	466,824
Non-cash charges:				
Gain/(Loss) on disposal of capital assets	\$ (292,797)	(15,666)	-	(2,135)
Amortization of deferred charges	184,531	(66,161)	-	-
Amortization of Premiums/(Discounts)	699,497	186,988	-	-

See accompanying notes to the basic financial statements

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
<u>38,555,711</u>	<u>(197,735)</u>	<u>38,357,976</u>

33,772,182	2,476,820	36,249,002
284,939	-	284,939
3,074,672	43,611	3,118,283
24,047	-	24,047
-	591,590	591,590
(1,891,199)	(143,978)	(2,035,177)
218,735	118,605	337,340
1,932,218	-	1,932,218
(1,387,147)	(707,908)	(2,095,055)
4,344,645	1,605,974	5,950,619
-	(2,797,891)	(2,797,891)
1,892,608	-	1,892,608
-	3,813,780	3,813,780
-	1,586,089	1,586,089
1,441,356	-	1,441,356
(4,752,117)	(6,858,007)	(11,610,124)
3,452,829	3,977,999	7,430,828
<u>42,407,768</u>	<u>3,706,684</u>	<u>46,114,452</u>
<u>80,963,479</u>	<u>3,508,949</u>	<u>84,472,428</u>

(310,598)	4,726	(305,872)
118,370	-	118,370
886,485	-	886,485

CITY OF PASADENA
Statement of Net Position
Fiduciary Funds
June 30, 2016

	Pension Trust Funds	Agency Funds	Private Purpose Trust Funds
Assets:			
Cash and cash equivalents (note 2)	\$ 247,437,890	1,358,143	3,979,634
Receivables:			
Accounts receivable	-	514,514	-
Contribution	1,218,352	-	-
Interest	178,985	-	-
Notes receivable	-	-	1,858,000
Advances to City	-	-	-
Allowance for uncollectible long-term receivables	-	-	(1,858,000)
Total receivables	1,397,337	514,514	-
Due from City	-	-	428,132
Other assets	-	925,331	3,297
Investments, at fair value (note 2)			
Government and agencies	26,771,024	-	-
Corporate obligations	30,918,313	-	-
Fixed income mutual fund	4,548,518	-	-
Real estate	17,843,493	-	-
Real estate investment trust (REIT)	145,174	-	-
Corporate stocks	45,309,034	-	-
Total investments	125,535,556	-	-
Capital assets			2,009,941
Less accumulated depreciation			-
Capital assets, net	-	-	2,009,941
Total assets	374,370,783	\$ 2,797,988	6,421,004
Liabilities:			
Accounts payable and accrued liabilities	67,281	518,056	48,623
Due to City	-	-	428,132
Due to other governments	-	1,199,597	-
Due to bondholders	-	1,080,335	-
Advances from City	-	-	15,183,159
Bonds payable - due within one year	-	-	265,000
Bonds payable - due in more than one year	-	-	1,105,000
Pending purchases	4,540,683	-	-
Total liabilities	4,607,964	\$ 2,797,988	17,029,914
Net Position:			
Net Position restricted for pensions	\$ 369,762,819		
Net Position held in trust			(10,608,910)

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, 2016

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Plan members	\$ 16,736,777	-
Property taxes	-	4,965,007
Total contributions	16,736,777	4,965,007
Net investment income:		
Investment earnings	(2,157,742)	5,616
Interest	1,385,469	-
Dividends	1,701,112	-
Gross investment income	928,839	5,616
Less investment expenses	(553,674)	-
Net investment income	375,165	5,616
Miscellaneous revenues	-	20,369
Total additions	17,111,942	4,990,992
Deductions:		
Benefits paid to participants	27,607,844	-
Fiscal agency expenses	-	6,996,202
Interest expense	-	278,569
Lease expense	-	40,576
Contractual services	-	250,000
Depreciation	-	1,616,564
Contribution to City	-	34,397,995
Reinstatement of PCDC Loan (Note 23)	-	11,128,158
Fire and Police Retirement System Pension Trust	437,406	-
Successor agency administrative cost allowance	-	13,647
Total deductions	28,045,250	54,721,711
Transfers:		
Transfers in	-	2,682,963
Transfers out	-	(2,682,963)
Change in net position before extraordinary items	(10,933,308)	(49,730,719)
Change in net position	(10,933,308)	(49,730,719)
Net Position held in trust - beginning	380,696,127	39,121,809
Net Position held in trust - ending	\$ 369,762,819	(10,608,910)

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2016

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Total
Assets				
Current assets:				
Cash and investments (note 2)	\$ 15,019,688	10,901,311	471,467	26,392,466
Cash and investments restricted (note 2)	15,662,665	11,524,254	-	27,186,919
Accounts receivable, net	5,785,796	535,071	1,325	6,322,192
Due from primary government	-	1,193,706	-	1,193,706
Prepays and other assets	167,371	138,871	47,621	353,863
Total current assets	<u>36,635,520</u>	<u>24,293,213</u>	<u>520,413</u>	<u>61,449,146</u>
Noncurrent assets:				
Other receivable	497,471	-	-	497,471
Capital assets (note 7):				
Land	-	2,611,707	-	2,611,707
Construction in progress	3,610,950	-	-	3,610,950
Other capital assets, net	206,691,323	139,384,686	144,609	346,220,618
Total noncurrent assets	<u>210,799,744</u>	<u>141,996,393</u>	<u>144,609</u>	<u>352,940,746</u>
Total assets	<u>247,435,264</u>	<u>166,289,606</u>	<u>665,022</u>	<u>414,389,892</u>
Deferred outflow of resources:				
Accumulated decrease in fair value of hedging derivatives (note 10)	424,317	34,335,967	-	34,760,284
Amortization of discounts and deferred refunding charges	-	1,376,692	-	1,376,692
Outflows related to pension liability	879,965	-	-	879,965
Total deferred inflow of resources	<u>1,304,282</u>	<u>35,712,659</u>	<u>-</u>	<u>37,016,941</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	5,714,902	1,398,367	87,923	7,201,192
Deposits	238,011	971,467	-	1,209,478
Interest payable	3,479,603	551,661	-	4,031,264
Due to other governments	-	-	301,493	301,493
Due to primary government	1,406,716	117,496	-	1,524,212
Advances from primary government-current (note 6)	-	246,491	-	246,491
Current portion of compensated absences	65,157	-	-	65,157
Current portion of long-term debt (note 9)	1,920,000	4,061,286	-	5,981,286
Total current liabilities	<u>12,824,389</u>	<u>7,346,768</u>	<u>389,416</u>	<u>20,560,573</u>
Noncurrent liabilities:				
Derivative instrument liability (note 10)	424,317	34,335,967	-	34,760,284
Net pension liability	1,993,478	-	-	1,993,478
Compensated absences	160,378	-	-	160,378
Advances from primary government (note 6)	-	903,860	-	903,860
Long-term debt (note 9)	209,011,773	160,168,887	-	369,180,660
Total noncurrent liabilities	<u>211,589,946</u>	<u>195,408,714</u>	<u>-</u>	<u>406,998,660</u>
Total liabilities	<u>224,414,335</u>	<u>202,755,482</u>	<u>389,416</u>	<u>427,559,233</u>
Deferred outflow of resources:				
Deferred refunding charge (note 10)	-	6,567,683	-	6,567,683
Accumulated increase in fair value of interest rate swap	-	-	-	-
Deferred inflow of resources (note 8)	1,785,946	-	-	1,785,946
Sale of future revenue	4,401,221	-	-	4,401,221
Service concession agreement (note 10)	-	546,621	-	546,621
Inflows related to net pension liability	362,440	-	-	362,440
Total deferred inflow of resources	<u>6,549,607</u>	<u>7,114,304</u>	<u>-</u>	<u>13,663,911</u>
Net Position:				
Net Investment in capital assets	4,539,008	(23,384,131)	144,609	(18,700,514)
Restricted	15,662,665	13,722,903	-	29,385,568
Unrestricted	(2,426,069)	1,793,707	130,997	(501,365)
Total net position	<u>\$ 17,775,604</u>	<u>(7,867,521)</u>	<u>275,606</u>	<u>10,183,689</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, 2016

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Total
Operating revenues:				
Charges for services:				
Rose Bowl	\$ 29,130,363	-	-	29,130,363
Golf course	2,067,034	-	-	2,067,034
Pasadena Center Operating Company	-	9,530,870	-	9,530,870
Pasadena Community Access Corporation	-	-	1,016,613	1,016,613
Total operating revenues	<u>31,197,397</u>	<u>9,530,870</u>	<u>1,016,613</u>	<u>41,744,880</u>
Operating expenses:				
Rose Bowl	20,253,540	-	-	20,253,540
Golf course	472,194	-	-	472,194
Pasadena Center Operating Company	-	10,768,897	-	10,768,897
Pasadena Community Access Corporation	-	-	1,039,188	1,039,188
Depreciation	10,452,641	4,662,401	55,285	15,170,327
Total operating expenses	<u>31,178,375</u>	<u>15,431,298</u>	<u>1,094,473</u>	<u>47,704,146</u>
Operating income	<u>19,022</u>	<u>(5,900,428)</u>	<u>(77,860)</u>	<u>(5,959,266)</u>
Nonoperating revenues (expenses):				
Transient occupancy taxes, net	-	9,865,330	-	9,865,330
Tourism business improvement district tax	-	3,525,664	-	3,525,664
Facility restoration fee	-	121,509	-	121,509
Investment earnings	1,719,019	1,227,727	67	2,946,813
Interest expense	(11,693,568)	(6,097,646)	-	(17,791,214)
Public, education, and government(PEG) revenue	-	-	55,415	55,415
PEG expense	-	-	(33,625)	(33,625)
Other nonoperating revenues	8,603,741	-	-	8,603,741
Total nonoperating revenues	<u>(1,370,808)</u>	<u>8,642,584</u>	<u>21,857</u>	<u>7,293,633</u>
Income (loss) before transfers	<u>(1,351,786)</u>	<u>2,742,156</u>	<u>(56,003)</u>	<u>1,334,367</u>
Contribution to City	-	(41,793)	-	(41,793)
Capital contributions	-	219,981	-	219,981
Total transfers from (to) other funds	<u>-</u>	<u>178,188</u>	<u>-</u>	<u>178,188</u>
Change in net position	<u>(1,351,786)</u>	<u>2,920,344</u>	<u>(56,003)</u>	<u>1,512,555</u>
Net position at beginning of year, as restated	<u>19,127,390</u>	<u>(10,787,865)</u>	<u>331,609</u>	<u>8,671,134</u>
Net position at end of year	<u>\$ 17,775,604</u>	<u>(7,867,521)</u>	<u>275,606</u>	<u>10,183,689</u>

See accompanying notes to the basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS



The Sky is the Limit
GOLD LINE/METROLINK
By Mark Anderson

CITY OF PASADENA
Notes to the Basic Financial Statements
Year Ended June 30, 2016

<u>Note</u>	<u>Page</u>
(1) Summary of Significant Accounting Policies	40
(2) Cash and Investments	62
(3) Accounts Receivable	69
(4) Notes Receivable – <i>Primary Government</i>	70
(5) Due From and To Other Funds	70
(6) Advances To and From Other Funds	71
(7) Capital Assets	73
(8) Deferred Inflows and Outflows	76
(9) Long-Term Debt and Other Liabilities	78
(10) Derivative Instruments	89
(11) Fund Balance and Net Position	101
(12) Restricted Net Position – <i>Stranded Investments</i>	104
(13) Accumulated Fund Deficits	105
(14) Pledged Revenue	107
(15) Transfers	108
(16) Self-Insurance	110
(17) Deferred Compensation Plan	113
(18) Pension Plans	114
(19) Commitments and Contingencies	132
(20) Post-employment Benefits Other than Pensions	134
(21) Restatement of Beginning Net Position and Fund Balance	140
(22) State Assembly Bill 1484, Cleanup Legislation	141
(23) Special Item – Reinstatement of PCDC Loan	142
(24) Subsequent Events	142

CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2016

(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.

Jointly governed organizations provide goods or services to the citizenry of two or more governments, but do not have an ongoing financial interest or responsibility by the participating governments.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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 City has operational responsibility for 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 and the City has operational responsibility for the Authority. 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, 2016

(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. PPFA's financial data and transactions are blended with the Debt Service and Capital Projects fund types. The PPFA does not release a separate financial report.

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, 2016

(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, 2016

(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. Seven are appointed from each Council district, one each by the Mayor and City Manager, two 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, 2016

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

(a) Reporting Entity, (Continued)

Jointly Governed Organizations

The following organizations are considered to be jointly governed organizations 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, 2016

(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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016

(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, 2016

(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, 2016

(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, Off Street Parking Facilities 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, 2016

(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.

General Debt Service Fund - to account for the payment of interest and principal of the 2015 pension bonds and other city-wide obligations.

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.

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 Fund – In FY 2014, the City combined all of the parking funds into the Off Street Parking 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, 2016

(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:

Special Revenue Funds - Used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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, 2016

(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 debts. 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, 2016.

(g) Inventories

Inventories held for consumption by the Light and Power Fund and Water Fund (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 nonspendable fund balance by the advancing governmental fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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 unspendable.

(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. This includes the properties acquired 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, 2016

(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:

Light and Power Fund		Water Fund	
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
Governmental Activities		All Other Business-Type Activities	
Building and		Building and	
Improvements	20 to 50 years	Improvements	20 to 50 years
Machinery and		Machinery and	
Equipment	2 to 20 years	Equipment	2 to 20 years
Infrastructure	8 to 200 years		
Fiduciary Funds		Fiduciary Funds	
Building and		Machinery and	
Improvements	20 to 50 years	Equipment	2 to 20 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. These claims are only recorded on a case-by-case basis. These liabilities are recorded and liquidated from the City's Workers' Compensation and General Liability Internal Service Funds. 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, 2016

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

(n) Compensated Absences

The City accounts for compensated absences including accumulated vacation, floating holidays, and compensatory time-off, and certain sick leave in the Benefits Internal Service Fund. Management time off is recorded under departmental expense as incurred. Upon separation, employees are paid for all of their unused vacation leave, floating holidays, management time off, and compensatory time-off subject to maximums described below.

Eligible employees accumulate 3 to 22 days of vacation each year, depending on the employee's bargaining unit and 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 or Salary Resolution) 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. The City does not accrue for unused holiday and management time off.

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 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 FY2016 and FY2015 were 96% and 105% of prior year accruals, respectively. The FY 2015 figures were significantly higher due to vacation cash-out that took place during that year.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

(o) Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office, and are in accordance with the implementation of GASB Statement No. 68. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications. See Note 18 for additional details.

(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 and are liquidated by the Benefits Internal Service Fund. See Note 20 for additional details.

(q) Bond Premiums / Discounts / Issuance Costs

For Governmental-Wide Financial Statements and Proprietary Funds financial statements, issuance costs are recognized during the current period. Any bond premiums and discounts are capitalized and amortized over the life of the bonds. Bond proceeds are reported as other financing sources net of any applicable discount or premium. The City implemented GASB Statement No. 65 beginning with fiscal year 2014.

(r) Deferred Outflows and Inflows of Resources

Persuant to GASB Statements No. 63 and 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. See Note 8 for additional details.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

(s) 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.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. 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

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

(s) Fund Balance, (Continued)

In August 2011 City Council approved increasing the General Fund Emergency Contingency commitment of fund balance from 10 percent to 20 percent for fiscal years after 2014. If 20 percent is not immediately achievable, 2 percent increments will be made each year. As the General Fund received additional one time revenues in fiscal year 2015, \$10,000,000 was added to the General Fund Emergency Contingency committed fund balance. In fiscal year 2016, \$2,500,000 was added, increasing the General Fund Emergency Contingency fund balance to \$33,451,483 or 15.2 percent.

(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

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

(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.

(v) Interfund Activities

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal services funds transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

(w) Endowments

The City has been the recipient of endowments that are recorded in Permanent Funds. The endowments are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs or specific restrictions that were placed on the endowment when the donation to the City was made. Please refer to the Permanent Funds section for additional details.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2016

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

(x) Future GASB Statements

Below is a summary of the GASB Statements that 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
74	<i>Fair Value Measurement and Application</i>	June 15, 2016
75	<i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	June 15, 2017
77	<i>Tax Abatement Disclosures</i>	December 15, 2015
78	<i>Pensions Provided through Certain Multiple- Employer Defined Benefit Pension Plans</i>	December 15, 2015
80	<i>Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14</i>	June 15, 2016
81	<i>Irrevocable Split-Interest Agreements</i>	December 15, 2016
82	<i>Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73</i>	June 15, 2016

Management is in the process of evaluating the impact of the statements to be implemented for the fiscal year ended June 30, 2017 and beyond. For the fiscal year ended June 30, 2017, management does not anticipate any significant impact from the new statements on the financial statements.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(2) Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 442,590,247
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Restricted cash and investments	104,341,571
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Fiduciary funds:

Cash and cash equivalents	<u>248,832,036</u>
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Total cash and investments	<u><u>\$ 795,763,854</u></u>
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Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 107,312
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Deposits with financial institutions	26,530,955
--------------------------------------	------------

Investments	<u>769,125,587</u>
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Total cash and investments	<u><u>\$ 795,763,854</u></u>
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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016

(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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
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, 2016

(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	\$ 73,780,831	25,536,829	42,699,694	5,544,308	-
Supernationals	17,822,071	-	-	17,822,071	-
Federal Agency Securities	272,928,856	-	19,180,938	237,237,237	16,510,681
Municipal Bond	22,538,051	15,772,142	2,634,003	3,412,463	719,443
Money Market Funds	44,952,125	44,952,125	-	-	-
State Investment Pool	60,417,869	60,417,869	-	-	-
US Treasury	14,110,341	9,550,115	4,560,226	-	-
Held by Bond Trustee:					
Federal Agency Securities	14,939,324	-	-	9,938,724	5,000,600
Corporate Bonds	-	-	-	-	-
Money Market Funds	1,562,280	1,562,280	-	-	-
Investment Contracts	3,579,580	-	2,290,030	-	1,289,550
Deferred Compensation Plan:					
Mutual Fund	242,494,259	242,494,259	-	-	-
Total	<u>\$ 769,125,587</u>	<u>400,285,619</u>	<u>71,364,891</u>	<u>273,954,803</u>	<u>23,520,274</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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.

<u>Investment Type</u>		Minimum Legal Rating	Rating as of Year-End			Not Rated	SP-1+ Rated
			AAA	Aa	A		
Corporate Bonds	\$ 72,780,831	A	10,586,147	20,521,472	41,673,212	-	-
Supernationals	17,822,071	A	17,822,071	-	-	-	-
Federal Agency Securities	272,928,856	N/A	267,927,441	5,001,415	-	-	-
Municipal Bond	22,538,051	N/A	2,721,368	13,521,006	1,648,669	-	4,647,008
Money Market Funds	44,952,125	N/A	-	-	-	44,952,125	-
State Investment Pool	60,417,869	N/A	-	-	-	60,417,869	-
US Treasury	14,110,341	N/A	14,110,341	-	-	-	-
Held by Bond Trustee:							
Federal Agency Securities	14,939,324	N/A	14,939,324	-	-	-	-
Money Market Funds	1,562,280	A	1,562,280	-	-	-	-
Investment Contracts	3,579,580	N/A	3,579,580	-	-	-	-
Deferred Compensation Plan:							
Mutual Fund	243,494,259	N/A	-	243,494,259	-	-	-
Total	\$ 769,125,587		333,248,552	282,538,152	43,321,881	105,369,994	4,647,008

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, 2016

(2) Cash and Investments, (Continued)

Concentration of Credit Risk, (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal Agency Securities	\$ 103,132,992
Federal Home Loan Mortgage Corp.	Federal Agency Securities	73,897,245
Local Agency Investment Fund	State Investment Pool	64,287,641
Federal National Mortgage Assoc.	Federal Agency Securities	58,657,652
Federal Home Loan Bank	Federal Agency Securities	46,913,602
East West Bank	Money Market Funds	32,830,933

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, 2016, \$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, 2016

(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.

Fair Value Hierarchy

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2016:

Measure by Fair Value	Level			Total
	1	2	3	
Corporate Bonds	\$ -	\$ 72,780,831	-	72,780,831
Supernationals	-	17,822,071	-	17,822,071
Federal Agency Securities	-	272,928,856	-	272,928,856
Municipal Bond	-	22,538,051	-	22,538,051
Money Market Funds	-	44,952,125	-	44,952,125
State Investment Pool	-	60,417,869	-	60,417,869
US Treasury	-	14,110,341	-	14,110,341
Held by Bond Trustee:				
Federal Agency Securities	-	14,939,324	-	14,939,324
Money Market Funds	-	1,562,280	-	1,562,280
Investment Contracts	-	3,579,580	-	3,579,580
Deferred Compensation Plan:				
Mutual Fund	-	243,494,259	-	243,494,259
Total	\$ -	769,125,587	-	769,125,587

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(3) Accounts Receivable

As of June 30, 2016, the accounts receivable are categorized as follows:

	<u>General</u>	<u>Project Management Capital Project</u>	<u>General Debt Service</u>	<u>Housing Successor</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service</u>
Governmental activities:						
Accounts receivable	\$ 2,175,389	4,150,904	-	5,132	4,992,438	164,731
Accrued revenue receivable	16,166,675	771,296	-	-	2,096,335	148,179
Interest receivable	232,278	-	8,721	-	462,245	50,658
Paramedics receivable	3,079,739	-	-	-	-	-
Utility receivable	1,189,495	-	-	-	460,643	-
	<u>22,843,576</u>	<u>4,922,200</u>	<u>8,721</u>	<u>5,132</u>	<u>8,011,661</u>	<u>363,568</u>
Less: allowance for un- collectible amounts	<u>(1,623,953)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,728)</u>	<u>-</u>
Total	<u>\$ 21,219,623</u>	<u>4,922,200</u>	<u>8,721</u>	<u>5,132</u>	<u>7,981,933</u>	<u>363,568</u>
	<u>Light and Power</u>	<u>Water</u>	<u>Off-Street Parking</u>	<u>Non-Major Proprietary</u>		
Business-type activities:						
Accounts receivable	\$ -	175,456	181,638	199,591		
Accrued revenue receivable	13,474,006	4,037,507	-	1,597,044		
Interest receivable	533,753	148,938	29,126	42,798		
Utility receivable	8,816,541	2,450,287	-	820,767		
	<u>22,824,300</u>	<u>6,812,188</u>	<u>210,764</u>	<u>2,660,200</u>		
Less: allowance for un- collectible amounts	<u>(652,580)</u>	<u>(204,105)</u>	<u>-</u>	<u>(49,775)</u>		
Total	<u>\$ 22,171,720</u>	<u>6,608,083</u>	<u>210,764</u>	<u>2,610,425</u>		

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(4) Notes Receivable – Primary Government

The notes receivable in the Governmental Funds amounted to \$68,710,258 at June 30, 2016. \$47,769,657 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. \$20,889,093 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, 2016, the City has recorded an allowance for uncollectible long-term receivables of \$68,572,393.

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, 2016 is \$36,948,750.

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2016 are as follows:

	Due from other funds	
Due to other funds	General Fund	Total
Non-Major Governmental Funds	\$ 2,542,221	2,542,221
Internal Service Funds	2,864,720	2,864,720
Total	\$ 5,406,941	5,406,941

The above balances are due to short term payable between funds and negative cash balances at the end of the fiscal year.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2016 are as follows:

	Advances to other funds		
Advances from other funds	General Fund	Light and Power Fund	Total
General Fund	\$ -	770,000	770,000
Offstreet Parking Fund	7,136,545	-	7,136,545
Total	\$ 7,136,545	770,000	7,906,545

**Outstanding at
June 30, 2016**

General Fund

The General Fund has an agreement with Old Pasadena Parking providing for advance of funds to finance parking activities. The annual reimbursements, including interest, to the General Fund are \$1,979,903 from FY 2014-2019 and \$1,753,022 for FY 2020. The advance increase was due to the corrected and revised application of how the principal and interest were calculated to this advance retroactive from 1996.

\$7,136,545

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.

770,000

Total advances between City funds

\$7,906,545

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016 are as follows:

Advances To Component Units	Advances From the City	Amount
General Fund	Pasadena Center Operating Company	\$ 1,150,351

**Outstanding at
June 30, 2016**

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.

\$354,111

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.

796,240

Total advances between City and discretely presented component units

\$1,150,351

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016 is as follows:

Governmental activities	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Prior Year Adjustment</u>	<u>Balance at June 30, 2016</u>
Depreciable assets:					
Buildings and improvements	\$ 284,406,978	-	(53,209)	549,344	284,903,113
Machinery and equipment	66,455,207	3,597,567	(2,302,542)	174,504	67,924,736
Infrastructure	317,649,769	8,567,229	(164,703)	(18,002,286)	308,050,009
Total cost of depreciable assets	<u>668,511,954</u>	<u>12,164,796</u>	<u>(2,520,454)</u>	<u>(17,278,438)</u>	<u>660,877,858</u>
Less accumulated depreciation:					
Buildings and improvements	(117,533,969)	(2,812,879)	34,586	-	(120,312,262)
Machinery and equipment	(36,848,947)	(5,458,453)	1,320,195	-	(40,987,205)
Infrastructure	(130,754,256)	(2,599,730)	-	-	(133,353,986)
Total accumulated depreciation	<u>(285,137,172)</u>	<u>(10,871,062)</u>	<u>1,354,781</u>	<u>-</u>	<u>(294,653,453)</u>
Net depreciable assets	383,374,782	1,293,734	(1,165,673)	(17,278,438)	366,224,405
Capital assets not depreciated:					
Land	67,701,716	2,352,495	-	6,392,872	76,447,083
Construction in progress	30,560,559	15,923,804	(9,862,117)	-	36,622,246
Total cost of non-depreciable assets	<u>98,262,275</u>	<u>18,276,299</u>	<u>(9,862,117)</u>	<u>6,392,872</u>	<u>113,069,329</u>
Capital assets, net	<u>\$ 481,637,057</u>	<u>19,570,033</u>	<u>(11,027,790)</u>	<u>(10,885,566)</u>	<u>479,293,734</u>

During the year, the Governmental activities received proceeds of \$21,750 from the disposal of capital assets and incurred a loss on disposal of \$59,587.

