



20 Colorado Street.



CITY OF

# PASADENA

COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2019  
CALIFORNIA



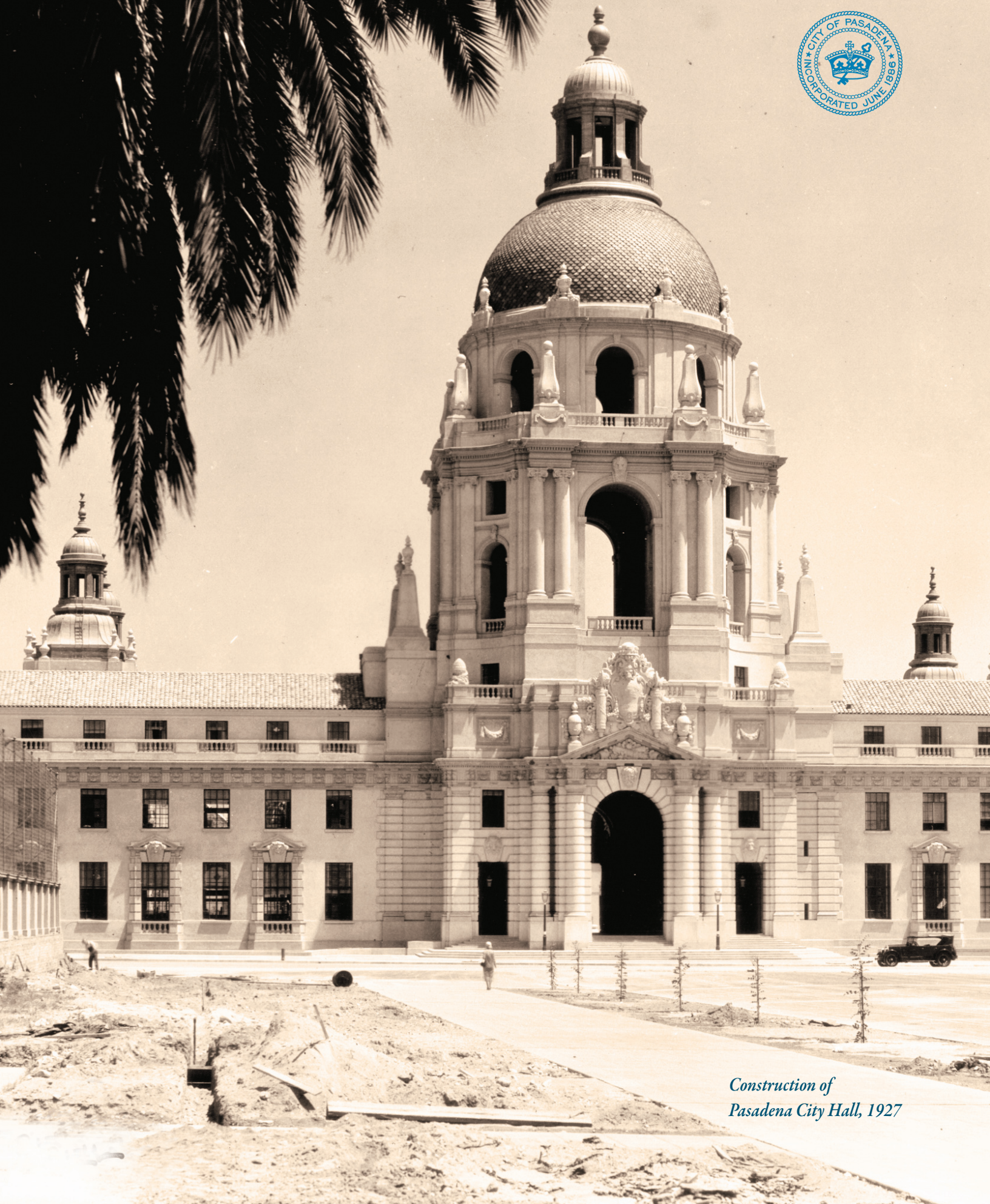


**COVER PHOTOS**

*Top: 20 Colorado Street, circa 1888 to 1893*

*Bottom: Rose Parade, circa 1926*





*Construction of  
Pasadena City Hall, 1927*



# *City of Pasadena, California*



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2019



Terry Tornek  
Mayor



Tyron A.L. Hampton  
Vice Mayor  
District 1



Margaret McAustin  
Council Member  
District 2



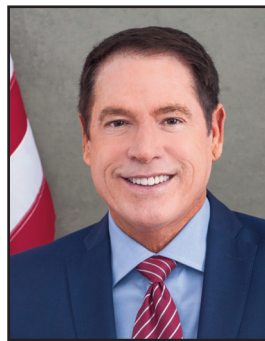
John J. Kennedy  
Council Member  
District 3



Gene Masuda  
Council Member  
District 4



Victor Gordo  
Council Member  
District 5



Steve Madison  
Council Member  
District 6



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



**CITY OF PASADENA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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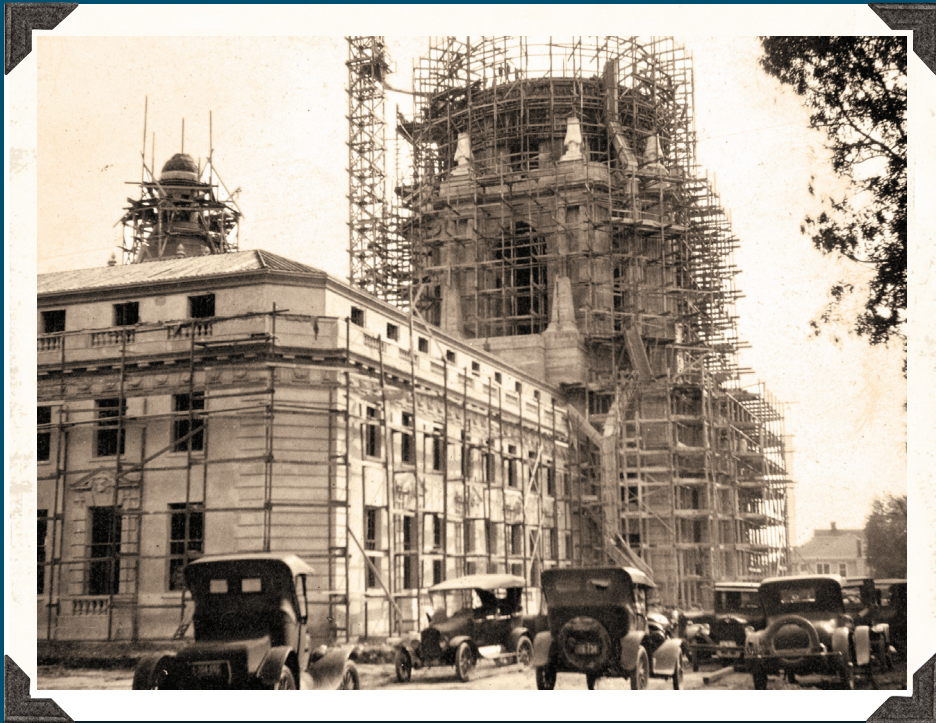
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CITY  
OF

# PASADENA

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*Construction of Pasadena City Hall, 1926*

**INTRODUCTORY SECTION**

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## DEPARTMENT OF FINANCE

December 18, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pasadena, California (City) for the fiscal year ended June 30, 2019 (FY 2019) is hereby submitted in compliance with Section 907.5 of the City Charter. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable assurance, rather than absolute assurance, that the financial statements are free of any material misstatements.

This report was 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. 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. The financial statements 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. 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 FY 2019 fairly state the City's financial position. The independent audit involved examining evidence, on a test basis, that supports 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 FY 2019 and that these financial statements 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. Under the current auditor contract, the City required the auditor to include sampling from every fund.

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. The auditor’s report on internal controls and compliance will be available in the City’s separately issued Single Audit Report.

GASB requires that management provide a narrative introduction, an overview, and an 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 the 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 a four-year 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 2019 population of 146,312, according to the California 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 Development Board. These entities 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, 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 overspend 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 considered from the broader perspective of the current environment in which the City of Pasadena operates.

### **The Current Economic Climate**

The national economic backdrop is one of slow and steady growth. The real Gross Domestic Product (GDP) grew by 2.0 percent during the second quarter of 2019 compared to 3.1 percent growth in the first quarter of 2019. The GDP growth recorded in June 2019 also marked the record for the most consecutive months of economic expansion, 121, dating back to 2009.

June 2019 saw nonfarm payroll jobs expand by 193,000. With employment gains for April and May coming in at 216,000 and 62,000, respectively, that average monthly jobs created for 2019 thus far stands at 165,000 per month. In contrast, 2018 saw nonfarm employment add an average of 214,000 jobs per month. The unemployment rate stood at 3.7 percent as of June 2019, slightly up from the May 2019 rate of 3.6 percent. The labor market continued to tighten as the average hourly earnings rose by 3.1 percent on an annualized basis in June. Mirroring GDP growth, the June 2019 employment growth marked the 105<sup>th</sup> consecutive month of job gains.

The year-over-year Consumer Price Index (CPI) rose 1.6 percent in June 2019, which is now the seventh month in a row this figure has been at or below 2.0 percent. Meanwhile, the year-over-year Core CPI Index, which excludes food and energy components, rose 2.1 percent for the 12 months ended June 2019. Over the past year, the food index increased by 1.9 percent while the energy index contracted by 3.4 percent.

On June 27, 2019, the Governor signed the 2019-20 State of California Budget Act, which includes \$214.8 billion in spending. General Fund appropriations total \$147.8 billion, a \$9.1 billion (or 6.6%) increase over 2018-19 budget expenditures. General Fund revenues are estimated at \$143.8 billion for

2019-20, which is \$6.1 billion (or 4.4%) more than 2018-19 revenues. As the state's economy has recovered from the Great Recession, the past seven state budgets have significantly increased spending. Because the state must continue to plan and save for the next recession, the 2019-20 budget takes a more prudent approach of fully funding the Rainy Day Fund, and increases reserves to the largest reserve in state history.

The California budget ends the year with total reserves of \$19.2 billion and makes an extra payment of \$9 billion over the next four years to pay down unfunded pension liabilities. This includes \$3 billion to CalPERS and \$2.9 billion to CalSTRS on behalf of the state, and \$3.15 billion to CalSTRS and CalPERS on behalf of schools.

Pasadena's local economy continues to perform well with the June 2019 unemployment rate at 4.0% compared to Los Angeles County as a whole, which was at 4.7%.

Commercial development continues to be robust. The Constance Hotel completed its final phase that includes a pool deck, dining and special event space. The 179-room Hyatt Place hotel celebrated a ribbon cutting and welcomed new guests in mid-December 2018 bringing a welcome addition to the Paseo block, just in time for New Year's. And, there are potential plans for up to as many as four other new hotels in the City. Additionally, Transient Occupancy Tax related to short-term rentals has performed slightly better than expected, with annual receipts of roughly \$700,000.

Pasadena's economic base includes many successful businesses particularly in the fields of finance, healthcare and technology. High tech company Gemalto signed a lease for 56,000 square feet at 3100 New York Drive; First Financial Credit Union is moving its headquarters into Pasadena bringing 120 jobs; GM Cruise (General Motors self-driven car subsidiary) just leased 48,000 square feet vacated by Community Bank; and Bluebeam software outgrew its office space on Lake Avenue and moved into the historic Royal Laundry building on South Raymond Avenue in March 2019.

Lincoln Properties broke ground on its first phase of the Parson's block that will include nearly 400 housing units, 200,000 sf. of new office space, and ground floor retail space along Fair Oaks Avenue. Education and health services received a boost with the start of Kaiser Permanente's School of Medicine on Los Robles Avenue. Caltech has also moved forward with significant investments on campus, the most recent being the Chen Neuroscience building which broke ground in the fall.

Home Depot purchased the property previously occupied by Avon Corporation and is working towards opening a store at that location within the next two years, which will generate significant local sales tax. In June 2018, Pasadena voters approved land-use regulations to permit a number of cannabis operations as well as a related excise tax. It is anticipated that in FY 2020 the City will begin to receive revenue as a result.

Several new restaurants have opened in the last year, creating an important balance to the retail sector that has remained relatively flat. Overall, with the scope of new development and continued success of local employers, Pasadena's economy remains healthy.



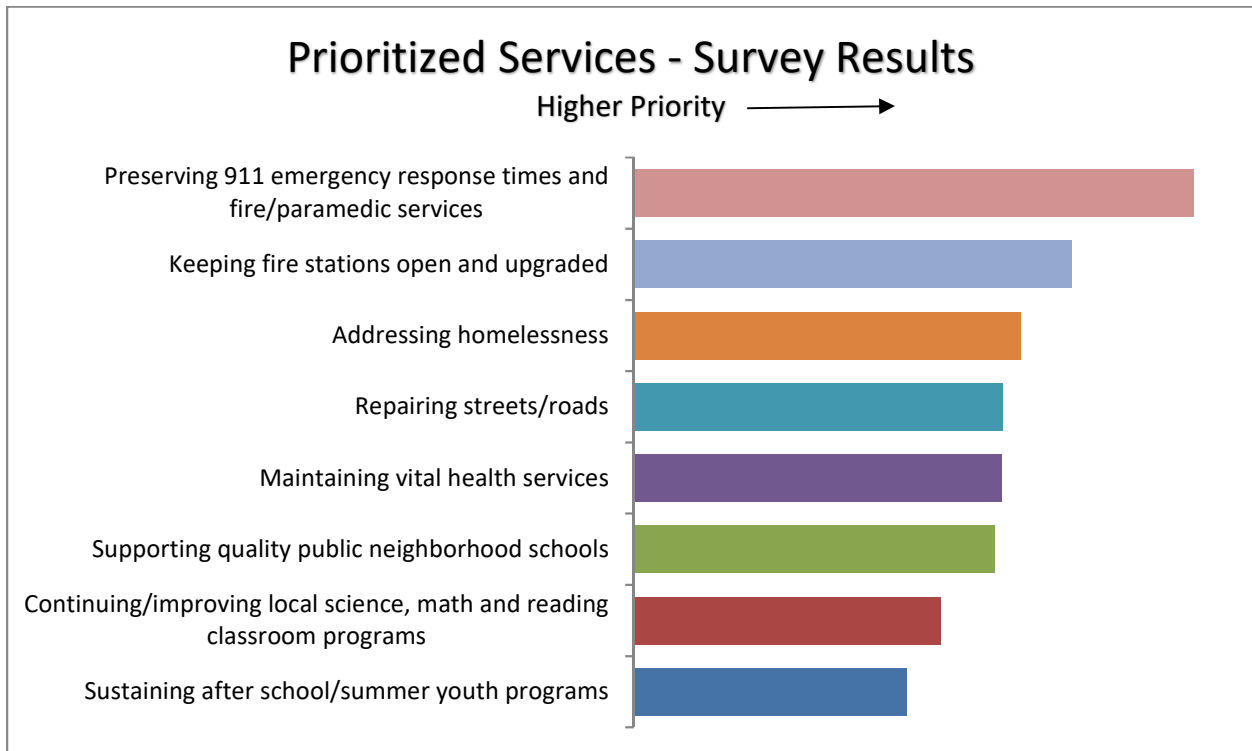
## LONG-TERM FINANCIAL PLANNING AND NEXT YEAR'S BUDGETS AND RATES

The FY 2020 Adopted Budget was developed based on the City Council's Strategic Plan goals. All department performance measures and City activities are tied to one or more of the following 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 City's General Fund, which pays for police, fire, parks, recreation, and other municipal services, is its most important fund. The General Fund's Adopted Operating Budget for FY 2020 is balanced, does not rely on the use of reserves, and is expected to result in positive net income at the end of the fiscal year. The Capital Budget includes investments in the City's infrastructure exceeding \$87.7 million for FY 2020 and continues the City's efforts to maintain and enhance its physical plant.

Pasadena is a community where active citizen engagement is welcomed and encouraged; therefore, as part of last year's budget process, City staff initiated "Join the Conversation," a robust public engagement process to solicit input on the community's key service priorities. This effort included presentations to various community and business groups supported by an on-line survey that was widely promoted through social media and other communication outlets. Hundreds of responses were received indicating support for the following priorities.



These priorities are reflected in a variety of services funded by the Operating Budget as well as projects contained within the Capital Improvement Program budget. On November 6, 2018 in support of the financial well-being of the City and the ever-growing list of unfunded capital needs voters approved Measure I, a 3/4 cent local sales tax improving the City's ability to maintain essential City services and its ability to reinvest in critical infrastructure. This local sales tax went into effect on April 1, 2019. Measure I will be discussed later in this report.

The FY 2020 Adopted Budget totals \$871 million overall. This amount includes an operating budget of \$712.1 million, capital appropriations of \$87.7 million, and appropriations of \$71.1 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. It provides for most basic City services including public safety, public works, parks, and recreation. The Adopted Budget for the General Fund for FY 2020 is \$274.4 million with estimated revenues of \$274.9 million.

### **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. The June 2019 forecast for FY 2020 is included below as Exhibit A. By tracking and trending current and anticipated revenues and expenses, the forecast provides a tool for the City's policymakers. In recent years, the five-year projection indicated that increases in operating costs, mostly in the personnel category, coupled with overall flat revenue growth were leading the City to spend more annually than it brings in, thereby creating a structural deficit that would grow if not addressed. In such a situation, the City's fund balance i.e., its reserves would be drawn down to fill the gap. While this might be less of a concern during relatively short periods of economic downturn, it is not sustainable over the long-term.