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

General government	\$ 3,608,245
Public safety	1,051,239
Transportation	721,573
Health	27,357
Culture and leisure	861,183
Community development	2,124,645
Computing and Communication	1,332,834
Building Maintenance	2,948
Fleet Maintenance	1,042,595
Printing Services	98,443
	<u>\$ 10,871,062</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(7) Capital Assets, (Continued)

Primary Government, (Continued)

Business-type activities	Balance at June 30, 2015	Additions	Deletions	Prior Period Adjustment	Balance at June 30, 2016
Depreciable assets:					
Buildings and improvements	\$ 80,045,961	46,691,129	(419)	2,394	126,739,065
Utility lines, machinery and equipment	826,193,388	26,278,547	(8,864,487)	1,816,271	845,423,719
Total cost of depreciable assets	<u>906,239,349</u>	<u>72,969,676</u>	<u>(8,864,906)</u>	<u>1,818,665</u>	<u>972,162,784</u>
Less accumulated depreciation:					
Buildings and improvements	(24,663,536)	(30,544,584)	(18,370,890)	-	(73,579,010)
Utility lines, machinery and equipment	(432,756,857)	(3,227,598)	8,546,294	-	(427,438,161)
Total accumulated depreciation	<u>(457,420,393)</u>	<u>(33,772,182)</u>	<u>(9,824,596)</u>	<u>-</u>	<u>(501,017,171)</u>
Net depreciable assets	448,818,956	39,197,494	(18,689,502)	1,818,665	471,145,613
Capital assets not depreciated:					
Land	6,315,288	8,084,000	(2,266)	279,097	14,676,119
Construction in progress	223,686,520	79,483,865	(28,498,316)		274,672,069
Total cost of non-depreciable assets	<u>230,001,808</u>	<u>87,567,865</u>	<u>(28,500,582)</u>	<u>279,097</u>	<u>289,348,188</u>
Capital assets, net	<u>\$ 678,820,764</u>	<u>126,765,359</u>	<u>(47,190,084)</u>	<u>2,097,762</u>	<u>760,493,801</u>

During the year, the Business-type activities incurred a loss on disposal of \$310,598.

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

Electric	\$ 24,303,385
Water	5,971,084
Refuse	1,524,745
Parking	1,883,876
Telecommunication	89,092
	<u>\$ 33,772,182</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(7) Capital Assets, (Continued)

Primary Government, (Continued)

A portion of the interest expense for bonds issued were capitalized and included as part of the costs of capital assets for the year ended June 30, 2016.

	Interest Expense	Amount Capitalized
Electric	\$ 8,263,495	\$ 3,791,665
Water	3,769,513	-
Parking	2,588,224	-
	\$ 14,621,232	\$ 3,791,665

Fiduciary Funds – Private Purpose Trust Fund

Fiduciary Funds	Balance at June 30, 2015	Additions	Deletions	Prior Year Adjustment	Balance at June 30, 2016
Depreciable assets:					
Buildings and improvements	\$ 44,440,738	-	(44,440,738)	-	-
Machinery and equipment	244,241	-	(244,241)	-	-
Total cost of depreciable assets	44,684,979	-	(44,684,979)	-	-
Less accumulated depreciation:					
Buildings and improvements	(16,583,451)	(1,603,335)	18,186,786	-	-
Machinery and equipment	(170,969)	(13,229)	184,198	-	-
Total accumulated depreciation	(16,754,420)	(1,616,564)	18,370,984	-	-
Net depreciable assets	27,930,559	(1,616,564)	(26,313,995)	-	-
Capital assets not depreciated:					
Land	10,093,941	-	(8,084,000)	-	2,009,941
Total cost of non-depreciable assets	10,093,941	-	(8,084,000)	-	2,009,941
Capital assets, net	\$ 38,024,500	(1,616,564)	(34,397,995)	-	2,009,941

The private purpose trust funds contributed \$34,397,995 of assets, which consisted of four parking lots/structures, to the Off Street Parking fund. No gain/loss was recognized on the contribution of assets.

Depreciation expense in the private purpose trust funds were \$1,616,564 for the year ended June 30, 2016.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(8) Deferred Inflows and Outflows

Primary Government

Deferred Outflows on the Government-Wide Statement of Net Position consists of the following at June 30, 2016:

Governmental Activities	Balance at June 30, 2015	Increase	Decrease	Balance at June 30, 2016
2015A Refunding COP Deferred Charges	\$ -	5,427,161	(102,787)	5,324,374
Equipment Lease	42,360	-	(18,154)	24,206
GASB68 Pension Items	26,293,399	29,007,336	(26,293,399)	29,007,336
FPRS	-	8,569,000	-	8,569,000
	<u>\$ 26,335,759</u>	<u>43,003,497</u>	<u>(26,414,340)</u>	<u>42,924,916</u>

Business-Type Activities	Balance at June 30, 2015	Increase	Decrease	Balance at June 30, 2016
1998 Electric Bonds Deferred Charges	\$ 867,709	-	(108,463)	759,246
2002 Electric Bonds Deferred Charges	1,757,973	-	(292,996)	1,464,977
2003 Water Bonds Deferred Charges	529,288	-	(66,161)	463,127
1993 Parking Bonds Deferred Charges	102,506	-	(102,506)	-
GAS68 Pension Items	5,507,475	6,323,641	(5,507,475)	6,323,641
	<u>\$ 8,764,951</u>	<u>6,323,641</u>	<u>(6,077,601)</u>	<u>9,010,991</u>

Deferred Inflows on the Government-Wide Statement of Net Assets consists of the following at June 30, 2016:

Governmental Activities	Balance at June 30, 2015	Increase	Decrease	Balance at June 30, 2016
Derivative Instruments	\$ 555,766	-	(109,279)	446,487
Accumulated increase in fair value of interest rate swap	6,279	99,800	-	106,079
GASB68 Pension Items	63,713,161	-	(24,706,023)	39,007,138
	<u>\$ 64,275,206</u>	<u>99,800</u>	<u>(24,815,302)</u>	<u>39,559,704</u>

Business-Type Activities	Balance at June 30, 2015	Increase	Decrease	Balance at June 30, 2016
GAS68 Pension Items	\$ 14,167,030	-	(6,005,860)	8,161,170
	<u>\$ 14,167,030</u>	<u>-</u>	<u>(6,005,860)</u>	<u>8,161,170</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(8) Deferred Inflows and Outflows, (Continued)

Primary Government, (Continued)

Deferred Inflows on the Governmental Funds consists of the following at June 30, 2016:

	General Fund	Project Management Capital Project	Non-Major Governmental	Total Governmental
Revenues not "available"	\$ 387,583	1,647,153	3,026,625	5,061,361
	<u>\$ 387,583</u>	<u>1,647,153</u>	<u>3,026,625</u>	<u>5,061,361</u>

In accordance with GASB Statement No. 33 revenue recognition requirements, the following revenues have been deferred because they were not available at year end: \$387,583 of park projects, \$1,647,153 of capital improvement projects, \$1,103,417 of Health grants, \$320,554 of Transportation services, \$1,559,150 of Housing grants, and \$43,504 of public art projects.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2016

(9) Long-Term Debt and Other Liabilities

Primary Government

Changes in long-term debt and other liabilities for the year ended June 30, 2016 are as follows:

Governmental Activities:	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Notes payable						
Rose Bowl Operating Company	\$ 547,411		(14,562)	532,849	14,867	517,982
Section 108	-	6,000,000	-	6,000,000	300,000	5,700,000
Total Notes Payable	547,411	6,000,000	(14,562)	6,532,849	314,867	6,217,982
Pension bonds:						
2015 Taxable Pension Obligation Bonds	119,460,000	-	-	119,460,000	-	119,460,000
Bond Premiums/(Discount)	(2,275,329)	-	75,182	(2,200,147)	-	(2,200,147)
Total Pension Bonds	117,184,671	-	75,182	117,259,853	-	117,259,853
Certificates of participation:						
2008 COP Series B Refunding 2004 A&B	11,894,023	-	(2,792,047)	9,101,976	2,903,342	6,198,634
2008 COP Series C Refunding 2003 COP	60,455,000	-	(56,965,000)	3,490,000	1,710,000	1,780,000
2015 COP Series A Refunding 2008 COP	-	55,350,000	(795,000)	54,555,000	-	54,555,000
Bond Premiums/(Discount)	815,996	5,790,149	(355,291)	6,250,854	-	6,250,854
Total certificates of participation	73,165,019	61,140,149	(60,907,338)	73,397,830	4,613,342	68,784,488
Revenue Bonds:						
2006 Revenue Bonds	5,640,000	-	(560,000)	5,080,000	560,000	4,520,000
Bond Premiums/(Discount)	(22,351)	-	1,919	(20,432)	-	(20,432)
Total Revenue Bonds	5,617,649	-	(558,081)	5,059,568	560,000	4,499,568
Capitalized lease obligations	6,153,430	112,924	(1,428,324)	4,838,030	1,477,223	3,360,807
Other:						
Compensated absences	8,206,691	9,485,588	(7,899,499)	9,792,780	9,792,780	-
Insurance claims payable	39,886,092	5,407,013	(8,204,904)	37,088,201	12,614,272	24,473,929
Total governmental activity long-term liabilities	\$ 250,760,963	82,145,674	(78,937,526)	253,969,111	29,372,484	224,596,627

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Primary Government, (Continued)

Business-Type Activities:	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016	Due Within One Year	More Than One Year
Notes payable	\$ 826,805	-	(168,028)	658,777	176,669	482,108
Revenue bonds:						
2007 Water Revenue Bonds	17,915,000	-	(545,000)	17,370,000	565,000	16,805,000
2008 Power Revenue Bonds	50,035,000	-	(1,420,000)	48,615,000	1,485,000	47,130,000
2009 Electric Revenue Refunding Bonds	28,750,000	-	(3,205,000)	25,545,000	3,510,000	22,035,000
2010 Electric Revenue Refunding Bonds	27,520,000	-	(4,230,000)	23,290,000	4,365,000	18,925,000
2010A Water Revenue Bonds (Taxable Build America)	25,425,000	-	-	25,425,000	-	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	3,385,000	-	(620,000)	2,765,000	645,000	2,120,000
2011A Water Revenue Bonds (Refunding Bonds)	25,700,000	-	(2,140,000)	23,560,000	2,420,000	21,140,000
2012A Electric Revenue Refunding Bonds	6,995,000	-	(485,000)	6,510,000	505,000	6,005,000
2013A Electric Revenue Refunding Bonds	80,485,000	-	-	80,485,000	1,425,000	79,060,000
Total Water and Power	<u>266,210,000</u>	<u>-</u>	<u>(12,645,000)</u>	<u>253,565,000</u>	<u>14,920,000</u>	<u>238,645,000</u>
2008 Paseo Colorado Taxable Revenue Bonds	25,300,000	-	(600,000)	24,700,000	600,000	24,100,000
Bond Premiums/(Discounts)	11,913,927	-	(886,483)	11,027,444	-	11,027,444
Total revenue bonds	<u>303,423,927</u>	<u>-</u>	<u>(14,131,483)</u>	<u>289,292,444</u>	<u>15,520,000</u>	<u>273,772,444</u>
Certificates of participation:						
1993 Refunding COP (Old Pasadena)	5,905,000	-	(1,850,000)	4,055,000	1,970,000	2,085,000
2008 COP Series B Refunding 2004A&B	395,977	-	(92,953)	303,024	96,658	206,366
Total certificates of participation	<u>6,300,977</u>	<u>-</u>	<u>(1,942,953)</u>	<u>4,358,024</u>	<u>2,066,658</u>	<u>2,291,366</u>
Total business-type activity long-term liabilities	<u>\$ 310,551,709</u>	<u>-</u>	<u>(16,242,464)</u>	<u>294,309,245</u>	<u>17,763,327</u>	<u>276,545,918</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, \$1,571,139 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, 2016 are as follows:

Discretely Presented Component Units	Balance at June 30, 2015	Additions Including Accretion	Reductions	Balance at June 30, 2016	Due Within One Year	Due In More Than One Year
Certificates of participation:						
2006 COP (CONFERENCE CENTER PROJECT	\$ 29,740,442	1,388,328	(3,460,000)	27,668,770	3,810,000	23,858,770
2008 Refunding COP Series 2008A (Conference Center Project)	134,720,000	-	-	134,720,000	-	134,720,000
Total Certificates of participation	164,460,442	1,388,328	(3,460,000)	162,388,770	3,810,000	158,578,770
Revenue Bonds:						
2010A Revenue Bonds-Tax Exempt	40,909,976	1,066,797	-	41,976,773	-	41,976,773
2010B Revenue Bonds-Taxable Build America Bonds	106,660,000	-	-	106,660,000	-	106,660,000
2010C Revenue Bonds-Taxable	4,725,000	-	(605,000)	4,120,000	745,000	3,375,000
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	16,985,000	-	(1,110,000)	15,875,000	1,175,000	14,700,000
Total Revenue Bonds (Rose Bowl Renovation)	211,579,976	1,066,797	(1,715,000)	210,931,773	1,920,000	209,011,773
Energy Conservation Loan	2,082,845	-	(241,442)	1,841,403	251,286	1,590,117
Compensated absences	207,468	153,930	(135,863)	225,535	65,157	160,378
Total discretely presented component units long- term liabilities	\$ 378,330,731	2,609,055	(5,552,305)	375,387,481	6,046,443	369,341,038

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Fiduciary Funds – Private Purpose Trust Fund

Successor Agency to Pasadena Community Development Commission (PCDC):	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016	Due Within One Year	Due In More Than One Year
Tax allocation bonds:						
2006 Tax Allocation Refunding Bonds (Fair Oaks)	\$ 1,360,000	-	(170,000)	1,190,000	175,000	1,015,000
2006 Tax Allocation Refunding Bonds (Lake/Washington)	260,000	-	(80,000)	180,000	90,000	90,000
Total tax allocation bonds	<u>1,620,000</u>	<u>-</u>	<u>(250,000)</u>	<u>1,370,000</u>	<u>265,000</u>	<u>1,105,000</u>
Advances Payable-City	5,905,000	11,128,159	(1,850,000)	15,183,159	5,918,874	9,264,285
Total Successor Agency to PCDC long-term liabilities	<u>\$ 7,525,000</u>	<u>11,128,159</u>	<u>(2,100,000)</u>	<u>16,553,159</u>	<u>6,183,874</u>	<u>10,369,285</u>

Governmental Activities:

Detail of Long-Term Debts	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2016
Governmental Activities:						
Notes payable						
Notes Payable-RBOC	1/15/2013	a	\$ 575,642	2.10%	1/7/2043	\$ 532,849
Notes Payable-Section 108	10/29/2015	v	6,000,000	variable	8/1/2035	6,000,000
Total Notes Payable						<u>\$ 6,532,849</u>
Pension bonds:						
2015 Taxable Pension Obligation Bonds	5/5/2015	b	\$ 119,460,000	2.577% to 4.796%	5/1/1945	\$ 119,460,000
Total Pension Bonds						<u>\$ 119,460,000</u>
Certificates of Participation:						
2008 COP Series B Refunding 2004A&B	5/15/2008	c	\$ 26,759,131	3.0% to 5.25%	2/1/2019	\$ 9,101,976
2008 COP Series C Refunding 2003 COP	7/16/2008	d	71,450,000	4.0% to 5.0%	2/1/2018	3,490,000
2015 COP Series A Refunding 2008 COP	12/2/2015	w	55,350,000	3.0% to 5.0%	2/1/2038	54,555,000
Total Certificates of Participation						<u>\$ 67,146,976</u>
Revenue Bonds:						
2006 Revenue Bonds	2/1/2006	e	\$ 10,355,000	variable	12/1/2023	\$ 5,080,000
Capitalized Lease Obligations						
2001 Property Lease 965 N Fair Oaks	12/27/2000	f	\$ 4,000,000	variable	12/27/2020	\$ 911,554
2011 Equipment Lease-ARTS Buses	12/23/2011	g	2,072,805	3.560%	1/15/2022	1,333,051
2012 Equipment Lease-Helicopter	6/18/2012	g	1,584,326	1.873%	11/20/2018	631,263
2012 Equipment Lease -911 System	6/18/2012	g	3,947,507	1.814%	11/20/2018	1,571,139
2013 Equipment Lease-Dental Clinic	6/28/2013	g	265,187	1.950%	6/28/2018	109,172
2014 Equipment Lease-Civic Center Parking Meter	7/15/2013	g	350,708	1.950%	7/15/2018	179,606
2015 Equipment Lease-South Lake Parking Meter	9/23/2015	g	112,924	2.470%	9/23/2020	102,245
Total Capitalized Lease Obligations						<u>\$ 4,838,030</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Business-Type Activities:

	<u>Issue Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Coupon Interest Rate</u>	<u>Payment Date</u>	<u>Outstanding at June 30, 2016</u>
<u>Detail of Long-Term Debts</u>						
<u>Business-Type Activities:</u>						
Notes payable						
Notes Payable-Marriott Parking Garage	8/18/1999	h	2,600,000	4.950%	12/19/2019	\$ 658,777
						<u>\$ 658,777</u>
Revenue bonds:						
2007 Water Revenue Bonds	4/23/2007	j	21,550,000	3.5% to 4.44%	6/1/2036	\$ 17,370,000
2008 Power Revenue Bonds	1/28/2008	k	58,555,000	4.0% to 5.0%	6/1/2037	48,615,000
2008 Paseo Colorado Taxable Revenue Bonds	9/17/2008	l	28,800,000	variable	6/1/2038	24,700,000
2009 Electric Revenue/Refunding Bonds	11/24/2009	m	40,655,000	4.0% to 5.0%	8/1/2024	25,545,000
2010 Electric Revenue/Refunding Bonds	8/3/2010	o	36,320,000	2.0% to 4.0%	6/1/2021	23,290,000
2010A Water Revenue Bonds (Taxable Build America)	12/23/2010	j	25,425,000	6.0% to 7.3%	6/1/2040	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	12/23/2010	j	4,575,000	3.0% to 5.0%	6/1/2020	2,765,000
2011A Water Revenue/Refunding Bonds	12/20/2011	n	29,770,000	3.0% to 5.0%	6/1/2033	23,560,000
2012A Electric Revenue Refunding Bonds	10/4/2012	o	11,780,000	1.0% to 4.0%	6/1/2022	6,510,000
2013A Electric Revenue Refunding Bonds	12/3/2013	i, p	80,485,000	4.25% to 5.0%	6/1/2043	80,485,000
Total Revenue Bonds						<u>\$ 278,265,000</u>
Certificates of Participation:						
1993 Refunding COP (Old Pasadena)	7/01/1993	t	28,050,000	2.75% to 5.25%	1/1/2018	\$ 4,055,000
2008 COP Series B Refunding 2004A&B	5/15/2008	c	890,869	3.0% to 5.25%	2/1/2019	303,024
Total Certificates of Participation						<u>\$ 4,358,024</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Business-Type Activities (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, 2016</u>
<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	\$ 27,668,770
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>\$ 162,388,770</u>
Revenue Bonds						
2010A Revenue Bonds-Tax Exempt	11/18/2010	RB1	25,220,000	4.0% to 5.0%	3/1/2027	\$ 25,220,000
2010A Revenue Bonds-Tax Exempt Capital Appreciation	11/18/2010	RB1	11,558,265	6.43% to 6.52%	3/1/2033	16,756,773
2010B Revenue Bonds-Taxable Build America Bonds	11/18/2010	RB1	106,660,000	6.998% to 7.148%	3/1/2043	106,660,000
2010C Revenue Bonds-Taxable	11/18/2010	RB1	5,005,000	2.935% to 4.924%	3/1/2020	4,120,000
2010D Revenue Bonds-Taxable Recovery Zone Economic Development	11/18/2010	RB1	7,400,000	7.148%	3/1/2043	7,400,000
2013A Revenue Bonds-Refunding-Tax Exempt	1/15/2013	RB2	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>15,875,000</u>
Total Revenue Bonds (RBOC)						<u>\$ 210,931,773</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016</u>
<u>Fiduciary Funds</u>						
Successor Agency to Pasadena Community Development Commission (PCDC):						
Tax Allocation bonds:						
2006 Tax Allocation Refunding Bond (Fair Oaks)	5/17/2006	T1	2,470,000	3.8% to 4.9%	7/1/2021	\$ 1,190,000
2006 Tax Allocation Refunding Bond (Lake/ Washington)	5/17/2006	T2	805,000	3.8% to 4.7%	7/1/2017	<u>180,000</u>
Total tax allocation bonds						1,370,000
Advances Payable – City	various		-	1.25% to 10.00%	various	<u>15,183,159</u>
Total Successor Agency to PCDC long-term liabilities						<u>\$ 16,553,159</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Purpose of Debt:

a	Refund 2006 Revenue Bonds
b	Fire and Police Retirement
c	Refund 2004A&B Certificates of Participation
d	Refund 2003 Certificates of Participation City Hall and Park Improvements
e	City Facilities
f	Land Acquisition
g	Equipment Purchases, assets purchased collateralizes debt
h	Marriott Parking Improvements
i	GT5 Improvements
j	Water System Capital Improvements
k	Modernization power warehouse
l	Refund 2000 Paseo Bonds
m	Refund partial 1998 Electric Bonds
n	Refund partial 2003 Water Bonds
o	Refund partial 2002/2003 Electric Bonds
p	Refund 2002 Electric Bonds and Capital Improvements to the Electric System
t	Refund 1986 Certificates of Participation
v	Section 108 Note for Robinson Park Improvements
w	Partially refund 2008 Certificates of Participation
CC1	Conference Center Improvements
CC2	Refund 2006B Certificates of Participation
RB1	Rose Bowl Stadium Renovation
RB2	Refund 2006 Rose Bowl Variable Rate Lease Revenue Bonds
T1	Fair Oaks Redevelopment Project & Public Improvement Program
T2	Lake Washington Redevelopment Project & Public Improvement Program

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

The annual requirements to amortize as of June 30, 2016, are as follows:

Governmental Activities:

Year Ending June 30	Notes Payable		Pension Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 314,867	63,573	-	5,429,959	4,613,342	3,031,572
2018	315,179	60,641	-	5,429,959	4,799,475	2,847,039
2019	315,498	57,704	-	5,429,959	4,989,159	2,617,316
2020	315,824	54,759	710,000	5,429,959	1,895,000	2,399,650
2021	316,156	51,808	890,000	5,411,662	1,995,000	2,304,900
2022-2026	1,586,013	214,517	8,190,000	26,506,201	11,560,000	9,926,500
2027-2031	1,595,433	139,619	12,565,000	24,577,373	14,745,000	6,733,250
2032-2036	1,605,883	63,689	19,695,000	21,187,803	14,445,000	3,362,975
2037-2041	117,477	12,809	34,825,000	15,852,872	8,105,000	489,400
2042-2045	50,519	1,595	42,585,000	5,174,413	-	-
Total Payment	\$ 6,532,849	720,714	119,460,000	120,430,160	67,146,976	33,712,602

Year Ending June 30	Revenue Bonds		Capitalized Lease	
	Principal	Interest	Principal	Interest
2017	\$ 560,000	220,056	1,477,223	89,448
2018	580,000	195,798	1,516,628	63,185
2019	600,000	170,674	1,011,493	36,578
2020	620,000	144,683	344,707	23,721
2021	640,000	117,826	245,753	15,032
2022-2026	2,080,000	182,803	242,226	6,486
Total Payment	\$ 5,080,000	1,031,840	4,838,030	234,450

Business-Type Activities

Year Ending June 30	Notes Payable *		Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 176,669	30,873	15,520,000	11,729,840	2,066,658	266,815
2018	185,646	21,894	15,405,000	11,148,245	2,185,525	139,823
2019	195,081	12,461	15,990,000	10,560,105	105,841	4,234
2020	101,381	2,547	15,235,000	9,913,053	-	-
2021	-	-	15,915,000	9,279,938	-	-
2022-2026	-	-	55,185,000	38,094,691	-	-
2027-2031	-	-	46,800,000	28,205,257	-	-
2032-2036	-	-	54,260,000	17,338,266	-	-
2037-2041	-	-	34,465,000	6,494,220	-	-
2042-2043	-	-	9,490,000	645,300	-	-
Total Payment	\$ 658,777	67,775	278,265,000	143,408,915	4,358,024	410,872

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Fiduciary Funds

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2017	\$ 265,000	59,159
2018	275,000	46,535
2019	195,000	35,441
2020	200,000	26,010
2021	210,000	16,118
2022	225,000	5,513
Total Payment	\$ 1,370,000	188,776

New Debts Issued FY2016

2015 Bank of America Electric Line of Credit

On February 1, 2015, the City completed a credit agreement with Bank of America to secure a \$75 million Line of Credit (Line). The proceeds from the Line will be used for the purpose of financing improvements to the City’s electric system, including the GT-5 generation unit. Bank of America has committed to extending this Line until February 9, 2018.

	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016
Line of Credit	\$ 1,000,000	44,700,000	-	45,700,000
Total	\$ 1,000,000	44,700,000	-	45,700,000

2015 Refunding Certificates of Participation, Series 2015A

On December 2, 2015, the City issued the Refunding Certificates of Participation, Series 2015A (2015A COP) in the amount of \$55,350,000 to advance refund a portion of the City’s Refunding Certificates of Participation, Series 2008C and to pay the costs of issuance of the 2015A COP. The rates of interest vary from 3.00% to 5.00% payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2016. Principal is payable in annual installments ranging from \$795,000 to \$4,130,000 commencing February 1, 2016 and ending February 1, 2038. The remaining unrefunded principal balance of the 2008C Refunding COP is \$5,120,000 due annually in 3 installments, Feb 1, 2016 \$1,630,000; Feb 1, 2017 \$1,710,000 and Feb 1, 2018 \$1,780,000. Interest on the unrefunded 2008C is due semi-annually on February 1 and August 1 at the rate of 4.00% and 5.00%. The City realized debt service savings of \$4.75 million and a present value savings of \$3.367 million. The true interest cost of the financing was 3.438%. The refunding resulted in a deferred charge of \$5,427,161.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

2015 Equipment Lease – South Lake Parking Meters

On September 23, 2015, the City entered into a Master Lease Purchase Agreement in the amount of \$112,924 with JP Morgan Chase Bank for the financing of South Lake Parking Equipment, which is then leased to, the City of Pasadena. Lease payments will be budgeted in the South Lake Parking Meter Fund. Principal and interest of \$12,074 are due semi-annually. The rate of interest is 2.47%. Principal installments range from \$10,679 to \$11,926 commencing March 23, 2016 and ending September 23, 2020.

Notes Payable Section 108 - Robinson Park Project

On October 29, 2015, the City entered into a Contract for Loan Guarantee Assistance under Section 108 with the Housing and Urban Development in the amount of \$6,000,000 for the Robinson Park Project. Principal is payable in annual installment of \$300,000 commencing August 1, 2016 and ending August 1, 2035. Interest rate is variable and set on the first day of each month to 20 basis points (0.2%) above the London Interbank Offered Rate (LIBOR). Interest payment is paid quarterly from effective date November 12, 2015.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016, along with the credit rating of the associated counterparty.

<u>Cash Flow Hedge</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$ 5,080,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	A3/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, 2016

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
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, 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
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, 2016

(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, 2016, 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, 2016		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (112,358)	Asset	\$ 106,079	\$ 5,080,000

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, 2016 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, 2016, the weighted-average interest rate on the City's hedged variable-rate debt is 0.29644% while 65 percent of LIBOR is 0.19269%.

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, 2016

(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.

Business-type activities

On July 1, 2009, the Pasadena Water Power Department (PWP) adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). As a result, the PWP recorded congestion revenue rights (CRRs) associated with power transmission within the California Independent System Operator (CAISO) as derivative instruments on the statement of net position in FY 2010. The accounting treatment of the derivative instruments was changed in FY 2011 according to a supplement to 2010-2011 Comprehensive Implementation Guide issued by GASB in December 2010. The CRRs are considered normal purchase or normal sales and are not required to be recorded and deferred the fair value of the CRRs. The transactions recorded in FY 2010 were reversed in FY 2011.

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, 2016 and the changes in fair value of the derivative instrument for the year then ended are as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2016		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred inflow	\$ (449,432)	Asset	\$ 424,317	\$ 20,320,000

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.

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, 2016, 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	\$ 20,320,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	A3/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, 2016 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, 2016, the weighted-average interest rate on RBOC's hedged variable-rate debt is 0.29644%, while 65 percent of LIBOR is 0.19269%.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

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.

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, 2016, 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	\$ 20,320,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	A3/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, 2016 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, 2016, the weighted-average interest rate on RBOC's hedged variable-rate debt is 0.29644%, while 65 percent of LIBOR is 0.19269%.

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, 2016

(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, 2016, the balance was \$1,105,427.

The annual amortization and balance of the borrowing as of June 30, 2016 are as follows:

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2017	\$ 1,105,428	25,709	(267,524)	863,613
2018	863,613	19,738	(235,754)	647,597
2019	647,597	14,459	(202,872)	459,184
2020	459,184	9,917	(168,874)	300,227
2021	300,227	6,162	(133,762)	172,627
2022	172,627	3,243	(97,535)	78,335
2023	78,335	1,214	(59,636)	19,913
2024	19,913	151	(20,064)	-

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:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2017	\$ 680,518	1,432	(154,501)	527,449
2018	527,449	1,091	(136,153)	392,387
2019	392,387	793	(117,163)	276,017
2020	276,017	539	(97,528)	179,028
2021	179,028	333	(77,251)	102,110
2022	102,110	174	(56,328)	45,956
2023	45,956	64	(34,440)	11,580
2024	11,580	8	(11,588)	-

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.

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2016:

Measurements by Fair Value Level		Level		
		1	2	3
Derivative Instrument Liability	\$ 424,317	\$ -	\$ 424,317	\$ -

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016, 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, 2016

(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, 2016, the balance was \$6,567,683.

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
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, 2016

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Objective and Terms of Hedging Derivative Instruments, (Continued)

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2016:

Measurements by Fair Value Level	Level		
	1	2	3
Derivative Instrument Liability	\$ 34,335,967	\$ -	\$ 34,335,967
	\$ -	\$ 34,335,967	\$ -

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2016, 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, 2016		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (10,657,305)	Debt	\$ (34,335,967)	\$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, 2016 and therefore PCOC had no credit risk exposure.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Derivative Instrument Liability, (Continued)

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, 2016, the weighted-average interest rate on the PCOC's hedged variable-rate debt is 0.41400%, while 64 percent of LIBOR is 0.25822%.

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, 2016, the maximum exposure/loss would have been \$43,605,663.

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, 2016

(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, 2016, are as follows:

	General Fund	Project Management Capital Project	General Debt Service	Housing Successor	Non-Major Governmental Funds
Fund Balances					
Nonspendable:					
Notes Receivable	\$ 51,508	-	-	20,889,093	47,444,755
Prepaid and Other Assets	-	-	-	-	62,752
Advances to Other Funds	18,264,704	-	-	-	-
Advances to Component Units	1,150,351	-	-	-	-
Allowance for Uncollectible Long-Term	(7,230,793)	-	-	(20,889,093)	(47,306,890)
Permanent Fund Principal	-	-	-	-	1,434,131
Property Held for Resale	-	-	-	-	6,163,853
Total Nonspendable	<u>12,235,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,798,601</u>
Restricted for:					
Air Quality Improvement	-	-	-	-	99,802
City Charter/Capital Projects	-	3,694,483	-	-	1,903,359
Debt Service	-	-	3,192,357	-	8,843,753
Donated Funds	-	-	-	-	1,634,775
Housing and Community Development					
Housing Funds	-	-	-	-	3,231,752
CDBG	-	-	-	-	5,476,415
Inclusionary Housing Trust	-	-	-	-	2,007,078
Rental Assistance Programs	-	-	-	-	1,023,871
Other Purpose	-	-	-	5,416,341	489,546
Public Safety					
Asset Forfeiture	-	-	-	-	986,796
Public Safety Augmentation	-	-	-	-	673,264
Other Public Safety Programs	-	-	-	-	315,508
Section 108 HUD Loan Security for					
Robinson Park Rehab	400,000	-	-	-	-
Transportation	-	-	-	-	16,661,443
Total Restricted	<u>400,000</u>	<u>3,694,483</u>	<u>3,192,357</u>	<u>5,416,341</u>	<u>43,347,362</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Fund balances, Governmental Funds, Continued

	<u>General Fund</u>	<u>Project Management Capital Project</u>	<u>General Debt Service</u>	<u>Housing Successor</u>	<u>Non-Major Governmental Funds</u>
Fund Balances, continued					
Total from previous page	12,635,770	3,694,483	3,192,357	5,416,341	51,145,963
Committed to:					
Building Plan Check and Permit Services	-	-	-	-	8,608,975
Building Services - General Plan Maintenance Fee and Technology Fee	-	-	-	-	3,700,228
Capital Projects	-	2,704,749	-	-	26,331,307
Emergency Contingency	33,451,483	-	-	-	-
Libraries	-	-	-	-	3,711,020
Pasadena Center Capital Improvement Trust	-	-	-	-	40,802
Parking	-	-	-	-	2,174,308
Sewer Construction and Maintenance	-	-	-	-	9,200,273
Underground Utilities	-	-	-	-	44,866,659
Total Committed	<u>33,451,483</u>	<u>2,704,749</u>	<u>-</u>	<u>-</u>	<u>98,633,572</u>
Assigned to:					
General Government	7,746,014	-	-	-	-
Parking	185,668	-	-	-	-
Health	2,015,827	-	-	-	-
Capital Projects	340,726	-	-	-	-
Public Safety	6,938,771	-	-	-	-
Transportation	-	-	-	-	-
Total Assigned	<u>17,227,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:	<u>15,138,645</u>	<u>(6,217,826)</u>	<u>-</u>	<u>-</u>	<u>(1,908,658)</u>
Total Fund Balance	<u>\$ 78,452,904</u>	<u>181,406</u>	<u>3,192,357</u>	<u>5,416,341</u>	<u>147,870,877</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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: Net Investment in Capital Assets, Restricted, or Unrestricted. Net position by classification as of June 30, 2016 are as follows:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	Aggregate Component Units
Net Investment in Capital Assets	\$ 405,857,937	449,140,888	854,998,825	(18,700,514)
Restricted:				
Expendable:				
Public Safety	1,975,568	-	1,975,568	-
Cultural and Leisure	2,034,775	-	2,034,775	-
Capital Projects	5,597,842	-	5,597,842	29,385,568
Community Development	17,155,457	-	17,155,457	-
Contributions	-	18,915,465	18,915,465	-
Debt Service	12,036,110	25,668,623	37,704,733	-
Stranded Investments (notes 12 and 19)	-	106,452,586	106,452,586	-
Transportation	16,661,443	-	16,661,443	-
Other Purposes	589,348	2,203,392	2,792,740	-
Unrestricted:	(325,825,996)	131,037,108	(194,788,888)	(501,365)
Total Net Position	<u>\$ 136,082,484</u>	<u>733,418,062</u>	<u>869,500,546</u>	<u>10,183,689</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, 2016, the Stranded Investment Reserve balance was \$106.45 million. The details of the additions and subtractions from the Reserve that occurred during fiscal year 2016 are shown below.

Restricted Cash and Investment

Beginning balance	\$	68,073,474
Interest earnings		1,154,944
Market gain/losses		275,418
Restricted cash and investment ending balance	\$	<u>69,503,836</u>

IPA Subordinated Notes

	Balance at June 30, 2015	Reduction	Balance at June 30, 2016
Notes Receivable	\$ 42,490,418	(5,541,668)	36,948,750
Total IPA Subordinated Notes	<u>\$ 42,490,418</u>	<u>(5,541,668)</u>	<u>36,948,750</u>
Restricted for Stranded Investments at June 30, 2016			<u>\$ 106,452,586</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(13) Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances/net position at June 30, 2016:

	<u>Due to Operations</u>	<u>Due to GASB68 Implementation</u>	<u>Total Accumulated Deficit</u>
Governmental Activities:			
Special Revenue Funds:			
Health	\$ (1,908,658)	\$ -	\$ (1,908,658)
Internal Service Funds:			
Computing and Communications Service	4,633,959	(10,518,192)	(5,884,233)
Building Maintenance	2,979,031	(5,051,986)	(2,072,955)
Benefits	(32,820,959)	(50,954,730)	(83,775,689)
Workers Compensation	(26,228,251)	(5,802,405)	(32,030,656)
General Liability	(5,956,400)	(346,836)	(6,303,236)
Printing Services	(2,618,313)	(709,152)	(3,327,465)
Mail Services	39,901	(189,366)	(149,465)
311 Call Center	186,616	(378,265)	(191,649)

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

Health

The Department has restructured programming to focus on health promotion, fee supported inspection programs, and disease prevention programming. This model emphasizes full cost recovery, fee collection, grant funding, and public health realignment revenues to sustain programming. The Department will continue to identify new public health partners and new streams of revenue (such as third party revenues) to further improve fund status and service provision. New grant opportunities will continue to be an important focus, with continued vigilance in maximizing grant billings, minimizing un-reimbursable expenditures, and closely monitoring revenue streams as critical components for future success in paying down the outstanding negative fund balance as rapidly as possible while continuing to protect the public’s health.

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 overall Fiscal Year 2016 fund balance increase is attributable to a reduction of \$2.1 million in GASB68 related liability. As committed last year, operational contributions increased by more than 4 percent for the fiscal year and are budgeted to increase again in Fiscal Year 2017 to help address the long term health of the fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(13) Accumulated Fund Deficits, (Continued)

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 reviewed the deficit and is correcting the situation through an increase in rates charged as part of the annual budget process. This is evidenced by the net income of \$2.2 million in the fund as of June 30, 2016.

Printing Services

Due to equipment obsolescence, new digital printing systems were necessary in order for Printing Services to continue operations. Acquisition of these systems, and the software necessary to operate them increased Printing Services expenses for FY2016. Additionally, the need for operational software became so significant that the purchase of EFI PrintSmith was necessary to ensure continued quality service to our customers. Neither of these expenses were offset by enough increased revenue to show a decrease in the section's revenue/expense deficit. Additional changes are being made to decrease costs of operations for the upcoming fiscal year, including the elimination of the Senior Press Operator position and a planned rebid for both outsourced printing and paper supply. 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.

GASB68 Implementation

In fiscal year 2015, the City implemented GASB Statement No. 68. As part of the implementation, the City has recorded certain deferred inflows/outflows and obligations related to the pension benefit provided to employees to the proprietary funds. This caused several of the fund's fund balances to fall into or increase a deficit position.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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, \$611,511 was received and recorded in June 2015, 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><u>Primary Government</u></i>			
Light and Power Revenues	\$ 59,523	17,687	30%
Water Revenues	16,162	7,087	44%
<i><u>Fiduciary Funds</u></i>			
Tax Increment (Other Projects)	\$ 5,577 (a)	2,384	43%

Note:

(a) \$611,511 of \$5,576,517 of pledge revenue was received and recorded in June 2015 to be spent during the period of July 2015 - December 2015

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(15) Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2016:

Transfers Out	Transfers In							Total
	General Fund	Project Management Fund	General Debt Service Fund	Non-Major Governmental Funds	Light and Power Fund	Non-Major Enterprise Funds	Internal Service Funds	
General Fund	\$ -	4,104,630	5,871,100	A 20,502,154	B -	985,039	2,580,017	34,042,940
Project Management Fund	-	-	-	-	-	-	67,598	67,598
General Debt Service	-	-	-	112,924	-	-	-	112,924
Non-Major Governmental Funds	264,060	12,352,944	C 390,666	57,082,871	4,908,006	-	409,501	75,408,048
Light and Power Fund	17,184,919	D -	-	-	-	-	404,246	17,589,165
Water Fund	1,894,138	-	-	-	-	-	120,419	2,014,557
Off Street Parking Fund	35,000	491,399	-	-	-	-	8,104	534,503
Non-Major Enterprise Funds	198,240	175,425	-	-	-	-	413,687	787,352
Internal Service Funds	-	1,259,456	-	-	-	-	219,308	1,478,764
Total	\$ 19,576,357	18,383,854	6,261,766	77,697,949	4,908,006	985,039	4,222,880	132,035,851

Fiduciary Funds

The following is a summary of transfers in and out for the year ended June 30, 2016:

Transfers In	Transfers Out	
	Redevelopment Obligation Retirement Fund	Total
Successor Agency Administration	\$ 295,641	295,641
Successor Agency Debt Service	2,387,322	2,387,322
Total	\$ 2,682,963	2,682,963

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(15) Transfers, (Continued)

Primary Government

(A) Transfers from the General Fund to General Debt Service Fund consist of:

- \$5,339,460 to pay interest for the 2015 Taxable Pension Obligation Bonds
- \$531,640 for other debt service payments

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

- \$7,925,512 to pay for various debt service obligations, including 2008B and 2008C Refunding COPs
- \$10,703,910 to support the Library Services Fund.
- \$1,872,732 to Housing and Community Development and various Transportation and Parking funds to support their operations.

(C) Transfers from the Non-Major Governmental Funds to the Project Management Fund were for various capital improvement projects.

(D) Light and Power contributed \$17,184,919 to the General Fund for the payment of interest and principal on City bonds, municipal improvements and other purposes.

Fiduciary Funds

The Redevelopment Obligation Retirement Fund transferred \$2,682,963 to the Successor Agency Debt Service Funds (SADSF) and \$295,641 to the Successor Agency Administration Fund. In April, 2013, the State Department of Finance (DoF) sent a determination letter to the City for the "Other Funds and Accounts Due Diligence Review". As a result of the review, the SADSF was required to pay \$6,991,563 back to the Los Angeles County. The City made the payment in December 2015.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(16) Self-Insurance

The City maintains self-insurance and excess insurance programs for various lines of liability coverage. Liability claims are self-administered, within the self-insured retention. For the period July 1, 2015 to June 30, 2016 excess liability insurance was purchased with limits of \$20 million excess of a \$3 million per occurrence self-insured retention. Excess worker's compensation insurance, with a \$5,000,000 self-insured retention, was purchased in FY 2016. Worker's Compensation claims for all City workers, including Public Safety, Fire and Police, with claim dates of 7/1/2012 onwards, are administered by a Third Party Administrator, Adminsure. The City maintains a few self-administered claims (with dates before 7/1/2012).

Five workers' compensation claims from prior years, when the retention was \$500,000, have exceeded the excess level. Nine workers' compensation claims from prior years, when the retention was \$250,000, have exceeded the excess level. Three 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 Civil Division of the Department of the City Attorney/City Prosecutor, primarily using in-house civil attorneys, controls litigated liability claims. A Claim is a demand seeking damages allegedly arising out of a wrongful act for which the claimant asserts the City is responsible. During FY16, for Claims occurring in FY16, the City paid approximately \$111,903 (loss payments). The overall total incurred for Claims occurring in FY16 is \$114,573 (losses plus expenses). Against public entities is mitigated by existing laws/statutes/codes, which provide certain immunities. On November 30/December 1, 2011, Pasadena was hit by a windstorm which toppled trees; insurance companies previously presented Claims against the City arising from the windstorm exposing the City to property damage liability for damage to private property. We received an adverse judgment in one of the windstorm lawsuits, and that case is on appeal. A series of other windstorm cases are pending at the trial court level, with two new claims involving multiple plaintiffs being filed. A child in a stroller was hit in the head by an errant golf ball near Brookside Golf Course – the City prevailed by motion at the trial court level, and this case is on appeal. In FY 2015, the City was also sued in a police officer-involved shooting that resulted in a suspect claiming significant injuries requiring long-term care. City is appealing the trial court's denial of City's Motion to Dismiss. In FY 2016, City received claims and a lawsuit was filed against the City pertaining to the July 28, 2015 tree falling on the grounds of Kidspace: A Participatory Museum. The claims have been denied. On September 30, 2016, a suspect's death resulted from an incident in which our police officers used a Taser and a Claim was filed against the City related to that incident. No other pending liability claims appear to have sufficient damages and potential 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, 2016

(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 Claims Coordinator or the Workers' Compensation Claims Supervisor, including expected litigation expenses and losses that will be paid by the City Treasurer.

Heliport and aircraft liability limits were raised from \$20,000,000 to \$50,000,000 for FY 2015-2016. Hull insurance with a 1.5% deductible is purchased on helicopters. There have been no hull-coverage claims during the past three years.

The City bought All Risk Property Insurance on all its buildings, with a separate Equipment Breakdown policy for production facilities at the power plant, with a combined total scheduled insured value in excess of \$1.7 billion. Limit of Liability under "all risk" policy is \$250,000,000, with various sub-limits. The deductible on this policy ranges from \$5,000 to \$25,000, depending on coverage triggered. Exclusions include earthquake, collapse of buildings and nuclear hazard. There have been no new claims during FY 2016 under either of these policies. Limit of Liability under the Equipment Breakdown policy is \$100,000,000 with various sub-limits; and a deductible of \$25,000. Exclusions under this policy include earthquake, fungus, and contingent business income/extra expense.

In addition to the coverage afforded by the All Risk Property and Equipment Breakdown policies, the City bought Property (Power Plant) / Boiler and Machinery insurance with total insured value of \$226,596,550. Limit of Liability is \$100,000,000 with various sub-limits; and deductible of \$1,000,000 for property damage or \$1,500,000 for loss or damage due to breakdown of any of three gas turbine units. There has been a significant increase in the total insured value based on the addition of GT5. The City has received no new claims under this policy, for FY 2016.

In an effort to protect the City's assets and transfer potential risk, the City also purchases the following insurance policies: Medical Malpractice; Pollution Liability; Terrorism for Property and Business Interruption and Terrorism & Sabotage Insurance; Auto Physical Damage; Cyber Risk Privacy Liability; Fiduciary (purchased for and by the Fire and Police Retirement System); Crime; Underground Storage Tank policies.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(16) Self-Insurance, (Continued)

Pasadena Center Operating Company “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.

Rose Bowl Operating Company “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, naming City of Pasadena as additional insured on their policies. 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 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, 2016, liability claims payable amounted to \$11,241,544 of which \$2,248,309 is estimated to be paid within one year. Workers’ Compensation claims payable amounted to \$25,846,657, of which \$10,365,963 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
2014-15	39,447,392	8,758,305	8,319,605	39,886,092
2015-16	39,886,092	5,407,013	8,204,904	37,088,201

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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 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>2016</u>	<u>2015</u>
Assets, beginning of year (market value)	\$ 240,727,087	\$ 229,046,246
Deferrals of compensation	16,736,777	17,346,597
Earnings and adjustments to market value	326,346	8,198,429
Payments to eligible employees	(14,160,178)	(13,714,610)
Plan fees	(135,773)	(149,575)
Assets, end of year (market value)	<u>\$ 243,494,259</u>	<u>240,727,087</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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 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.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

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 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.

As of June 30, 2016, the funded percentage of FPRS, calculated in accordance with Agreement No. 20,823 and Agreement No. 16,900, was 80.5%. As provided by Contribution Agreement No. 16,900, if the funded percentage is below the minimum funding percentage of 78.0% for fiscal year 2016, the City will reimburse FPRS in the following fiscal year subject to certain reimbursement limits. Based on the June 30, 2016 actuarial valuation, the funding deficiency was \$0, or 0%, below the funding requirement of 78.0% as of June 30, 2016. Thus, no required supplemental contribution is owed to FPRS by the City for the fiscal year ended June 30, 2016, on January 1, 2017.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Net Pension Liability

At June 30, 2016, the Net Pension Liability of FPRS was as follows:

FPRS	
Net Pension Liability	6/30/2016
Discount Rate	6.50%
Beginning Total Pension Liability (TPL)	\$ 155,099,000
Interest	9,644,000
Benefit Payments	(13,448,000)
Experience Losses (Gains)	(2,098,000)
Ending Total Pension Liability (TPL)	\$ 149,197,000
Beginning Fiduciary Net Position (FNP)	\$ 139,969,000
Employer Contribution	-
Net Investment Income	49,000
Benefit Payments	(13,448,000)
Administrative Expenses	(301,000)
Ending Fiduciary Net Position (FNP)	\$ 126,269,000
Net Pension Liability (NPL)	\$ 22,928,000
FNP as a Percentage of TPL	84.60%

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. Upon analysis provided by the System's Actuary on May 18, 2016, the Board accepted the recommended assumptions (that were concurred with by City Treasury and the System's Investment Advisor) for use in the preparation of the actuarial valuation for the fiscal year ending June 30, 2016. The TPL was determined by the actuarial valuation performed as of June 30, 2016, using the following actuarial assumptions:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability, (Continued)

Actuarial Assumptions

Discount Rate	6.50%*	
Inflation	3.00%	
Salary Increases	No active employees	
Mortality	CalPERS 1997-2011 Experience Study, Modified MP-2014	
Geometric Real Rate of Return	Based on the CalPERS 2013 10-year Expected Geometric Rate of Return	
	Global Equity	5.00%
	Domestic Equity	5.00%
	Fixed Income and Bank Loans	0.74%
	TIPS	0.20%
	Hedge Funds	3.14%
	Real Estate	4.25%

* Discount Rate reflects assumed investment expense of 40bp.

Inactive employees or beneficiaries currently receiving benefits	237
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	<u>237</u>

Discount Rate

The discount rate of 6.5% to measure the June 30, 2016 Total Pension Liability for accounting purposes was selected by the System actuary. The actuary performed a stochastic analysis of expected returns using the System's target asset allocation and capital market assumptions from CalPERS' investment advisors in 2013. The discount rate is the expected real long-term rate of return determined by this analysis plus the inflation assumption of 3% less assumed investment expenses of 40 basis points. Based on the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on Plan investment of 6.50% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Discount Rate, (Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Global Equity	20.00%
Domestic Equity	20.00%
Fixed Income and Bank Loans	40.00%
TIPS	5.00%
Hedge Funds	10.00%
Real Estate	5.00%
Total	<u>100.00%</u>

Changes in Pension Liability

	<u>Increase (Decrease)</u>		
	<u>A</u>	<u>B</u>	<u>C = A - B</u>
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/15	\$ 155,099,000	\$ 139,969,000	\$ 15,130,000
Changes Recognized for the Measurement Period:			
Service Cost	-	-	-
Liability	9,644,000	-	9,644,000
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(2,098,000)	-	(2,098,000)
Contribution from Employers	-	-	-
Contribution from Employees	-	-	-
Net Investment Income	-	50,000	(50,000)
Benefit Payments	(13,448,000)	(13,448,000)	-
Administrative Expense	-	(302,000)	302,000
Net Change during 2014-15	<u>(5,902,000)</u>	<u>(13,700,000)</u>	<u>7,798,000</u>
Balance at 6/30/16	<u>\$ 149,197,000</u>	<u>\$ 126,269,000</u>	<u>\$ 22,928,000</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Pension Expense

	Pension Expense/(Income)
Service Cost	\$ -
Interest on Total Pension Liability	9,644,000
Projected Earnings on Pension Plan Investments	(8,661,000)
Recognize Differences between Projected and Actual Earnings on Plan Investments	184,000
Administrative Expenses	302,000
Total	\$ 1,469,000

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

Examining the sensitivity of the NPL to changes in the discount rate by a 1% decrease, from 6.5% to 5.5%, revealed an increase in the NPL by \$13,801,000 to a total NPL of \$36,729,000. Conversely, increasing the discount rate by 1%, from 6.5% to 7.5% revealed a corresponding decrease in the NPL of \$11,822,000 to total NPL of \$11,106,000 as of June 30, 2015.