Comprehensive Annual Financial Report (CAFR)  
City of Pasadena, California (City)  
Fiscal Year Ended June 30, 2019

**EXHIBIT A**

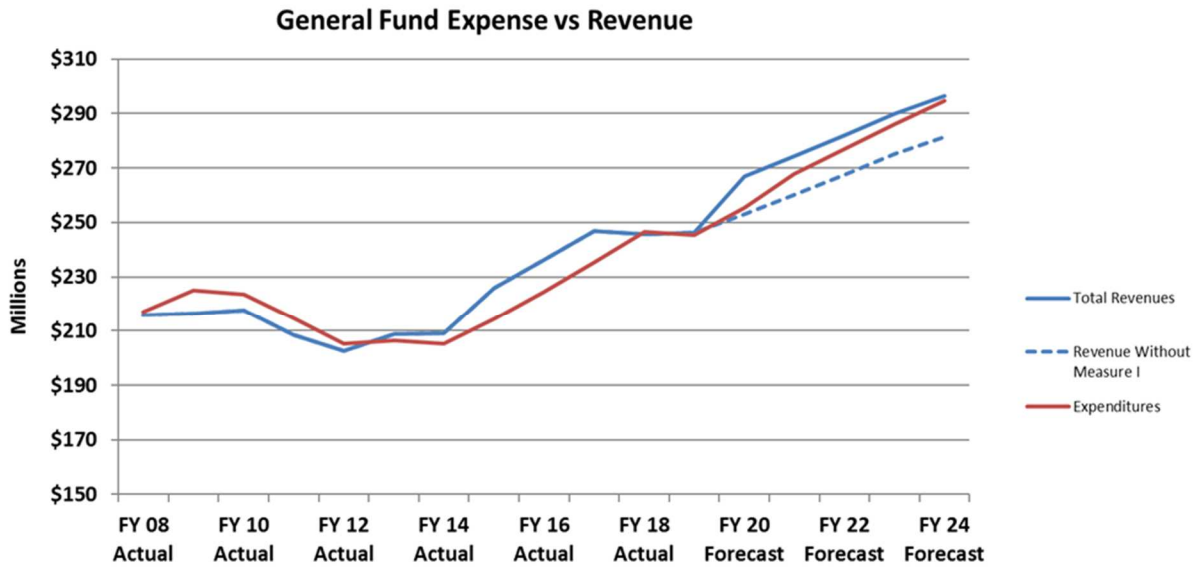
**General Fund Five-Year Forecast**

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
	<b>Projected</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Beginning Amount Available for Appropriations</b>	<b>\$ 11,162,617</b>	<b>\$ 8,864,788</b>	<b>\$ 9,373,951</b>	<b>\$ 9,373,951</b>	<b>\$ 9,373,951</b>	<b>\$ 9,373,951</b>
<b>Revenues</b>						
Tax Revenues	184,271,100	210,238,000	215,754,889	221,404,579	227,596,061	234,425,553
Other Revenues	45,279,498	44,921,058	46,020,667	47,148,600	48,305,603	49,492,439
Contributions/Svs. From Other Funds	19,990,592	19,757,388	20,719,244	20,719,244	20,719,244	20,719,244
<b>Total Revenues</b>	<b>249,541,190</b>	<b>274,916,446</b>	<b>282,494,800</b>	<b>289,272,423</b>	<b>296,620,908</b>	<b>304,637,236</b>
<b>Expenses</b>						
Personnel	157,633,190	169,180,369	179,279,598	186,487,848	193,088,543	199,324,074
Debt Service	13,598,271	10,744,034	10,601,562	10,756,679	10,989,133	10,991,972
Contributions To Other Funds	15,591,987	23,362,920	14,507,378	13,902,782	14,180,838	15,395,346
Other Expenses	62,844,988	71,119,960	72,117,221	74,924,453	76,911,892	78,027,746
<b>Total Expenses</b>	<b>249,668,436</b>	<b>274,407,283</b>	<b>276,505,759</b>	<b>286,071,762</b>	<b>295,170,405</b>	<b>303,739,138</b>
<b>Operating Income/(Loss)</b>	<b>(127,246)</b>	<b>509,163</b>	<b>5,989,041</b>	<b>3,200,661</b>	<b>1,450,502</b>	<b>898,098</b>
<b>Ending Amount Available for Appropriations</b>	<b>11,035,371</b>	<b>9,373,951</b>	<b>15,362,992</b>	<b>12,574,612</b>	<b>10,824,454</b>	<b>10,272,050</b>
Reserve for Capital	-	-	5,989,041	3,200,661	1,450,502	898,098
Contribution to Policy Reserve	2,170,583	-	-	-	-	-
<b>Net Income/(Loss) with Reserve Contribution</b>	<b>\$ (2,297,829)</b>	<b>\$ 509,163</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

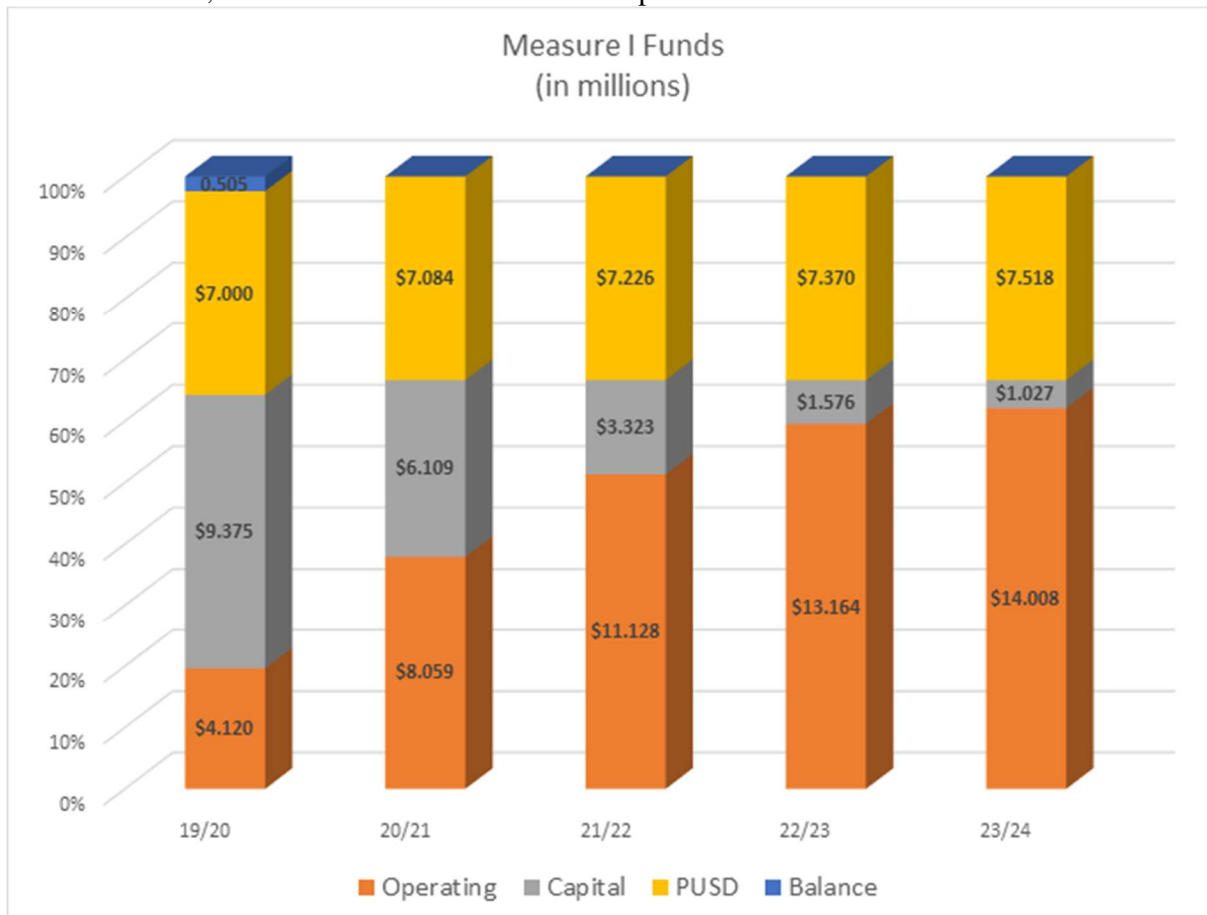
Consequently, over the past three fiscal years, the City has successfully executed a fiscal strategy which reduced over \$6.1 million in General Fund expenses, including the elimination of 22 vacant staff positions, the de-funding of five other positions and additional reductions. Not wanting to reduce essential City services and acknowledging the need to reinvest in critical infrastructure, the City Council, in November 2018 asked Pasadena voters to approve a ¾-cent sales tax measure. Measure I, which was passed by better than a 2/3rd margin, is anticipated to generate \$21 million annually, beginning in FY 2020. A separate advisory measure, Measure J, asked voters whether the City Council should share 1/3 of Measure I revenues with Pasadena Public Schools, as the success of the City is tied to the success of its schools. That measure received over 72% support of voters. This past March, the City Council took action to approve a Memorandum of Understanding with the Pasadena Unified School District to operationalize the will of the voters.

As indicated by the chart below, without the additional revenues provided by Measure I, the Recommended Operating Budget for FY 2020 would have required reductions exceeding \$3.6 million to be balanced without the use of reserves. Thankfully, due to the passage of Measure I, not only is the FY 2020 Adopted Operating Budget balanced, but more than \$9.3 million was appropriated to fund critical capital improvement projects.





Given that the City’s capital needs exceed \$428 million in identified but yet unfunded projects, coupled with the reality that over time more proceeds from Measure I will be needed to balance the operating budget, the City will likely need to consider a new debt issuance in two or three years, supported with Measure I funds, to continue re-investment in its capital infrastructure.



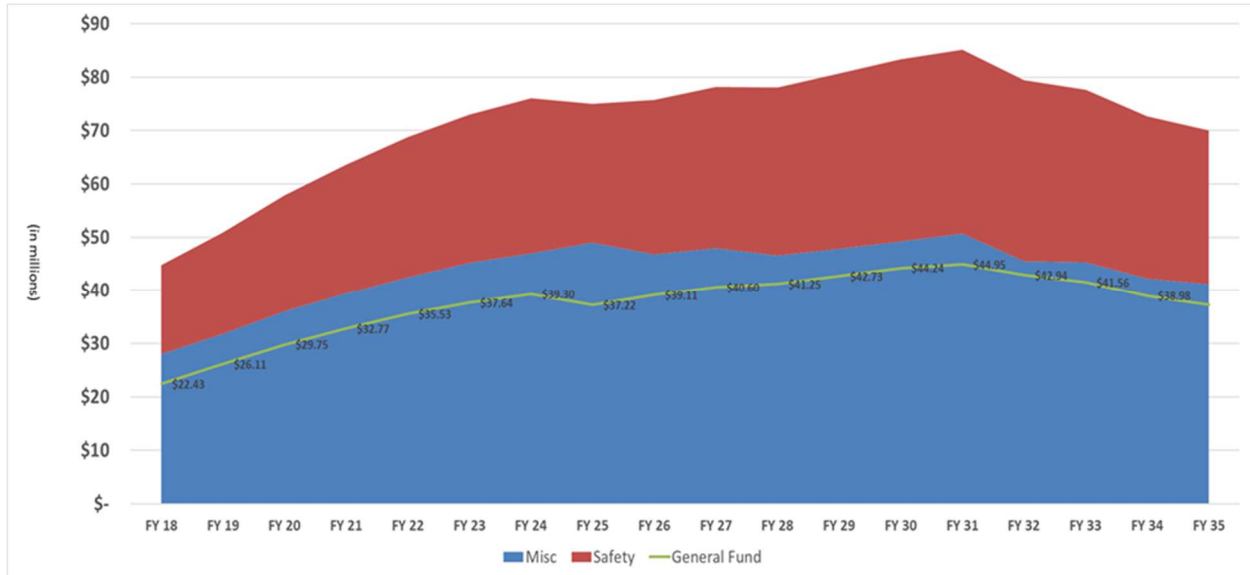
Noting current revenue and expense trends, there is a risk that in a few years, and not accounting for an economic recession, expenses could once again begin to outpace revenues. This is because despite a local economy that continues to expand, the growth in overall City revenues, even with Measure I, may not keep pace with increases in the cost of providing City services. Particularly as it relates to personnel costs which account for 62% of overall General Fund spending for FY 2020.

Most significant in the personnel cost category has been the dramatic increase in payments to the Public Employee Retirement System (CalPERS), which provides pension benefits to former City employees. The City's total Unfunded Accrued Liability (UAL) stood at \$511 million dollars as of the most recent valuation, as of June 30, 2018. This amount represents the amortized dollar amount needed to fund benefits already earned by current and former City employees. From a budgetary perspective, the City has seen its PERS contributions rise from \$29.3 million in FY 2014 to \$58 million for FY 2020.

At the state-level there have been pension reforms. In 2013, the Public Employees' Pension Reform Act (PEPRA) went into effect. As a result of this act, persons hired after January 1, 2013 receive a less generous pension formula and will have to contribute to the cost of their pensions. Currently, 30% of the City's workforce are covered by PEPRA. Unfortunately, it will take many years before these changes make a dent in the City's UAL. In addition, in Pasadena 100% of current CalPERS eligible City employees contributed a combined \$14 million towards their pensions in FY 2019. As of the most recent valuation date of June 30, 2018, the Miscellaneous and Safety plans are funded at 71.8 percent and 71.6 percent of their unfunded accrued liability (UAL) respectively.

Recognizing the significance of the pension issue, in June 2017, the City Council allocated \$12.5 million towards the establishment of an IRS Section 115 Trust, split \$10.5 million for pension and \$2.0 million for other post employment benefits. A 115 Trust is an investment vehicle that allows the City to invest funds to pay for future pension and benefit liabilities. The June 2019 balance in trust is \$13.3 million. Given the size of the City's UAL, \$13.3 million represents merely a fraction of a single fiscal year's PERS and other benefit payments. However, if additional dollars are added to the Trust, using one-time revenues and surplus funds at the end of each fiscal year, over the course of the next few years, the City can build up reserves sufficient to reduce the impacts of future General Fund pension and other post employment benefit contributions. Staff will review various options for maximizing the value of the Trust with the City Council Finance Committee.

As indicated by the following chart, the Pension issue will become even more pronounced over the next decade or so.



### Fiscal Drivers

The City’s three major revenue sources; property tax, sales tax, and utility user’s tax, account for 54.2 percent of the General Fund’s overall revenues. These revenues show a mixture of growth and decline.

Pasadena’s largest and most stable revenue source continues to be property tax. Property tax proved to be resilient during the Great Recession and has realized strong growth in the past few years. New and infill development has provided for steady increases. Total assessed values increased 5.7 percent. This one source represents 26.1 percent of total general fund revenues. Continued strong growth is projected for the next few years as several large developments are underway which will add to the City’s existing total assessed property valuation (both residential and commercial) of more than \$32.8 billion. For FY 2020, property taxes are projected to be \$68.8 million.

Pasadena’s sales tax revenue was the strongest growth area from a cash perspective. The City’s receipts from April through June of 2018 were less than expected due to the state’s transition to a new software and reporting system that caused a delay in processing thousands of payments statewide and has caught up in 2019. The City is projecting increased sales tax collections due to the passage of Measure I, the local 3/4 percent local sales tax and the South Dakota v. Wayfair, Inc. (Wayfair) lawsuit that has changed the definition of “physical presence” and results in increased allocation of sales tax on remote sales that are delivered to Pasadena locations. For FY 2020, sales and use tax is projected to be \$56.8 million.

Utility Users Tax (UUT) is a tax imposed by the City on the use of telephone service, video, or cable service and the consumption of natural gas, electricity, and water. UUT revenue was flat for several years and began declining in FY 2017. This decline has continued into FYs 2018 and 2019 as reduced consumption of both water and electricity occurred along with the continued shift from traditional cable service. Increased usage of cellular phones provides some relief; however, carriers continue to lower prices or bundle more services and more people are eliminating their residential landlines resulting in limited new net revenue. For FY 2019, UUT revenue declined \$.8 million to \$27.0 million; which is a 3.2 percent reduction. FY 2020 UUT is projected to be \$27.5 million.



The City's Transient Occupancy Tax (TOT) continues to be a steady revenue source boosted by increased travel to Pasadena and new developments that have either opened or are underway. The new Hyatt Place Hotel at The Paseo has stabilized during their first year of operation and has achieved a healthy occupancy rate. Other hotel expansions along with TOT on short-term rentals provide strong growth for TOT revenue, helping to improve the General Fund five-year forecast. For FY 2020, TOT is projected to be \$18.3 million.

A significant internal revenue source for the General Fund is the transfer from the Power Fund. Per the City Charter, a transfer based upon annual gross electric retail income and the actual net income of the power utility's operations is made each year. The transfer for FY 2020 is budgeted to be \$439,000 less than FY 2019, for a total of \$17.4 million. In 2017, the City was sued in a class action lawsuit entitled *Komesar v. City of Pasadena*, challenging the validity of Charter-authorized transfers from the Light & Power Fund to the General Fund amounting to approximately \$14.5 to \$17.6 million annually. The lawsuit seeks a refund of the transferred funds. The City is vigorously defending the case.

## **ADDRESSING FISCAL CHALLENGES**

Past prudent fiscal management on the part of the City Council has allowed Pasadena to maintain a AAA credit rating on its General Obligation bonds by Standard and Poor's and a AA+ rating from Fitch ratings. Moreover, the City's current General Fund emergency and operating reserve is funded at a combined 20%, which equals \$50.8 million. Consequently, Pasadena's fiscal position is strong.

To maintain this strength, the key fiscal challenge going forward is to ensure that expenses do not exceed revenues and that there are sufficient funds to reinvest in critical infrastructure; something that has been lacking over the past decade or so. With this in mind, enhancements approved in the FY 2020 Adopted Operating Budget were very limited totaling \$505,000 (of which \$357,000 were one-time expenditures), and as discussed below, the vast majority of available funds (\$9.375 million) were appropriated to address a number of the City's pressing capital improvement program needs.

In the Operating Budget, staff recommended the following enhancements:

- Paramedic training for Fire Fighter staff. Fire Fighter Paramedics staff the City's fleet of five Advanced Life Support Ambulances. Additionally, it is our goal to have at least one Fire Fighter Paramedic on each Fire Engine and Fire Truck. In order to maintain this level of service additional Fire Fighters need to be trained as Paramedics - \$317,000;
- Addition of a Case Manager to further the City's existing Homeless Outreach efforts - \$80,000. Homelessness is arguably the most difficult issue facing the City today as its causes are several, the problem regional and permanent solutions difficult to implement. The City operates a number of effective programs, but given the scale of the problem, additional resources are needed;
- Addition of 1.00 FTE Recreation Site Coordinator at Washington Park. The neighborhood surrounding this heavily used park in the north-central area of the City would benefit greatly from additional programming - \$68,000; and
- To ensure the most complete count of Pasadena residents, funds are recommended for Census outreach - \$40,000.

In the Capital Improvement Program Budget, staff recommended the following priorities:

- Replacement of 9-1-1 emergency communications equipment - \$2.0 million, total project cost estimate \$8.0 million;
- Fire Station renovations and improvements - \$3.0 million, total project cost estimate \$3.0 million;
- Citywide facility improvements (Jackie Robinson Community Center and La Pintoresca Library) - \$1.0 million;
- High-voltage street light replacement/conversion - \$1.0 million, total project cost estimate \$11.5 million;
- Colorado Street Bridge suicide prevention barriers - \$750,000, total project cost estimate \$3.0 million (funding approved by City Council on May 20<sup>th</sup>, 2019 as part of FY 2019);
- City Hall building security management - \$625,000, total project cost estimate \$1.0 million;
- Fire alarm and sprinkler system for Central Library - \$500,000, total project cost estimate \$1,050,000; and
- ADA sidewalk improvements/replacement - \$500,000 additional funding to supplement \$1.0 million annual General Fund contribution and \$500,000 in Community Development Block Grant funding.

While the focus of this Transmittal Letter is largely on the General Fund, the fiscal health of many of the City's special revenue and enterprise funds continue to be challenged, and the adopted budget includes the use of fund balance (i.e., reserves) for programs supported by some of these funds. The Library and Information Services Department, which is primarily supported by a mandatory General Fund contribution of more than \$11.8 million in order to continue collecting the Library Special Tax, which itself expires in 2023, is using \$204,000 of fund balance to continue existing operations. The five-year forecast for the Library Fund shows that future and substantive reductions will be required to bring expenditures in line with revenues.

The City's Off-Street Parking Garages have historically been self-funding with revenues covering the expenses of operating the garages. However, as operating costs have increased over time and the facilities have aged (most are 30–40 years old) the Off-Street Parking Fund has been expending its reserves on both operational and maintenance expenses. While expenses have grown, revenues have not kept up because the rates charged for parking have not changed in 15-20 years. Moreover, recent trends in travel and retailing are affecting parking demand and are beginning to reduce parking revenues. The five-year forecast for the Off-Street Parking Fund indicates that serious consideration as early as FY 2020 should be given to updating the rates charged for parking. Without an increase in revenue or a dynamic fee structure that responds to parking demand, which should include shortening or eliminating free periods for parking, it is likely that General Fund support will be needed for the garage system in the next five years.

The Health Fund was established to account for all grants received for the provision of health services that are restricted by grant award agreements and state health realignment funding requirements. In fiscal year 2019, the Fund ended the year with a significant shortfall largely attributable to delayed state reimbursements, program performance challenges, allocations of pension and other retirement benefits, and lower than expected health realignment funding. Health expenses increased by \$1.6 million or 16.3 percent as the health department launched three new grant programs and incurred \$0.6 million more personnel costs and \$0.4 million more operating costs. The department other expenses increased by \$0.6 million primarily due to additional GASB 68 pension costs and GASB 75 OPEB

expenses. The Health Department is committed to addressing the deficit fund balance and deficit spending.