FPRS			
	Discount Rate - 1% (5.50%)	Current Discount Rate (6.5%)	Discount Rate +1% (7.5%)
Total Pension Liability	\$ 162,998,000	\$ 149,197,000	\$ 137,375,000
Fiduciary Net Position	126,269,000	126,269,000	126,269,000
Net Pension Liability	36,729,000	22,928,000	11,106,000
NPL Funded Percentage	77.5%	84.6%	91.9%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

	FPRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumption	\$ -	\$ -
Differences between Expected and Actual Experience	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,569,000	-
Total	\$ 8,569,000	\$ -

Measurement Period ended June 30:	FPRS	
	Deferred Outflows/(Inflows) of Resources	
2016	\$	2,282,000
2017		2,282,000
2018		2,282,000
2019		1,723,000
2020		-
Thereafter		-

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

Miscellaneous		Safety	
Hire date	Prior to January 1, 2013	Hire date	Prior to January 1, 2013
Benefit formula	2.5% @ 55	Benefit formula	3% @ 55
Benefit vesting schedule	5 years service	Benefit vesting schedule	5 years service
Benefit payments	monthly for life	Benefit payments	monthly for life
Retirement age	50	Retirement age	50
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	Monthly benefits, as a % of eligible compensation	2.40% to 3.00%
Required employee contribution rates	7.974%	Required employee contribution rates	9.000%
Required employer contribution rates	17.377%	Required employer contribution rates	27.226%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,476	246
Inactive employees entitled to but not yet receiving benefits	853	101
Active employees	1,362	381
Total	3,691	728

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Discount Rate, (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 ⁽¹⁾</u>	<u>Real Return Years 11+ ⁽²⁾</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

⁽¹⁾ An expected inflation of 2.5% used for this period

⁽²⁾ An expected inflation of 3.0% used for this period

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more specific details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Changes in the Net Pension Liability, (Continued)

Miscellaneous

	Increase (Decrease)		
	A	B	C = A - B
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/14	\$ 970,629,661	\$ 739,560,498	\$ 231,069,163
Changes Recognized for the Measurement Period:			
Service Cost	16,518,922	-	16,518,922
Interest on the Total Pension Liability	70,707,742	-	70,707,742
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(14,487,681)	-	(14,487,681)
Changes of Assumption	(16,681,849)	-	(16,681,849)
Plan to Plan Resource Movement	-	704	(704)
Contribution from Employers	-	19,682,618	(19,682,618)
Contribution from Employees	-	8,503,246	(8,503,246)
Net Investment Income	-	16,554,269	(16,554,269)
Benefit Payments, including Refunds of Employee Contribution	(46,870,745)	(46,870,745)	-
Administrative Expense	-	(828,526)	828,526
Other Changes in Fiduciary Net Position	-	(494,019)	494,019
Net Change during 2014-15	9,186,389	(3,452,453)	12,638,842
Balance at 6/30/15	<u>\$ 979,816,050</u>	<u>\$ 736,108,045</u>	<u>\$ 243,708,005</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Changes in the Net Pension Liability, (Continued)

Safety

	Increase (Decrease)		
	A	B	C = A - B
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/14	\$ 510,240,296	\$ 395,696,163	\$ 114,544,133
Changes Recognized for the Measurement Period:			
Service Cost	10,701,701	-	10,701,701
Interest on the Total Pension Liability	37,307,299	-	37,307,299
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(8,454,840)	-	(8,454,840)
Changes of Assumption	(9,887,742)	-	(9,887,742)
Contribution from Employers	-	12,026,962	(12,026,962)
Contribution from Employees	-	3,764,101	(3,764,101)
Net Investment Income	-	8,834,410	(8,834,410)
Benefit Payments, including Refunds of Employee Contribution	(19,142,925)	(19,142,925)	-
Administrative Expense		(451,748)	451,748
Other Changes in Fiduciary Net Position	-	684,181	(684,181)
Net Change during 2014-15	<u>10,523,493</u>	<u>5,714,981</u>	<u>4,808,512</u>
Balance at 6/30/15	<u>\$ 520,763,789</u>	<u>\$ 401,411,144</u>	<u>\$ 119,352,645</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 369,576,050	\$ 243,708,005	\$ 139,113,379
Safety			
	Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 195,685,912	\$ 119,352,645	\$ 57,036,256

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Recognition of Gains and Losses, (Continued)

The amortization period differs depending on the source of the gain or loss:

<u>Difference between projected and actual earnings</u>	<u>5 year straight-line amortization</u>
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund

The EARSL for the Plan for the 2014-15 measurement period is 3.4 years for Miscellaneous and 5.6 years for Safety, which was obtained by dividing the total service years of 12,847 (Miscellaneous) and 4,179 (Safety) (the sum of remaining service lifetimes of the active employees) by 3,813 (Miscellaneous) and 749 (Safety) (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

	<u>Miscellaneous</u>	<u>Safety</u>
	<u>Pension Expense/(Income)</u>	<u>Pension Expense/(Income)</u>
Service Cost	\$ 16,518,922	\$ 10,701,701
Interest on Total Pension Liability	70,707,742	37,307,299
Changes of Benefit Terms	-	-
Recognized Changes of Assumptions	(4,906,426)	(1,765,668)
Recognized Differences between Expected and Actual Experience	(4,261,083)	(1,509,793)
Plan to Plan Resource Movement	(704)	-
Employee Contributions	(8,503,246)	(3,764,101)
Projected Earnings on Pension Plan Investments	(55,631,553)	(30,145,847)
Recognize Differences between Projected and Actual Earnings on Plan Investments	(4,908,769)	(2,483,535)
Administrative Expenses	828,526	451,748
Total	\$ 9,843,409	\$ 8,791,804

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (Continued)

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumption	\$ -	\$ (11,775,423)	\$ -	\$ (8,122,074)	\$ -	\$ (19,897,497)
Differences between Expected and Actual Experience	-	(10,226,598)	-	(6,945,047)	-	(17,171,645)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	31,261,827	(38,172,676)	17,049,150	(20,237,465)	48,310,977	(58,410,141)
Total	<u>\$ 31,261,827</u>	<u>\$ (60,174,697)</u>	<u>\$ 17,049,150</u>	<u>\$ (35,304,586)</u>	<u>\$ 48,310,977</u>	<u>\$ (95,479,283)</u>

The amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense.

The \$22,909,508 and \$12,421,469 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (Continued)

Miscellaneous		Safety	
Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources	Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (14,076,278)	2016	\$ (5,758,996)
2017	(14,076,278)	2017	(5,758,996)
2018	(8,575,770)	2018	(5,758,995)
2019	7,815,456	2019	986,828
2020	-	2020	(1,965,277)
Thereafter	-	Thereafter	-

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, 2016, was \$3,737,827. The covered employees made the total required 7.5% contributions of \$280,337.

(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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(19) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

“Take or Pay” Contracts, (Continued)

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, 2016 is \$257 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 investment” with a net present value estimated to be approximately \$106.5 million in 2016. 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 SCPA 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 Downtown Project Area tax increment monies (excluding \$800,000 for low and moderate income housing) to pay the debt service on Pension Obligation Bonds. This matter is under appeal. For detailed information, please see Note 22.

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.

Commitments

The City has various contracts with significant commitments that are in force at June 30, 2016. These include a number of material power purchase contracts which extend over many years.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(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) 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 \$125.00 or \$62.50 per month depending on the bargaining unit or the unrepresented group the employee was a member of. For fiscal year ended June 30, 2016 the number of employees covered by the subsidy follows:

	Partial Benefit Group	Full Benefit Group	Total
Active Participants	1,031	731	1,762
Participants receiving subsidy	321	325	646
	1,352	1,056	2,408

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, 2016

(20) 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 2016, this monthly amount is \$125.00 for certain classes of employees and \$62.50 for remaining employees.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Funding Policy and Annual OPEB Cost. The City contribution requirements have been established at the individual retiree levels of \$125.00 or \$62.50 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 accrued actuarial liability (UAAL) over a period not to exceed thirty years. As of June 30, 2016 the remaining amortization period for the UAAL is assumed to be 22 years. This is the ninth year of implementation of GASB Statement No. 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:

	<u>2016</u>
Annual Required Contribution (ARC)	\$ 5,915,594
Interest on Net OPEB Obligation	763,200
Adjustment to ARC	<u>(1,284,257)</u>
Annual OPEB Cost	5,394,537
Contributions made	<u>(1,580,757)</u>
Increase in net OPEB obligation	3,813,780
Net OPEB obligation – beginning of year	<u>19,080,000</u>
Net OPEB obligation – end of year	<u>\$ 22,893,780</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2016 and the two preceding years are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	2,609,000	43.59%	16,970,000
6/30/2014	2,733,000	47.21%	19,080,000
6/30/2015	5,394,537	29.30%	22,893,780

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2016 follows:

	<u>Partial Benefit Group</u>	<u>Full Benefit Group</u>	<u>Total</u>
Actuarial accrued liability	25,412,792	28,795,425	54,208,217
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	25,412,792	28,795,425	54,208,217
Funded Ratio	0%	0%	0%

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 schedule of funding progress for the City's OPEB plan, presented as required supplementary information, presents 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. As the City operates on a pay-as-you-go basis, the actuarial value of the plan assets is zero.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

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 – 4% per year.
Administrative Expenses:	Not assumed to be paid from this plan.
Future Mutual Price Inflation:	2.5% per year
Pre-retirement Turnover:	Utilizing CalPERS 2014 experience study rates
Pre-retirement Mortality:	Utilizing CalPERS 2014 experience study rates
Post-retirement Mortality:	Utilizing CalPERS 2014 experience study rates
Disability Rates:	Utilizing CalPERS 2014 experience study rates
Medical Inflation Rates:	Assumed to be 4.00% per year

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:	Utilizing CalPERS 2014 experience study rates
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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

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:	In past valuations the liability for the implicit rate subsidy was excluded from the valuation as GASB Statement No. 45 had provided an exemption for community rated plans. This valuation includes an estimate of the liability for the implicit rate as required by current actuarial standards.
Census:	Provided by the City as of July 1, 2016
Actuarial Methods: Funding Method:	Entry Age Normal – level percentage of pay-as-you-go basis.
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 22 year period on a level dollar basis.

Schedule of Funding Progress

Actuarial Valuation Fiscal Year	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll
6/30/2014	\$ -	26,916,000	26,916,000	0.0%	144,388,695	18.6%
6/30/2015	-	28,619,000	28,619,000	0.0%	143,419,430	20.0%
6/30/2016	-	54,208,217	54,208,217	0.0%	158,288,000	34.2%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(21) Restatement of Beginning Net Position

Primary Government

The accompanying financial statements reflect adjustments that resulted in the restatement of the beginning net position of the Governmental Activities and Business Activities of the Primary Government.

In fiscal year 2016, the City conducted a detailed reconciliation of the capital asset as part of the new ERP system implementation. The reconciliation identified capital assets with incorrect values, assets that we were not able to identify, and variances between the actual asset inventoried and the assets recorded on the General Ledger as of June 30, 2015. This reconciliation resulted in the restatement of the beginning net position of the Governmental Activities and the Business-type Activities of the Primary Government.

The following schedule summarizes the effect of the prior period adjustment to the beginning net positions as of July 1, 2015:

	Governmental Activities	Business-Type Activities
Net Position at July 1, 2015	\$ 113,185,746	\$ 662,285,963
Capital Assets Conversion	(10,885,566)	2,097,762
Net Position, as restated	\$ 102,300,180	\$ 664,383,725

	Light and Power	Water	Non-Major Enterprise Funds	Total Internal Service Funds
Net Position at July 1, 2015	\$ 519,909,622	143,596,828	7,121,234	(123,864,172)
Capital Assets Conversion	1,717,040	81,292	299,430	(1,008,801)
Net Position, as restated	\$ 521,626,662	143,678,120	7,420,664	(124,872,973)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

On June 28, 2011, Assembly Bill No. X1 26 (“AB 26”) was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the State and established the procedures by which this was to be accomplished, which include among other things the creation of successor agencies to wind down the business and fiscal affairs of the former redevelopment agencies and dispose of assets of the former redevelopment agencies.

AB 26 has since been amended by various assembly and senate bills enacted by the California Legislature and signed by the Governor. The most recent one is Senate Bill 107 (SB 107). In addition to other non-fiscal related matters, SB 107 creates an opportunity for Successor Agencies to obtain re-approval of prior loan agreements with cities, place them on the Recognized Obligation Payment Schedule (ROPS), and receive repayment. SB 107 defines "loan agreement" as: Loans for money under which the city transferred cash to the former RDA for use for a lawful purpose and where the former RDA was obligated to repay the money pursuant to a required repayment schedule. SB 107 limits the interest on any re-approved loans/reimbursement agreements to an interest rate of 3% regardless of the interest rate in the agreement. This provision could theoretically result in payments back to the City’s General Fund. However, the state Department of Finance has the final discretionary approval.

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 Obligations) from Recognized Obligation Payment Schedule III had been determined by DOF to not be enforceable obligations under the redevelopment dissolution act (commonly known as AB 26) and ineligible for payment from former tax increment generated by the redevelopment projects (known as the 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 had 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.

In response to the DOF denial 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 Items 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 Items 14

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

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

Senate Bill 481, (Continued)

(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.

The DOF appealed and 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. The Supreme Court declined to grant the City's Petition for Review. In response on January 30, 2015, the City filed its Application for Temporary Restraining Order and Motion for a Preliminary Injunction in the Writ Department of Sacramento Superior Court. The Superior Court issued a ruling on May 28, 2015, in favor of the DOF. Pursuant to the three party stipulation and the Court's order, the County was required to continue to maintain the \$39.7 million in escrow pending final adjudication of the case. The City appealed and, on January 13, 2017, the Appellate Court upheld the decision in favor of the California Department of Finance. This will result in all of the funds being distributed to all of the taxing agencies entitled to portions of this property tax. The City will receive approximately \$8.3 million as its portion of the funds being held.

(23) Special Item – Reinstatement of PCDC Loan

In March 2016, the California Department of Finance (DOF) issued a determination letter to the City. This letter stated that loans, in the amount of \$11,128,159 made by the City to the PCDC were for legitimate redevelopment purposes and therefore should be considered enforceable obligations. Based on that decision, the City recorded a special item, in the amount of \$11,128,159, as revenues for the City and expenses for the Successor Agency in FY 2016. The City also reinstated the loans between the City and the Successor Agency.

(24) Subsequent Events

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

2016A Electric Revenue Refunding Bond

On November 7, 2016, the City issued \$119,440,000 of 2016A Electric Revenue/Refunding Bonds. The purpose of the Bonds are to refund a portion of the outstanding 2008 Bonds, to finance the costs of acquisition and construction of certain improvements to the Electric System of the City, repay an outstanding balance on a Line of Credit, and to fund a deposit to the parity reserve fund, and to pay costs of issuance of the 2016A Bonds. The City realized a present value savings of \$5.8M on the refunding of the 2008 Bonds.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2016

(24) Subsequent Events, (Continued)

Successor Agency to the Pasadena Community Development Commission SB 481 Litigation

For more detail please refer to footnote 22, State Assembly Bill 1484, Clean Up Legislation, and Current Status. With the dissolution of Redevelopment, special legislation for Pasadena (SB 481) was deemed inoperable by the State of California. The City disagreed and pursued the matter in court. On May 8, 2015, the merits of the case were heard in the Writ Department of Sacramento Superior Court. On May 28, 2015, the Judge ruled in favor of the California Department of Finance. Pursuant to the three party stipulation and the Court's order, the County was required to continue to maintain the \$39.7 million in escrow pending final adjudication of the case. The City appealed and, on January 13, 2017, the Appellate Court upheld the decision in favor of the California Department of Finance. This will result in all of the funds being distributed to all of the taxing agencies entitled to portions of this property tax. The City will receive approximately \$8.3 million as its portion of the funds being held.

2017A Water Revenue Refund Bonds

On January 23, 2017 City Council adopted a resolution authorizing the invitation of bids for the of water revenue bonds, 2017 series of City, approving a notice of intention to sell bonds, a preliminary official statement, a notice inviting bids, and other authorizing actions related to the future sale of bonds. The issue is not to exceed aggregate principal amount of \$17,370,000 and will be used to refinance 2007 Series Water Revenue Bonds. At the time of approval the City anticipated a possible economic savings of \$1.5 million and will only proceed with the refunding if it can attain a net present value savings of at least \$1.0 million.

GT-5 Local Power Generation Unit Now Operational

With final certification on December 20, 2016 to achieve commercial operation, Gas Turbine 5 (GT-5) is now fully functional, replacing a 51 year old steam generating plant. GT-5 provides Pasadena with net 68 MW of clean, natural-gas fueled power that is the most efficient and environmentally "clean" unit in its class. Its quick-start capability provides Pasadena with the flexibility needed to maintain reliability as it can generate power within minutes as opposed to the 72-hour start up time needed by its predecessor. In addition, GT-5 is available for schedule into the California Independent System Operator to deliver energy for regional requirements that may also provide revenue to the Light and Power Fund.

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REQUIRED SUPPLEMENTARY INFORMATION



The Illustrated Miracle Worker
ANN TAKES HELEN OUT TO THE WATER PUMP
By Alan League

CITY OF PASADENA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 144,726,615	144,726,615	150,707,823	5,981,208
Licenses and permits	3,810,148	3,800,738	4,317,626	516,888
Intergovernmental revenues	16,384,928	18,493,738	17,981,082	(512,656)
Charges for services	28,572,505	29,395,927	34,699,807	5,303,880
Fines and forfeits	6,866,283	7,175,283	7,377,968	202,685
Investment earnings	1,073,206	1,073,206	2,938,186	1,864,980
Rental income	1,142,414	1,152,656	1,200,454	47,798
Miscellaneous revenues	2,199,849	2,349,329	3,662,805	1,313,476
Total revenues	<u>204,775,948</u>	<u>208,167,492</u>	<u>222,885,751</u>	<u>14,718,259</u>
Expenditures:				
Current:				
General government:				
City Attorney/City Prosecutor	6,248,149	6,448,149	6,623,532	(175,383)
City Clerk	1,657,041	1,657,041	1,557,170	99,871
City Council	2,092,231	2,092,231	2,294,294	(202,063)
City Manager	5,621,065	5,696,065	4,968,802	727,263
Finance	9,218,204	9,237,493	9,164,854	72,639
Human Resources	3,809,765	3,723,286	3,677,339	45,947
Non-departmental	1,861,199	2,558,448	12,848,187	(10,289,739)
Public safety:				
Fire	42,190,081	42,809,994	42,640,872	169,122
Police	66,784,576	69,142,811	67,762,845	1,379,966
Transportation:				
Public Works and Transportation	28,205,084	29,649,246	26,069,981	3,579,265
Culture and leisure:				
Human Services and Recreation	9,897,914	10,380,468	9,306,197	1,074,271
Non-departmental - PCOC	9,213,207	9,213,207	9,753,539	(540,332)
Community development:				
Planning and Permitting	7,657,503	7,874,622	7,625,374	249,248
Total expenditures	<u>194,456,019</u>	<u>200,483,061</u>	<u>204,292,986</u>	<u>(3,809,925)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,319,929</u>	<u>7,684,431</u>	<u>18,592,765</u>	<u>10,908,334</u>
Other financing sources (uses):				
Transfers in	20,017,478	20,017,478	19,576,357	(441,121)
Transfers out	(27,098,553)	(30,851,979)	(34,042,940)	(3,190,961)
Total other financing sources (uses)	<u>(7,081,075)</u>	<u>(10,834,501)</u>	<u>(14,466,583)</u>	<u>(3,632,082)</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>	<u>11,128,159</u>	<u>11,128,159</u>
Change in fund balances	3,238,854	(3,150,070)	15,254,341	18,404,411
Fund balances at beginning of year, as restated (note 21)	<u>63,198,563</u>	<u>63,198,563</u>	<u>63,198,563</u>	<u>-</u>
Fund balances at end of year	<u>\$ 66,437,417</u>	<u>60,048,493</u>	<u>78,452,904</u>	<u>18,404,411</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, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	1,208	1,208
Investment earnings	-	-	18,677	18,677
Rental income	12,660	12,660	61,741	49,081
Miscellaneous revenues	169,094	169,094	439,407	270,313
Total revenues	<u>181,754</u>	<u>181,754</u>	<u>521,033</u>	<u>339,279</u>
Expenditures:				
Current:				
Community development	36,000	586,000	16,220,632	(15,634,632)
Total expenditures	<u>36,000</u>	<u>586,000</u>	<u>16,220,632</u>	<u>(15,634,632)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>145,754</u>	<u>(404,246)</u>	<u>(15,699,599)</u>	<u>(15,295,353)</u>
Fund balance at beginning of year	<u>21,115,940</u>	<u>21,115,940</u>	<u>21,115,940</u>	<u>-</u>
Fund balance at end of year	<u>\$ 21,261,694</u>	<u>20,711,694</u>	<u>5,416,341</u>	<u>(15,295,353)</u>

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2016

(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 the end of the fiscal year. 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 following funds reported an excess of expenditures over appropriations at June 30, 2016:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
General Fund:			
General government			
City Attorney/City Prosecutor	\$ 6,448,149	\$ 6,623,532	\$ (175,383)
City Council	2,092,231	2,294,294	(202,063)
Non-departmental	2,558,448	12,848,187	(10,289,739)
Culture and leisure			
Non-departmental-PCOC	9,213,207	9,753,539	(540,332)
Special Revenue Funds:			
Housing Successor	586,000	16,220,632	(15,634,632)
Housing and Community Development	25,038,756	31,965,757	(6,927,001)

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2016

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

General Fund

City Attorney/City Prosecutor - expenditures exceeded appropriations because their outside legal expenditures significantly exceeded the budgeted amounts due to litigation matters such as the trials and related expenses for the windstorm related cases, as well as other matters.

City Council - expenditures exceeded appropriations due to under-budgeting of personnel benefits and burden costs.

Non-departmental - a majority of the negative variances between the budget and the actual were due to un-budgeted bad debt expenses. In March 2016, the California Department of Finance approved \$11.1 million of enforceable obligations made by the City to the former Redevelopment Agency (RDA). The City reinstated advances of \$11.1 million between the General Fund and the RDA Successor Agency. The City then recorded an allowance and bad debt expenses in the amounts of \$7.2 million for unreceived amounts. The other variances were due to the under-budgeting of \$1.2 million for personnel costs and \$0.5 million for services and supplies expenses.

Non-departmental-PCOC - the City received more Transient Occupancy Tax revenues than the projected amounts, and then passed 60% of the base and 100% of the increment to PCOC in the fiscal year 2016.

Special Revenue Funds

Housing Successor - Expenditures exceeded appropriations because of a \$4.1 million unbudgeted refund to HUD and \$11.8 million unbudgeted bad debt expenses adjustment that corrected the Notes Receivable allowance.

Housing and Community Development - expenditures exceeded appropriations because of unbudgeted bad debt expense adjustment that corrected the Notes Receivable allowance.

**CITY OF PASADENA
MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 16,518,922	\$ 17,348,789
Interest	70,707,742	68,656,376
Changes of Benefits Terms	-	-
Difference Between expected and Actual Experience	(14,487,681)	-
Changes in Assumptions	(16,681,849)	-
Benefit Payments, Including Refunds of employee Contributions	(46,870,745)	(44,238,909)
Net Change in Total Pension Liability	\$ 9,186,389	\$ 41,766,256
Total Pension Liability - Beginning	970,629,661	928,863,405
Total Pension Liability - Ending (a)	\$ 979,816,050	\$ 970,629,661
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 19,682,618	\$ 18,552,041
Contribution - Employee	8,503,246	10,977,440
Net Investment Income	16,554,269	111,123,445
Benefit Payments, Including Refunds of Employee Contributions	(46,870,745)	(44,238,909)
Plan to Plan Resource Movement	704	-
Administrative Expense	(828,526)	-
Other Changes in Fiduciary Net Position	(494,019)	-
Net Change in Fiduciary Net Position	\$ (3,452,453)	\$ 96,414,017
Plan Fiduciary Net Position - Beginning	739,560,498	643,146,481
Plan Fiduciary Net Position - Ending (b)	\$ 736,108,045	\$ 739,560,498
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 243,708,005	\$ 231,069,163
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.13%	76.19%
Covered-Employee Payroll	\$ 105,291,971	\$ 102,406,150
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	231.46%	225.64%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent

**CITY OF PASADENA
SAFETY PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS**

	2016	2015
TOTAL PENSION LIABILITY		
Service Cost	\$ 10,701,701	\$ 11,182,155
Interest	37,307,299	35,798,456
Changes of Benefits Terms	-	-
Difference Between expected and Actual Experience	(8,454,840)	-
Changes in Assumptions	(9,887,742)	-
Benefit Payments, Including Refunds of employee Contributions	(19,142,925)	(16,923,959)
Net Change in Total Pension Liability	\$ 10,523,493	\$ 30,056,652
Total Pension Liability - Beginning	510,240,296	480,183,644
Total Pension Liability - Ending (a)	\$ 520,763,789	\$ 510,240,296
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 12,026,962	\$ 10,533,400
Contribution - Employee	3,764,101	4,225,771
Net Investment Income	8,834,410	59,051,934
Benefit Payments, Including Refunds of Employee Contributions	(19,142,925)	(16,923,959)
Administrative Expense	(451,748)	-
Other Changes in Fiduciary Net Position	684,181	-
Net Change in Fiduciary Net Position	\$ 5,714,981	\$ 56,887,146
Plan Fiduciary Net Position - Beginning	395,696,163	338,809,017
Plan Fiduciary Net Position - Ending (b)	\$ 401,411,144	\$ 395,696,163
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 119,352,645	\$ 114,544,133
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.08%	77.55%
Covered-Employee Payroll	\$ 41,141,713	\$ 41,013,280
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	290.10%	279.29%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent

**CITY OF PASADENA
FIRE AND POLICE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS**

MEASUREMENT PERIOD	2016	2015
TOTAL PENSION LIABILITY		
Service Cost	\$ -	\$ -
Interest	9,644,000	9,162,000
Changes of Benefits Terms	-	-
Difference Between expected and Actual Experience	(2,098,000)	(3,075,000)
Changes in Assumptions	-	3,141,000
Benefit Payments, Including Refunds of employee Contributions	(13,448,000)	(13,645,000)
Net Change in Total Pension Liability	\$ (5,902,000)	\$ (4,417,000)
Total Pension Liability - Beginning	155,099,000	159,516,000
Total Pension Liability - Ending (a)	\$ 149,197,000	\$ 155,099,000
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ -	\$ -
Contribution - Employee	-	-
Net Investment Income	49,000	5,683,000
Benefit Payments, Including Refunds of Employee Contributions	(13,448,000)	(13,645,000)
Administrative Expense	(301,000)	(273,000)
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	\$ (13,700,000)	\$ (8,235,000)
Plan Fiduciary Net Position - Beginning	139,969,000	148,204,000
Plan Fiduciary Net Position - Ending (b)	\$ 126,269,000	\$ 139,969,000
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 22,928,000	\$ 15,130,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.63%	90.24%

Notes to Schedule:

Changes of Assumptions: June 30, 2015 assumption changes of \$1,895,000 for change in base mortality rates, \$8,301,000 for change in mortality improvement scale, and (\$7,055,000) for change in the discount rate.

**CITY OF PASADENA
MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 22,909,508	\$ 18,552,040
Contribution in Relation to the Actuarially Determined Contribution	<u>(22,909,508)</u>	<u>(18,552,040)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	105,291,971	102,406,150
Contributions as a Percentage of Covered-Employee Payroll	21.76%	18.12%

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2011 Funding Valuation Report
Assets valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report/
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more specific details on this table, please refer to the 2014 experience study report.

**CITY OF PASADENA
SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 12,421,469	\$ 10,533,400
Contribution in Relation to the Actuarially Determined Contribution	<u>(12,421,469)</u>	<u>(10,533,400)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	41,141,713	41,013,280
Contributions as a Percentage of Covered-Employee Payroll	30.19%	25.68%

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2011 Funding Valuation Report
Assets valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report/
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more specific details on this table, please refer to the 2014 experience study report.