The City's Workers Compensation Fund is underfunded and rates charged against departments/funds have been increased to meet current costs and begin reducing the fund deficit. Management has reviewed the deficit, and is working to correct the situation through a combination of injury prevention programs, training programs, reduction of claim severity, improved processes for return-to-work procedures, medical management, and minimizing delays in all aspects of claims handling.

The General Fund budget for personnel costs for FY 2020 totals \$169.2 million. This represents an increase of \$10.2 million from \$159.0 million in FY 2019.

The City's Rose Bowl Operating Company (RBOC), with an annual budget that exceeds \$50 million, is facing increased competition from smaller venues in the region and the soon to be opened professional football stadium in Inglewood. Additionally, the decline in the popularity of golf has significantly impacted what had traditionally been a significant revenue source for the RBOC. To its credit, by hosting concerts and other special events as well as building a strong relationship with the Legacy Foundation, the RBOC has been able to maintain its operations and manage the debt service on the \$231.7 million in bonds issued by the City in support of the Stadium's 2010 renovation project and past projects, without support from the General Fund. Unfortunately, given the many challenges, this may not always remain the case.

### **Unfunded Liabilities - Other Post-Employment Benefits**

An actuarial study of Pasadena's Other Post-Employment Benefits (OPEB) relating to retiree health benefit liability was updated in 2019, reflecting a June 30, 2019 Measurement Date. This study was performed to comply with the employer financial accounting requirements under Government Accounting Standards Board (GASB) Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions). The report determined that Pasadena's June 30, 2019 Net OPEB liability was approximately \$77.0 million, up from the \$70.3 million reported a year ago, an increase of \$6.7 million. The Net OPEB Liability takes into account the \$2.1 million that the City has set aside for future payments in a Section 115 Trust. The GASB 75 study provides an Actuarially Determined Contribution of \$7.0 million for FY 2020 and \$7.1 million for FY 2021. These are recommended target contributions and assumes the City has the ability to contribute on an annual basis. Pasadena is currently using a pay-as-you-go methodology and pays only the amount needed to fund the monthly benefits. Continuing the pay-as-you-go method will significantly increase the Actuarially Determined Contribution and OPEB liability in future years.

### **FY 2020 CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS**

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 five year FY 2020–2024 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.

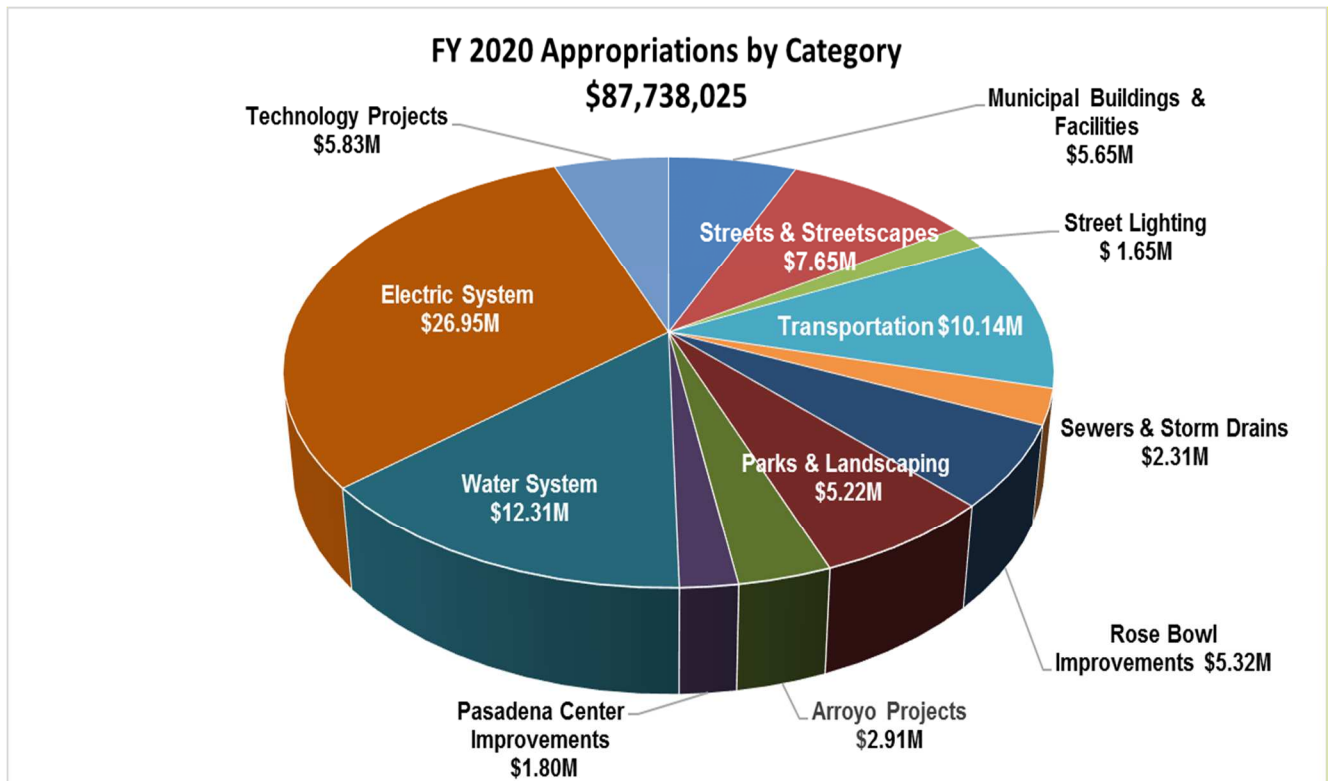


In addition to the City Council’s Strategic Plan goals previously noted, the following criteria is used for developing and prioritizing the CIP:

- Public safety concerns;
- If costs of existing maintenance exceed projected replacement costs;
- Whether the existing facility or system no longer meets City needs/demands;
- Project cost exceeds \$75,000.

The current five-year CIP includes 203 active projects with a total estimated cost of \$888.2 million. Addressing major deferred maintenance and upgrades of City-owned infrastructure is one of the City’s core responsibilities. The FY 2020 CIP budget contains 27 new projects and appropriates \$87.7 million to 140 projects. This level of investment is not sufficient to keep pace with the growing maintenance requirements of the City’s extensive infrastructure. Identifying funding to meet these requirements is a significant challenge.

The following graph illustrates FY 2020 appropriations by major project category:



The City has adopted and updates master plans that identify optimal funding levels and work-plans for improving and maintaining streets, parks, sewers, the water system, and the electric distribution system. Over the last several years, due largely to funding limitations, the City has been unable to meet the targets outlined in some of these master plans. Consequently, some of the City's infrastructure has exceeded its useful life.

Some categories of projects have reliable funding sources and are tracking better in relation to their work plans such as Water, Electric, Street Lighting, and Electrical System Undergrounding where customer charges for services pay for capital improvements. One area where the City has increased funding is pavement improvements. In recent years, Pasadena has allocated \$1.5 million per year for street resurfacing. This amount of investment is not sufficient to prevent further deterioration of their overall condition. For the second year, the FY 2020 CIP budget is able to fund more resurfacing increasing from four to seven miles of city streets. This is possible due to an influx of revenue \$2.38 million in the Road Maintenance and Rehabilitation Account (RMRA) – SB 1 dollars; \$1.3 million Surface Transportation Program (STP) funds.

Due to the passage of Measure I, an additional \$9.4 million of General Fund will be appropriated to various high priority capital improvement projects as part of the FY 2020 CIP Budget. These projects include fire station renovations and improvements; design for the replacement of Fire Station 37; design of the Colorado Street Bridge suicide mitigation enhancements; enhanced levels of sidewalk improvements; the conversion of high-voltage series street lights on Arroyo Boulevard and Marianna Road; 911 emergency radio communication equipment for the Police Department; roof and HVAC system replacements at La Pintesca Library and Jackie Robinson Center; and the design of an upgraded sprinkler and fire alarm system at Central Library.

In addition, Los Angeles County voters approved Measure M, the Los Angeles County Traffic Improvement Plan in November 2016. This measure increased sales tax by ½ percent and is projected to generate \$860 million per year for much-needed street, bridge, and transit projects throughout the county. The City has received preliminary notice that approximately \$2.8 million of Measure M - Multi-year Sub-regional Program funding may be awarded to the City later this fiscal year for two complete street projects: Avenue 64 from Colorado Boulevard to South City Limits and North Hill Avenue from North City Limit to Villa Street (design phase), and for the purchase of replacement transit vehicles.

Despite this additional funding for CIP projects, it is still not enough. The FY 2020 CIP Budget identifies future funding needs of \$747 million. While a funding plan for approximately \$340 million of this future need has been identified, \$428 million is still unidentified. Some of the more significant unfunded needs are: \$119 million for the replacement and/or expansion of seven fire stations; \$33 million to construct a new Transit Operations Maintenance Facility; \$34.4 million for the implementation of specific plans; and, \$69.2 million to fully implement park master plans. Pasadena must strategically develop a funding plan to address these unfunded capital deficiencies as the needs only continue to expand.

The two largest categories of capital improvements as shown in the above chart 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 to protect the City's valuable utility infrastructure and to improve system reliability for customers.

The complete FY 2020 to FY 2024 CIP document is posted on the City's website under the Public Works Department pages at: <https://ww5.cityofpasadena.net/public-works/engineering-and-construction/capital-improvement-program/>

## **FISCAL YEAR 2019 ACCOMPLISHMENTS**

While it is critically important that the City maintain strong fiscal health and address its multiple infrastructure-related issues, it must also take time to acknowledge positive improvements. Examples of FY 2019 accomplishments include:

- Adoption of a balanced budget for the seventh consecutive year, consistent with the City Council's goal to maintain fiscal responsibility and stability;
- Maintained City's reserves above pre-recession level;
- Successfully passed Measure I, a local sales tax that will provide \$21,000,000 in revenue, 100 percent of which goes to the City of Pasadena, and Measure J, which advises the Pasadena City Council to use one-third of the sales tax from Measure I to protect and strengthen our public schools;
- Solicited residents' input prioritizing City services through the "Join the Conversation" community outreach endeavor. Through an on-line survey, social media postings and presentations by City staff to nearly 50 meetings of community groups, organizations, commissions and neighborhood associations, received citizens' opinions on which City services are most vital to maintain should budget reductions be required
- Worked cooperatively with Pasadena Unified School District to develop a memorandum of understanding for implementing Measure J funds;
- Completed the annual Citywide risk assessment;
- Started the Pasadena Administrative Citation Enforcement (PACE) Program, which is a collaboration of the City Attorney's Prosecution division and nine other departments and agencies to address code violation and to secure prompt payment of appropriate fines by offenders;
- The City Clerk's Records Management Division imported and archived over 13,949 building plans, rebate forms, and other departmental records in the new ECMS application, resulting in a net reduction of 1, 097 cartons held in storage;
- Fire maintained an ISO Class 1 Public Protection Classification rating. The Class 1 rating is the highest possible given to any fire department nationwide; a Class 1 ISO rating generally offers lower premiums in local business and residential property insurance premiums;
- Assisted in eleven (11) strike teams and fire-line deployments between July 2018 and December 2018 as part of the California Fire and Rescue Mutual Aid system to fight fires and assist with regional disasters;
- City conducted first Pasadena Outreach Response Team (PORT) to better serve the homeless population and find new ways to help transition them to permanent housing;
- Completed and received federal approval of the City's Local Hazard Mitigation Plan
- Fire is one of two fire departments in Los Angeles County piloting the new Provider Impression Treatment Guidelines to increase EMS autonomy, accountability and enhance patient care;

- Inclusionary housing: 56 affordable units were completed, under construction, or permitted. In-Lieu Fee receipts totaled \$2,810,840;
- Assisted housing: 21 affordable units were completed during FY 2019 from residential developments that were financially assisted by the City;
- Housing Preservation: The City entered into a Disposition, Development and Loan Agreement with Retirement Housing Foundation for the financial restructuring, renovation, and preservation of the Concord Apartments, a 150-unit affordable rental housing complex for seniors;
- Celebrated the grand re-opening of the newly renovated, state-of-the-art Robinson Park Recreation Center;
- For the second year in a row received “Best of the Best” award from the California Park and Recreation Society in digital media;
- Through the Youth Ambassador and Sumer ROSE Programs, provided paid jobs to 199 Pasadena youth and young adults;
- Expanded free public Wi-Fi service to Washington Park, Vina Vieja Park, Memorial Park, Central Park, and the Robinson Park Recreation Center;
- Completed the infrastructure changes required to merge Pasadena and the City of Glendale’s radio channels to increase resiliency and redundancy of the radio system in support of Public Safety and municipal operations;
- Adopted regulations related to cannabis, a hotel conversion ordinance, and approve the Art Center Master Plan;
- Homeless Outreach-Psychiatric Evaluation (HOPE) continues to be a regional leader in assisting homeless individuals suffering from chronic homelessness. The model of having a clinician directly partnered with a Police Officer is employed by several police agencies in Los Angeles County, and Hope Officers and supervisors are frequently consulted by outside agencies in reference to our operations;
- In 2018, HOPE personnel handled 3,641 calls for service which resulted in 3,768 hours saved for patrol personnel;
- Public Health Department developed an Urban Wildlife Management Plan to guide the City’s response to human and wildlife interactions;
- The Public Health Emergency Preparedness Program continues to support public health disaster response activities through training and exercising in coordination with local partners. The Department conducted 6 full-scale exercises including two facility set-up drills for the Department Operations Center, a facility set-up to dispense antibiotics in response to a bioterrorist event, a disease outbreak response exercise, a Medical Point of Dispensing (MPOD) exercise to administer seasonal influenza vaccines, and an Emergency School-Located Vaccination exercise at six Pasadena Unified School District elementary schools;
- Received Tree City USA and Tree City USA Growth Awards for the 29<sup>th</sup> year. Planted 653 trees and pruned 16,669 trees;
- Installed new synthetic turf at Robinson Park and Villa Park;
- Completed construction of Desiderio Park, Robinson Park Recreation Center, and the Habitat Restoration at Hahamongna Watershed Park;



- Installed over 135 curb ramps and repaired over 138,000 square feet of sidewalks and approximately 7,150 linear feet of curbs and gutters;
- The Citizen Service Center (CSC) answered over 70,000 calls (74 percent within 30 seconds) and received over 32,000 web and mobile application service order requests;
- Completed Measure M Multiyear Sub regional Program (MSP) funding recommendations for FY 2018 through FY 2022;
- Put into service four new Pasadena Transit larger capacity 35-foot buses;
- Awarded contract to implement a new Parking Access Revenue Control System in eight City-owned garages;
- Completed and filed the 2018 Power Integrated Resources Plan (“IRP”) with the California Energy Commission. The extensive 20-year energy needs blueprint is compliant with Senate Bill 100 requirements and was developed in collaboration with community stakeholders;
- Collaborated with other City Departments to accelerate Electric Vehicle adoption in Pasadena and identified four locations for the installation of nearly 150 charging stations for public and city fleet use;
- Maintained APPA’s prestigious Reliable Public Power Provider Platinum designation for providing the highest degree of reliable and safe electric service;
- 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, 2018. This was the 20th 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;
- Maintained a “AAA” issuer rating issued by Standard & Poor’s, the highest rating given. The City continues to hold a AA+ issuer rating from Fitch Ratings with a stable outlook.

## **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 FY 2019 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.

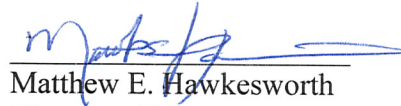
Taken as a whole, the City's financial position looks much better moving into FY 2020 than it did on the cusp of FY 2019. The successful passage of Measure I will balance the General Fund Operating Budget in the near-term, provide funds to begin addressing many longstanding capital needs, and afford the City time to think strategically about the services it provides and its various delivery models to ensure sustainability over the long-term. This, coupled with the City Council's continuing commitment to fiscal discipline and sound management, will enable the City of Pasadena to maintain its exceptionally high quality of life.

Respectfully submitted,



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Steve Mermell  
City Manager



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Matthew E. Hawkesworth  
Director of Finance

**CITY OF PASADENA**  
**City Officials**

**CITY COUNCIL**

Mayor	Terry Tornek
Vice Mayor	Tyron A.L. Hampton (District 1)
Councilmember	Margaret McAustin (District 2)
Councilmember	John J. Kennedy (District 3)
Councilmember	Gene Masuda (District 4)
Councilmember	Victor Gordo (District 5)
Councilmember	Steve Madison (District 6)
Councilmember	Andy Wilson (District 7)

**APPOINTED OFFICIALS**

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

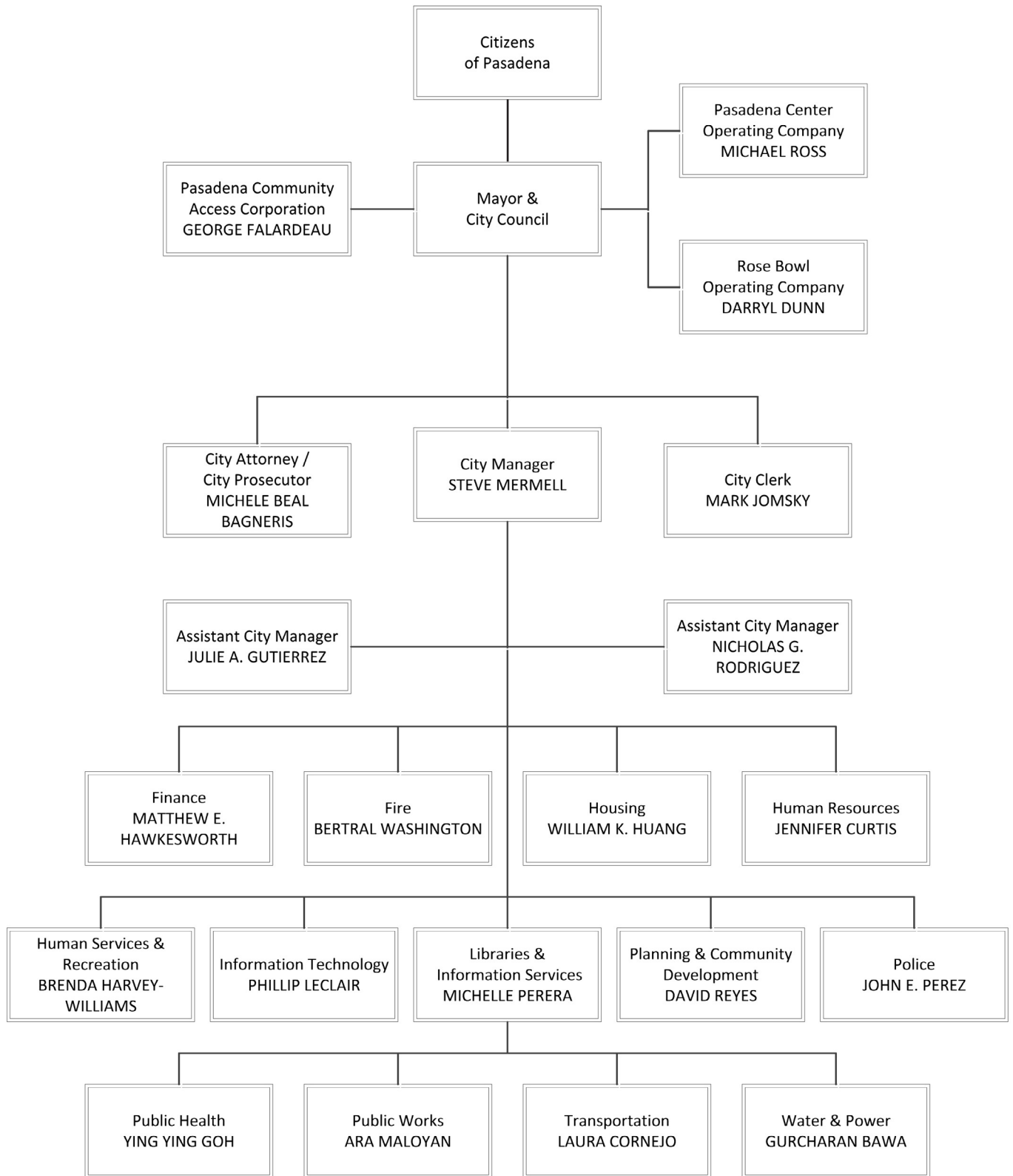
**EXECUTIVE LEADERSHIP TEAM**

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	Brenda Harvey-Williams
Director of Library & Information Services	Michelle Perera
Chief Information Officer	Phillip Leclair
Director of Planning and Community Development	David Reyes
Chief of Police	John E. Perez
Director of Public Health	Ying Ying Goh
Director of Public Works	Ara Maloyan
Director of Transportation	Laura Cornejo
General Manager of Water and Power	Gurcharan Bawa
Public Information Officer	Lisa Derderian
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
Executive Director/Chief Executive Officer, Pasadena Community Access Corporation	George Falardeau

**CITY OF PASADENA  
Organization Chart  
June 30, 2019**



**City of Pasadena**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2019**



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, 2018**

*Christopher P. Morill*

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, 2018.