**CITY OF PASADENA
 FIRE AND POLICE RETIREMENT SYSTEM
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS**

Fiscal Year Ending	Actuarially Determined Contribution*	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
6/30/2016	\$ -	\$ -	\$ -	n/a	n/a
6/30/2015	-	-	-	n/a	n/a

* Actuarially determined contribution based on Board-adopted assumptions for use in preparing the valuation, and as required by applicable Contribution Agreement with the City

SUPPLEMENTARY INFORMATION

CITY OF PASADENA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Assets					
Cash and investments	\$ 106,329,072	-	28,162,604	1,957,638	136,449,314
Cash with fiscal agent	-	8,843,753	-	-	8,843,753
Accounts receivable	7,847,026	-	128,066	6,841	7,981,933
Notes receivable	47,769,657	-	-	-	47,769,657
Prepays and other assets	62,752	-	-	-	62,752
Allowance for uncollectible long-term receivables	(47,631,792)	-	-	-	(47,631,792)
Property held for resale	6,163,853	-	-	-	6,163,853
Total assets	<u>\$ 120,540,568</u>	<u>8,843,753</u>	<u>28,290,670</u>	<u>1,964,479</u>	<u>159,639,470</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,688,016	-	12,500	-	3,700,516
Deposits	665,834	-	-	-	665,834
Due to other funds	2,542,221	-	-	-	2,542,221
Due to other governments	461,543	-	-	-	461,543
Unearned revenue	1,371,854	-	-	-	1,371,854
Total liabilities	<u>8,729,468</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>8,741,968</u>
Deferred inflow of resources:					
Unavailable revenues (note 8)	<u>2,983,121</u>	<u>-</u>	<u>43,504</u>	<u>-</u>	<u>3,026,625</u>
Fund balances:					
Nonspendable	6,364,470	-	-	1,434,131	7,798,601
Restricted	32,110,704	8,843,753	1,903,359	489,546	43,347,362
Committed	72,261,463	-	26,331,307	40,802	98,633,572
Unassigned	(1,908,658)	-	-	-	(1,908,658)
Total fund balances	<u>108,827,979</u>	<u>8,843,753</u>	<u>28,234,666</u>	<u>1,964,479</u>	<u>147,870,877</u>
Total liabilities and fund balances	<u>\$ 120,540,568</u>	<u>8,843,753</u>	<u>28,290,670</u>	<u>1,964,479</u>	<u>159,639,470</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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Revenues:					
Taxes	\$ 8,986,156	-	-	-	8,986,156
Licenses and permits	10,628,032	-	-	-	10,628,032
Intergovernmental revenues	38,858,835	-	-	-	38,858,835
Charges for services	10,849,967	-	1,415,809	-	12,265,776
Investment earnings	1,319,158	123,337	340,068	26,746	1,809,309
Rental income	2,949,674	-	-	-	2,949,674
Miscellaneous revenues	11,817,985	-	420,865	-	12,238,850
Contributions	540,598	-	4,335,746	-	4,876,344
Total revenues	<u>85,950,405</u>	<u>123,337</u>	<u>6,512,488</u>	<u>26,746</u>	<u>92,612,976</u>
Expenditures:					
Current:					
General government	-	390,733	5,537	-	396,270
Public safety	2,302,442	-	-	-	2,302,442
Transportation	11,856,507	-	-	-	11,856,507
Sanitation	4,356,330	-	-	-	4,356,330
Health	11,294,173	-	-	-	11,294,173
Culture and leisure	13,518,143	-	-	-	13,518,143
Community development	38,012,695	-	-	-	38,012,695
Capital outlay	-	-	124,275	-	124,275
Debt service:					
Principal retirement	-	5,777,047	-	-	5,777,047
Interest	-	2,711,616	-	-	2,711,616
Total expenditures	<u>81,340,290</u>	<u>8,879,396</u>	<u>129,812</u>	<u>-</u>	<u>90,349,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,610,115</u>	<u>(8,756,059)</u>	<u>6,382,676</u>	<u>26,746</u>	<u>2,263,478</u>
Other financing sources (uses):					
Issuance of long-term debt	6,000,000	55,350,000	-	-	61,350,000
Other financing-premium (discount)	-	5,790,149	-	-	5,790,149
Payment to refunded bond escrow agent	-	(60,762,161)	-	-	(60,762,161)
Transfers in	13,389,566	64,308,383	-	-	77,697,949
Transfers out	(16,187,053)	(55,806,976)	(3,414,019)	-	(75,408,048)
Total other financing sources (uses)	<u>3,202,513</u>	<u>7,876,446</u>	<u>(3,414,019)</u>	<u>-</u>	<u>7,664,940</u>
Change in fund balances	<u>7,812,628</u>	<u>(879,613)</u>	<u>2,968,657</u>	<u>26,746</u>	<u>9,928,418</u>
Fund balances at beginning, as restated (note 21)	<u>101,015,351</u>	<u>9,723,366</u>	<u>25,266,009</u>	<u>1,937,733</u>	<u>137,942,459</u>
Fund balances at end of year	<u>\$ 108,827,979</u>	<u>8,843,753</u>	<u>28,234,666</u>	<u>1,964,479</u>	<u>147,870,877</u>

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SPECIAL REVENUE FUNDS



Rain or Shine
LOVE IS LIKE A KITE
By Alan League

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.

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CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities	Transportation
Assets:						
Cash and investments	\$ 1,914,068	-	14,060,990	8,705,690	44,118,101	16,628,935
Accounts receivable	675,950	2,282,050	47,903	540,769	748,558	1,108,966
Prepays and other assets	61,716	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Allowance for uncollectible long-term	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Total assets	<u>2,651,734</u>	<u>2,282,050</u>	<u>14,108,893</u>	<u>9,246,459</u>	<u>44,866,659</u>	<u>17,737,901</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	272,518	569,588	268,996	46,186	-	755,904
Deposits	1,206	65,157	595,559	-	-	-
Due to other funds	340,726	2,015,827	-	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	436,719	935,135	-	-	-
Total liabilities	<u>614,450</u>	<u>3,087,291</u>	<u>1,799,690</u>	<u>46,186</u>	<u>-</u>	<u>755,904</u>
Deferred inflow of resources:						
Unavailable revenues (note 8)	-	1,103,417	-	-	-	320,554
Fund balances:						
Nonspendable	61,716	-	-	-	-	-
Restricted	1,975,568	-	-	-	-	16,661,443
Committed	-	-	12,309,203	9,200,273	44,866,659	-
Unassigned	-	(1,908,658)	-	-	-	-
Total fund balances (deficit)	<u>2,037,284</u>	<u>(1,908,658)</u>	<u>12,309,203</u>	<u>9,200,273</u>	<u>44,866,659</u>	<u>16,661,443</u>
Total liabilities and fund balances	<u>\$ 2,651,734</u>	<u>2,282,050</u>	<u>14,108,893</u>	<u>9,246,459</u>	<u>44,866,659</u>	<u>17,737,901</u>

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Total
-	4,183,954	2,396,437	100,421	12,526,386	1,694,090	106,329,072
-	93,407	32,704	48,688	2,262,710	5,321	7,847,026
-	-	-	-	1,036	-	62,752
-	-	-	-	47,769,657	-	47,769,657
-	-	-	-	(47,631,792)	-	(47,631,792)
-	-	-	-	6,163,853	-	6,163,853
-	4,277,361	2,429,141	149,109	21,091,850	1,699,411	120,540,568
-	563,429	69,165	49,307	1,028,287	64,636	3,688,016
-	2,912	-	-	1,000	-	665,834
-	-	185,668	-	-	-	2,542,221
-	-	-	-	461,543	-	461,543
-	-	-	-	-	-	1,371,854
-	566,341	254,833	49,307	1,490,830	64,636	8,729,468
-	-	-	-	1,559,150	-	2,983,121
-	-	-	-	6,302,754	-	6,364,470
-	-	-	99,802	11,739,116	1,634,775	32,110,704
-	3,711,020	2,174,308	-	-	-	72,261,463
-	-	-	-	-	-	(1,908,658)
-	3,711,020	2,174,308	99,802	18,041,870	1,634,775	108,827,979
-	4,277,361	2,429,141	149,109	21,091,850	1,699,411	120,540,568

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, 2016

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities	Transportation
Revenues:						
Taxes	\$ -	806,049	-	-	5,678,813	-
Licenses and permits	-	1,443,113	9,184,919	-	-	-
Intergovernmental revenues	2,584,676	9,056,210	29,925	-	-	10,519,015
Charges for services	-	459,650	2,072,209	7,007,799	-	898,994
Investment earnings	18,239	-	165,802	129,609	606,774	223,927
Rental income	-	89,755	-	-	-	-
Miscellaneous revenues	624	185,219	21,752	124,566	4,612,947	1,479,192
Contributions	-	-	-	-	-	-
Total revenues	2,603,539	12,039,996	11,474,607	7,261,974	10,898,534	13,121,128
Expenditures:						
Current:						
Public safety	2,302,442	-	-	-	-	-
Transportation	-	-	-	-	45,113	9,556,167
Sanitation	-	-	-	4,356,330	-	-
Health	-	11,294,173	-	-	-	-
Culture and leisure	-	-	-	-	-	-
Community development	-	-	6,046,938	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	2,302,442	11,294,173	6,046,938	4,356,330	45,113	9,556,167
Excess (deficiency) of revenues over (under) expenditures	301,097	745,823	5,427,669	2,905,644	10,853,421	3,564,961
Other financing sources (uses):						
Transfers in	-	-	-	-	-	1,078,994
Transfers out	(258,764)	(257,574)	(1,080,786)	(3,511,257)	(5,705,120)	(3,590,390)
Total other financing sources (uses)	(258,764)	(257,574)	(1,080,786)	(3,511,257)	(5,705,120)	(2,511,396)
Change in fund balances	42,333	488,249	4,346,883	(605,613)	5,148,301	1,053,565
Fund balances (deficit) at beginning of year, as restated (note 21)	1,994,951	(2,396,907)	7,962,320	9,805,886	39,718,358	15,607,878
Fund balances (deficit) at end of year	\$ 2,037,284	(1,908,658)	12,309,203	9,200,273	44,866,659	16,661,443

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Total
-	2,487,395	13,899	-	-	-	8,986,156
-	-	-	-	-	-	10,628,032
-	-	-	180,299	16,488,710	-	38,858,835
-	9,173	401,225	-	917	-	10,849,967
-	59,943	30,137	1,166	62,912	20,649	1,319,158
-	1,627	2,809,834	-	48,458	-	2,949,674
-	135,474	3,875	-	5,254,336	-	11,817,985
-	-	-	-	-	540,598	540,598
-	2,693,612	3,258,970	181,465	21,855,333	561,247	85,950,405
-	-	-	-	-	-	2,302,442
-	-	2,072,959	182,268	-	-	11,856,507
-	-	-	-	-	-	4,356,330
-	-	-	-	-	-	11,294,173
1,419	13,193,479	-	-	-	323,245	13,518,143
-	-	-	-	31,965,757	-	38,012,695
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,419	13,193,479	2,072,959	182,268	31,965,757	323,245	81,340,290
(1,419)	(10,499,867)	1,186,011	(803)	(10,110,424)	238,002	4,610,115
-	10,703,910	262,595	-	1,344,067	-	13,389,566
-	(164,218)	(847,053)	-	(771,473)	(418)	(16,187,053)
-	10,539,692	(584,458)	-	6,572,594	(418)	3,202,513
(1,419)	39,825	601,553	(803)	(3,537,830)	237,584	7,812,628
1,419	3,671,195	1,572,755	100,605	21,579,700	1,397,191	101,015,351
-	3,711,020	2,174,308	99,802	18,041,870	1,634,775	108,827,979

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, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 2,711,252	2,738,257	2,584,676	(153,581)
Investment earnings	11,813	11,813	18,239	6,426
Total revenues	<u>2,723,065</u>	<u>2,750,070</u>	<u>2,603,539</u>	<u>(146,531)</u>
Expenditures:				
Current:				
Public safety	2,615,945	2,642,950	2,302,442	340,508
Total expenditures	<u>2,615,945</u>	<u>2,642,950</u>	<u>2,302,442</u>	<u>340,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,120</u>	<u>107,120</u>	<u>301,097</u>	<u>193,977</u>
Other financing sources (uses):				
Transfers out	-	(239,759)	(258,764)	(19,005)
Total other financing sources (uses)	<u>-</u>	<u>(239,759)</u>	<u>(258,764)</u>	<u>(19,005)</u>
Change in fund balances	107,120	(132,639)	42,333	174,972
Fund balance at beginning of year	<u>1,994,951</u>	<u>1,994,951</u>	<u>1,994,951</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,102,071</u>	<u>1,862,312</u>	<u>2,037,284</u>	<u>174,972</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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 287,930	63,458	806,049	742,591
Licenses and permits	1,185,000	1,400,000	1,443,113	43,113
Intergovernmental revenues	8,819,515	9,926,005	9,056,210	(869,795)
Charges for services	498,889	498,889	459,650	(39,239)
Miscellaneous revenues	302,645	302,645	185,219	(117,426)
Total revenues	<u>11,093,979</u>	<u>12,190,997</u>	<u>12,039,996</u>	<u>(151,001)</u>
Expenditures:				
Current:				
Health	<u>12,013,051</u>	<u>13,436,863</u>	<u>11,294,173</u>	<u>2,142,690</u>
Total expenditures	<u>12,013,051</u>	<u>13,436,863</u>	<u>11,294,173</u>	<u>2,142,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(919,072)</u>	<u>(1,245,866)</u>	<u>745,823</u>	<u>1,991,689</u>
Other financing sources:				
Transfers out	<u>(199,885)</u>	<u>(257,574)</u>	<u>(257,574)</u>	<u>-</u>
Total other financing sources	<u>(199,885)</u>	<u>(257,574)</u>	<u>(257,574)</u>	<u>-</u>
Change in fund balances	(1,118,957)	(1,503,440)	488,249	1,991,689
Fund balance at beginning of year	<u>(2,396,907)</u>	<u>(2,396,907)</u>	<u>(2,396,907)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ (3,515,864)</u></u>	<u><u>(3,900,347)</u></u>	<u><u>(1,908,658)</u></u>	<u><u>1,991,689</u></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, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Licenses and permits	\$ 6,972,595	6,972,595	9,184,919	2,212,324
Investment earnings	252,647	252,647	165,802	(86,845)
Miscellaneous revenues	9,643	9,643	21,752	12,109
Total revenues	<u>9,677,667</u>	<u>9,677,667</u>	<u>11,474,607</u>	<u>1,796,940</u>
Expenditures:				
Current:				
Community development	8,612,188	9,212,188	6,046,938	3,165,250
Total expenditures	<u>8,612,188</u>	<u>9,212,188</u>	<u>6,046,938</u>	<u>3,165,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,065,479</u>	<u>465,479</u>	<u>5,427,669</u>	<u>4,962,190</u>
Other financing sources (uses):				
Transfers out	-	(1,454,470)	(1,080,786)	373,684
Total other financing sources (uses)	<u>-</u>	<u>(1,454,470)</u>	<u>(1,080,786)</u>	<u>373,684</u>
Change in fund balances	1,065,479	(988,991)	4,346,883	5,335,874
Fund balance (deficit) at beginning of year	<u>7,962,320</u>	<u>7,962,320</u>	<u>7,962,320</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 9,027,799</u>	<u>6,973,329</u>	<u>12,309,203</u>	<u>5,335,874</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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 6,944,202	6,944,202	7,007,799	63,597
Investment earnings	70,130	70,130	129,609	59,479
Total revenues	<u>7,014,332</u>	<u>7,014,332</u>	<u>7,261,974</u>	<u>247,642</u>
Expenditures:				
Current:				
Sanitation	4,366,888	4,366,888	4,356,330	10,558
Total expenditures	<u>4,366,888</u>	<u>4,366,888</u>	<u>4,356,330</u>	<u>10,558</u>
Excess of revenues over expenditures	<u>2,647,444</u>	<u>2,647,444</u>	<u>2,905,644</u>	<u>258,200</u>
Other financing sources (uses):				
Transfers out	(248,362)	(2,564,935)	(3,511,257)	(946,322)
Total other financing sources (uses)	<u>(248,362)</u>	<u>(2,564,935)</u>	<u>(3,511,257)</u>	<u>(946,322)</u>
Change in fund balances	2,399,082	82,509	(605,613)	(688,122)
Fund balance at beginning of year	9,805,886	9,805,886	9,805,886	-
Fund balance at end of year	<u>\$ 12,204,968</u>	<u>9,888,395</u>	<u>9,200,273</u>	<u>(688,122)</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, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 5,174,946	5,174,946	5,678,813	503,867
Investment earnings	372,124	372,124	606,774	234,650
Total revenues	5,547,070	5,547,070	10,898,534	5,351,464
Expenditures:				
Current:				
Transportation	45,113	45,113	45,113	-
Total expenditures	45,113	45,113	45,113	-
Excess (deficiency) of revenues over (under) expenditures	5,501,957	5,501,957	10,853,421	5,351,464
Other financing sources (uses):				
Transfers out	(48,060)	(1,148,060)	(5,705,120)	(4,557,060)
Total other financing sources (uses)	(48,060)	(1,148,060)	(5,705,120)	(4,557,060)
Change in fund balances	5,453,897	4,353,897	5,148,301	794,404
Fund balance at beginning of year	39,718,358	39,718,358	39,718,358	-
Fund balance at end of year	\$ 45,172,255	44,072,255	44,866,659	794,404

CITY OF PASADENA
Transportation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 10,446,204	10,434,727	10,519,015	84,288
Charges for services	898,994	898,994	898,994	-
Investment earnings	75,815	75,815	223,927	148,112
Miscellaneous revenues	1,037,000	1,037,000	1,479,192	442,192
Total revenues	<u>12,458,013</u>	<u>12,446,536</u>	<u>13,121,128</u>	<u>674,592</u>
Expenditures:				
Current:				
Transportation	10,471,729	10,518,174	9,556,167	962,007
Total expenditures	<u>10,471,729</u>	<u>10,518,174</u>	<u>9,556,167</u>	<u>962,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,986,284</u>	<u>1,928,361</u>	<u>3,564,961</u>	<u>1,636,600</u>
Other financing sources (uses):				
Transfers in	1,078,994	1,078,994	1,078,994	-
Transfers out	(168,712)	(5,299,821)	(3,590,390)	1,709,431
Total other financing sources (uses)	<u>910,282</u>	<u>(4,220,827)</u>	<u>(2,511,396)</u>	<u>1,709,431</u>
Change in fund balances	2,896,566	(2,292,466)	1,053,565	3,346,031
Fund balance at beginning of year	<u>15,607,878</u>	<u>15,607,878</u>	<u>15,607,878</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,504,444</u>	<u>13,315,412</u>	<u>16,661,443</u>	<u>3,346,031</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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Culture and leisure	-	1,419	1,419	-
Total expenditures	-	1,419	1,419	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,419)	(1,419)	-
Change in fund balances	-	(1,419)	(1,419)	-
Fund balance at beginning of year	1,419	1,419	1,419	-
Fund balance at end of year	<u>\$ 1,419</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF PASADENA
Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,490,691	2,490,691	2,487,395	(3,296)
Charges for services	58,322	58,322	9,173	(49,149)
Investment earnings	35,886	35,886	59,943	24,057
Rental income	-	-	1,627	1,627
Miscellaneous revenues	22,106	22,106	135,474	113,368
Total revenues	<u>2,607,005</u>	<u>2,607,005</u>	<u>2,693,612</u>	<u>86,607</u>
Expenditures:				
Current:				
Culture and leisure	13,994,639	13,994,639	13,193,479	801,160
Total expenditures	<u>13,994,639</u>	<u>13,994,639</u>	<u>13,193,479</u>	<u>801,160</u>
(Deficiency) of revenues (under) expenditures	<u>(11,387,634)</u>	<u>(11,387,634)</u>	<u>(10,499,867)</u>	<u>887,767</u>
Other financing sources (uses):				
Transfers in	10,664,865	10,664,865	10,703,910	39,045
Transfers out	-	(250,741)	(164,218)	86,523
Total other financing sources (uses)	<u>10,664,865</u>	<u>10,414,124</u>	<u>10,539,692</u>	<u>125,568</u>
Change in fund balances	(722,769)	(973,510)	39,825	1,013,335
Fund balance at beginning of year	<u>3,671,195</u>	<u>3,671,195</u>	<u>3,671,195</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,948,426</u>	<u>2,697,685</u>	<u>3,711,020</u>	<u>1,013,335</u>

CITY OF PASADENA
Parking Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 13,651	13,651	13,899	248
Charges for services	377,417	377,417	401,225	23,808
Investment earnings	15,436	15,436	30,137	14,701
Rental income	2,484,407	2,484,407	2,809,834	325,427
Miscellaneous revenues	-	-	3,875	3,875
Total revenues	<u>2,890,911</u>	<u>2,890,911</u>	<u>3,258,970</u>	<u>368,059</u>
Expenditures:				
Current:				
Transportation	<u>2,177,497</u>	<u>2,261,674</u>	<u>2,072,959</u>	<u>188,715</u>
Total expenditures	<u>2,177,497</u>	<u>2,261,674</u>	<u>2,072,959</u>	<u>188,715</u>
Excess of revenues over expenditures	<u>713,414</u>	<u>629,237</u>	<u>1,186,011</u>	<u>556,774</u>
Other financing sources (uses):				
Transfers in	149,671	159,535	262,595	103,060
Transfers out	(617,591)	(697,455)	(847,053)	(149,598)
Total other financing sources (uses)	<u>(467,920)</u>	<u>(537,920)</u>	<u>(584,458)</u>	<u>(46,538)</u>
Change in fund balances	245,494	91,317	601,553	510,236
Fund balance at beginning of year	<u>1,572,755</u>	<u>1,572,755</u>	<u>1,572,755</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,818,249</u>	<u>1,664,072</u>	<u>2,174,308</u>	<u>510,236</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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 167,300	167,300	180,299	12,999
Investment earnings	(212)	(212)	1,166	1,378
Total revenues	167,088	167,088	181,465	14,377
Expenditures:				
Current:				
Transportation	100,000	186,479	182,268	4,211
Total expenditures	100,000	186,479	182,268	4,211
Excess (deficiency) of revenues over (under) expenditures	67,088	(19,391)	(803)	18,588
Other financing sources (uses):				
Transfers out	(86,479)	(215)	-	215
Total other financing sources (uses)	(86,479)	(215)	-	215
Change in fund balances	(19,391)	(19,606)	(803)	18,803
Fund balance at beginning of year	100,605	100,605	100,605	-
Fund balance at end of year	\$ 81,214	80,999	99,802	18,803

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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 16,544,352	16,729,768	16,488,710	(241,058)
Charges for services	(4,440)	(7,640)	917	8,557
Investment earnings	48,809	48,809	62,912	14,103
Rental income	99,444	99,444	48,458	(50,986)
Miscellaneous revenues	83,884	83,884	5,254,336	5,170,452
Total revenues	<u>16,772,049</u>	<u>16,954,265</u>	<u>21,855,333</u>	<u>4,901,068</u>
Expenditures:				
Current:				
Community development	19,595,620	25,038,756	31,965,757	(6,927,001)
Debt service:				
Principal retirement	150,000	150,000	-	150,000
Total expenditures	<u>19,745,620</u>	<u>25,188,756</u>	<u>31,965,757</u>	<u>(6,777,001)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,973,571)</u>	<u>(8,234,491)</u>	<u>(10,110,424)</u>	<u>(1,875,933)</u>
Other financing sources (uses):				
Transfers in	2,310,266	1,682,664	1,344,067	(338,597)
Transfers out	-	(29,867)	(771,473)	(741,606)
Total other financing sources (uses)	<u>2,310,266</u>	<u>1,652,797</u>	<u>6,572,594</u>	<u>4,919,797</u>
Change in fund balances	(663,305)	(6,581,694)	(3,537,830)	3,043,864
Fund balance at beginning of year	<u>21,579,700</u>	<u>21,579,700</u>	<u>21,579,700</u>	<u>-</u>
Fund balance at end of year	<u>\$ 20,916,395</u>	<u>14,998,006</u>	<u>18,041,870</u>	<u>3,043,864</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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 14,448	14,448	20,649	6,201
Contributions	164,332	164,332	540,598	376,266
Total revenues	<u>178,780</u>	<u>178,780</u>	<u>561,247</u>	<u>382,467</u>
Expenditures:				
Current:				
Culture and leisure	324,068	324,068	323,245	823
Total expenditures	<u>324,068</u>	<u>324,068</u>	<u>323,245</u>	<u>823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(145,288)</u>	<u>(145,288)</u>	<u>238,002</u>	<u>383,290</u>
Change in fund balances	(145,288)	(145,288)	237,584	382,872
Fund balance at beginning of year	<u>1,397,191</u>	<u>1,397,191</u>	<u>1,397,191</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,251,903</u></u>	<u><u>1,251,903</u></u>	<u><u>1,634,775</u></u>	<u><u>382,872</u></u>

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DEBT SERVICE FUNDS



The Sky is the Limit
RAMPS VERSUS STEPS - AFTER THE ADA
AND BEFORE THE ADA
By Michael Karam

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.