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 the GFOA to determine its eligibility for another certificate.





CITY  
OF

# PASADENA

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*Colorado Street, 1934*

## FINANCIAL SECTION

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## 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, 2019, 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, 2019, 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 schedule of changes in net pension liability and related ratio, the schedule of plan contributions, the schedule of changes in net OPEB liability and related ratio, and the schedule of OPEB 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 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 are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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



CPAs AND ADVISORS

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 December 18, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

*Lance, Solt & Lughard, LLP*

Brea, California  
December 18, 2019

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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, 2019 (FY 2019). 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 x-xxiii 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-four 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, the General Debt Service Fund, and the Housing Successor Fund, all four of which are considered to be major funds. Data from the other thirty one 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, fleet replacement, benefits, workers' compensation, general liability, printing services, and 311 call center 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 39-144 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning budgetary practices and budget to actual comparisons for the general fund and special revenue funds. Additional RSI includes pension and OPEB information on net pension liabilities and plan contributions. RSI can be found on pages 145-156 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 158-207 of this report.

## FINANCIAL HIGHLIGHTS

### New Significant Accounting Standards Implemented

In FY 2019, the City adopted four new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB) that relates to various accounting matters:

- Statement No. 83, “*Certain Asset Retirement Obligations*,” and
- Statement No. 88, “*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*,”

Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). It does not result in changes for the City of Pasadena financial reporting.

Statement No. 88 provides guidance to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Implementation of GASB Statement No. 88 did result in changes for the City of Pasadena financial reporting, see Note 9.

### Restatement of Beginning Net Position and Fund Balances

As disclosed in Footnote 21 on page 143, the beginning net position of the Governmental Activities was restated from \$146,727,306 to \$146,467,340 as of July 1, 2018, a reduction of approximately \$260,000. This was primarily due to the fixed asset adjustments.

There was no restatement of the beginning net position of the Business Activities.

## 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 \$983.2 million at the close of the most recent fiscal year.

\$892.7 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 outstanding debts used to acquire those assets. 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 350.6	314.6	498.2	470.3	848.8	784.9
Capital assets	508.1	505.2	765.7	767.2	1,273.8	1,272.4
<b>Total Assets</b>	<b>858.7</b>	<b>858.7</b>	<b>1,263.9</b>	<b>1,237.5</b>	<b>2,122.6</b>	<b>2,057.3</b>
<b>Deferred outflows</b>	<b>90.2</b>	<b>116.6</b>	<b>20.4</b>	<b>26.6</b>	<b>110.6</b>	<b>143.2</b>
Long-term debt outstanding	181.5	268.6	333.6	346.0	515.1	614.6
Net pension liability	411.6	417.4	85.5	88.1	497.1	505.5
Other liabilities	160.0	76.3	52.8	51.5	212.8	127.8
<b>Total Liabilities</b>	<b>753.1</b>	<b>762.3</b>	<b>471.9</b>	<b>485.6</b>	<b>1,225.0</b>	<b>1,248.0</b>
<b>Deferred inflows</b>	<b>20.5</b>	<b>27.3</b>	<b>4.4</b>	<b>5.8</b>	<b>24.9</b>	<b>33.1</b>
Net position:						
Net investment in capital assets	458.3	439.3	434.4	420.7	892.7	860.0
Restricted	79.2	69.7	142.8	152.8	222.0	222.5
Unrestricted	(362.2)	(362.3)	230.7	199.2	(131.5)	(163.1)
<b>Total Net Position</b>	<b>\$ 175.3</b>	<b>146.7</b>	<b>807.9</b>	<b>772.7</b>	<b>983.2</b>	<b>919.4</b>

A portion of the City of Pasadena's net position, \$222.0 million or 22.6 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, \$131.5 million, or 13.4 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 and GASB 75 regarding Pension Plan and OPEB reporting.

At the end of FY 2019, 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 FY 2019, the primary government's net position increased by \$63.8 million. Approximately \$28.6 million of this is an increase in the City's Governmental Activities and \$35.2 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. The increase in Business-Type activities is the continuance of positive trend in increased revenues and this year's modest increases in expenses.

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

	Governmental Activities		Business-Type Activities		Total	
	2019*	2018	2019	2018	2019*	2018
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 85.1	81.1	304.6	301.1	389.7	382.2
Operating grants and contributions	59.8	47.1	1.5	2.4	61.3	49.5
Capital grants and contributions	8.6	14.2	3.6	4.1	12.2	18.3
General revenues:						
Taxes:						
Property taxes, levied for general purpose	68.3	63.5	-	-	68.3	63.5
Sales taxes	44.6	35.1	-	-	44.6	35.1
Utility users' tax	27.0	27.9	-	-	27.0	27.9
Other taxes	39.4	36.5	5.8	5.4	45.2	41.9
Other revenues	31.3	22.7	15.1	2.5	46.4	25.2
Misc revenues	8.3	11.4	3.3	2.6	11.6	14.0
<b>Total revenues</b>	<b>372.4</b>	<b>339.5</b>	<b>333.9</b>	<b>318.1</b>	<b>706.3</b>	<b>657.6</b>
<b>Expenses:</b>						
General government	49.7	45.8	-	-	49.7	45.8
Public safety	145.9	142.5	-	-	145.9	142.5
Transportation	52.2	46.5	-	-	52.2	46.5
Culture and leisure	37.1	38.4	-	-	37.1	38.4
Community development	47.3	45.1	-	-	47.3	45.1
Interest and other fiscal charges	7.9	8.4	-	-	7.9	8.4
Electric	-	-	196.8	187.9	196.8	187.9
Water	-	-	56.7	54.8	56.7	54.8
Other expenses	17.5	15.7	31.2	30.0	48.7	45.7
<b>Total expenses</b>	<b>357.6</b>	<b>342.4</b>	<b>284.7</b>	<b>272.7</b>	<b>642.3</b>	<b>615.1</b>
<b>Increase (decrease) in net position before transfers</b>	<b>14.8</b>	<b>(2.9)</b>	<b>49.2</b>	<b>45.4</b>	<b>64.1</b>	<b>42.5</b>
<b>Transfers</b>	<b>14.0</b>	<b>18.8</b>	<b>(14.0)</b>	<b>(18.8)</b>	<b>-</b>	<b>-</b>
<b>Special Item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Increase (decrease) in net position	28.8	15.9	35.2	26.6	64.1	42.5
<b>Net position at beginning of year, as restated</b>	<b>146.5</b>	<b>130.8</b>	<b>772.7</b>	<b>746.1</b>	<b>919.2</b>	<b>876.9</b>
<b>Net position at end of year</b>	<b>\$ 175.3</b>	<b>\$ 146.7</b>	<b>807.9</b>	<b>772.7</b>	<b>983.2</b>	<b>919.4</b>

\* As restated

## Governmental Activities

Governmental activities increased City of Pasadena's net position by \$28.6 million, 44.8 percent of the primary government's net position increase. Key elements of this increase are a combination of factors as follows:

- The revenue components of governmental activities increased by \$32.9 million or 9.7 percent over prior year revenues. The following categories showed changes: Operating and capital grants and contributions increased by \$12.7 million, sales taxes increased by \$9.5 million, other revenues increased by \$8.6 million, property taxes increased by \$4.8 million, charges for services increased by \$4.0 million, and other taxes increased by \$2.9 million. Capital grants and contributions decreased by \$5.6 million, miscellaneous revenues decreased \$3.1 million, and utility user tax decreased by \$0.9 million.
- Operating grants and contributions increased \$12.7 million or 27.0 percent, primarily due to the \$8.3 million residential impact fee received from Parson for five new buildings. There were \$1.0 million more asset forfeiture revenues as more cases were adjudicated, leading to the disbursement of seized funds, and \$2.5 million more revenues for transportation such as the Road Maintenance and Rehabilitation Program (SB1) and Measure M.
- Sales taxes increased by \$9.5 million. In November 2018, the city voters approved sales tax measure I to enact a 0.75 percent sales tax to fund general city services. The city started receiving Measure I sales

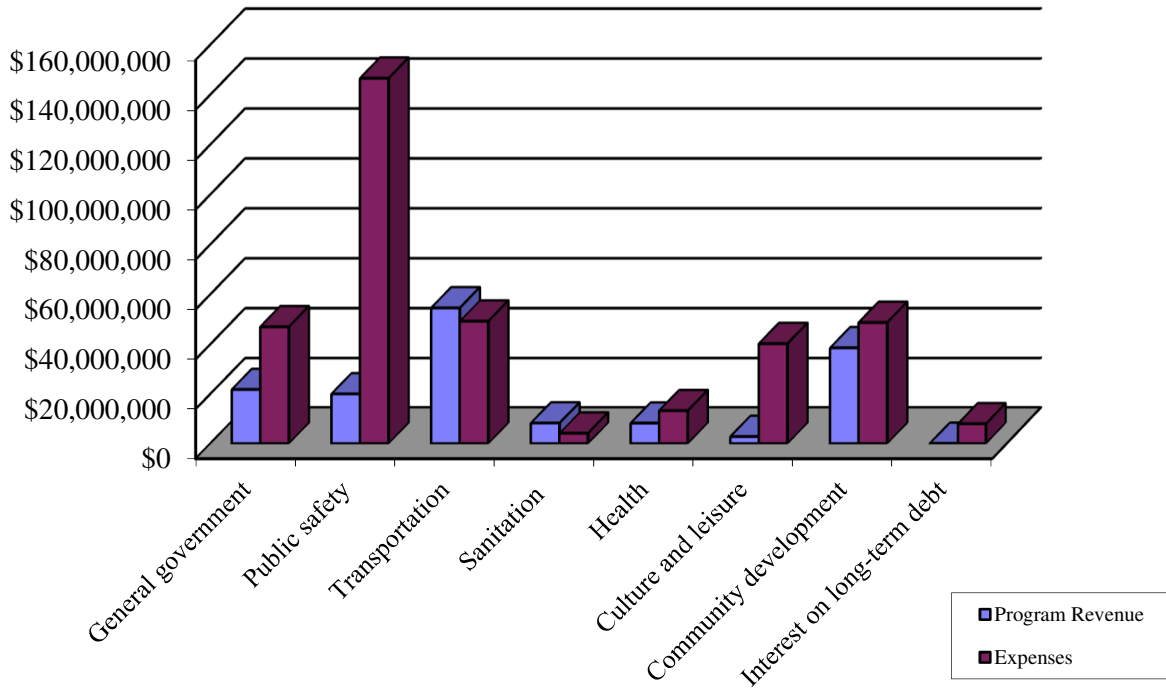


tax in late May 2019. The total FY 2019 Measure I sales tax revenue was \$5.3 million. Additionally, late payments from FY 2018 regular sales tax were paid in FY 2019, resulting in an additional \$1.5 million. Lastly, the regular sales taxes increased by \$2.5 million, from \$34.3 million to \$36.8 million.

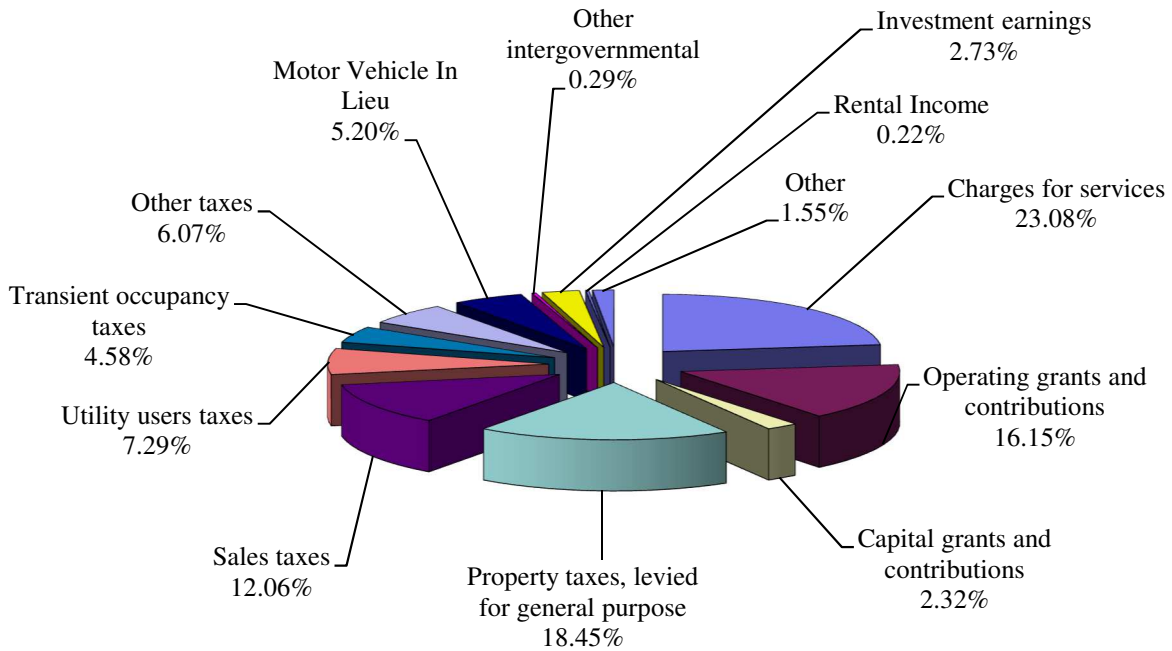
- Other revenues increased by \$8.6 million primarily due to \$5.0 million more investment earnings and \$1.0 million more Motor Vehicle in-lieu tax.
- Property taxes increased by \$4.8 million. In FY 2019, the city received \$1.1 million property tax funds from the sale of a former redevelopment property to the Sheraton. The other \$3.7 million increase was due to asset value increases in Pasadena.
- Charges for services increased by \$4.0 million primarily due to a \$3.3 million traffic reduction trans impact fee received from Parson for five new buildings and the \$1.6 million cannabis license application fees received in FY 2019.
- Capital grants and contributions decreased by \$5.6 million. In FY 2019, the City received \$4.1 million less from Los Angeles County Metro, \$2.5 million less from Highway Bridge Program, \$0.4 million less from the Federal Transit Administration, and \$1.4 million more from Los Angeles County's Proposition A for Parks.
- The expense components of Governmental Activities increased by \$15.2 million or 4.4 percent. The largest changes in expenses were: transportation increased by \$5.7 million, general government increased by \$3.9 million, public safety increased by \$3.4 million, community development increased by \$2.2 million, and culture and leisure decrease by \$1.3 million. The other categories have net increase of \$1.3 million.
  - The largest increase occurred in transportation, which increased \$5.7 million or 12.3 percent due to \$3.8 million more in capital outlay, \$1.0 million more in personnel costs, and \$0.9 million more in GASB 68 pension costs and GASB 75 OPEB expenses.
  - General government expenses increased by \$3.9 million or 8.5 percent, primarily due to \$2.0 million more in loss on disposal of capital assets, \$0.9 million more in GASB 68 pension costs and GASB 75 OPEB expenses, and \$0.9 million additional capital outlay expenditures in FY 2019.
  - Public safety expenses increased by \$3.4 million or 2.3 percent mainly due to vacancy filling, position coverage, and overtime expenses for both the police and fire departments.
  - Community development expenses increased by \$2.2 million or 4.9 percent mainly due to \$1.7 million more in expenses for Housing and Community Development Funds and the Housing Successor Fund for storefront improvement and rental assistance lease payments, and \$0.5 million more in GASB 68 pension costs and GASB 75 OPEB expenses.
  - Culture and leisure expenses decreased by \$1.3 million or 3.4 percent primarily due to less capital outlay expenses.