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, 2016

	1993 Certificates of Participation (COP)	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service
Assets			
Cash with fiscal agent	\$ 2,116,692	15,419	1,345,321
Total assets	<u>2,116,692</u>	<u>15,419</u>	<u>1,345,321</u>
Liabilities and Fund Balances			
Fund balances:			
Restricted	<u>2,116,692</u>	<u>15,419</u>	<u>1,345,321</u>
Total fund balances	<u>2,116,692</u>	<u>15,419</u>	<u>1,345,321</u>
Total liabilities and fund balances	<u><u>\$ 2,116,692</u></u>	<u><u>15,419</u></u>	<u><u>1,345,321</u></u>

2008 Series C Refunding COP Debt Service	2015 Series A Refunding COP Debt Service	Total
<u>4,997,412</u>	<u>368,909</u>	<u>8,843,753</u>
<u>4,997,412</u>	<u>368,909</u>	<u>8,843,753</u>
<u>4,997,412</u>	<u>368,909</u>	<u>8,843,753</u>
<u>4,997,412</u>	<u>368,909</u>	<u>8,843,753</u>
<u>4,997,412</u>	<u>368,909</u>	<u>8,843,753</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, 2016

	1993 Certificates of Participation (COP)	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service
Revenues:			
Investment earnings	\$ 39,946	12	17,893
Total revenues	<u>39,946</u>	<u>12</u>	<u>17,893</u>
Expenditures:			
Current:			
General government	-	1,188	4,566
Debt service:			
Principal retirement	-	560,000	2,792,047
Interest	-	232,562	513,504
Total expenditures	<u>-</u>	<u>793,750</u>	<u>3,310,117</u>
(Deficiency) of revenues (under) expenditures	<u>39,946</u>	<u>(793,738)</u>	<u>(3,292,224)</u>
Other financing sources:			
Issuance of long-term debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Other Financing use-bond discount	-	-	-
Release of reserves	(1,002,949)	-	-
Transfers in	-	793,750	3,383,863
Transfers out	<u>(471,976)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>(1,474,925)</u>	<u>793,750</u>	<u>3,383,863</u>
Change in fund balances	<u>(1,434,979)</u>	<u>12</u>	<u>91,639</u>
Fund balances at beginning of year	<u>3,551,671</u>	<u>15,407</u>	<u>1,253,682</u>
Fund balances at end of year	<u>\$ 2,116,692</u>	<u>15,419</u>	<u>1,345,321</u>

2008 Series C Refunding COP Debt Service	2015 Series A Refunding COP Debt Service	Total
65,308	178	123,337
65,308	178	123,337
6,991	377,988	390,733
1,630,000	795,000	5,777,047
1,553,533	412,017	2,711,616
3,190,524	1,585,005	8,879,396
(3,125,216)	(1,584,827)	(8,756,059)
-	55,350,000	55,350,000
(55,335,000)	(5,427,161)	(60,762,161)
-	5,790,149	5,790,149
-	-	(1,002,949)
58,555,022	1,575,748	64,308,383
-	(55,335,000)	(55,806,976)
3,220,022	1,953,736	7,876,446
94,806	368,909	(879,613)
4,902,606	-	9,723,366
4,997,412	368,909	8,843,753

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CAPITAL PROJECTS FUNDS



Seabiscuit
SEABISCUIT MAKES THE NEWSPAPERS
By Barbara Dockweiler

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, 2016

	Charter Capital Projects	New Development Impact	Residential Development Impact	10% Green Fee Capital Projects
Assets				
Cash and investments	\$ 1,902,464	283,078	21,616,961	78,503
Accounts receivable	895	2,116	68,726	482
Total assets	\$ 1,903,359	285,194	21,685,687	78,985
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Restricted	1,903,359	-	-	-
Committed	-	285,194	21,685,687	78,985
Total fund balances	1,903,359	285,194	21,685,687	78,985
Total liabilities and fund balances	\$ 1,903,359	285,194	21,685,687	78,985

Capital Public Art	Traffic Reduction Transportation Improvement	Total
1,018,031	3,263,567	28,162,604
45,989	9,858	128,066
<u>1,064,020</u>	<u>3,273,425</u>	<u>28,290,670</u>
12,500	-	12,500
43,504	-	43,504
<u>56,004</u>	<u>-</u>	<u>56,004</u>
-	-	1,903,359
<u>1,008,016</u>	<u>3,273,425</u>	<u>26,331,307</u>
<u>1,008,016</u>	<u>3,273,425</u>	<u>28,234,666</u>
<u>1,064,020</u>	<u>3,273,425</u>	<u>28,290,670</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, 2016

	Charter Capital Projects	New Development Impact	Residential Development Impact	10% Green Fee Capital Projects
Revenues:				
Charges for services	\$ -	-	-	-
Investment earnings	8,608	5,585	276,814	1,769
Miscellaneous revenues	-	-	-	-
Contributions	-	-	4,335,746	-
Total revenues	<u>8,608</u>	<u>5,585</u>	<u>4,612,560</u>	<u>1,769</u>
Expenditures:				
Current:				
General government	5,537	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,537</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,071</u>	<u>5,585</u>	<u>4,612,560</u>	<u>1,769</u>
Other financing sources (uses):				
Transfers out	-	(406,095)	(2,104,636)	(65,000)
Total other financing sources (uses)	<u>-</u>	<u>(406,095)</u>	<u>(2,104,636)</u>	<u>(65,000)</u>
Change in fund balances	<u>3,071</u>	<u>(400,510)</u>	<u>2,507,924</u>	<u>(63,231)</u>
Fund balances (deficits) at beginning	<u>1,900,288</u>	<u>685,704</u>	<u>19,177,763</u>	<u>142,216</u>
Fund balances (deficits) at end of year	<u><u>\$ 1,903,359</u></u>	<u><u>285,194</u></u>	<u><u>21,685,687</u></u>	<u><u>78,985</u></u>

Capital Public Art	Traffic Reduction Transportation Improvement	Total
-	1,415,809	1,415,809
9,707	37,585	340,068
420,865	-	420,865
-	-	4,335,746
<u>430,572</u>	<u>1,453,394</u>	<u>6,512,488</u>
-	-	5,537
<u>124,275</u>	-	<u>124,275</u>
<u>124,275</u>	-	<u>129,812</u>
<u>306,297</u>	<u>1,453,394</u>	<u>6,382,676</u>
-	(838,288)	(3,414,019)
-	(838,288)	(3,414,019)
<u>306,297</u>	<u>615,106</u>	<u>2,968,657</u>
<u>701,719</u>	<u>2,658,319</u>	<u>25,266,009</u>
<u>1,008,016</u>	<u>3,273,425</u>	<u>28,234,666</u>

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PERMANENT FUNDS



The Illustrated Miracle Worker

THE STORY OF MY LIFE

By Kent Pulver

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.

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, 2016

	Vroman Art Bequest	Singer Trust	Noble Award	Sheldon Memorial	Pasadena Center Capital Improvement Trust
Assets:					
Cash and investments	\$ 5,629	44,689	5,952	311	439,267
Accounts receivable	20	156	21	1	1,535
Total assets	<u>\$ 5,649</u>	<u>44,845</u>	<u>5,973</u>	<u>312</u>	<u>440,802</u>
Fund balances:					
Nonspendable	\$ 5,000	23,426	1,100	298	400,000
Restricted	649	21,419	4,873	14	-
Committed	-	-	-	-	40,802
Total fund balances	<u>5,649</u>	<u>44,845</u>	<u>5,973</u>	<u>312</u>	<u>440,802</u>
Total liabilities and fund balances	<u>\$ 5,649</u>	<u>44,845</u>	<u>5,973</u>	<u>312</u>	<u>440,802</u>

Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Total
4,491	26,828	106,530	1,323,941	1,957,638
16	94	372	4,626	6,841
<u>4,507</u>	<u>26,922</u>	<u>106,902</u>	<u>1,328,567</u>	<u>1,964,479</u>
4,307	25,000	100,000	875,000	1,434,131
200	1,922	6,902	453,567	489,546
-	-	-	-	40,802
<u>4,507</u>	<u>26,922</u>	<u>106,902</u>	<u>1,328,567</u>	<u>1,964,479</u>
<u>4,507</u>	<u>26,922</u>	<u>106,902</u>	<u>1,328,567</u>	<u>1,964,479</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, 2016

	<u>Vroman Art Bequest</u>	<u>Singer Trust</u>	<u>Noble Award</u>	<u>Sheldon Memorial</u>	<u>Pasadena Center Capital Improvement Trust</u>
Revenues:					
Investment earnings	\$ 78	610	81	4	6,002
Total revenues	<u>78</u>	<u>610</u>	<u>81</u>	<u>4</u>	<u>6,002</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>78</u>	<u>610</u>	<u>81</u>	<u>4</u>	<u>6,002</u>
Fund balances at beginning of year	<u>5,571</u>	<u>44,235</u>	<u>5,892</u>	<u>308</u>	<u>434,800</u>
Fund balances at end of year	<u>\$ 5,649</u>	<u>44,845</u>	<u>5,973</u>	<u>312</u>	<u>440,802</u>

Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Total
61	366	1,455	18,089	26,746
61	366	1,455	18,089	26,746
-	-	-	-	-
-	-	-	-	-
61	366	1,455	18,089	26,746
4,446	26,556	105,447	1,310,478	1,937,733
4,507	26,922	106,902	1,328,567	1,964,479

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NON-MAJOR ENTERPRISE FUNDS



Famous People with Disabilities

F.D.R.

By Sally Law

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, 2016

	Refuse Collection	Tele- communi- cations	Total
Assets:			
Current assets:			
Cash and investments	\$ 15,838,672	561,251	16,399,923
Accounts receivable, net	2,394,296	216,129	2,610,425
Total current assets	<u>18,232,968</u>	<u>777,380</u>	<u>19,010,348</u>
Noncurrent assets:			
Capital assets	9,782,044	988,290	10,770,334
Less accumulated depreciation	<u>(6,132,509)</u>	<u>(204,249)</u>	<u>(6,336,758)</u>
Net property, plant and equipment	<u>3,649,535</u>	<u>784,041</u>	<u>4,433,576</u>
Total noncurrent assets	<u>3,649,535</u>	<u>784,041</u>	<u>4,433,576</u>
Total assets	<u>21,882,503</u>	<u>1,561,421</u>	<u>23,443,924</u>
Deferred outflow of resources:			
Deferred outflows related to net pension liability	546,355	-	546,355
Total	<u>546,355</u>	<u>-</u>	<u>546,355</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,420,812	-	1,420,812
Deposits	5,316,449	-	5,316,449
Total current liabilities	<u>6,737,261</u>	<u>-</u>	<u>6,737,261</u>
Noncurrent liabilities:			
GASB68 Net pension liability	5,814,890	-	5,814,890
Total long-term liabilities	<u>5,814,890</u>	<u>-</u>	<u>5,814,890</u>
Total liabilities	<u>12,552,151</u>	<u>-</u>	<u>12,552,151</u>
Deferred inflow of resources:			
Deferred inflows related to net pension liability	680,462	-	680,462
Total	<u>680,462</u>	<u>-</u>	<u>680,462</u>
Net Position:			
Investment in Capital Assets	3,649,535	784,041	4,433,576
Unrestricted	5,546,710	777,380	6,324,090
Total net position	<u>\$ 9,196,245</u>	<u>1,561,421</u>	<u>10,757,666</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, 2016

	Refuse Collection	Tele- communi- cations	Total
Operating revenues:			
Charges for services:			
Refuse collection	\$ 11,880,419	-	11,880,419
Telecommunication	-	608,652	608,652
Total operating revenues	<u>11,880,419</u>	<u>608,652</u>	<u>12,489,071</u>
Operating expenses:			
Refuse collection	12,895,930	-	12,895,930
Telecommunications	-	52,406	52,406
Depreciation	1,524,745	89,092	1,613,837
Total operating expenses	<u>14,420,675</u>	<u>141,498</u>	<u>14,562,173</u>
Operating income (loss)	<u>(2,540,256)</u>	<u>467,154</u>	<u>(2,073,102)</u>
Nonoperating revenues (expenses):			
Taxes	4,574,692	-	4,574,692
Intergovernmental revenues	155,085	-	155,085
Investment earnings	181,308	8,462	189,770
Gain (loss) on disposal of assets	(2,135)	-	(2,135)
Miscellaneous revenues	295,005	-	295,005
Total nonoperating revenues (expenses)	<u>5,203,955</u>	<u>8,462</u>	<u>5,212,417</u>
Income (loss) before transfers	<u>2,663,699</u>	<u>475,616</u>	<u>3,139,315</u>
Transfers:			
Transfers in	985,039	-	985,039
Transfers out	(409,201)	(378,151)	(787,352)
Net income (loss)	<u>3,239,537</u>	<u>97,465</u>	<u>3,337,002</u>
Net position at beginning of year, as restated (note 21)	5,956,708	1,463,956	7,420,664
Net position (deficit) at end of year	<u>\$ 9,196,245</u>	<u>1,561,421</u>	<u>10,757,666</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2016

	Refuse Collection	Tele- communi- cations	Total
Cash flows from operating activities:			
Cash received from customers	11,716,011	636,683	12,352,694
Cash payments to suppliers for goods and services	(3,299,455)	(38,312)	(3,337,767)
Cash payments to employees for services	(5,386,321)	-	(5,386,321)
Cash payments to other funds for services	(3,145,130)	(16,652)	(3,161,782)
Net cash provided by (used for) operating activities	(114,895)	581,719	466,824
Cash flows from noncapital financing activities:			
Transfers to other funds	(409,201)	(378,151)	(787,352)
Transfers from other funds	985,039	-	985,039
Taxes received	4,574,692	-	4,574,692
Miscellaneous revenues	292,870	-	292,870
Net cash provided by (used for) noncapital financing activities	5,598,485	(378,151)	5,220,334
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(962,290)	(27,191)	(989,481)
Net cash used for capital and related financing activities	(962,290)	(27,191)	(989,481)
Cash flows from investing activities:			
Investment earnings (expenses)	181,308	8,462	189,770
Net cash provided by investing activities	181,308	8,462	189,770
Net increase (decrease) in cash and cash equivalents	4,702,608	184,839	4,887,447
Cash and cash equivalents at beginning of year	11,136,064	376,412	11,512,476
Cash and cash equivalents at end of year	15,838,672	561,251	16,399,923

Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:

Cash and investments	\$ 15,838,672	\$ 561,251	\$ 16,399,923
Cash and cash equivalents at end of year	\$ 15,838,672	\$ 561,251	\$ 16,399,923

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2016

	Refuse Collection	Tele- communi- cations	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	(2,540,256)	467,154	(2,073,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,524,745	89,092	1,613,837
Amortization of bond premiums and discounts	-	-	-
Miscellaneous revenues	-	-	-
(Increase) decrease in accounts receivable	(164,408)	28,031	(136,377)
Increase (decrease) in allowance for uncollectible accounts	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	546,394	(2,558)	543,836
Increase (decrease) in deferred charges	-	-	-
Increase (decrease) in deposits payable	802,845	-	802,845
Increase (decrease) in Deferred Inflow	(532,885)	-	(532,885)
(Increase) decrease in Deferred Outflow	(57,691)	-	(57,691)
Increase (decrease) in Net Pension Obligations	306,361	-	306,361
Total adjustments	2,425,361	114,565	2,539,926
Net cash provided by (used for) operating activities	(114,895)	581,719	466,824
Non-cash charges:			
Gain/(Loss) on disposal of capital assets	\$ (2,135)	-	(2,135)

See accompanying notes to the basic financial statements

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INTERNAL SERVICE FUNDS



Rain or Shine
I CALL DIAL-A-RIDE
By Mark Anderson

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, 2016

Assets	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Current assets:					
Cash and investments	\$ 1,607,853	3,448,345	6,805,088	7,119,571	-
Accounts receivable	89,970	75,159	28,561	53,070	21,625
Inventories	-	-	363,666	-	-
Prepays and other assets	18,154	-	-	89,752	-
Total current assets	<u>1,715,977</u>	<u>3,523,504</u>	<u>7,197,315</u>	<u>7,262,393</u>	<u>21,625</u>
Noncurrent assets:					
Capital assets	13,903,492	44,043	25,678,327	-	-
Less accumulated depreciation	(8,463,900)	(37,545)	(17,116,492)	-	-
Net property, plant and equipment	<u>5,439,592</u>	<u>6,498</u>	<u>8,561,835</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>5,439,592</u>	<u>6,498</u>	<u>8,561,835</u>	<u>-</u>	<u>-</u>
Total assets	<u>7,155,569</u>	<u>3,530,002</u>	<u>15,759,150</u>	<u>7,262,393</u>	<u>21,625</u>
Deferred outflow of resources					
Deferred refunding charges	24,206	-	-	-	-
Deferred Inflows related to net pension liability	1,069,211	441,347	253,754	4,463,769	605,410
Total	<u>1,093,417</u>	<u>441,347</u>	<u>253,754</u>	<u>4,463,769</u>	<u>605,410</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	808,219	407,780	1,138,343	5,783,997	112,859
Insurance claims payable - current	-	-	-	-	10,365,963
Due to other funds	-	-	-	-	200,413
Compensated absences	-	-	-	9,792,780	-
Capitalized lease obligations - current	619,957	-	-	-	-
Total current liabilities	<u>1,428,176</u>	<u>407,780</u>	<u>1,138,343</u>	<u>15,576,777</u>	<u>10,679,235</u>
Noncurrent liabilities:					
Insurance claims payable - long-term	-	-	-	-	15,480,694
OPEB liability	-	-	-	22,893,780	-
Capitalized lease obligations - long-term	951,182	-	-	-	-
GASB68 Net pension liability	10,518,192	5,051,986	2,836,625	50,954,730	5,802,405
Total long-term liabilities	<u>11,469,374</u>	<u>5,051,986</u>	<u>2,836,625</u>	<u>73,848,510</u>	<u>21,283,099</u>
Total liabilities	<u>12,897,550</u>	<u>5,459,766</u>	<u>3,974,968</u>	<u>89,425,287</u>	<u>31,962,334</u>
Deferred inflow of resources:					
Deferred inflows related to net pension liability	1,235,669	584,538	349,223	6,076,564	695,357
Total	<u>1,235,669</u>	<u>584,538</u>	<u>349,223</u>	<u>6,076,564</u>	<u>695,357</u>
Net Position					
Net Investment in Capital Assets	3,892,659	6,498	8,561,835	-	-
Unassigned	(9,776,892)	(2,079,453)	3,126,878	(83,775,689)	(32,030,656)
Total net position (deficit)	<u>\$ (5,884,233)</u>	<u>(2,072,955)</u>	<u>11,688,713</u>	<u>(83,775,689)</u>	<u>(32,030,656)</u>

General Liability	Printing Services	Mail Services	311 Call Center	Total
1,665,199	-	35,615	175,078	20,856,749
44,242	50,320	108	513	363,568
-	-	-	-	363,666
-	-	24,536	-	132,442
<u>1,709,441</u>	<u>50,320</u>	<u>60,259</u>	<u>175,591</u>	<u>21,716,425</u>
3,714,391	336,961	19,184	-	43,696,398
-	(300,905)	(19,184)	-	(25,938,026)
<u>3,714,391</u>	<u>36,056</u>	<u>-</u>	<u>-</u>	<u>17,758,372</u>
<u>3,714,391</u>	<u>36,056</u>	<u>-</u>	<u>-</u>	<u>17,758,372</u>
<u>5,423,832</u>	<u>86,376</u>	<u>60,259</u>	<u>175,591</u>	<u>39,474,797</u>
-	-	-	-	24,206
13,749	69,520	22,056	52,913	6,991,729
<u>13,749</u>	<u>69,520</u>	<u>22,056</u>	<u>52,913</u>	<u>7,015,935</u>
103,141	30,602	20,730	15,319	8,420,990
2,248,309	-	-	-	12,614,272
-	2,664,307	-	-	2,864,720
-	-	-	-	9,792,780
-	-	-	-	619,957
<u>2,351,450</u>	<u>2,694,909</u>	<u>20,730</u>	<u>15,319</u>	<u>34,312,719</u>
8,993,235	-	-	-	24,473,929
-	-	-	-	22,893,780
-	-	-	-	951,182
<u>346,836</u>	<u>709,152</u>	<u>189,366</u>	<u>378,265</u>	<u>76,787,557</u>
<u>9,340,071</u>	<u>709,152</u>	<u>189,366</u>	<u>378,265</u>	<u>125,106,448</u>
<u>11,691,521</u>	<u>3,404,061</u>	<u>210,096</u>	<u>393,584</u>	<u>159,419,167</u>
49,296	79,300	21,684	26,569	9,118,200
<u>49,296</u>	<u>79,300</u>	<u>21,684</u>	<u>26,569</u>	<u>9,118,200</u>
3,714,391	36,056	-	-	16,211,439
(10,017,627)	(3,363,521)	(149,465)	(191,649)	(138,258,074)
<u>(6,303,236)</u>	<u>(3,327,465)</u>	<u>(149,465)</u>	<u>(191,649)</u>	<u>(122,046,635)</u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Computing and Communication Services</u>	<u>Building Maintenance</u>	<u>Fleet Maintenance</u>	<u>Benefits</u>	<u>Workers' Compensation</u>
Operating revenues:					
Charges for services:					
Computing and communication services	\$ 14,142,695	-	-	-	-
Building maintenance	-	11,643,799	-	-	-
Fleet maintenance	-	-	10,310,424	-	-
Employee benefits	-	-	-	31,789,642	-
Insurance	-	-	-	-	10,228,384
Printing	-	-	-	-	-
Mail	-	-	-	-	-
311 Call Center	-	-	-	-	-
Total operating revenues	<u>14,142,695</u>	<u>11,643,799</u>	<u>10,310,424</u>	<u>31,789,642</u>	<u>10,228,384</u>
Operating expenses:					
Computing and communication services	12,552,905	-	-	-	-
Building maintenance	-	9,202,032	-	-	-
Fleet maintenance	-	-	6,653,884	-	-
Benefits	-	-	-	33,820,077	-
Insurance	-	-	-	-	15,282,034
Printing	-	-	-	-	-
Mail	-	-	-	-	-
311 Call Center	-	-	-	-	-
Depreciation	1,332,834	2,948	1,042,595	-	-
Total operating expenses	<u>13,885,739</u>	<u>9,204,980</u>	<u>7,696,479</u>	<u>33,820,077</u>	<u>15,282,034</u>
Operating income (loss)	<u>256,956</u>	<u>2,438,819</u>	<u>2,613,945</u>	<u>(2,030,435)</u>	<u>(5,053,650)</u>
Nonoperating revenues (expenses):					
Investment earnings	26,671	37,486	61,852	35,982	10,992
Miscellaneous revenue	-	-	-	-	-
Interest expense	(53,723)	-	-	-	-
Gain (loss) on disposal of assets	-	(787)	16,381	-	-
Miscellaneous revenues	90,521	-	-	-	-
Total nonoperating revenues (expenses)	<u>63,469</u>	<u>36,699</u>	<u>78,233</u>	<u>35,982</u>	<u>10,992</u>
Income (loss) before transfers	320,425	2,475,518	2,692,178	(1,994,453)	(5,042,658)
Transfers from (to) other funds:					
Transfers in	1,012,174	12,682	200,000	2,998,024	-
Transfers out	(411,482)	(764,956)	(255,736)	(8,162)	(16,794)
Net income (loss)	<u>921,117</u>	<u>1,723,244</u>	<u>2,636,442</u>	<u>995,409</u>	<u>(5,059,452)</u>
Net position at beginning of year, as restated (note 21)	<u>(6,805,350)</u>	<u>(3,796,199)</u>	<u>9,052,271</u>	<u>(84,771,098)</u>	<u>(26,971,204)</u>
Net position (deficit) at end of year	<u><u>(5,884,233)</u></u>	<u><u>(2,072,955)</u></u>	<u><u>11,688,713</u></u>	<u><u>(83,775,689)</u></u>	<u><u>(32,030,656)</u></u>

General Liability	Printing Services	Mail Services	311 Call Center	Total
-	-	-	-	14,142,695
-	-	-	-	11,643,799
-	-	-	-	10,310,424
-	-	-	-	31,789,642
3,780,880	-	-	-	14,009,264
-	980,815	-	-	980,815
-	-	929,747	-	929,747
-	-	-	557,349	557,349
3,780,880	980,815	929,747	557,349	84,363,735
-	-	-	-	12,552,905
-	-	-	-	9,202,032
-	-	-	-	6,653,884
-	-	-	-	33,820,077
1,621,950	-	-	-	16,903,984
-	1,421,819	-	-	1,421,819
-	-	1,037,296	-	1,037,296
-	-	-	492,653	492,653
-	98,443	-	-	2,476,820
1,621,950	1,520,262	1,037,296	492,653	84,561,470
2,158,930	(539,447)	(107,549)	64,696	(197,735)
29,752	(30,155)	794	2,341	175,715
62,718	-	-	-	62,718
-	-	-	-	(53,723)
-	(10,868)	-	-	4,726
-	-	-	-	90,521
92,470	(41,023)	794	2,341	279,957
2,251,400	(580,470)	(106,755)	67,037	82,222
-	-	-	-	4,222,880
(5,458)	(7,425)	(3,614)	(5,137)	(1,478,764)
2,245,942	(587,895)	(110,369)	61,900	2,826,338
(8,549,178)	(2,739,570)	(39,096)	(253,549)	(124,872,973)
(6,303,236)	(3,327,465)	(149,465)	(191,649)	(122,046,635)

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2016

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Cash flows from operating activities:					
Cash payments to suppliers for goods or services	\$ (4,081,459)	(4,825,977)	(4,125,299)	(3,593,913)	(3,499,698)
Cash payments to employees for services	(7,846,499)	(3,657,289)	(1,986,974)	(24,498,670)	(9,196,149)
Cash payments to other funds for services	(940,763)	(924,228)	(750,058)	(1,159,455)	(301,518)
Cash payments from other funds for services	14,105,803	11,633,217	10,314,447	31,743,986	10,214,332
Net cash provided by (used for) operating activities	<u>1,237,082</u>	<u>2,225,723</u>	<u>3,452,116</u>	<u>2,491,948</u>	<u>(2,783,033)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	1,012,174	12,682	200,000	2,998,024	-
Transfers to other funds	(411,482)	(764,956)	(255,736)	(8,162)	(16,794)
Cash received (paid) on loans to other funds	-	-	-	-	200,413
Miscellaneous revenues	90,521	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>691,213</u>	<u>(752,274)</u>	<u>(55,736)</u>	<u>2,989,862</u>	<u>183,619</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,325,505)	-	(746,013)	-	-
Proceeds from sale of capital assets	-	-	21,750	-	-
Principal paid on debt	(633,068)	-	-	-	-
Interest paid on debt	(53,723)	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(2,012,296)</u>	<u>-</u>	<u>(724,263)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Investment earnings (expenses)	24,621	34,665	56,854	32,707	9,674
Net cash provided by (used for) investing activities	<u>24,621</u>	<u>34,665</u>	<u>56,854</u>	<u>32,707</u>	<u>9,674</u>
Net increase (decrease) in cash and cash equivalents	(59,380)	1,508,114	2,728,971	5,514,517	(2,589,740)
Cash and cash equivalents at beginning of year	1,667,233	1,940,231	4,076,117	1,605,054	2,589,740
Cash and cash equivalents at end of year	<u>\$ 1,607,853</u>	<u>3,448,345</u>	<u>6,805,088</u>	<u>7,119,571</u>	<u>-</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:					
Cash and investments	\$ 1,607,853	3,448,345	6,805,088	7,119,571	-
Cash and cash equivalents at end of year	<u>\$ 1,607,853</u>	<u>3,448,345</u>	<u>6,805,088</u>	<u>7,119,571</u>	<u>-</u>

General Liability	Printing Services	Mail Services	311 Call Center	Totals
(6,769,378)	(582,279)	(592,922)	(38,468)	(28,109,393)
(123,662)	(520,900)	(215,565)	(424,608)	(48,470,316)
(186,514)	193,727	(198,617)	(51,262)	(4,318,688)
3,963,876	944,776	929,747	557,162	84,407,346
<u>(3,115,678)</u>	<u>35,324</u>	<u>(77,357)</u>	<u>42,824</u>	<u>3,508,949</u>
-	-	-	-	4,222,880
(5,458)	(7,425)	(3,614)	(5,137)	(1,478,764)
-	-	-	-	200,413
62,718	-	-	-	153,239
<u>57,260</u>	<u>(7,425)</u>	<u>(3,614)</u>	<u>(5,137)</u>	<u>3,097,768</u>
-	-	-	-	(2,071,518)
-	-	-	-	21,750
-	-	-	-	(633,068)
-	-	-	-	(53,723)
-	-	-	-	(2,736,559)
27,114	(27,899)	725	2,341	160,802
<u>27,114</u>	<u>(27,899)</u>	<u>725</u>	<u>2,341</u>	<u>160,802</u>
(3,031,304)	-	(80,246)	40,028	4,030,960
4,696,503	-	115,861	135,050	16,825,789
<u>1,665,199</u>	<u>-</u>	<u>35,615</u>	<u>175,078</u>	<u>20,856,749</u>
1,665,199	-	35,615	175,078	20,856,749
<u>1,665,199</u>	<u>-</u>	<u>35,615</u>	<u>175,078</u>	<u>20,856,749</u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2016

	<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)	\$ 256,956	2,438,819	2,613,945	(2,030,435)	(5,053,650)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,332,834	2,948	1,042,595	-	-
(Increase) decrease in accounts receivable	(36,892)	(10,582)	4,023	(45,656)	(14,052)
(Increase) decrease in due to other funds	-	-	-	-	-
(Increase) decrease in inventories	-	-	(143,978)	-	-
(Increase) decrease in prepaids and other assets	42,360	-	-	44,512	-
(Increase) decrease in deferred outflow related to pension liabilities	(189,222)	(11,382)	(29,438)	(274,332)	(131,108)
Increase (decrease) in accounts payable and accrued liabilities	238,971	5,234	68,952	1,340,033	(75,726)
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in insurance claims payable	-	-	-	-	2,711,370
Increase (decrease) in OPEB liability	-	-	-	3,813,780	-
Increase (decrease) in pension liability	551,696	269,559	140,632	2,626,505	297,356
Increase (decrease) in deferred inflow related to pension liability	(959,621)	(468,873)	(244,615)	(4,568,548)	(517,223)
(Increase) decrease in deferred outflow related refunding	-	-	-	-	-
Increase (decrease) in compensated absences	-	-	-	1,586,089	-
Total adjustments	<u>980,126</u>	<u>(213,096)</u>	<u>838,171</u>	<u>4,522,383</u>	<u>2,270,617</u>
Net cash provided by (used for) operating activities	<u>\$ 1,237,082</u>	<u>2,225,723</u>	<u>3,452,116</u>	<u>2,491,948</u>	<u>(2,783,033)</u>
Non-cash charges:					
Gain/(Loss) on disposal of capital assets	\$ -	(787)	16,381	-	-

See accompanying notes to the basic financial statements

<u>General Liability</u>	<u>Printing Services</u>	<u>Mail Services</u>	<u>311 Call Center</u>	<u>Totals</u>
2,158,930	(539,447)	(107,549)	64,696	(197,735)
-	98,443	-	-	2,476,820
182,996	(36,039)	-	(187)	43,611
-	591,590	-	-	591,590
-	-	-	-	(143,978)
-	-	31,733	-	118,605
8,309	(68,259)	(5,755)	(6,721)	(707,908)
53,572	(43,282)	11,771	6,449	1,605,974
-	-	-	-	-
(5,509,261)	-	-	-	(2,797,891)
-	-	-	-	3,813,780
13,830	39,243	10,219	28,959	3,977,999
(24,054)	(6,925)	(17,776)	(50,372)	(6,858,007)
-	-	-	-	-
-	-	-	-	1,586,089
<u>(5,274,608)</u>	<u>574,771</u>	<u>30,192</u>	<u>(21,872)</u>	<u>3,706,684</u>
<u>(3,115,678)</u>	<u>35,324</u>	<u>(77,357)</u>	<u>42,824</u>	<u>3,508,949</u>
-	(10,868)	-	-	4,726

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FIDUCIARY FUNDS



The Illustrated Miracle Worker
HELEN'S MOM MEETS ANN SULLIVAN
By Mark Anderson

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).