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### Program Revenues and Expenses - Governmental Activities



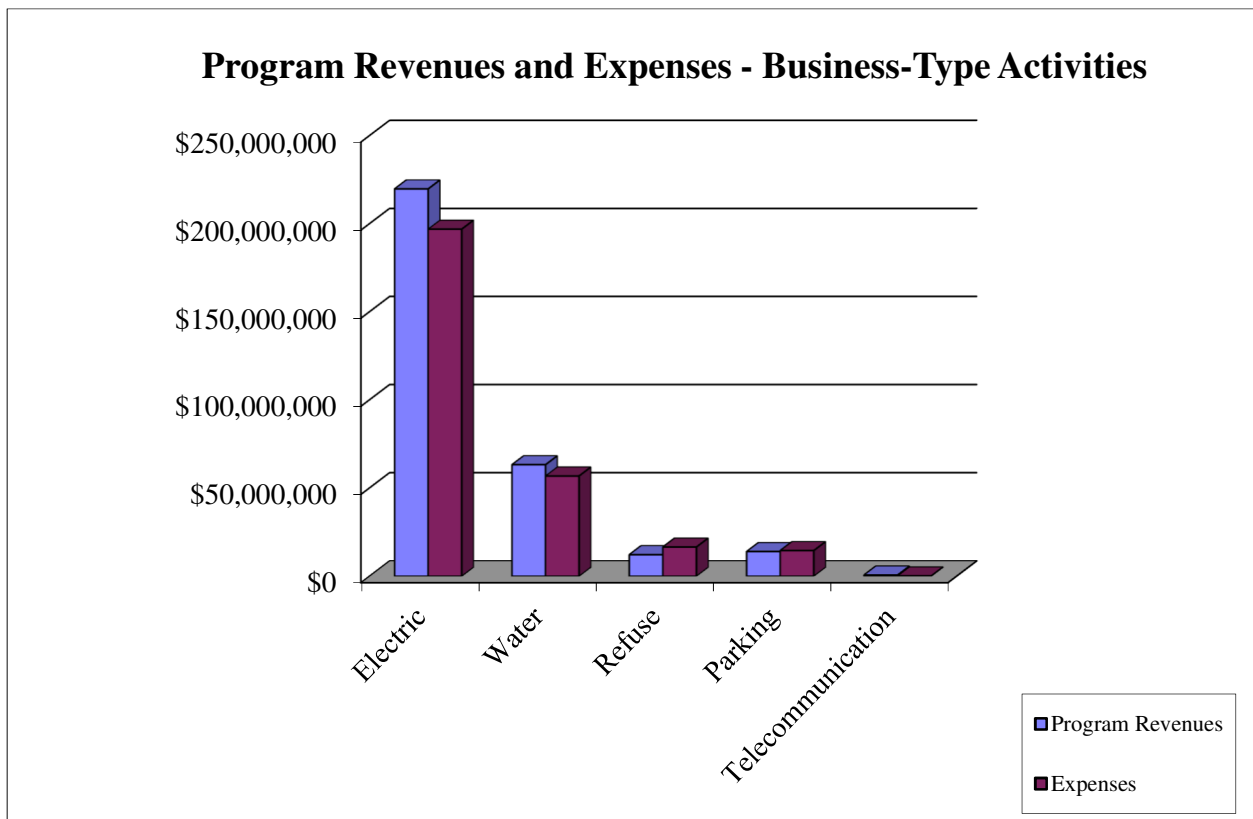
### Revenues by Sources - Governmental Activities

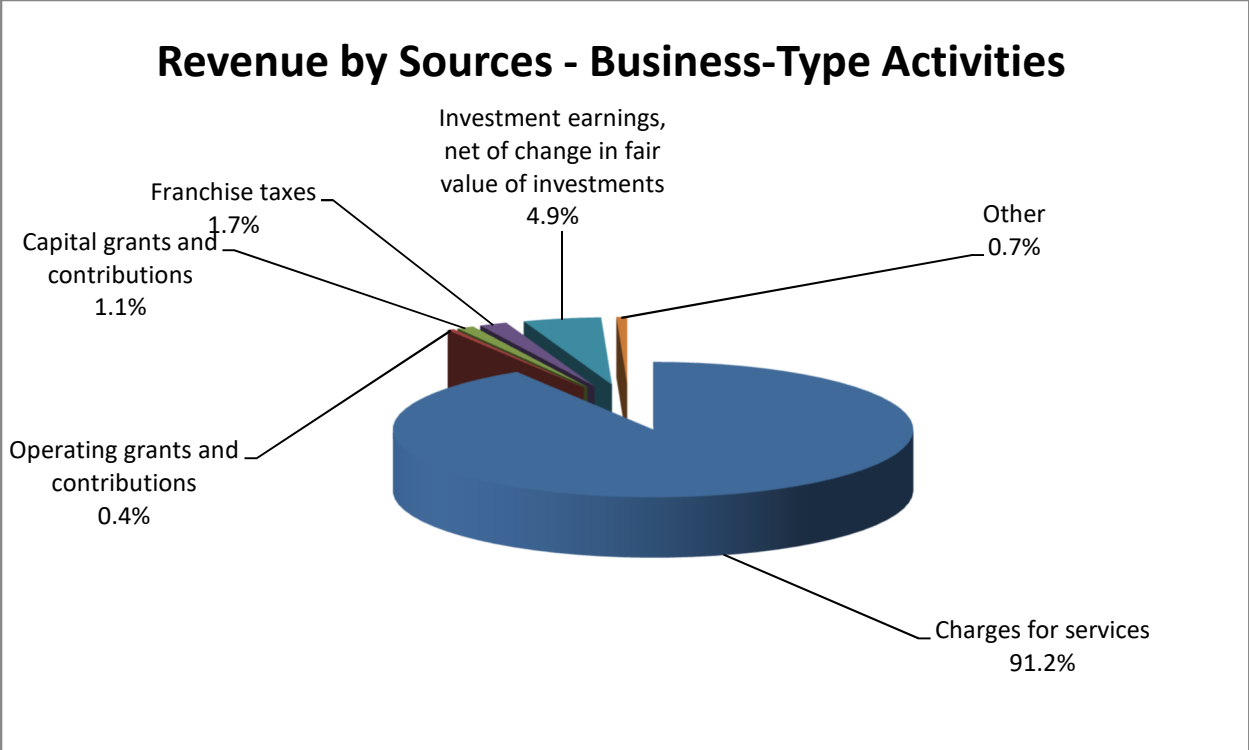


## Business-Type Activities

Business-type activities increased the City of Pasadena's net position by almost \$35.2 million. Key elements of this year's increase are as follows:

- Net income/ (loss) of the Light and Power, Water, Off Street Parking, and Non-Major Enterprise Funds were \$22.9 million, \$8.3 million, \$1.5 million, and \$2.5 million respectively.
- Electric charges for services increased \$5.9 million or 2.8 percent from the significant increase from the Cap & Trade sales compared to prior fiscal year.
- Electric expenses increased \$8.5 million or 4.7 percent from the prior year due to the increase in purchased power.
- Water charges for services decreased \$2.4 million or 3.9 percent over the prior year due to a decrease of about 1.9 million billing units in retail water sales within City limits.
- Water expenses increased \$2.2 million or 4.2 percent from the prior year mostly due to increased customer and commercial expenses.
- Off Street Parking operating revenues decreased \$593 thousand or 4.1 percent and expenses increased \$326 thousand or 2.4 percent.
- Off Street Parking net income of \$1.5 million was primarily a result of a transfer from residential development of \$2.5 million.





**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 *non-spendable, restricted, committed, assigned, and unassigned* portions. City Council may commit a portion of the *fund balance* by formal action, per the current policy of increasing the commitment up to 20 percent of the General Fund annual appropriations. The 20 percent comprised of 15 percent General Fund Emergency Contingency and 5 percent General Fund Operating Reserve. On June 17, 2019, the City Council committed the full 15 percent or \$38,081,100 for FY 2019 Emergency Contingency and 5 percent or \$12,693,700 for Operating Reserve.

At the end of the fiscal year 2019, the City’s governmental funds reported combined ending fund balances of \$285.2 million, an increase of \$35.4 million in comparison with the prior year. The non-spendable fund balance of \$3.1 million represents assets generated by prepayments, permanent trust fund balances and receivables in funds, net of allowances. The restricted fund balance of \$79.2 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 \$171.8 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 \$15.1 million describes the portion of fund balance that reflects the City’s intended use of resources. The unassigned fund balance of \$16.0 million represents the deficit amount of that 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 fiscal year 2019, total fund balance equaled \$98.7 million, versus \$86.9 million in the prior year. The fund balance increased by \$11.8 million or 13.6 percent, during the fiscal year 2019. Key factors for this change are as follows:

Total revenues decreased by \$18.5 million due to increases in five categories of revenue and decreases in four categories, as explained below:

- Taxes increased by net \$16.3 million primarily due to an increase of \$9.5 million in sales taxes. Property tax revenue increased by \$4.8 million while Transient Occupancy tax revenue increased by \$1.1 million. The other taxes had a net change of \$0.8 million.
- Investment earnings increased by a net of \$2.6 million due to better market conditions in FY 2019.
- Intergovernmental revenues increased by \$1.7 million, primarily due to an increase of \$1.0 million in Motor Vehicle in-lieu tax.
- Charges for services increased by \$1.5 million as the City collected \$1.6 million in cannabis license application fees in FY 2019. The other charges for services are consistent with the last fiscal year's numbers.
- Miscellaneous revenues decreased by \$2.0 million, primarily due to a \$2.7 million bad debt recovery in the Recognized Obligation Payments Schedule from the California Department of Finance in FY 2018.
- The remaining differences were smaller and covered several categories: licenses and permits down by \$0.4 million, fines and forfeits down by \$0.9 million, and contribution up by \$28 thousand.

Total expenditures increased by \$5.1 million or 2.3 percent. Four of the six components increased as follows: \$5.7 million in public safety, \$1.7 million in transportation, \$0.9 million in general government, \$0.1 million in culture and leisure. Capital outlay decreased by \$3.2 million, and community development down by \$0.1 million.

- The public safety increase is due to filled vacancies, the increased pension cost, position coverage, and overtime expenses for both the police and fire departments.
- Capital outlay expenditures decreased by \$3.2 million primarily due to the acquisition of a property worth \$3.1 million in FY 2018.

General Fund transfers-in decreased by \$2.3 million as the General Fund received a one-time transfer of \$3.2 million from the Residential Development Fund to purchase a piece of property in FY 2018.

In FY 2019, the General Fund transferred out \$4.8 million less to the Debt Service Funds as 2006 Lease Revenue Bonds were paid off in FY 2018, \$0.7 million less to the Prop C Fund, and \$2.4 million more to the Project Management Fund. The other transfers-out decreased by \$0.3 million. Therefore, the net General Fund transfer-out decreased by \$3.6 million in FY 2019.

In FY 2019, the City obtained an extension for some Prop A grants and billed some prior year expenditures. Therefore, the Project Management Capital Project fund balance increased by \$2.1 million.

The Housing Successor Fund has a fund balance of \$6.0 million, which is a decrease of almost \$0.1 million from the prior year. The key factors contributing to this decrease are as follows:

- A decrease of \$0.5 million in total revenues from \$1.3 million to \$0.8 million reflects \$0.1 million decrease in program income and \$0.4 million less RDA settlement received.
- Total expenditures increased from \$0.5 million to \$0.9 million mainly because a new program - Rehabilitation of Villa Los Robles started in FY 2019.



## **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 \$179.3 million and those for the Water, Off Street Parking Fund, and Non-Major Enterprise Funds amounted to \$34.8 million, \$4.5 million, and \$12.2 million respectively. The total net income/ (loss) for each fund was \$22.9 million, \$8.3 million, \$1.5 million, and \$2.5 million respectively.

Light and Power operating revenues increased \$5.9 million from prior year. Total retail electric energy sold was approximately 1.02 million megawatt hours, a 1.8 percent decrease compared to prior fiscal year. Total operating expenses increased \$8.5 million or 4.7 percent to \$187.3 million primarily due to \$7.8 million increase in purchased power in FY 2019.

Water Fund operating revenues decreased \$2.4 million primarily due to a decrease of about 600 thousand or 5 percent billing units in retail water sales. Operating expenses increased \$2.2 million or 4.2 percent primarily due to \$1.3 million increase in customer and commercial expenses sales expense.

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 \$1.5 million in FY 2019, as compared to \$(358) thousand net loss in FY 2018. Primarily due to a transfer of \$2.5 million to acquire property to be used for parking.

Implementation of GASB 68 has resulted in showing a "GASB 68 Net Pension Liability" in the Proprietary Funds. At June 30, 2019, the GASB 68 Net Pension Liability is \$57.1 million, \$19.9 million, \$1.1 million, and \$7.4 million for Light and Power, Water, Off Street Parking, and Non-Major Enterprise funds respectively.

Implementation of GASB 75 has resulted in showing a "GASB 75 Net OPEB Liability" in the Proprietary Funds. At June 30, 2019, the GASB 75 Net OPEB Liability is \$8.8 million, \$4.2 million, \$0.1 million, and \$2.0 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, 2019 amounts to \$1,273.8 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 \$1.5 million (a \$2.9 million increase for governmental activities and \$1.4 million decrease for business-type activities.)

Major capital asset related events during the 2019 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, Sidewalks, rehabilitate La Loma Bridge, Improvements to Robinson Park, Intelligent Transportation Systems (ITS), and Transit Fleet Vehicles. During the 2019 fiscal year the City spent \$30.9 million on capital projects in governmental activities. 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, 2019 is \$36.4 million and for the business-type activities is \$40.3 million.
- In the area of technology upgrade project, the City spent nearly \$1.7 million towards new and replacement servers, routers, networks, and data centers, and \$1.0 million toward replacement of its Land Management System.

- Improvement of city-owned facilities continues. \$2.5 million was spent for preventive maintenance and repairs for the City buildings, facilities, and parking garages during fiscal year 2019. Also, nearly \$2.2 million was spent for sewer and storm drain improvements and \$7.3 million on park improvements and renovations.
- The City spent nearly \$3.5 million for traffic safety and control programs and improvements.
- As of June 30, 2019, the business-type activities net assets amounted to \$765.8 million, a decrease of \$1.4 million over the prior year.
- Water and Power utility plant net assets amounted to \$717.8 million, an increase of \$0.4 million. During the fiscal year, the City spent \$65.9 million on various water and power projects and moved \$34.6 million into completed projects.
- Some of the major power projects are Power Distribution Capacity and Reliability \$2.9 million, 4kvDistribution System Conversion \$2.2 million, Cable Replacement and Testing \$3.0 million, Power Transmission Program \$3.2 million, and Installation of Low Voltage Electrical Services \$2.1 million.
- Some of the major Water projects are Customer Driven Meters and Services \$2.3 million, Distribution Mains \$6.3 million, and Meter and Services \$1.2 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018*	2019	2018	2019	2018*
Land	\$ 87.9	87.4	14.7	14.7	102.6	102.1
Buildings and improvements	163.4	159.4	80.4	83.8	243.8	243.2
Machinery and equipment	26.8	29.0	630.4	636.0	657.2	665.0
Infrastructure	193.5	192.3	-	-	193.5	192.3
Construction in progress	36.4	37.0	40.3	32.7	76.7	69.7
Totals	\$ 508.0	505.1	765.8	767.2	1,273.8	1,272.3

\* As restated

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 \$117.5 million of taxable pension bonds, \$330.3 million of revenue bonds, \$57.6 million of certificates of participation, \$5.7 million of notes payable and \$4.1 million of capitalized lease obligations. Long-term debt decreased by a net amount of \$25.2 million as a result of normal scheduled principal maturities, increased compensated absences, and decreased insurance claims payable. The net pension obligation decreased \$8.4 million and Other Post-Employment Benefits (OPEB) increased 6.8 million. The City was assigned an AAA issuer rating by Standard and Poor's and AA+ rating by Fitch Rating Agency.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Long-term debt (including premium/discount):</b>						
Notes payable	\$ 5.6	5.9	0.1	0.3	5.7	6.2
Bonds	117.5	117.4	330.3	348.9	447.8	466.3
Certificates of participation	57.6	62.9	-	0.1	57.6	63.0
Capitalized lease obligations	0.8	1.8	3.3	-	4.1	1.8
<b>Total long-term debt</b>	<b>181.5</b>	<b>188.0</b>	<b>333.7</b>	<b>349.3</b>	<b>515.2</b>	<b>537.3</b>
<b>Operational Liabilities:</b>						
Compensated absences	11.2	11.0	-	-	11.2	11.0
Insurance Claims Payable	45.4	48.7	-	-	45.4	48.7
<b>Total operational liabilities</b>	<b>56.6</b>	<b>59.7</b>	<b>-</b>	<b>-</b>	<b>56.6</b>	<b>59.7</b>
<b>Totals</b>	<b>\$ 238.1</b>	<b>247.7</b>	<b>333.7</b>	<b>349.3</b>	<b>571.8</b>	<b>597.0</b>
Net pension obligation	\$ 411.6	417.4	85.5	88.1	497.1	505.5
Net OPEB	\$ 61.8	56.4	15.2	13.8	77.0	70.2

Additional information on the City of Pasadena's long-term debt can be found in note 9 on pages 80 to 96 of this report. Information on Insurance Claims Payable can be found in note 16 on pages 114 to 116, Other Post-Employment Benefits can be found in note 19 on pages 136 to 141 and Net Pension Obligation in note 18 on pages 118 to 135.

The City reports three items of significant economic importance in its subsequent event note 22 on page 144.

## 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, 2019

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
<b>Assets</b>			
Cash and investments (note 2)	\$ 280,560,929	308,684,708	589,245,637
Accounts receivable, net (note 3)	44,923,671	35,422,105	80,345,776
Notes receivable (note 4)	-	20,644,167	20,644,167
Internal balances	647,067	(647,067)	-
Inventories	473,179	25,606,318	26,079,497
Prepays and other assets	1,068,455	12,959,843	14,028,298
Advances to component units (note 6)	384,748	-	384,748
Due from City	-	-	-
Restricted assets - cash and investments (note 2)	21,926,879	95,516,910	117,443,789
Property held for resale	670,768	-	670,768
<b>Capital assets (note 7):</b>			
Land	87,854,974	14,676,126	102,531,100
Construction in progress	36,443,106	40,287,317	76,730,423
Other capital assets, net	383,769,448	710,797,592	1,094,567,040
<b>Total assets</b>	<u>858,723,224</u>	<u>1,263,948,019</u>	<u>2,122,671,243</u>
<b>Deferred outflow of resources</b>			
Accumulated decrease in fair value of hedging derivatives	-	-	-
Deferred charges - bond refunding (note 8)	4,584,307	2,246,995	6,831,302
Deferred outflows related to net pension liability (note 8 and 18)	83,291,335	17,518,586	100,809,921
Deferred outflows related to net OPEB liability (note 19)	2,326,722	604,948	2,931,670
<b>Total deferred outflow of resources</b>	<u>90,202,364</u>	<u>20,370,529</u>	<u>110,572,893</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	34,475,038	18,614,290	53,089,328
Deposits	4,918,536	12,174,528	17,093,064
Due to primary government	-	-	-
Due to other governments	186,916	-	186,916
Unearned revenues	1,989,484	6,814,113	8,803,597
Compensated absences due within one year (note 9)	9,903,604	-	9,903,604
Insurance claims payable within one year (note 9 and 16)	17,580,821	-	17,580,821
Long-term debt due within one year (note 9)	3,265,531	16,709,750	19,975,281
<b>Total current liabilities</b>	<u>72,319,930</u>	<u>54,312,681</u>	<u>126,632,611</u>
<b>Non-current liabilities:</b>			
Derivative instrument liability (note 10)	-	-	-
Advances from primary government (note 6)	-	-	-
<b>Non-current liabilities due in more than one year:</b>			
Net pension liability (note 18)	411,589,107	85,522,584	497,111,691
Net OPEB liability (note 19)	61,774,920	15,226,120	77,001,040
Long-term debt due in more than one year (note 9)	178,278,491	316,939,935	495,218,426
Compensated absences due in more than one year (note 9)	1,278,111	-	1,278,111
Insurance claims payable due in more than one year (note 9 and 16)	27,861,653	-	27,861,653
<b>Total non-current liabilities</b>	<u>680,782,282</u>	<u>417,688,639</u>	<u>1,098,470,921</u>
<b>Total liabilities</b>	<u>753,102,212</u>	<u>472,001,320</u>	<u>1,225,103,532</u>
<b>Deferred inflow of resources</b>			
Derivative instruments (note 10)	-	-	-
Deferred inflows related to net pension liability (note 8 and 18)	19,982,358	4,325,478	24,307,836
Deferred inflows related to net OPEB liability (note 19)	500,200	120,632	620,832
Sale of future revenues	-	-	-
Service concession agreement	-	-	-
<b>Total deferred inflow of resources</b>	<u>20,482,558</u>	<u>4,446,110</u>	<u>24,928,668</u>
<b>Net Position</b>			
Net Investment in capital assets	456,943,633	434,358,345	891,301,978
Non-expendable	1,434,131	-	1,434,131
<b>Restricted (expendable):</b>			
Community development	17,281,142	-	17,281,142
Public safety	3,196,838	-	3,196,838
Capital projects	2,707,859	-	2,707,859
Debt service	11,931,653	29,507,377	41,439,030
Stranded investments (notes 12 and 19)	-	89,251,747	89,251,747
Transportation	23,424,201	-	23,424,201
Contribution	-	18,858,763	18,858,763
Other purposes	6,546,008	5,187,779	11,733,787
Air quality improvement	228,602	-	228,602
Donated funds	2,258,741	-	2,258,741
Trust and loans	11,630,935	-	11,630,935
Unrestricted	(362,242,925)	230,707,107	(131,535,818)
<b>Total net position</b>	<u>\$ 175,340,818</u>	<u>807,871,118</u>	<u>983,211,936</u>