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, 2016**

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 243,494,259	3,943,631	247,437,890
Receivables:			
Pending trade sales	-	1,218,352	1,218,352
Interest	-	178,985	178,985
Total receivables	-	1,397,337	1,397,337
Investments, at fair value:			
Government and agencies	-	26,771,024	26,771,024
Domestic corporate obligations	-	30,269,162	30,269,162
International corporate obligations	-	649,151	649,151
Fixed income mutual funds	-	4,548,518	4,548,518
Real estate	-	17,843,493	17,843,493
Real estate investment trust (REIT)	-	145,174	145,174
Domestic corporate stocks	-	23,499,314	23,499,314
International corporate stocks	-	21,809,720	21,809,720
Total investments	-	125,535,556	125,535,556
Total assets	243,494,259	130,876,524	374,370,783
Liabilities			
Accounts payable and accrued liabilities	-	67,281	67,281
Pending purchases	-	4,540,683	4,540,683
Total liabilities	-	4,607,964	4,607,964
Net position reserved in trust for employees' pension benefits			
	<u>\$ 243,494,259</u>	<u>126,268,560</u>	<u>369,762,819</u>

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Deferred Compensation	Fire and Police Retirement System	Total
Additions:			
Contributions:			
Plan members	\$ 16,736,777	-	16,736,777
Total contributions	<u>16,736,777</u>	<u>-</u>	<u>16,736,777</u>
Net investment income:			
Investment earnings	326,346	(2,484,088)	(2,157,742)
Interest	-	1,385,469	1,385,469
Dividends	-	1,701,112	1,701,112
Other	-	-	-
Gross investment income	<u>326,346</u>	<u>602,493</u>	<u>928,839</u>
Less investment expenses	-	(553,674)	(553,674)
Net investment income	<u>326,346</u>	<u>48,819</u>	<u>375,165</u>
Total additions	<u>17,063,123</u>	<u>48,819</u>	<u>17,111,942</u>
Deductions:			
Benefits paid to participants	14,160,178	13,447,666	27,607,844
Administrative expenses	135,773	301,633	437,406
Total deductions	<u>14,295,951</u>	<u>13,749,299</u>	<u>28,045,250</u>
Increase/(Decrease) in amount held for employees	2,767,172	(13,700,480)	(10,933,308)
Amount held in trust for employees:			
Beginning of year	<u>240,727,087</u>	<u>139,969,040</u>	<u>380,696,127</u>
End of year	<u>\$ 243,494,259</u>	<u>126,268,560</u>	<u>369,762,819</u>

CITY OF PASADENA
 Agency Funds
 Combining Balance Sheet
 June 30, 2016

	Lake/ Washington Special Assessment District	Library Equipment Replacement	Workforce Innovation and Opportunity Act	Open Space Assessment District	Total
Assets:					
Cash and investments	\$ -	1,204,386	-	153,757	1,358,143
Accounts receivable	-	4,431	508,086	1,997	514,514
Other assets	-	-	-	925,331	925,331
Total assets	<u>\$ -</u>	<u>1,208,817</u>	<u>508,086</u>	<u>1,081,085</u>	<u>2,797,988</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ -	9,220	508,086	750	518,056
Due to other governments	-	1,199,597	-	-	1,199,597
Due to bondholders	-	-	-	1,080,335	1,080,335
Total liabilities	<u>\$ -</u>	<u>1,208,817</u>	<u>508,086</u>	<u>1,081,085</u>	<u>2,797,988</u>

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
<u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ -	34,291	34,291	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ -</u>	<u>34,291</u>	<u>34,291</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 3,599	3,563	7,162	-
Due to other governments	(3,599)	31,809	28,210	-
Total liabilities	<u>\$ -</u>	<u>35,372</u>	<u>35,372</u>	<u>-</u>
<u>LIBRARY EQUIPMENT REPLACEMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,287,102	141,453	224,169	1,204,386
Accounts receivable	3,108	15,028	13,705	4,431
Total assets	<u>\$ 1,290,210</u>	<u>156,481</u>	<u>237,874</u>	<u>1,208,817</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 13,238	79,572	83,590	9,220
Due to other governments	1,276,972	932,599	1,009,974	1,199,597
Total liabilities	<u>\$ 1,290,210</u>	<u>1,012,171</u>	<u>1,093,564</u>	<u>1,208,817</u>

(Continued)

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities (Continued)
For the Fiscal Year Ended June 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
<u>WORKFORCE INNOVATION AND OPPORTUNITY ACT</u>				
<u>Assets</u>				
Cash and investments	\$ 2,677	-	2,677	-
Accounts receivable	850,740	-	342,654	508,086
Total assets	<u>\$ 853,417</u>	<u>-</u>	<u>345,331</u>	<u>508,086</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 853,417	-	345,331	508,086
Total liabilities	<u>\$ 853,417</u>	<u>-</u>	<u>345,331</u>	<u>508,086</u>
<u>OPEN SPACE ASSESSMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 153,439	88,877	88,559	153,757
Accounts receivable	2,021	3,251	3,275	1,997
Other assets	943,975	67,542	86,186	925,331
Total assets	<u>\$ 1,099,435</u>	<u>159,670</u>	<u>178,020</u>	<u>1,081,085</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 750	2,999	2,999	750
Due to bondholders	1,098,685	-	18,350	1,080,335
Total liabilities	<u>\$ 1,099,435</u>	<u>2,999</u>	<u>21,349</u>	<u>1,081,085</u>

(Continued)

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities (Continued)
For the Fiscal Year Ended June 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 1,443,218	264,621	349,696	1,358,143
Accounts receivable	855,869	18,279	359,634	514,514
Other assets	943,975	67,542	86,186	925,331
Total assets	<u>\$ 3,243,062</u>	<u>350,442</u>	<u>795,516</u>	<u>2,797,988</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 871,004	86,134	439,082	518,056
Due to other governments	1,273,373	964,408	1,038,184	1,199,597
Due to bondholders	1,098,685	-	18,350	1,080,335
Total liabilities	<u>\$ 3,243,062</u>	<u>1,050,542</u>	<u>1,495,616</u>	<u>2,797,988</u>

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SUCCESSOR AGENCY COMBINED



Famous People with Disabilities

CHRISTOPHER REEVE

By Kent Pulver

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, 2016

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
Assets					
Current assets:					
Cash and investments	\$ 1,305	3,569,451	52,272	-	-
Prepays and other assets	3,297	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other trust funds	-	-	-	428,132	-
Allowance for uncollectible long-term receivables	-	-	-	-	-
Total current assets	<u>4,602</u>	<u>3,569,451</u>	<u>52,272</u>	<u>428,132</u>	<u>-</u>
Noncurrent assets:					
Capital assets	-	2,009,941	-	-	-
Total noncurrent assets	-	<u>2,009,941</u>	-	-	-
Total assets	<u>4,602</u>	<u>5,579,392</u>	<u>52,272</u>	<u>428,132</u>	<u>-</u>
Liabilities					
Accounts payable and accrued liabilities	15,962	-	-	-	-
Due to City	-	-	-	-	-
Advances from other trust funds	-	-	4,055,000	2,153,107	-
Bonds payable - due within one year	-	-	-	-	-
Bonds payable - due in more than one year	-	-	-	-	-
Total liabilities	<u>15,962</u>	<u>-</u>	<u>4,055,000</u>	<u>2,153,107</u>	<u>-</u>
Net Position					
Net position held in trust	<u>\$ (602,642)</u>	<u>10,945,318</u>	<u>(8,129,224)</u>	<u>(1,724,975)</u>	<u>-</u>

Successor Agency Debt Service				Housing		
Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Successor- Debt Service		Total
245,556	20,094	8,809	82,069	78		3,979,634
-	-	-	-	-		3,297
1,858,000	-	-	-	-		1,858,000
-	-	-	-	-		428,132
(1,858,000)	-	-	-	-		(1,858,000)
<u>245,556</u>	<u>20,094</u>	<u>8,809</u>	<u>82,069</u>	<u>78</u>		<u>4,411,063</u>
-	-	-	-	-		2,009,941
-	-	-	-	-		2,009,941
<u>245,556</u>	<u>20,094</u>	<u>8,809</u>	<u>82,069</u>	<u>78</u>		<u>6,421,004</u>
28,453	-	-	4,208	-		48,623
-	428,132	-	-	-		428,132
8,975,052	-	-	-	-		15,183,159
175,000	-	-	90,000	-		265,000
1,015,000	-	-	90,000	-		1,105,000
<u>10,193,505</u>	<u>428,132</u>	<u>-</u>	<u>184,208</u>	<u>-</u>		<u>17,029,914</u>
<u>(10,412,093)</u>	<u>(408,038)</u>	<u>8,809</u>	<u>(286,143)</u>	<u>78</u>		<u>(10,608,910)</u>

CITY OF PASADENA
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
Additions:					
Property taxes	\$ -	4,965,007	-	-	-
Investment earnings	-	-	-	-	1,134
Miscellaneous revenues	275	-	-	-	-
Total additions	275	4,965,007	-	-	1,134
Deductions:					
Fiscal agency expenses	-	-	2,211,238	116,801	1,511,340
Interest expense	-	-	213,248	-	-
Lease expense	40,576	-	-	-	-
Contractual services	250,000	-	-	-	-
Depreciation	-	1,616,564	-	-	-
Contribution to City	-	34,397,995	-	-	-
Reinstatement of PCDC Loan (Note 23)	-	-	-	2,153,107	-
Administrative expenses:					
Successor agency administrative cost allowance	13,647	-	-	-	-
Total deductions	304,223	36,014,559	2,424,486	2,269,908	1,511,340
Transfers:					
Transfers in	295,641	-	2,063,248	-	-
Transfers out	-	(2,682,963)	-	-	-
Total transfers	295,641	(2,682,963)	2,063,248	-	-
Change in amount held in trust	(599,589)	(28,366,589)	(4,487,734)	(2,269,908)	(1,510,206)
Amount held in trust at beginning of year	(3,053)	39,311,907	(3,641,490)	544,933	1,510,206
Amount held in trust at end of year	<u>\$ (602,642)</u>	<u>10,945,318</u>	<u>(8,129,224)</u>	<u>(1,724,975)</u>	<u>-</u>

Successor Agency Debt Service				Housing	
Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Successor- Debt Service	Total
-	-	-	-	-	4,965,007
3,347	-	19	1,116	-	5,616
-	20,094	-	-	-	20,369
3,347	20,094	19	1,116	-	4,990,992
626,527	65,351	1,164,773	1,300,172	-	6,996,202
56,905	-	-	8,416	-	278,569
-	-	-	-	-	40,576
-	-	-	-	-	250,000
-	-	-	-	-	1,616,564
-	-	-	-	-	34,397,995
8,975,051	-	-	-	-	11,128,158
-	-	-	-	-	13,647
9,658,483	65,351	1,164,773	1,308,588	-	54,721,711
232,072	-	-	92,002	-	2,682,963
-	-	-	-	-	(2,682,963)
232,072	-	-	92,002	-	-
(9,887,208)	(45,257)	(1,164,754)	(1,399,474)	-	(49,730,719)
(524,885)	(362,781)	1,173,563	1,113,331	78	39,121,809
(10,412,093)	(408,038)	8,809	(286,143)	78	(10,608,910)

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COMPONENT UNITS



The Difference Between Body and Soul

THE DAYS ARE GETTING LONGER

By Sally Law

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, 2016

	Rose Bowl	Golf Course	Total
Assets			
Current assets:			
Cash and investments (note 2)	\$ 7,582,281	7,437,407	15,019,688
Cash and investments restricted (note 2)	15,662,665	-	15,662,665
Accounts receivable, net	5,271,595	514,201	5,785,796
Prepays and other assets	167,371	-	167,371
Total current assets	<u>28,683,912</u>	<u>7,951,608</u>	<u>36,635,520</u>
Noncurrent assets:			
Other receivable	497,471		497,471
Capital assets (note 7):			
Construction in progress	802,132	2,808,818	3,610,950
Other capital assets, net	201,898,069	4,793,254	206,691,323
Total noncurrent assets	<u>203,197,672</u>	<u>7,602,072</u>	<u>210,799,744</u>
Total assets	<u>231,881,584</u>	<u>15,553,680</u>	<u>247,435,264</u>
Deferred outflow of resources:			
Accumulated change in fair value of interest rate swap	424,317	-	424,317
Outflows related to net pension liability	829,037	50,928	879,965
Total deferred outflow of resources	<u>1,253,354</u>	<u>50,928</u>	<u>1,304,282</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	5,709,893	5,009	5,714,902
Deposits	238,011	-	238,011
Interest payable	3,479,603	-	3,479,603
Due to primary government	1,406,686	30	1,406,716
Current portion of compensated absences	60,086	5,071	65,157
Current portion of long-term debt (note 9)	1,920,000	-	1,920,000
Total current liabilities	<u>12,814,279</u>	<u>10,110</u>	<u>12,824,389</u>
Noncurrent liabilities:			
Compensated absences	147,896	12,482	160,378
Derivative instrument liability (note 10)	424,317	-	424,317
Net pension liability	1,756,074	237,404	1,993,478
Long-term debt (note 9)	209,011,773	-	209,011,773
Total noncurrent liabilities	<u>211,340,060</u>	<u>249,886</u>	<u>211,589,946</u>
Total liabilities	<u>224,154,339</u>	<u>259,996</u>	<u>224,414,335</u>
Deferred inflow of resources:			
Deferred refunding charge	1,785,946		1,785,946
Sales of future revenue	4,301,221	100,000	4,401,221
Inflows related to net pension liability	309,640	52,800	362,440
Total deferred inflow of resources	<u>6,396,807</u>	<u>152,800</u>	<u>6,549,607</u>
Net Position			
Net Investment in Capital Assets	(3,063,064)	7,602,072	4,539,008
Restricted	15,662,665	-	15,662,665
Unrestricted	(10,015,809)	7,589,740	(2,426,069)
Total net position	<u>\$ 2,583,792</u>	<u>15,191,812</u>	<u>17,775,604</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, 2016

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Rose Bowl	\$ 29,130,363	-	29,130,363
Golf course	-	2,067,034	2,067,034
Total operating revenues	<u>29,130,363</u>	<u>2,067,034</u>	<u>31,197,397</u>
Operating expenses:			
Rose Bowl	20,253,540	-	20,253,540
Golf course	-	472,194	472,194
Depreciation	10,102,454	350,187	10,452,641
Total operating expenses	<u>30,355,994</u>	<u>822,381</u>	<u>31,178,375</u>
Operating income	<u>(1,225,631)</u>	<u>1,244,653</u>	<u>19,022</u>
Nonoperating revenues (expenses):			
Investment earnings	1,664,533	54,486	1,719,019
Interest expense	(11,693,568)	-	(11,693,568)
Other nonoperating revenues	8,016,748	586,993	8,603,741
Total nonoperating revenues (expenses)	<u>(2,012,287)</u>	<u>641,479</u>	<u>(1,370,808)</u>
Income (loss) before transfers	<u>(3,237,918)</u>	<u>1,886,132</u>	<u>(1,351,786)</u>
Transfers In/(Out)	<u>3,612,104</u>	<u>(3,612,104)</u>	<u>-</u>
Change in net position	374,186	(1,725,972)	(1,351,786)
Net position at beginning of year	2,209,606	16,917,784	19,127,390
Net position at end of year	<u>\$ 2,583,792</u>	<u>15,191,812</u>	<u>17,775,604</u>

See accompanying notes to the basic financial statements.

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STATISTICAL SECTION



The Sky is the Limit
RECREATION INCLUSION
By Kent Pulver

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.	232
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	242
<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.	252
<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.	263
<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.	268

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			
	2007	2008	2009	2010
Governmental activities				
Net Investment in Capital Assets	\$ 284,366	318,192	325,410	364,990
Restricted	44,513	73,830	94,360	87,602
Unrestricted	15,402	(19,054)	(28,083)	(61,972)
Total governmental activities net position	<u>\$ 344,281</u>	<u>372,968</u>	<u>391,687</u>	<u>390,620</u>
 Business-type activities				
Net Investment in Capital Assets	\$ 211,672	254,992	257,831	291,079
Restricted	191,731	153,935	158,337	155,458
Unrestricted	88,377	119,139	146,345	160,885
Total business-type activities net position	<u>\$ 491,780</u>	<u>528,066</u>	<u>562,513</u>	<u>607,422</u>
 Primary government				
Net Investment in Capital Assets	\$ 496,038	573,184	573,185	583,241
Restricted	236,244	227,765	227,763	252,697
Unrestricted	103,779	100,085	104,085	118,261
Total primary government net position	<u>\$ 836,061</u>	<u>901,034</u>	<u>905,033</u>	<u>954,199</u>

Table 1

Fiscal Year					
2011	2012	2013	2014	2015	2016
375,202	382,296	430,453	419,328	408,195	400,509
97,996	37,259	63,633	60,592	44,327	56,051
(198,788)	36,017	(41,046)	(29,751)	(339,336)	(320,477)
<u>274,410</u>	<u>455,572</u>	<u>453,040</u>	<u>450,168</u>	<u>113,185</u>	<u>136,083</u>
311,054	332,781	364,493	422,610	371,526	423,172
151,872	149,763	144,017	133,791	176,248	153,240
176,307	188,164	185,593	159,948	114,512	157,006
<u>639,233</u>	<u>670,708</u>	<u>694,103</u>	<u>716,349</u>	<u>662,286</u>	<u>733,418</u>
656,069	715,077	794,946	841,938	779,721	823,681
243,060	187,022	207,650	194,382	220,575	209,291
98,913	224,181	144,547	130,197	(224,824)	(163,471)
<u>998,042</u>	<u>1,126,280</u>	<u>1,147,143</u>	<u>1,166,517</u>	<u>775,472</u>	<u>869,500</u>

CITY OF PASADENA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 45,708	44,788	43,926	38,973
Public safety	95,181	99,785	103,180	104,870
Transportation	34,109	50,035	49,979	43,905
Sanitation	3,110	3,189	4,061	3,697
Health	12,469	12,444	13,373	11,458
Culture and leisure	26,123	27,608	26,048	25,996
Community development	38,596	40,763	42,791	53,845
Interest and other fiscal charges	16,753	15,345	18,755	13,249
Total governmental activities expenses	<u>272,049</u>	<u>293,957</u>	<u>302,113</u>	<u>295,993</u>
Business-type activities:				
Electric	141,189	162,719	170,428	158,770
Water	32,886	36,394	36,877	35,920
Refuse	10,785	12,098	11,833	13,131
Parking	11,960	12,437	12,775	11,159
Telecommunication	364	470	457	452
Total business-type activities expenses	<u>197,184</u>	<u>224,118</u>	<u>232,370</u>	<u>219,432</u>
Total primary government expenses	<u>469,233</u>	<u>518,075</u>	<u>534,483</u>	<u>515,425</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	16,161	16,679	17,899	17,552
Public safety	13,274	14,064	15,504	12,097
Transportation	12,275	13,802	13,852	13,248
Sanitation	5,593	5,583	6,685	6,504
Health	731	788	737	902
Culture and leisure	2,152	2,114	1,957	2,270
Community development	9,867	10,503	9,244	7,450
Operating grants and contributions	33,668	41,254	28,808	33,659
Capital grants and contributions	17,166	14,456	18,112	15,289
Total governmental activities program revenues	<u>110,887</u>	<u>119,243</u>	<u>112,798</u>	<u>108,971</u>
Business-type activities:				
Charges for services:				
Electric	167,538	185,043	193,158	183,712
Water	39,942	39,560	43,096	43,480
Refuse	9,627	10,012	10,285	11,050
Parking	12,282	13,867	13,124	12,558
Telecommunication	358	428	595	629
Operating grants and contributions	2,670	3,233	4,216	-
Capital grants and contributions	-	-	-	3,962
Total business-type activities program revenues	<u>232,417</u>	<u>252,143</u>	<u>264,474</u>	<u>255,391</u>
Total primary government program revenues	<u>343,304</u>	<u>371,386</u>	<u>377,272</u>	<u>364,362</u>
Net Revenues (Expenses)				
Governmental activities	(161,162)	(174,714)	(189,315)	(187,022)
Business-type activities	35,233	28,025	32,104	35,959
Total net revenues (expenses)	<u>\$ (125,929)</u>	<u>(146,689)</u>	<u>(157,211)</u>	<u>(151,063)</u>

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
43,955	35,085	54,650	53,260	38,902	59,425
103,392	103,389	105,541	104,708	106,327	96,484
51,134	63,839	45,045	59,581	49,526	35,739
3,782	3,516	3,744	4,106	4,232	4,267
12,108	11,422	14,228	14,239	13,764	10,914
26,196	27,825	29,402	31,321	30,127	32,286
45,937	42,169	35,156	31,669	35,248	72,725
12,121	41,481	3,142	11,047	10,310	9,187
<u>298,625</u>	<u>328,726</u>	<u>290,908</u>	<u>309,931</u>	<u>288,436</u>	<u>321,027</u>
167,442	173,410	183,202	177,590	171,282	174,858
40,101	43,771	46,484	51,054	48,462	45,240
13,158	16,783	13,185	13,022	12,843	14,421
11,384	11,711	12,229	14,556	13,532	14,488
380	267	827	849	89	141
<u>232,465</u>	<u>245,942</u>	<u>255,927</u>	<u>257,071</u>	<u>246,208</u>	<u>249,148</u>
<u>531,090</u>	<u>574,668</u>	<u>546,834</u>	<u>567,003</u>	<u>534,644</u>	<u>570,175</u>
16,975	17,465	17,563	17,872	18,750	18,053
13,315	11,085	13,370	13,050	14,674	14,841
13,215	12,863	13,784	14,253	16,059	16,384
6,541	7,220	7,083	8,010	7,875	7,008
696	666	741	797	1,022	644
2,476	2,856	2,975	3,382	3,566	4,504
7,724	9,594	9,085	12,935	12,630	14,193
36,910	86,051	38,350	35,948	41,943	40,422
11,090	15,665	7,116	16,504	16,197	15,383
<u>108,942</u>	<u>163,465</u>	<u>110,067</u>	<u>122,751</u>	<u>132,716</u>	<u>131,432</u>
186,993	185,951	190,071	188,174	203,748	199,197
47,137	54,301	58,536	61,233	57,440	50,835
10,918	11,291	12,057	11,925	11,959	11,880
11,753	11,991	12,783	13,334	13,603	14,621
681	670	580	816	655	609
-	-	-	-	-	-
2,481	2,317	1,933	2,828	2,905	2,790
<u>259,963</u>	<u>266,521</u>	<u>275,960</u>	<u>278,310</u>	<u>290,310</u>	<u>279,932</u>
<u>368,905</u>	<u>429,986</u>	<u>386,027</u>	<u>401,060</u>	<u>423,026</u>	<u>411,364</u>
(189,683)	(165,261)	(180,841)	(187,180)	(155,720)	(189,595)
27,498	20,579	20,033	21,239	44,102	30,784
<u>(162,185)</u>	<u>(144,682)</u>	<u>(160,807)</u>	<u>(165,943)</u>	<u>(111,618)</u>	<u>(158,811)</u>

(continued)