Aggregate Component Units	Total
65,151,925	\$ 654,397,562
8,190,510	88,536,286
-	20,644,167
-	-
-	26,079,497
811,779	14,840,077
-	384,748
420,788	420,788
27,075,624	144,519,413
-	670,768
2,746,155	105,277,255
108,361	76,838,784
313,837,581	1,408,404,621
418,342,723	2,541,013,966
23,223,868	23,223,868
4,062,930	10,894,232
1,091,577	101,901,498
-	2,931,670
28,378,375	138,951,268
12,339,992	65,429,320
18,957,828	36,050,892
1,441,583	1,441,583
227,280	414,196
-	8,803,597
202,608	10,106,212
-	17,580,821
8,156,784	28,132,065
41,326,075	167,958,686
23,223,868	23,223,868
800,000	800,000
2,587,867	499,699,558
-	77,001,040
358,684,493	853,902,919
113,394	1,391,505
-	27,861,653
385,409,622	1,483,880,543
426,735,697	1,651,839,229
5,448,336	5,448,336
136,170	24,444,006
-	620,832
3,231,899	3,231,899
159,984	159,984
8,976,389	33,905,057
(11,150,660)	880,151,318
-	1,434,131
-	17,281,142
-	3,196,838
2,986,026	5,693,885
-	41,439,030
-	89,251,747
-	23,424,201
-	18,858,763
-	11,733,787
-	228,602
-	2,258,741
-	11,630,935
19,173,646	(112,362,172)
11,009,012	\$ 994,220,948

See Notes to the Basic Financial Statements

**CITY OF PASADENA**  
**Statement of Activities and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 49,619,814	11,202,867	10,492,293	-
Public safety	145,936,889	15,297,111	4,645,216	-
Transportation	52,238,702	30,555,372	15,361,080	8,582,215
Sanitation	4,116,818	8,193,435	-	-
Health	13,401,219	2,432,285	5,734,586	-
Culture and leisure	37,134,649	2,747,567	12,430	-
Community development	47,304,396	14,954,265	23,516,077	-
Interest and other fiscal charges	7,888,589	-	-	-
<b>Total governmental activities</b>	<b>357,641,076</b>	<b>85,382,902</b>	<b>59,761,682</b>	<b>8,582,215</b>
<b>Business-type activities:</b>				
Electric	197,974,919	218,054,798	100,000	1,559,783
Water	56,750,348	60,180,664	899,437	2,055,339
Refuse	16,528,491	11,743,492	462,067	-
Parking	14,502,291	13,976,538	-	-
Telecommunication	169,829	680,298	-	-
<b>Total business-type activities</b>	<b>285,925,878</b>	<b>304,635,790</b>	<b>1,461,504</b>	<b>3,615,122</b>
<b>Total primary government</b>	<b>\$ 643,566,954</b>	<b>390,018,692</b>	<b>61,223,186</b>	<b>12,197,337</b>
<b>Aggregate Component Units</b>	<b>\$ 76,545,816</b>	<b>47,064,987</b>	<b>-</b>	<b>106,659</b>

**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
- Motor Vehicle In Lieu, unrestricted
- Use of Money - Investment earnings
- Use of Property - Rental income
- Miscellaneous revenues

**Total general revenues**

**Transfers**

**Total general revenues and transfers**

Change in net position

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

**Net position - end of year**

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

<b>Primary Government</b>				
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>	<b>Aggregate Component Units</b>	<b>Total</b>
(27,924,654)	-	(27,924,654)	-	\$ (27,924,654)
(125,994,562)	-	(125,994,562)	-	(125,994,562)
2,259,965	-	2,259,965	-	2,259,965
4,076,617	-	4,076,617	-	4,076,617
(5,234,348)	-	(5,234,348)	-	(5,234,348)
(34,374,652)	-	(34,374,652)	-	(34,374,652)
(8,834,054)	-	(8,834,054)	-	(8,834,054)
(7,888,589)	-	(7,888,589)	-	(7,888,589)
(203,914,277)	-	(203,914,277)	-	(203,914,277)
-	21,739,662	21,739,662	-	21,739,662
-	6,385,092	6,385,092	-	6,385,092
-	(4,322,932)	(4,322,932)	-	(4,322,932)
-	(525,753)	(525,753)	-	(525,753)
-	510,469	510,469	-	510,469
-	23,786,538	23,786,538	-	23,786,538
(203,914,277)	23,786,538	(180,127,739)	-	\$ (180,127,739)
-	-	-	(29,374,170)	\$ (29,374,170)
\$ 68,275,553	-	68,275,553	-	\$ 68,275,553
44,615,901	-	44,615,901	-	44,615,901
26,982,245	-	26,982,245	-	26,982,245
16,947,977	-	16,947,977	10,311,367	27,259,344
4,984,573	-	4,984,573	-	4,984,573
7,302,161	-	7,302,161	-	7,302,161
2,880,548	5,786,590	8,667,138	-	8,667,138
7,285,632	-	7,285,632	3,828,741	11,114,373
1,086,152	-	1,086,152	154,786	1,240,938
19,258,463	-	19,258,463	-	19,258,463
10,099,345	16,216,699	26,316,044	2,837,745	29,153,789
822,499	-	822,499	-	822,499
8,270,298	3,345,751	11,616,049	7,308,379	18,924,428
218,811,347	25,349,040	244,160,387	24,441,018	268,601,405
13,976,408	(13,976,408)	-	-	-
232,787,755	11,372,632	244,160,387	24,441,018	268,601,405
28,873,478	35,159,170	64,032,648	(4,933,152)	59,099,496
146,467,340	772,711,948	919,179,288	15,942,164	935,121,452
\$ 175,340,818	807,871,118	983,211,936	11,009,012	\$ 994,220,948

See Notes to the Basic Financial Statements



CITY OF PASADENA  
Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Project Management Capital Projects	General Debt Service	Housing Successor	Non-Major Governmental Funds	Total
<b>Assets:</b>						
Pool cash and investments (note 2)	\$ 68,102,051	4,364,520	3,319,245	5,701,951	166,121,897	\$ 247,609,664
Accounts receivable, net (note 3)	27,389,164	3,885,856	17,596	8,568	13,314,086	44,615,270
Notes receivable (note 4)	-	-	-	21,009,349	51,574,231	72,583,580
Due from other funds (note 5)	8,152,727	-	-	-	-	8,152,727
Prepays and other assets	117,758	-	-	-	44,166	161,924
<b>Restricted assets:</b>						
Cash and investments	11,226,289	-	-	-	2,105,778	13,332,067
Cash with fiscal agent (note 2)	-	-	-	-	8,594,812	8,594,812
Advances to other funds (note 6)	1,087,067	-	-	-	-	1,087,067
Advances to component units (note 6)	384,748	-	-	-	-	384,748
Allowance for uncollectible notes receivable (note 4)	-	-	-	(21,009,349)	(51,574,231)	(72,583,580)
Property held for resale	-	-	-	322,458	348,310	670,768
<b>Total assets</b>	<b>116,459,804</b>	<b>8,250,376</b>	<b>3,336,841</b>	<b>6,032,977</b>	<b>190,529,049</b>	<b>324,609,047</b>
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	12,354,263	5,065,789	-	45,467	4,607,881	22,073,400
Deposits	4,218,334	-	-	-	700,202	4,918,536
Due to other funds (note 5)	-	-	-	-	3,679,334	3,679,334
Due to other governments	430	-	-	-	186,486	186,916
Unearned revenue	72,048	-	-	-	1,917,436	1,989,484
Advances from other funds (note 6)	440,000	-	-	-	-	440,000
<b>Total liabilities</b>	<b>17,085,075</b>	<b>5,065,789</b>	<b>-</b>	<b>45,467</b>	<b>11,091,339</b>	<b>33,287,670</b>
<b>Deferred inflow of resources:</b>						
Unavailable revenues (note 8)	674,488	2,460,812	-	-	3,005,370	6,140,670
<b>Total deferred inflow of resources</b>	<b>674,488</b>	<b>2,460,812</b>	<b>-</b>	<b>-</b>	<b>3,005,370</b>	<b>6,140,670</b>
<b>Fund balances:</b>						
Nonspendable	1,589,573	-	-	-	1,478,297	3,067,870
Restricted	11,630,935	723,775	3,336,841	5,987,510	57,526,918	79,205,979
Committed	50,774,800	-	-	-	121,001,281	171,776,081
Assigned	15,099,034	-	-	-	-	15,099,034
Unassigned	19,605,899	-	-	-	(3,574,156)	16,031,743
<b>Total fund balances</b>	<b>98,700,241</b>	<b>723,775</b>	<b>3,336,841</b>	<b>5,987,510</b>	<b>176,432,340</b>	<b>285,180,707</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 116,459,804</b>	<b>8,250,376</b>	<b>3,336,841</b>	<b>6,032,977</b>	<b>190,529,049</b>	<b>\$ 324,609,047</b>

**CITY OF PASADENA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2019**

Fund balances of governmental funds	\$	285,180,707
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.		491,999,207
Long-term debt not included in governmental fund activity.		
Notes payable	\$ (5,587,305)	
Pension bonds	(119,460,000)	
Certificates of participation	(52,745,000)	
Capitalized lease obligations	(832,685)	
Unamortized premium (discount)	<u>(2,919,032)</u>	(181,544,022)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(1,959,885)
Unavailable revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.		
Revenues not available		
General Fund	\$ 674,488	
Project Management Capital Project Fund	2,460,812	
Non-Major Governmental Funds	<u>3,005,370</u>	6,140,670
The substance of an advanced refunding is reported as deferring the difference and amortizing it over future periods.		4,584,307
The City implemented GASB68. The following related items have been reflected in the Statement of Net Position.		
Net pension liability	\$ (315,060,361)	
Net pension liability - deferred inflows	(15,065,421)	
Net pension liability - deferred outflows	<u>63,511,606</u>	(266,614,176)
The City implemented GASB75. The following related items have been reflected in the Statement of Net Position.		
Net OPEB liability	\$ (56,241,136)	
Net OPEB liability - deferred inflows	(456,367)	
Net OPEB liability - deferred outflows	<u>2,106,741</u>	(54,590,762)
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		(107,855,228)
Net position of governmental activities	<u>\$</u>	<u>175,340,818</u>

**CITY OF PASADENA**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	General	Project Management Capital Projects	General Debt Service	Housing Successor	Non-Major Governmental Funds	Total
<b>Revenues:</b>						
Taxes	\$ 169,970,098	-	-	-	9,304,492	\$ 179,274,590
Licenses and permits	4,655,587	-	-	-	9,323,587	13,979,174
Intergovernmental revenues	20,460,739	6,465,735	-	-	48,310,554	75,237,028
Charges for services	42,233,338	550,709	-	-	16,327,231	59,111,278
Fines and forfeits	6,376,725	-	-	-	-	6,376,725
Investment earnings	3,237,383	-	114,568	50,759	5,803,875	9,206,585
Rental income	568,649	-	-	61,741	3,695,885	4,326,275
Miscellaneous revenues	4,005,561	-	-	201,724	7,721,395	11,928,680
Contributions	27,620	1,295,040	-	-	11,153,198	12,475,858
<b>Total revenues</b>	<u>251,535,700</u>	<u>8,311,484</u>	<u>114,568</u>	<u>314,224</u>	<u>111,640,217</u>	<u>371,916,193</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	39,198,841	1,437,566	3,638	-	14,511	40,654,556
Public safety	130,665,100	-	-	-	2,796,553	133,461,653
Transportation	29,829,852	5,910,951	-	-	13,879,748	49,620,551
Sanitation	-	250,225	-	-	4,049,423	4,299,648
Health	-	-	-	-	12,521,656	12,521,656
Culture and leisure	20,953,064	167,379	-	-	13,408,993	34,529,436
Community development	8,031,875	175,003	-	995,850	31,396,648	40,599,376
Capital outlay	-	21,491,590	-	-	-	21,491,590
<b>Debt service:</b>						
Principal retirement	-	-	707,064	-	5,289,159	5,996,223
Interest	-	-	5,474,194	-	2,745,717	8,219,911
<b>Total expenditures</b>	<u>228,678,732</u>	<u>29,432,714</u>	<u>6,184,896</u>	<u>995,850</u>	<u>86,102,408</u>	<u>351,394,600</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>22,856,968</u>	<u>(21,121,230)</u>	<u>(6,070,328)</u>	<u>(681,626)</u>	<u>25,537,809</u>	<u>20,521,593</u>
<b>Other financing sources (uses):</b>						
Transfers in (note 15)	19,990,592	23,493,348	6,181,259	534,219	26,726,619	76,926,037
Transfers out (note 15)	(31,014,031)	(237,391)	-	-	(30,748,325)	(61,999,747)
<b>Total other financing sources (uses)</b>	<u>(11,023,439)</u>	<u>23,255,957</u>	<u>6,181,259</u>	<u>534,219</u>	<u>(4,021,706)</u>	<u>14,926,290</u>
<b>Change in fund balances</b>	<u>11,833,529</u>	<u>2,134,727</u>	<u>110,931</u>	<u>(147,407)</u>	<u>21,516,103</u>	<u>35,447,883</u>
Fund balances at beginning of year, as restated (note 21)	86,866,712	(1,410,952)	3,225,910	6,134,917	154,916,237	249,732,824
<b>Fund balances at end of year</b>	<u>\$ 98,700,241</u>	<u>723,775</u>	<u>3,336,841</u>	<u>5,987,510</u>	<u>176,432,340</u>	<u>\$ 285,180,707</u>

**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, 2019**

Net change in fund balances - total governmental funds \$ 35,447,883

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:

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.

Capital outlay		21,491,590
Depreciation		(15,652,569)
Gain/(loss) on sale of capital assets		(2,417,145)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	\$ 5,996,223		
Amortization of bond premiums/discounts	<u>266,209</u>		6,262,432

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (379,808)

Bond issuance costs, deferred charges 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 difference. 13,308

Interest payable related to debt services or long-term liabilities. This is the net change in interest payable expense for the current period. 79,633

GASB68 Pension Expense (13,488,700)

GASB75 OPEB Expense (2,614,464)

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. 131,318

Change in net position of governmental activities \$ 28,873,478

CITY OF PASADENA  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	Light and Power	Water	Off Street Parking
<b>Assets</b>			
<b>Current assets:</b>			
Cash and investments (note 2)	\$ 225,544,276	48,677,649	7,503,390
Accounts receivable, net (note 3)	23,326,683	8,667,265	384,423
Notes receivable (note 4)	6,014,167	-	-
Inventories	17,475,387	8,130,931	-
Prepays and other assets	342,753	355,476	172,202
<b>Total current assets</b>	<b>272,703,266</b>	<b>65,831,321</b>	<b>8,060,015</b>
<b>Non-current assets:</b>			
Restricted assets - cash and investments:			
To finance stranded investments (note 12)	65,911,092	-	-
Cash and investments	18,318,639	2,263	3,092,129
Cash with fiscal agent (note 2)	4,946	6,196,944	1,990,897
Advances to other funds (note 6)	440,000	-	-
Deposit with Independent System Operator (ISO)	200,000	-	-
Notes receivable (note 4)	14,630,000	-	-
Prepaid long-term assets	12,089,412	-	-
Capital assets - net of accumulated depreciation (note 7)	517,491,352	200,337,617	43,957,764
<b>Total non-current assets</b>	<b>629,085,441</b>	<b>206,536,824</b>	<b>49,040,790</b>
<b>Total assets</b>	<b>901,788,707</b>	<b>272,368,145</b>	<b>57,100,805</b>
<b>Deferred outflow of resources</b>			
Deferred charges - bond refunding	1,982,350	264,645	-
Deferred Outflows related to net pension liability	11,063,426	4,624,303	230,090
Deferred Outflows related to net OPEB liability	342,099	169,780	5,641
<b>Total deferred outflow of resources</b>	<b>13,387,875</b>	<b>5,058,728</b>	<b>235,731</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	9,633,736	6,870,122	1,180,912
Deposits	2,887,799	458,866	259,468
Insurance claims payable - current (note 16)	-	-	-
Due to other funds (note 5)	-	-	-
Unearned revenues	5,080,928	1,733,185	-
Compensated absences due within one year	-	-	-
Notes payable - current (note 9)	-	-	101,224
Revenue bonds - current (note 9)	13,005,000	2,475,000	700,000
Capitalized lease obligations - current (note 9)	-	-	428,526
<b>Total current liabilities</b>	<b>30,607,463</b>	<b>11,537,173</b>	<b>2,670,130</b>
<b>Non-current liabilities:</b>			
Insurance claims payable - long-term (note 16)	-	-	-
Advances from other funds (note 6)	-	-	1,087,067
GASB68 Net pension liability	57,067,586	19,907,147	1,104,095
GASB75 Net OPEB liability (notes 9 and 20)	8,832,219	4,273,874	111,557
Compensated absences due in more than one year	-	-	-
Revenue bonds - long-term (note 9)	234,310,058	57,805,709	22,000,000
Capitalized lease obligations - long-term (note 9)	-	-	2,824,168
<b>Total non-current liabilities</b>	<b>300,209,863</b>	<b>81,986,730</b>	<b>27,126,887</b>
<b>Total liabilities</b>	<b>330,817,326</b>	<b>93,523,903</b>	<b>29,797,017</b>
<b>Deferred inflow of resources:</b>			
Deferred inflows related to net pension liability	2,898,205	1,023,534	29,716
Deferred inflows related to net OPEB liability	70,721	33,862	781
<b>Total deferred inflow of resources</b>	<b>2,968,926</b>	<b>1,057,396</b>	<b>30,497</b>
<b>Net Position</b>			
Net Investment in capital assets	272,158,644	140,321,553	17,903,846
<b>Restricted:</b>			
Debt Service	18,225,144	6,199,207	5,083,026
Contribution	17,314,625	1,544,138	-
Stranded investments (notes 12 and 19)	89,251,747	-	-
Other purposes	5,187,779	-	-
Unrestricted	179,252,391	34,780,676	4,522,150
<b>Total net position</b>	<b>\$ 581,390,330</b>	<b>182,845,574</b>	<b>27,509,022</b>

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
26,959,393	308,684,708	32,951,265	\$ 341,635,973
2,843,734	35,222,105	308,401	35,530,506
-	6,014,167	-	6,014,167
-	25,606,318	473,179	26,079,497
-	870,431	906,531	1,776,962
<u>29,803,127</u>	<u>376,397,729</u>	<u>34,639,376</u>	<u>411,037,105</u>
-	65,911,092	-	65,911,092
-	21,413,031	-	21,413,031
-	8,192,787	-	8,192,787
-	440,000	-	440,000
-	200,000	-	200,000
-	14,630,000	-	14,630,000
-	12,089,412	-	12,089,412
3,974,302	765,761,035	16,068,321	781,829,356
<u>3,974,302</u>	<u>888,637,357</u>	<u>16,068,321</u>	<u>904,705,678</u>
<u>33,777,429</u>	<u>1,265,035,086</u>	<u>50,707,697</u>	<u>1,315,742,783</u>
-	2,246,995	-	2,246,995
1,600,767	17,518,586	19,779,729	37,298,315
87,428	604,948	219,981	824,929
<u>1,688,195</u>	<u>20,370,529</u>	<u>19,999,710</u>	<u>40,370,239</u>
929,520	18,614,290	10,441,753	29,056,043
8,568,395	12,174,528	-	12,174,528
-	-	17,580,821	17,580,821
-	-	4,473,393	4,473,393
-	6,814,113	-	6,814,113
-	-	9,903,604	9,903,604
-	101,224	-	101,224
-	16,180,000	-	16,180,000
-	428,526	-	428,526
<u>9,497,915</u>	<u>54,312,681</u>	<u>42,399,571</u>	<u>96,712,252</u>
-	-	27,861,653	27,861,653
-	1,087,067	-	1,087,067
7,443,756	85,522,584	96,528,746	182,051,330
2,008,470	15,226,120	5,533,784	20,759,904
-	-	1,278,111	1,278,111
-	314,115,767	-	314,115,767
-	2,824,168	-	2,824,168
<u>9,452,226</u>	<u>418,775,706</u>	<u>131,202,294</u>	<u>549,978,000</u>
<u>18,950,141</u>	<u>473,088,387</u>	<u>173,601,865</u>	<u>646,690,252</u>
374,023	4,325,478	4,916,937	9,242,415
15,268	120,632	43,833	164,465
<u>389,291</u>	<u>4,446,110</u>	<u>4,960,770</u>	<u>9,406,880</u>
3,974,302	434,358,345	16,068,321	450,426,666
-	29,507,377	-	29,507,377
-	18,858,763	-	18,858,763
-	89,251,747	-	89,251,747
-	5,187,779	-	5,187,779
12,151,890	230,707,107	(123,923,549)	106,783,558
<u>16,126,192</u>	<u>807,871,118</u>	<u>(107,855,228)</u>	<u>\$ 700,015,890</u>

See Notes to the Basic Financial Statements

**CITY OF PASADENA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Light and Power</b>	<b>Water</b>	<b>Off Street Parking</b>
<b>Operating revenues:</b>			
Utilities	\$ 218,054,798	60,180,664	-
Offstreet parking	-	-	13,957,640
Sewer Construction and Maintenance	-	-	-
Telecommunication	-	-	-
Computing and communication services	-	-	-
Building maintenance	-	-	-
Fleet maintenance	-	-	-
Employee benefits	-	-	-
Insurance	-	-	-
Printing	-	-	-
311 Call Center	-	-	-
<b>Total operating revenues</b>	<b>218,054,798</b>	<b>60,180,664</b>	<b>13,957,640</b>
<b>Operating expenses:</b>			
Utility production	112,992,855	28,295,723	-
Utility transmission and distribution	18,586,461	5,515,241	-
Utility commercial and general	24,055,013	11,511,057	-
Offstreet parking	-	-	11,977,547
Refuse collection	-	-	-
Telecommunications	-	-	-
Computing and communication services	-	-	-
Building maintenance	-	-	-
Fleet maintenance	-	-	-
Benefits	-	-	-
Insurance	-	-	-
Printing	-	-	-
311 Call Center	-	-	-
Depreciation	31,701,792	8,378,869	1,774,050
<b>Total operating expenses</b>	<b>187,336,121</b>	<b>53,700,890</b>	<b>13,751,597</b>
<b>Operating income (loss)</b>	<b>30,718,677</b>	<b>6,479,774</b>	<b>206,043</b>
<b>Non-operating revenues (expenses):</b>			
Taxes	-	-	-
Intergovernmental revenues	100,000	899,437	-
Investment earnings	12,925,055	2,089,266	324,210
Miscellaneous	-	-	-
Interest expense	(9,537,737)	(3,036,734)	(750,694)
Gain (loss) on disposal of assets	(1,101,061)	(12,724)	-
Other	1,656,622	1,689,129	18,898
<b>Total nonoperating revenues (expenses)</b>	<b>4,042,879</b>	<b>1,628,374</b>	<b>(407,586)</b>
<b>Income (loss) before transfers and contributions</b>	<b>34,761,556</b>	<b>8,108,148</b>	<b>(201,543)</b>
Capital contributions	1,559,783	2,055,339	-
Transfers in (note 15)	4,194,083	-	2,500,000
Transfers out (note 15)	(17,608,813)	(1,894,138)	(830,087)
<b>Changes in net position</b>	<b>22,906,609</b>	<b>8,269,349</b>	<b>1,468,370</b>
Net position (deficit) at beginning of year, as restated (note 21)	558,483,721	174,576,225	26,040,652
<b>Net position (deficit) at end of year</b>	<b>\$ 581,390,330</b>	<b>182,845,574</b>	<b>27,509,022</b>



Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
-	278,235,462	-	\$ 278,235,462
-	13,957,640	-	13,957,640
11,743,492	11,743,492	-	11,743,492
680,298	680,298	-	680,298
-	-	16,008,160	16,008,160
-	-	12,898,589	12,898,589
-	-	11,724,358	11,724,358
-	-	32,179,205	32,179,205
-	-	17,978,912	17,978,912
-	-	1,089,134	1,089,134
-	-	767,078	767,078
<u>12,423,790</u>	<u>304,616,892</u>	<u>92,645,436</u>	<u>397,262,328</u>
-	141,288,578	-	141,288,578
-	24,101,702	-	24,101,702
-	35,566,070	-	35,566,070
-	11,977,547	-	11,977,547
15,778,322	15,778,322	-	15,778,322
65,747	65,747	-	65,747
-	-	15,163,379	15,163,379
-	-	11,267,240	11,267,240
-	-	8,406,636	8,406,636
-	-	38,595,870	38,595,870
-	-	14,131,026	14,131,026
-	-	1,568,183	1,568,183
-	-	789,570	789,570
854,251	42,708,962	2,518,009	45,226,971
<u>16,698,320</u>	<u>271,486,928</u>	<u>92,439,913</u>	<u>363,926,841</u>
<u>(4,274,530)</u>	<u>33,129,964</u>	<u>205,523</u>	<u>33,335,487</u>
5,786,590	5,786,590	-	5,786,590
109,718	1,109,155	-	1,109,155
878,168	16,216,699	892,760	17,109,459
-	-	109,001	109,001
-	(13,325,165)	(8,308)	(13,333,473)
-	(1,113,785)	(117,776)	(1,231,561)
352,349	3,716,998	-	3,716,998
<u>7,126,825</u>	<u>12,390,492</u>	<u>875,677</u>	<u>13,266,169</u>
<u>2,852,295</u>	<u>45,520,456</u>	<u>1,081,200</u>	<u>46,601,656</u>
-	3,615,122	-	3,615,122
196,927	6,891,010	1,379,310	8,270,320
(534,380)	(20,867,418)	(2,329,192)	(23,196,610)
<u>2,514,842</u>	<u>35,159,170</u>	<u>131,318</u>	<u>35,290,488</u>
<u>13,611,350</u>	<u>772,711,948</u>	<u>(107,986,546)</u>	<u>664,725,402</u>
<u>16,126,192</u>	<u>807,871,118</u>	<u>(107,855,228)</u>	<u>\$ 700,015,890</u>

**CITY OF PASADENA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

	<b>Light and Power</b>	<b>Water</b>	<b>Off Street Parking</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 218,507,226	59,929,394	13,848,499
Cash payments to suppliers for goods and services	(117,038,276)	(29,177,485)	(9,979,520)
Cash payments to employees for services	(29,784,082)	(11,915,176)	(1,042,072)
Cash payments to other funds for services	(5,818,045)	(3,489,954)	(1,180,579)
Miscellaneous revenue/(expenses)	1,656,619	1,689,129	18,898
<b>Net cash provided by (used for) operating activities</b>	<b>67,523,442</b>	<b>17,035,908</b>	<b>1,665,226</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash transfers in	4,194,083	-	2,500,000
Cash transfers out	(17,608,813)	(1,894,138)	(830,087)
Advances (to)/from other funds	110,000	-	-
Taxes received	-	-	-
Intergovernmental revenues	100,000	899,437	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(13,204,730)</b>	<b>(994,701)</b>	<b>1,669,913</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(29,310,235)	(12,727,413)	(170,016)
Proceeds from sale of capital assets	10,194	52,282	-
Capital Contributions	2,700,230	2,436,152	2,824,168
Principal paid on capital debt	(12,475,000)	(3,695,000)	(572,553)
Interest paid on Capital debt	(10,777,876)	(3,286,879)	(750,694)
<b>Net cash used for capital and related financing activities</b>	<b>(49,852,687)</b>	<b>(17,220,858)</b>	<b>1,330,905</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of investments	-	(147,957)	-
Proceeds from sale of investments	3,305,228	-	-
Investment earnings	12,311,622	2,001,003	324,205
Payments received from loans made to suppliers	4,353,333	-	-
<b>Net cash provided by (used for) investing activities</b>	<b>19,970,183</b>	<b>1,853,046</b>	<b>324,205</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>24,436,208</b>	<b>673,395</b>	<b>4,990,249</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>205,929,503</b>	<b>48,178,427</b>	<b>7,596,167</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 230,365,711</b>	<b>48,851,822</b>	<b>12,586,416</b>
<b>Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:</b>			
Cash and Investments	\$ 225,544,276	48,677,649	7,503,390
<b>Restricted:</b>			
Stranded investments	65,911,092	-	-
Cash and Investments	18,318,639	2,263	3,092,129
Cash with fiscal agent	4,946	6,196,944	1,990,897
Less non-cash equivalents	(79,413,242)	(6,025,034)	-
<b>Cash and cash equivalents at end of year</b>	<b>\$ 230,365,711</b>	<b>48,851,822</b>	<b>12,586,416</b>

See Notes to the Basic Financial Statements

<b>Non-Major Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>	<b>Total</b>
12,273,676	304,558,795	90,838,848	\$ 395,397,643
(6,558,999)	(162,754,280)	(30,871,699)	(193,625,979)
(7,120,632)	(49,861,962)	(56,287,950)	(106,149,912)
(327,948)	(10,816,526)	-	(10,816,526)
352,349	3,716,995	109,001	3,825,996
(1,381,554)	84,843,022	3,788,200	88,631,222
196,927	6,891,010	1,379,310	8,270,320
(534,380)	(20,867,418)	(2,329,192)	(23,196,610)
-	110,000	-	110,000
5,786,590	5,786,590	-	5,786,590
109,718	1,109,155	-	1,109,155
5,558,855	(6,970,663)	(949,882)	(7,920,545)
(551,417)	(42,759,081)	(2,355,071)	(45,114,152)
-	62,476	45,760	108,236
-	7,960,550	-	7,960,550
-	(16,742,553)	(313,877)	(17,056,430)
-	(14,815,449)	(8,953)	(14,824,402)
(551,417)	(66,294,057)	(2,632,141)	(68,926,198)
-	(147,957)	-	(147,957)
-	3,305,228	-	3,305,228
878,173	15,515,003	905,198	16,420,201
-	4,353,333	-	4,353,333
878,173	23,025,607	905,198	23,930,805
4,504,057	34,603,909	1,111,375	35,715,284
22,455,336	284,159,433	31,839,890	315,999,323
26,959,393	318,763,342	32,951,265	351,714,607
26,959,393	308,684,708	32,951,265	\$ 341,635,973
-	65,911,092	-	65,911,092
-	21,413,031	-	21,413,031
-	8,192,787	-	8,192,787
-	(85,438,276)	-	(85,438,276)
26,959,393	318,763,342	32,951,265	\$ 351,714,607

See Notes to the Basic Financial Statements

**CITY OF PASADENA**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

	<b>Light and Power</b>	<b>Water</b>	<b>Off Street Parking</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 30,718,677	6,479,774	206,043
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation and amortization	31,701,792	8,378,869	1,774,050
Miscellaneous revenue (expense)	1,656,619	1,689,129	18,898
(Increase) decrease in accounts receivable	358,891	(264,069)	(109,141)
Increase (decrease) in allowance for uncollectible accounts	93,537	12,799	-
(Increase) decrease in due from other funds	-	-	-
Increase (decrease) in due to other funds	-	-	-
(Increase) decrease in inventories	(668,660)	132,162	-
(Increase) decrease in prepaids and other assets	1,413,031	(13,190)	(843)
Increase (decrease) in accounts payable and accrued liabilities	(482,833)	(75,223)	(272,789)
Increase (decrease) in unearned revenue	606,119	-	-
Increase (decrease) in insurance claims payable	-	-	-
Increase (decrease) in OPEB liability	-	-	(330)
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in deposits payable	315,755	87,497	2,905
Increase (decrease) in deferred inflows	(659,729)	(265,745)	(22,125)
(Increase) decrease in deferred outflow	2,957,798	1,048,881	109,318
Increase (decrease) in net OPEB liability	1,212,606	283,725	12,970
Increase (decrease) in Net Pension Obligations	(1,700,161)	(458,701)	(53,730)
<b>Total adjustments</b>	<b>36,804,765</b>	<b>10,556,134</b>	<b>1,459,183</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 67,523,442</b>	<b>17,035,908</b>	<b>1,665,226</b>
<b>Non-Cash Investing, Capital, and Financing Activities</b>			
Gain/(Loss) on disposition of capital Assets	\$ 1,101,061	12,724	-
Changes in Fair Value of Investments	6,209,912	977,524	-
Amortization of deferred charges	(454,932)	(66,161)	-
Amortization of premiums/discounts	\$ 773,592	301,937	-

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
(4,274,530)	33,129,964	205,523	\$ 33,335,487
854,251	42,708,962	2,518,009	45,226,971
352,349	3,716,995	109,001	3,825,996
(206,501)	(220,820)	-	(220,820)
56,387	162,723	-	162,723
-	-	(6,670)	(6,670)
-	-	1,178,458	1,178,458
-	(536,498)	3,340	(533,158)
-	1,398,998	(648,229)	750,769
60,058	(770,787)	408,952	(361,835)
-	606,119	-	606,119
-	-	(3,248,174)	(3,248,174)
15,268	14,938	-	14,938
-	-	203,611	203,611
1,448,484	1,854,641	-	1,854,641
(144,543)	(1,092,142)	(1,592,210)	(2,684,352)
492,520	4,608,517	6,624,077	11,232,594
201,039	1,710,340	505,839	2,216,179
(236,336)	(2,448,928)	(2,473,327)	(4,922,255)
2,892,976	51,713,058	3,582,677	55,295,735
(1,381,554)	84,843,022	3,788,200	\$ 88,631,222
-	1,113,785	(163,536)	\$ 950,249
-	7,187,436	417,244	7,604,680
-	(521,093)	6,051	(515,042)
-	1,075,529	-	\$ 1,075,529

**CITY OF PASADENA**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>	<b>Private Purpose Trust Funds</b>
<b>Assets:</b>			
Cash and cash equivalents (note 2)	\$ 308,683,203	483,730	\$ 6,029,646
<b>Receivables:</b>			
Accounts receivable	-	868,377	-
Contribution	91,328	-	-
Interest	124,843	-	-
Notes receivable	-	-	515,000
Allowance for uncollectible long-term receivables	-	-	(515,000)
Due from City	-	-	-
Other assets	-	979,143	-
<b>Investments, at fair value (note 2)</b>			
Government and agencies	18,326,346	-	-
Corporate obligations	20,014,823	-	-
Fixed income mutual fund	15,435,016	-	-
Real estate	11,434,054	-	-
Corporate stocks	44,755,338	-	-
<b>Total investments</b>	<u>109,965,577</u>	<u>-</u>	<u>-</u>
Capital assets, net	-	-	214,261
<b>Total assets</b>	<u>418,864,951</u>	<u>2,331,250</u>	<u>6,243,907</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	24,240	860,056	5,116,876
Due to City	-	-	-
Due to other governments	-	452,809	-
Due to bondholders	-	1,018,385	-
Advances from City	-	-	-
Bonds payable - due within one year	-	-	200,000
Bonds payable - due in more than one year	-	-	435,000
Pending purchases	3,421,789	-	-
<b>Total liabilities</b>	<u>3,446,029</u>	<u>2,331,250</u>	<u>5,751,876</u>
<b>Net Position:</b>			
Held in trust for other post retirement benefits	2,125,692		-
Restricted for pensions	413,293,230		-
Held in trust for other purposes	-		492,031
<b>Total Net Pension</b>	<u>\$ 415,418,922</u>		<u>\$ 492,031</u>

**CITY OF PASADENA**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
<b>Contributions:</b>		
Plan members	\$ 15,822,757	\$ -
Property taxes	-	2,954,371
<b>Total contributions</b>	<u>15,822,757</u>	<u>2,954,371</u>
<b>Net investment income:</b>		
Investment earnings	18,122,722	3,753,134
Interest	913,348	-
Dividends	1,934,587	-
<b>Gross investment income</b>	<u>20,970,657</u>	<u>3,753,134</u>
Less investment expenses	(414,238)	-
<b>Total net investment income</b>	<u>20,556,419</u>	<u>3,753,134</u>
Miscellaneous revenues	-	6,218,504
Transfers in	-	5,959,167
<b>Total additions</b>	<u>36,379,176</u>	<u>18,885,176</u>
<b>Deductions:</b>		
Benefits paid to participants	32,341,440	-
Fiscal agency expenses	-	5,445
Interest expense	-	30,810
Statutory pass-through expenses	-	2,059,398
Fire and Police Retirement System Pension Trust	472,739	-
County administrative expenses	-	752,171
Successor agency administrative cost allowance	-	11,096,811
Transfers out	-	5,959,167
<b>Total deductions</b>	<u>32,814,179</u>	<u>19,903,802</u>
<b>Change in net position</b>	<u>3,564,997</u>	<u>(1,018,626)</u>
Net Position held in trust - beginning	411,853,925	1,510,657
<b>Net Position held in trust - ending</b>	<u>\$ 415,418,922</u>	<u>\$ 492,031</u>



**CITY OF PASADENA**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2019**

	<b>Rose Bowl Operating Company</b>	<b>Pasadena Center Operating Company</b>	<b>Pasadena Community Access Corp.</b>	<b>Total</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and investments (note 2)	\$ 46,208,950	18,442,581	500,394	\$ 65,151,925
Cash and investments restricted (note 2)	15,837,902	11,237,722	-	27,075,624
Accounts receivable, net	7,224,579	963,983	1,948	8,190,510
Due from primary government	-	420,788	-	420,788
Prepays and other assets	177,023	131,895	15,556	324,474
<b>Total current assets</b>	<b>69,448,454</b>	<b>31,196,969</b>	<b>517,898</b>	<b>101,163,321</b>
<b>Non-current assets:</b>				
Other receivable	487,305	-	-	487,305
Land	-	2,746,155	-	2,746,155
Construction in progress	108,361	-	-	108,361
Other capital assets, net	184,619,976	129,093,757	123,848	313,837,581
<b>Total non-current assets</b>	<b>185,215,642</b>	<b>131,839,912</b>	<b>123,848</b>	<b>317,179,402</b>
<b>Total assets</b>	<b>254,664,096</b>	<b>163,036,881</b>	<b>641,746</b>	<b>418,342,723</b>
<b>Deferred outflow of resources:</b>				
Accumulated decrease in fair value of hedging derivatives (note 10)	-	23,223,868	-	23,223,868
Deferred refunding charges	2,918,918	1,144,012	-	4,062,930
Outflows related to pension liability	1,091,577	-	-	1,091,577
<b>Total deferred outflow of resources</b>	<b>4,010,495</b>	<b>24,367,880</b>	<b>-</b>	<b>28,378,375</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	6,962,552	1,662,246	24,381	8,649,179
Deposits	17,374,729	1,583,099	-	18,957,828
Interest payable	3,196,500	494,313	-	3,690,813
Due to other governments	-	-	227,280	227,280
Due to primary government	1,196,556	245,027	-	1,441,583
Current portion of compensated absences	180,985	-	21,623	202,608
Current portion of long-term debt (note 9)	2,841,769	5,315,015	-	8,156,784
<b>Total current liabilities</b>	<b>31,753,091</b>	<b>9,299,700</b>	<b>273,284</b>	<b>41,326,075</b>
<b>Non-current liabilities:</b>				
Derivative instrument liability (note 10)	-	23,223,868	-	23,223,868
Net pension liability	2,587,867	-	-	2,587,867
Compensated absences	113,394	-	-	113,394
Advances from primary government (note 6)	800,000	-	-	800,000
Long-term debt (note 9)	208,952,987	149,731,506	-	358,684,493
<b>Total non-current liabilities</b>	<b>212,454,248</b>	<b>172,955,374</b>	<b>-</b>	<b>385,409,622</b>
<b>Total liabilities</b>	<b>244,207,339</b>	<b>182,255,074</b>	<b>273,284</b>	<b>426,735,697</b>
<b>Deferred inflow of resources:</b>				
Deferred refunding charge (note 10)	-	5,448,336	-	5,448,336
Sale of future revenue	3,231,899	-	-	3,231,899
Service concession agreement (note 10)	-	159,984	-	159,984
Inflows related to net pension liability	136,170	-	-	136,170
<b>Total deferred inflow of resources</b>	<b>3,368,069</b>	<b>5,608,320</b>	<b>-</b>	<b>8,976,389</b>
<b>Net Position:</b>				
Net Investment in capital assets	694,379	(11,968,887)	123,848	(11,150,660)
Restricted	-	2,986,026	-	2,986,026
Unrestricted	10,404,804	8,524,228	244,614	19,173,646
<b>Total net position</b>	<b>\$ 11,099,183</b>	<b>(458,633)</b>	<b>368,462</b>	<b>\$ 11,009,012</b>