CITY OF PASADENA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property tax, levied for general purpose	61,736	63,449	69,062	68,354
Sales tax	34,634	36,519	32,913	28,949
Utility users' tax	28,063	29,640	31,162	29,520
Transient occupancy tax	8,565	8,848	7,382	6,942
Construction tax	3,828	3,984	2,367	1,397
Business license tax	5,321	5,604	5,861	5,664
Franchise tax	2,187	2,108	2,402	1,933
Other taxes	6,153	6,222	6,078	6,035
Other intergovernmental	14,145	14,565	15,094	14,901
Investment earnings	16,448	12,851	9,887	6,030
Gain on sale of assets	-	146	665	250
Miscellaneous revenues	6,361	5,329	6,121	4,465
Reinstatement of PCDC Loan (Note 23)	-	-	-	-
Transfers	6,320	14,137	15,040	12,122
Extraordinary Gain	-	-	-	-
Total governmental activities	<u>193,761</u>	<u>203,402</u>	<u>204,034</u>	<u>186,562</u>
Business-type activities:				
Taxes:				
Transient occupancy tax	1,793	1,883	1,605	1,464
Franchise tax	1,957	2,215	2,128	3,098
Investment earnings	16,056	15,447	10,868	9,333
Gain on sale of assets	-	(149)	(188)	-
Miscellaneous revenues	3,139	3,004	2,970	10,946
Transfers	(6,320)	(14,137)	(15,040)	(17,408)
Extraordinary Gain	-	-	-	-
Total business-type activities	<u>16,625</u>	<u>8,263</u>	<u>2,343</u>	<u>7,433</u>
Total primary government	<u>210,386</u>	<u>211,665</u>	<u>206,377</u>	<u>193,995</u>
Changes in Net Position				
Governmental activities	32,599	28,688	14,719	(460)
Business-type activities	51,858	36,288	34,447	43,392
Total primary government	<u>84,457</u>	<u>64,976</u>	<u>49,166</u>	<u>42,932</u>

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
70,803	54,051	42,957	44,066	56,446	59,141
30,301	32,239	30,871	33,198	33,706	36,855
29,355	29,318	29,531	28,893	29,316	28,100
7,668	9,553	11,109	12,043	13,165	14,864
1,480	2,819	2,066	3,682	4,770	4,375
5,600	5,479	5,230	5,633	5,836	6,483
2,216	2,015	2,063	2,361	2,903	2,542
6,108	6,262	6,532	7,088	7,181	7,335
15,427	14,919	15,187	15,924	16,648	18,005
3,690	3,178	2,681	4,833	4,461	4,955
737	5,396	424	1,153	370	(60)
7,033	11,509	4,023	4,655	4,863	14,621
-	-	-	-	-	11,128
16,216	19,285	22,083	16,305	14,657	15,033
-	150,399	(2,197)	-	-	-
196,634	346,422	172,559	179,834	194,322	223,377
1,421	541	-	-	-	-
2,901	2,760	3,825	3,907	4,319	4,575
6,910	9,401	4,743	7,136	5,529	6,593
-	-	(92)	(1,161)	-	(311)
9,296	6,670	20,614	8,977	15,631	42,427
(16,215)	(19,300)	(20,974)	(16,305)	(14,657)	(15,033)
-	10,825	-	-	-	-
4,313	10,897	8,117	2,553	10,822	38,251
200,947	357,319	180,675	182,387	205,144	261,628
6,951	181,161	(8,282)	(7,346)	38,602	33,782
31,811	31,476	28,150	23,793	54,924	69,035
38,762	212,637	19,868	16,444	93,526	102,817

CITY OF PASADENA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	\$ 6,971	7,127	11,982	-
Unreserved	59,517	62,798	48,401	-
Nonspendable	-	-	-	404
Restricted	-	-	-	-
Committed	-	-	-	39,201
Assigned	-	-	-	4,794
Unassigned	-	-	-	8,778
Total general fund	<u>\$ 66,488</u>	<u>69,925</u>	<u>60,383</u>	<u>53,177</u>
All Other Governmental Funds:				
Reserved	\$ 85,131	98,390	112,237	-
Unreserved, reported in:				
Special revenue funds	43,025	46,593	48,859	-
Capital project funds	38,463	22,592	21,961	-
Debt service funds	(24,475)	(23,379)	(17,547)	-
Permanent funds	1,047	1,062	1,205	-
Nonspendable	-	-	-	41,456
Restricted	-	-	-	86,805
Committed	-	-	-	53,267
Assigned	-	-	-	-
Unassigned	-	-	-	(42,460)
Total all other governmental funds	<u>\$ 58,060</u>	<u>46,868</u>	<u>54,478</u>	<u>139,068</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					
2011	2012	2013	2014	2015	2016
-	-	-	-	-	-
-	-	-	-	-	-
52	8,352	8,351	8,352	8,620	12,236
-	-	-	-	400	400
39,321	80,043	37,380	34,868	30,951	33,451
8,583	5,510	4,249	5,043	11,087	17,227
(1,391)	(40,129)	11,965	15,015	12,140	15,139
<u>46,565</u>	<u>53,776</u>	<u>61,945</u>	<u>63,277</u>	<u>63,198</u>	<u>78,453</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,386	36,311	33,356	31,674	30,997	7,799
85,216	85,250	69,676	57,300	52,516	55,650
54,266	59,078	62,629	72,479	87,144	101,338
-	-	-	-	-	-
(45,102)	(6,874)	(4,265)	(7,981)	(7,482)	(8,126)
<u>138,766</u>	<u>173,765</u>	<u>161,396</u>	<u>153,472</u>	<u>163,175</u>	<u>156,661</u>

CITY OF PASADENA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 150,487	156,373	157,227	148,794
Licenses and permits	7,121	8,646	7,136	6,737
Intergovernmental revenues	60,304	57,531	61,410	63,398
Charges for services	37,892	39,088	42,783	41,489
Fines and forfeits	7,758	8,025	8,844	5,135
Investment earnings	32,450	29,350	28,423	28,089
Rental income	4,991	5,370	5,277	4,687
Miscellaneous revenues	8,756	7,894	6,570	6,651
Contributions	7,292	6,005	8,012	842
Forgiveness of advances	-	-	-	-
Total revenues	<u>317,051</u>	<u>318,282</u>	<u>325,682</u>	<u>305,822</u>
Expenditures:				
Current:				
General government	34,717	35,124	35,826	36,976
Public safety	92,713	96,211	102,518	101,078
Transportation	34,193	36,717	36,904	33,038
Sanitation	3,109	3,189	4,061	3,697
Health	12,247	12,124	11,471	11,049
Culture and leisure	25,518	26,821	26,936	25,154
Community development	38,052	39,682	42,652	52,600
Capital outlay	60,902	34,999	29,991	34,374
Debt service:				
Principal retirement	12,296	41,972	86,074	21,553
Interest	35,212	34,165	33,432	37,067
Bond issuance costs	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total expenditures	<u>348,959</u>	<u>361,004</u>	<u>409,865</u>	<u>356,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,908)</u>	<u>(42,722)</u>	<u>(84,183)</u>	<u>(50,764)</u>
Other financing sources (uses):				
Premium (discount) on debt issued	-	836	-	-
Issuance of long-term debt	87	27,939	80,032	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	109,124	112,228	158,735	112,078
Transfers out	(99,825)	(96,215)	(142,668)	(96,168)
Reinstatement of PCDC Loan (Note 23)				
Transfers to component units	-	-	-	-
Transfers from component units	-	-	-	-
Total other financing sources (uses)	<u>9,386</u>	<u>44,788</u>	<u>96,099</u>	<u>15,910</u>
Extraordinary gain (loss):	-	-	-	-
Net change in fund balances	<u>\$ (22,522)</u>	<u>2,066</u>	<u>11,916</u>	<u>(34,854)</u>
Debt service as a percentage of noncapital expenditures	16.5%	23.4%	31.5%	18.2%

Table 4

Fiscal Year						
2011	2012	2013	2014	2015	2016	
153,532	141,736	130,356	136,965	153,323	159,694	
7,063	9,525	9,196	13,675	11,235	14,946	
61,459	64,715	58,988	61,505	63,785	65,299	
40,820	38,939	42,006	43,416	49,413	46,984	
6,362	6,796	7,453	6,768	7,329	7,378	
25,332	11,745	11,041	5,255	4,294	4,780	
4,601	4,462	4,355	4,064	3,822	4,212	
8,431	13,618	6,172	6,081	7,133	16,341	
2,928	5,280	1,534	7,807	11,759	6,496	
-	-	-	-	-	-	
310,528	296,816	271,101	285,538	312,093	326,130	
39,418	77,897	30,977	34,613	44,283	47,488	
100,535	100,265	99,680	99,871	106,469	111,012	
33,895	35,275	34,419	36,912	37,018	35,282	
3,782	3,517	3,744	4,106	4,274	4,356	
11,027	10,899	13,480	13,551	13,553	11,294	
25,214	27,192	28,240	30,039	30,505	32,241	
42,043	37,848	32,447	29,579	31,933	60,841	
21,612	20,645	24,907	23,571	16,855	29,032	
21,174	20,303	20,415	20,808	129,469	6,611	
40,296	16,486	10,783	9,797	8,730	8,139	
-	-	-	-	-	-	
-	-	-	-	-	-	
338,996	350,327	299,092	302,846	423,089	346,296	
(28,468)	(53,511)	(27,991)	(17,308)	(110,996)	(20,166)	
-	(459)	-	-	(2,283)	5,790	
-	51,097	841	351	119,460	60,460	
-	-	-	-	-	(60,762)	
95,951	81,635	84,444	61,085	51,606	121,920	
(77,238)	(63,131)	(65,045)	(50,718)	(38,028)	(109,631)	
-	-	-	-	-	11,128	
-	-	-	-	-	-	
-	-	-	-	-	-	
18,713	69,142	20,240	10,718	130,755	28,905	
-	152,582	(2,197)	-	-	-	
(9,755)	168,213	(9,948)	(6,590)	19,759	8,739	
19.4%	11.2%	11.4%	11.0%	34.0%	4.6%	

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
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%
2015	23,756,525	(131,813)	23,624,712	608,539	24,233,251	0.25%
2016	25,354,224	(130,238)	25,223,986	602,659	25,826,645	0.26%

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City Direct Rates:				
City basic rate	0.2139	0.1926	0.1932	0.1920
Pasadena Community Development Commission (PCDC)	0.1552	0.1447	0.1396	0.1380
PCDC Successor Agency	-	-	-	-
Total City Direct Rate	<u>0.3691</u>	<u>0.3373</u>	<u>0.3328</u>	<u>0.3300</u>
Overlapping Rates:				
Los Angeles County General	0.3067	0.3277	0.3635	0.2280
Pasadena School District	0.2847	0.2993	0.2765	0.3908
Pasadena Community College District	-	-	-	-
Flood Control District	0.1122	0.1103	0.1018	0.1273
Metropolitan Water District	0.0001	-	-	-
Metropolitan Water District	0.0047	0.0045	0.0043	0.0043
Total Direct Rate	<u>1.0775</u>	<u>1.0791</u>	<u>1.0789</u>	<u>1.0804</u>

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						
2011	2012	2013	2014	2015	2016	
0.1891	0.1921	0.1970	0.1918	0.2329	0.2290	
0.1489	0.0605	-	-	-	-	
-	0.0657	0.0437	0.0282	0.0219	0.0331	
<u>0.3380</u>	<u>0.3183</u>	<u>0.2407</u>	<u>0.2200</u>	<u>0.2548</u>	<u>0.2621</u>	
0.3307	0.3346	0.4266	0.4483	0.4118	0.4060	
0.4392	0.3589	0.4389	0.4379	0.4389	0.4375	
-	-	-	-	-	-	
0.1231	0.1121	0.1248	0.1247	0.1254	0.1254	
-	-	-	-	-	-	
<u>0.0037</u>	<u>0.0037</u>	<u>0.0035</u>	<u>0.0035</u>	<u>0.0035</u>	<u>0.0035</u>	
<u>1.2347</u>	<u>1.1276</u>	<u>1.2345</u>	<u>1.2345</u>	<u>1.2344</u>	<u>1.2345</u>	

**CITY OF PASADENA
Principal Property Taxpayers
Current Year and Nine Years Ago**

<u>Property Owner</u>	<u>2016</u>		<u>2007</u>	
	<u>Total Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Ppf Off 100 West Walnut Street	\$ 334,328,420	1.29%	\$ -	0.00%
Kaiser Foundation Health Plan	276,571,250	1.07%	169,563,092	0.98%
Paseo Colorado Holdings Llc	187,817,215	0.73%	124,893,831	0.72%
Pr 155 North Lake Llc	183,443,403	0.71%	-	0.00%
Western Asset Plaza Llc	162,758,350	0.63%	-	0.00%
Pacific Huntington Hotel Corp	155,242,123	0.60%	-	0.00%
Tishman Speyer Archstone Smith	144,943,716	0.56%	-	0.00%
Spf 888 Walnut Pasadena Llc	133,500,000	0.52%	-	0.00%
Bcsp Pasadena Towers Property	127,998,427	0.50%	-	0.00%
Teachers Insurance Annuity Ass	126,297,605	0.49%	-	0.00%
Maguire Partners Wap Llc	-	0.00%	121,571,116	0.70%
Equity Office Properties Trust	-	0.00%	120,737,556	0.70%
Ssr Paseo Colorado Llc	-	0.00%	103,833,723	0.60%
Pasadena Towers Llc	-	0.00%	102,122,205	0.59%
Archstone Smith Operating Trus	-	0.00%	92,652,209	0.54%
Parfinco Ewa Llc	-	0.00%	69,802,236	0.40%
Holly Street Lp	-	0.00%	69,293,883	0.40%
Payne Gleeson L	-	0.00%	69,081,275	0.40%
Total principal property taxpayers gross assessed value	<u>\$ 1,832,900,509</u>	7.10%	<u>\$ 1,043,551,126</u>	6.03%

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)
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%	516,462	38,331,579	98.17%
2014	41,214,435	41,488,565	100.67%	626,989	41,488,565	100.67%
2015	43,784,611	53,950,721	123.22%	*	53,950,721	123.22%
2016	46,200,734	56,653,799	122.63%	*	56,653,799	122.63%

(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			
	2007	2008	2009	2010
Type of Customer:				
Residential	337,905	338,855	337,531	328,320
Commercial and Industrial	880,661	884,070	887,698	883,413
Street Lights and Traffic Signals	15,744	15,701	16,266	16,272
Wholesales to Other Utilities	122,496	315,484	118,231	164,215
Other	9,045	(7,212)	3,513	(6,340)
Total	<u>1,365,851</u>	<u>1,546,898</u>	<u>1,363,240</u>	<u>1,385,880</u>
 Total direct rate per megawatt hour ¹	 109.81	 119.62	 141.69	 132.55

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					
2011	2012	2013	2014	2015	2016
319,657	316,084	334,179	316,631	324,657	326,023
813,566	783,296	776,816	783,878	768,735	755,510
15,640	15,598	15,683	13,678	13,423	13,384
168,613	199,045	185,361	36,811	30,969	310
10,697	(867)	574	-	-	-
<u>1,328,173</u>	<u>1,313,156</u>	<u>1,312,613</u>	<u>1,150,998</u>	<u>1,137,784</u>	<u>1,095,227</u>
140.79	141.61	144.80	163.49	179.07	181.87

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
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
2015*	0.1784	0.1556	0.1514	N/A
2016*	0.1827	0.1582	0.1505	N/A

* FY 2008 - FY 2016 include Public Benefit Charge (PBC)

Source: Pasadena Water and Power

**CITY OF PASADENA
Electricity Customers
Current Year**

Electricity Customer	2016	
	Electricity Charges	Percent of Operating Electric Revenues
Huntington Memorial Hospital	\$ 4,844,636	2.43%
California Institute of Technology	3,908,331	1.96%
Pasadena Unified School District	2,408,601	1.21%
Pasadena City College	2,357,246	1.18%
Kaiser Permanente	2,074,362	1.04%
Street Lights/Transportation Dept.	1,806,202	0.91%
Public Works Department	1,571,137	0.79%
Art Center College of Design	1,321,709	0.66%
Metropolitan Transportation Authority	1,298,608	0.65%
South Lake Ave Investors LLC	1,249,691	0.63%
	\$ 22,840,524	11.47%

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 ^{**}
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	-
2015	-	5,617,649	117,184,671	73,165,019	-
2016	-	5,059,568	117,259,853	73,397,830	-

[^] Information of Revenue Bonds under Governmental Activities was added in FY 2011

¹ Restated COP prior year data 2007 to 2011

^{***} Beginning with fiscal year 2015, the City implemented GASB 68, so the pension liability amount was removed from the long term debt section

Source: City of Pasadena Notes to Financial Statements and Statistical Table 18.

Table 12

Capitalized Lease Obligations	Notes Payable	Other ***	Total Governmental Activities
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
6,153,430	547,411	67,172,783	269,840,963
4,838,030	6,532,849	69,774,761	276,862,891

(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	
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
2015	303,423,927	6,300,977	-	826,805	-	310,551,709
2016	289,292,444	4,358,024	-	658,777	-	294,309,245

* 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 *
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
580,392,672	7,525,000	97.29	4,101
571,172,136	16,553,159	96.71	4,050

CITY OF PASADENA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt						Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Revenue Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds **	Total		
2007	-	10,355,000	128,045,000	138,963,861	9,928,550	287,292,411	1.67%	1,951
2008	-	9,895,000	123,610,000	131,036,605	8,819,025	273,360,630	1.45%	1,845
2009	-	9,415,000	118,365,000	124,732,976	7,656,689	260,169,665	1.26%	1,732
2010	-	8,910,000	111,525,000	114,437,082	6,422,412	241,294,494	1.17%	1,764
2011	-	8,405,000	103,935,000	103,651,183	5,149,000	221,140,183	1.06%	1,592
2012	-	7,880,000	143,040,000	94,920,443	-	245,840,443	1.15%	1,766
2013	-	6,700,000	133,905,000	85,772,925	-	226,377,925	1.04%	1,617
2014	-	6,180,000	123,890,000	76,589,936	-	206,659,936	0.90%	1,467
2015	-	5,617,649	117,184,671	73,165,019	-	195,967,339	0.81%	1,316
2016	-	5,059,568	117,259,853	73,397,830	-	195,717,251	0.76%	1,302

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

**CITY OF PASADENA
Direct and Overlapping Debt
June 30, 2016**

City Assessed Valuation	\$ 21,995,904,824
Redevelopment Agency Incremental Valuation	<u>3,831,016,176</u>
Total Assessed Valuation	<u><u>\$ 25,826,921,000</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	2.078%	\$ 12,630,000	\$ 262,451
Metropolitan Water District	1.059%	92,865,000	983,440
Pasadena Area Community College District	34.623%	84,630,000	29,301,445
La Canada Unified School District	0.199%	24,318,870	48,395
Pasadena Unified School District	73.370%	405,160,000	297,265,892
Los Angeles County Improvement District No. 2658-M	0.987%	1,785,000	17,618
Los Angeles County Regional Park and Open Space Assessment District	2.037%	<u>50,610,000</u>	<u>1,030,926</u>
Total overlapping tax and assessment debt		<u>671,998,870</u>	<u>328,910,167</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	2.037%	2,029,010,694	41,330,948
Los Angeles County Superintendent of Schools Certificates of Participation	2.037%	7,944,360	161,827
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	0.439-58.566%	29,386,203	6,395,349
Pasadena Unified School District Certificates of Participation	73.370%	1,333,331	978,265
Total gross overlapping other debt		<u>2,067,674,588</u>	<u>48,866,389</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><u>\$ 2,739,673,458</u></u>	377,776,556
City direct debt			<u>204,149,864</u>
Total direct and overlapping debt			<u><u>\$ 581,926,420</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.

CITY OF PASADENA
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	2007	2008	2009	2010
Assessed valuation	620,524	607,798	651,376	644,888
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	155,131	151,950	162,844	161,222
Debt limit percentage	15%	15%	15%	15%
Debt limit	23,270	22,792	24,427	24,183
Total net debt applicable to limit:	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Legal debt margin	23,268	22,790	24,425	24,181
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	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					
2011	2012	2013	2014	2015	2016
605,404	567,527	571,614	575,006	24,233,251	25,826,921
25%	25%	25%	25%	25%	25%
151,351	141,882	142,904	143,752	6,058,313	6,456,730
15%	15%	15%	15%	15%	15%
22,703	21,282	21,436	21,563	908,747	968,510
2	2	2	-	-	-
22,701	21,280	21,434	21,563	908,747	968,510
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		
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	44,066	-	-	-	-
2014	44,066	-	-	-	-
2015	56,446	-	-	-	-
2016	59,141	-	-	-	-

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.

Prior to fiscal year 2015, gross amount was reported (before deduction of Pass-through and County Administrative Cost).

Starting in fiscal year 2015, net amount is reported (post deduction of Pass-through and County Administrative Cost)

Tax Allocation Bonds						
Primary Government*			Private Purpose Trust Fund**			
Debt Service			Tax	Debt Service		
Principal	Interest	Coverage	Increment **	Principal	Interest	Coverage
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
-	-	-	1,925	2,245	409	0.73
-	-	-	4,965	2,100	284	2.08

CITY OF PASADENA
Pledged-Revenue Coverage
Business-Type Activity Debt
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	Light & Power Revenue Bonds					
	Light & Power Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
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%
2015	207,745	147,810	59,935	8,950	8,715	339.29%
2016	204,224	146,510	57,714	9,340	8,347	326.31%

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
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%
2015	58,039	38,810	19,229	3,185	3,915	270.83%
2016	51,538	35,501	16,037	3,305	3,782	226.29%

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⁾
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%
2015	141,510	5,965,432	42,156	6.3%
2016	141,023	5,905,778	41,878	6.0%

Source:

MuniServices, LLC

(1) State of California, Department of Finance Projections

(2) U.S. Census Bureau, 2010 American Community Survey

(3) State of California Employment Development Department, Bureau of Labor Statistics Department

Table 19

**CITY OF PASADENA
Principal Employers
Current Year and Nine Years Ago**

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
California Institute of Technology - Jet Propulsion Laboratory	5,771	9.25%	5,000	4.55%
Kaiser Permanente	3,314	5.31%	3,300	3.00%
California Institute of Technology - Campus	3,900	6.25%	2,553	2.32%
Huntington Memorial Hospital	3,674	5.89%	3,257	2.96%
The City of Pasadena	2,260	3.62%	2,167	1.97%
Pasadena Unified School District	2,420	3.88%	2,500	2.27%
Bank of America	1,877	3.01%	1,200	1.09%
Pasadena City College	2,619	4.20%	3,647	3.32%
Art Center College of Design	1,318	2.11%	*	*
Hathaway-Sycamores	657	1.05%	*	*
ATT (SBC in 2007)	491	0.79%	2,600	2.36%
Parsons Corporation	514	0.82%	824	0.75%
The Langham Huntington Hotel (The Ritz-Carlton)	592	0.95%	*	*
Western Asset	558	0.89%	*	*
East West Bank	569	0.91%	*	*
One West Bank (IndyMac in 2007)	554	0.89%	1,850	1.68%
Rusnak Pasadena	296	0.47%	*	*
Pacific Clinics Administration	263	0.42%	*	*
Avon Products	165	0.26%	550	0.50%

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. The information was obtained from the business license division.

Number of Employees data comes from several sources including individual company's HR and Payroll Departments.

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CITY OF PASADENA
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2007	2008	2009	2010
General government	480.1	487.6	489.6	453.9
Public safety	575.6	591.6	594.6	593.6
Public works	360.3	372.3	373.3	357.9
Transportation	44.0	46.0	48.0	48.0
Health	104.3	108.8	103.1	96.8
Culture and leisure	146.2	147.2	148.2	142.6
Water & power	413.0	423.0	428.0	430.5
Information services	120.2	121.8	121.8	116.0
Seasonal	-	-	-	-
Total	2,243.7	2,298.3	2,306.6	2,239.3

Table 20

Fiscal Year					
2011	2012	2013	2014	2015	2016
448.4	338.0	348.5	338.0	365.0	382.0
568.8	560.0	562.9	540.0	548.0	550.0
340.4	292.0	306.6	293.0	315.0	317.0
45.0	43.0	45.0	51.0	50.0	51.0
92.0	96.0	103.9	124.0	125.0	85.0
139.4	210.0	192.2	281.0	94.0	97.0
434.0	371.0	422.0	355.0	426.0	433.0
105.4	150.0	104.9	140.0	107.0	108.0
-	119.0	288.0	267.0	192.0	265.0
<u>2,173.4</u>	<u>2,179.0</u>	<u>2,374.0</u>	<u>2,389.0</u>	<u>2,222.0</u>	<u>2,288.0</u>

CITY OF PASADENA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Police:				
Arrests	10,117	9,722	9,055	8,535
Transportation:				
Parking citations issued**	177,060	189,017	189,932	132,042
Fire:				
Number of emergency calls***	11,565	16,089	15,921	15,592
Inspections	3,855	5,017	5,720	6,737
Water:				
New connections	99	61	99	85
Average daily consumption (thousands of gallons)	32,970	31,537	29,872	25,623

* Information was not available.

** Parking citations were originally reported under Police Dept. This category moved to Transportation Department in FY2010 because a majority of parking tickets are issued by Transportation Department.

***FY2015 initially reported as 14,349; corrected in FY2016 to 18,237

Table 21

Fiscal Year					
2011	2012	2013	2014	2015	2016
6,481	6,031	4,906	3,852	3,966	4,210
142,615	160,384	172,154	168,896	185,832	166,481
15,647 *	16,431 7,168	16,570 7,123	17,368 7,445	18,237 7,500	19,488 8,296
66 24,528	42 25,174	55 26,982	57 28,368	31 25,436	35 21,144

CITY OF PASADENA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Police:				
Stations	1	1	1	1
Substations	3	3	4	4
Fire:				
Fire stations	8	8	8	8
Transportation:				
Streets (miles)	322	322	322	322
Streetlights	17,047	17,047	17,047	17,047
Traffic signals	324	340	325	327
Parking facilities	11	11	11	11
Culture and leisure:				
Park sites	24	24	24	24
Community centers	6	6	6	6
Libraries	10	10	10	10
Electric Utility:				
Power plants	1	1	1	1
Customers	62,793	62,902	63,576	63,838
Miles of service	531	525	525	525
Maximum capacity (megawatts)	197	197	197	197
Water:				
Water mains (miles)	508	508	508	508
Customers	37,463	37,522	37,602	37,586
Average daily consumption (mgd)	32.97	31.53	29.87	25.62

Fiscal Year						
2011	2012	2013	2014	2015	2016	
1	1	1	1	1	1	1
5	5	5	5	5	3	3
7	7	8	8	8	8	8
322	322	322	357	357	357	357
17,069	17,100	17,207	17,452	17,584	17,597	17,597
327	329	329	329	330	330	330
12	12	9	9	9	9	9
24	24	20	20	20	20	20
5	4	4	4	4	4	4
10	10	10	10	10	10	10
1	1	1	1	1	1	1
63,957	64,163	64,931	65,039	65,564	65,318	65,318
525	525	673	680	680	687	687
175	175	174	175	174	174	174
508	508	516	520	520	520	520
38,036	38,069	37,911	37,974	37,972	37,959	37,959
26.70	25.17	26.98	28.37	25.43	21.14	21.14

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