See Notes to the Basic Financial Statements in the Discretely Presented Component Units audited stand alone financial statements

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Discretely Presented Component Units**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Rose Bowl Operating Company</b>	<b>Pasadena Center Operating Company</b>	<b>Pasadena Community Access Corp.</b>	<b>Total</b>
<b>Operating revenues:</b>				
<b>Charges for services:</b>				
Rose Bowl	\$ 33,213,908	-	-	\$ 33,213,908
Golf course	2,348,259	-	-	2,348,259
Pasadena Center Operating Company	-	10,548,278	-	10,548,278
Pasadena Community Access Corporation	-	-	954,542	954,542
<b>Total operating revenues</b>	<b>35,562,167</b>	<b>10,548,278</b>	<b>954,542</b>	<b>47,064,987</b>
<b>Operating expenses:</b>				
Rose Bowl	26,316,904	-	-	26,316,904
Golf course	1,082,729	-	-	1,082,729
Pasadena Center Operating Company	-	11,933,677	-	11,933,677
Pasadena Community Access Corporation	-	-	971,330	971,330
Depreciation	13,779,947	4,564,951	53,691	18,398,589
<b>Total operating expenses</b>	<b>41,179,580</b>	<b>16,498,628</b>	<b>1,025,021</b>	<b>58,703,229</b>
<b>Operating income (loss)</b>	<b>(5,617,413)</b>	<b>(5,950,350)</b>	<b>(70,479)</b>	<b>(11,638,242)</b>
<b>Non-operating revenues (expenses):</b>				
Transient occupancy taxes, net	-	10,311,367	-	10,311,367
Tourism business improvement district tax	-	3,828,741	-	3,828,741
Facility restoration fee	-	154,786	-	154,786
Investment earnings	2,253,575	583,684	486	2,837,745
Interest expense	(12,218,348)	(5,624,239)	-	(17,842,587)
Other nonoperating revenues	7,308,379	-	-	7,308,379
<b>Total non-operating revenues</b>	<b>(2,656,394)</b>	<b>9,254,339</b>	<b>486</b>	<b>6,598,431</b>
<b>Income (loss) before transfers</b>	<b>(8,273,807)</b>	<b>3,303,989</b>	<b>(69,993)</b>	<b>(5,039,811)</b>
Capital contributions	-	106,659	-	106,659
<b>Change in net position</b>	<b>(8,273,807)</b>	<b>3,410,648</b>	<b>(69,993)</b>	<b>(4,933,152)</b>
Net position at beginning of year	19,372,990	(3,869,281)	438,455	15,942,164
<b>Net position at end of year</b>	<b>\$ 11,099,183</b>	<b>(458,633)</b>	<b>368,462</b>	<b>\$ 11,009,012</b>

See Notes to the Basic Financial Statements in the Discretely Presented Component Units audited stand alone financial statements

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CITY  
OF

# PASADENA

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*Colorado Street & Fair Oaks Avenue Looking East, 1910*

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF PASADENA**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2019**

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# CITY OF PASADENA

## Notes to the Basic Financial Statements

Year Ended June 30, 2019

### (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 30<sup>th</sup> 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, 2019

(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 Non-profit 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, 2019

(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. 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, 2019

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

(a) **Reporting Entity (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](http://www.rosebowlstadium.com).

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

(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](http://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. The City is able to impose its will on PCAC through its ability to appoint a majority of its board members. PCAC's budget is reviewed and approved by the City Council. The City provides support through the 1% Public, Education, and Government (PEG) allocation. Separate component unit financial statements of PCAC are issued and available upon request from Pasadena Community Access Corporation, 150 South Los Robles Avenue, Pasadena, CA 91101. PCAC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at [www.pasadenamedia.webs.com](http://www.pasadenamedia.webs.com).

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

(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](http://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, 2019

(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.

*Foothill Workforce Development Board (FWDB)*

Developed 35 years ago, the City Council approved a Joint Powers Agreement (JPA) among the cities of Arcadia, Duarte, Monrovia, Sierra Madre, South Pasadena, and Pasadena. The JPA created the Foothill Employment and Training Consortium (FETC) which the City of Pasadena is the fiscal agent and has the authority to receive and administer workforce development funds. FETC formed the Foothill Workforce Development Board (FWDB) to take the lead in developing the implementation plan for workforce development services for job seekers and businesses. The mission is to support economic growth in the San Gabriel Valley by investing in skill development and job training to ensure that businesses have qualified workforce talent and job seekers have career opportunities. The FWDB's Americas Job Center of California is located at 1207 East Green Street in Pasadena and is funded through the Workforce Innovation and Opportunity Act (WIOA).

(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, 2019

(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, 2019

(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, 2019

(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.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate 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 non-current receivables are deferred until they become current receivables. Non-current 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 non-current 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, 2019

(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 non-current) 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 and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. 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, 2019

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

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

The City reports the following major governmental funds:

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.

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.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

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

Permanent Funds - 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.

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, 2019

**(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, 2019.

**(g) Inventories**

Inventories held 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 depending on the type of inventory. There are three types of inventory, those held for consumption in operations, those capitalized, and inventory held for resale. Inventories held by the Fleet Maintenance Fund (Internal Service Fund) are carried at average cost. Inventory items are accounted for as an expenditure or expense when consumed or sold.

**(h) Advances to Other Funds**

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

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

**(i) Prepaids**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. The City utilizes the allocation 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, works of art, and capital assets received in a service concession agreements are reported at acquisition value. 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, 2019**

**(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:

<b>Light and Power Fund</b>		<b>Water Fund</b>	
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
<b>Governmental Activities</b>		<b>All Other Business-Type Activities</b>	
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		
<b>Fiduciary Funds</b>		<b>Fiduciary Funds</b>	
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, 2019

(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 FY 2019 and FY 2018 were 90% and 88% of prior year accruals, respectively.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(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**

For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan, and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 19 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 FY 2014.

**(r) Deferred Outflows and Inflows of Resources**

Pursuant 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, 2019

(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, 2019

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

(s) **Fund Balance (Continued)**

In June 2017 City Council directed staff to revise the Fund Balance Policy to split the General Fund Emergency Contingency into two components of committed fund balance, the General Fund Emergency Contingency Reserve and a General Fund Operating Reserve. The goal of a 20 percent General Fund reserve as committed fund balance continues, but is split 15 percent to the Emergency Contingency Reserve and 5 percent to the Operating Reserve. These percentages continue to be calculated using that year's General Fund budgeted appropriations. It is intended that these committed fund balances would not be reduced below a 20 percent level without the direction of Council or upon a declared local emergency.

(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.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

**(t) Property Taxes, (Continued)**

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

**(u) Use of Estimates**

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

**(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, 2019**

**(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):

<b>Statement No.</b>	<b>Title</b>	<b>Effective for Fiscal Year Beginning On or After</b>
84	<i>Fiduciary Activities</i>	December 15, 2018
87	<i>Leases</i>	December 15, 2019
89	<i>Accounting for Interest Cost Incurred Before the end of a Construction Period</i>	December 15, 2019
90	<i>Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61</i>	December 15, 2018
91	<i>Conduit Debt Obligations</i>	December 15, 2020

Management is in the process of evaluating the impact of the statements to be implemented for the fiscal year ended June 30, 2020 and beyond. For the fiscal year ended June 30, 2020, 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, 2019**

**(2) Cash and Investments**

**Primary Government (excluding FPRS Cash and Investments)**

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 589,245,637
Restricted cash and investments	117,443,789
Fiduciary funds:	
Cash and cash equivalents	<u>310,157,337</u>
Total cash and investments	<u><u>\$ 1,016,846,763</u></u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 92,512
Deposits with financial institutions	8,832,557
Investments	<u>1,007,921,694</u>
Total cash and investments	<u><u>\$ 1,016,846,763</u></u>

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

(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	30%	None
Repurchase Agreement	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None
Time Deposits	Yes	N/A	25%	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

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

(2) **Cash and Investments (Continued)**

**Primary Government (Continued)**

**Investments Authorized by Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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	\$ 125,992,180	\$ 42,434,161	\$ 51,151,130	\$ 32,406,889	\$ -
Supernationals	34,640,731	9,612,736	4,714,706	20,313,289	-
Federal Agency Securities	389,851,166	79,139,237	155,831,448	138,430,819	16,449,662
Municipal Bond	30,356,348	19,802,966	4,222,671	3,492,616	2,838,095
Certificate of Deposit	975,888	975,888	-	-	-
Money Market Funds	14,413,173	14,413,173	-	-	-
Commercial Paper Disc	4,841,420	4,841,420	-	-	-
Negotiable CD	4,899,758	4,899,758	-	-	-
State Investment Pool	43,057,959	43,057,959	-	-	-
US Treasury	23,750,670	19,149,115	2,296,384	2,305,171	-
Held by Bond Trustee:					
Federal Agency Securities	16,048,838	8,670,693	6,197,826	1,180,319	-
Money Market Funds	4,223,313	4,223,313	-	-	-
Investment Contracts	-	-	-	-	-
Held by OPEB Trustee:					
Mutual Fund	2,124,821	2,124,821	-	-	-
Held by Pension Section 115 Trustee:					
Mutual Fund	11,226,289	11,226,289	-	-	-
Deferred Compensation Plan:					
Mutual Fund	301,519,140	301,519,140	-	-	-
<b>Total</b>	<b>\$ 1,007,921,694</b>	<b>\$ 566,090,669</b>	<b>\$ 224,414,165</b>	<b>\$ 198,129,103</b>	<b>\$ 19,287,757</b>

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

(2) **Cash and Investments (Continued)**

**Primary Government (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a notional recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type		Minimum Legal Rating	Rating as of Year-End			Not Rated
			AAA	Aa	A	
Corporate Bonds	\$ 125,992,180	A	\$ 20,714,466	\$ 50,526,829	\$ 54,750,885	\$ -
Supernationals	34,640,731	A	34,640,731	-	-	-
Federal Agency Securities	389,851,166	N/A	389,851,166	-	-	-
Municipal Bond	30,356,349	N/A	2,727,843	24,502,644	3,125,862	-
Certificate of Deposit	975,888	A	-	-	-	975,888
Money Market Funds	14,413,173	A	-	-	-	14,413,173
Comercial Paper	4,841,420	N/A	-	4,841,420	-	-
Negotiable CD	4,899,758	N/A	-	4,899,758	-	-
State Investment Pool	43,057,959	N/A	-	-	-	43,057,959
US Treasury	23,750,670	N/A	23,750,670	-	-	-
Held by Bond Trustee:						
Federal Agency Securities	16,048,837	N/A	16,048,837	-	-	-
Money Market Funds	4,223,313	A	4,223,313	-	-	-
Held by OPEB Trustee:						
Mutual Fund	2,124,821	N/A	-	2,124,821	-	-
Held by Pension Section 115 Trustee:						
Mutual Fund	11,226,289	N/A	-	11,226,289	-	-
Deferred Compensation Plan:						
Mutual Fund	301,519,140	N/A	-	301,519,140	-	-
<b>Total</b>	<b>\$ 1,007,921,694</b>		<b>\$ 491,957,026</b>	<b>399,640,901</b>	<b>\$ 57,876,747</b>	<b>\$ 58,447,020</b>

N/A Not Applicable

**Concentration of Credit Risk**

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

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (2) Cash and Investments (Continued)

#### Concentration of Credit Risk (Continued)

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	\$ 123,544,659
Federal National Mortgage Assoc.	Federal Agency Securities	110,055,070
Federal Home Loan Bank	Federal Agency Securities	95,864,006
Federal Home Loan Mortgage Corp.	Federal Agency Securities	70,019,799
Local Agency Investment Fund	State Investment Pool	44,121,827
World Bank	Corporate Bond	35,496,628

#### 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, 2019, \$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, 2019

(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 City 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 City utilizes a third party software that obtains live data from active Bloomberg prices to determine the fair market value of investments held.

The City has the following recurring fair value measurements as of June 30, 2019:

Measure by Fair Value	Level			Total
	1	2	3	
Corporate Bonds	\$ -	\$ 125,992,180	\$ -	\$ 125,992,180
Supernationals	-	34,640,731	-	34,640,731
Federal Agency Securities	-	389,851,166	-	389,851,166
Municipal Bond	-	30,356,349	-	30,356,349
Certificate of Deposit	-	975,888	-	975,888
Money Market Funds	-	14,413,173	-	14,413,173
Commercial Paper Disc	-	4,841,420	-	4,841,420
Negotiable CD	-	4,899,758	-	4,899,758
State Investment Pool	-	43,057,959	-	43,057,959
US Treasury	-	23,750,670	-	23,750,670
Held by Bond Trustee:				
Federal Agency Securities	-	16,048,837	-	16,048,837
Money Market Funds	-	4,223,313	-	4,223,313
Held by OPEB Trustee:				
Mutual Fund	-	2,124,821	-	2,124,821
Held by Pension Section 115 Trustee:				
Mutual Fund	-	11,226,289	-	11,226,289
Deferred Compensation Plan:				
Mutual Fund	-	301,519,140	-	301,519,140
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,007,921,694</b>	<b>\$ -</b>	<b>\$ 1,007,921,694</b>

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (3) Accounts Receivable

As of June 30, 2019, the accounts receivable are categorized as follows:

		<b>Project Management Capital Project</b>	<b>General Debt Service</b>	<b>Housing Successor</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service</b>
Governmental activities:						
Accounts receivable	\$ 5,750,222	\$ 3,636,425	\$ -	\$ 5,145	\$ 8,549,535	\$ 88,190
Accrued revenue receivable	17,932,405	249,431	17,596	-	3,437,181	90,389
Interest receivable	553,126	-	-	3,423	860,416	129,822
Paramedics receivable	4,186,344	-	-	-	-	-
Utility receivable	1,158,136	-	-	-	503,036	-
	<u>29,580,233</u>	<u>3,885,856</u>	<u>17,596</u>	<u>8,568</u>	<u>13,350,168</u>	<u>308,401</u>
Less: allowance for uncollectible amounts	<u>(2,191,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,082)</u>	<u>-</u>
Total	<u>\$ 27,389,164</u>	<u>\$ 3,885,856</u>	<u>\$ 17,596</u>	<u>\$ 8,568</u>	<u>\$ 13,314,086</u>	<u>\$ 308,401</u>
		<b>Light and Power</b>	<b>Water</b>	<b>Off-Street Parking</b>	<b>Non-Major Proprietary</b>	
Business-type activities:						
Accounts receivable	\$ 576,603	\$ 330,101	\$ 336,865	\$ 205,207		
Accrued revenue receivable	13,576,392	5,313,808	47,558	1,736,580		
Interest receivable	1,403,579	300,171	-	112,996		
Utility receivable	8,544,171	2,938,313	-	845,338		
	<u>24,100,745</u>	<u>8,882,393</u>	<u>384,423</u>	<u>2,900,121</u>		
Less: allowance for uncollectible amounts	<u>(774,062)</u>	<u>(215,128)</u>	<u>-</u>	<u>(56,387)</u>		
Total	<u>\$ 23,326,683</u>	<u>\$ 8,667,265</u>	<u>\$ 384,423</u>	<u>\$ 2,843,734</u>		

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(4) Notes Receivable – Primary Government**

The notes receivable in the Governmental Funds amounted to \$72,583,580 at June 30, 2019. \$51,574,231 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. \$21,009,349 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, 2019, the City has recorded an allowance for uncollectible long-term receivables of \$72,583,580.

In January 2009, Light and Power utilized \$80 million of Reserves for Stranded Investment and in return received Subordinated Notes totaled \$70 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, 2019 is \$20,644,167.

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

Current interfund receivable and payable balances at June 30, 2019 are as follows:

	Due from other funds	
Due to other funds	General Fund	Total
Non-Major Governmental Funds	\$ 3,679,334	\$ 3,679,334
Internal Service Funds	4,473,393	4,473,393
Total	\$ 8,152,727	\$ 8,152,727

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, 2019**

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

**Primary Government**

Long-term interfund receivable and payable balances at June 30, 2019 are as follows:

Advances from other funds	Advances to other funds		Total
	General Fund	Light and Power Fund	
General Fund	\$ -	\$ 440,000	\$ 440,000
Offstreet Parking Fund	1,087,067	-	1,087,067
Total	\$ 1,087,067	\$ 440,000	\$ 1,527,067

**Outstanding at  
June 30, 2019**

**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 is \$1,087,067 for FY 2019.

\$1,087,067

**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 FY 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.

440,000

Total advances between City funds

\$1,527,067

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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, 2019 are as follows:

Advances To Component Units	Advances From the City	Amount
General Fund	Pasadena Center Operating Company	\$ 384,748

**Outstanding at  
June 30, 2019**

**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.

\$ 54,410

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 5<sup>th</sup> year of operation of the new rink over a 10-year period.

330,338

Total advances between City and discretely presented component units

\$ 384,748

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(7) Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2019 is as follows:

<b>Governmental activities</b>	Balance at June 30, 2018	Additions	Deletions	Transfers and Adjustments	Prior Period Adjustment	Balance at June 30, 2019
Depreciable assets:						
Buildings and improvements	\$ 291,055,523	\$ 147,609	\$ (4,518,663)	\$ 12,354,727	\$ -	\$ 299,039,196
Machinery and equipment	74,304,000	3,098,791	(5,474,269)	403,065	-	72,331,587
Infrastructure	338,339,910	-	-	7,582,438	-	345,922,348
Total cost of depreciable assets	<u>703,699,433</u>	<u>3,246,400</u>	<u>(9,992,932)</u>	<u>20,340,230</u>	<u>-</u>	<u>717,293,131</u>
Less accumulated depreciation:						
Buildings and improvements	(131,652,579)	(6,451,974)	2,514,597	-	-	(135,589,956)
Machinery and equipment	(45,300,301)	(5,358,409)	5,170,886	-	-	(45,487,824)
Infrastructure	(146,085,708)	(6,360,195)	-	-	-	(152,445,903)
Total accumulated depreciation	<u>(323,038,588)</u>	<u>(18,170,578)</u>	<u>7,685,483</u>	<u>-</u>	<u>-</u>	<u>(333,523,683)</u>
Net depreciable assets	380,660,845	(14,924,178)	(2,307,449)	20,340,230	-	383,769,448
Capital assets not depreciated:						
Land	87,403,123	451,851	-	-	-	87,854,974
Construction in progress	37,168,126	20,263,454	(388,275)	(20,340,230)	(259,969)	36,443,106
Total cost of non-depreciable assets	<u>124,571,249</u>	<u>20,715,305</u>	<u>(388,275)</u>	<u>(20,340,230)</u>	<u>(259,969)</u>	<u>124,298,080</u>
Capital assets, net	<u>\$ 505,232,094</u>	<u>\$ 5,791,127</u>	<u>\$ (2,695,724)</u>	<u>\$ -</u>	<u>\$ (259,969)</u>	<u>\$ 508,067,528</u>

During the year, the Governmental activities received proceeds of \$34,847 from the disposal of capital assets and incurred a loss on disposal of \$2,534,921.

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

General government	\$ 5,694,919
Public safety	1,392,532
Transportation	1,236,301
Health	117,298
Culture and leisure	1,375,266
Community development	5,836,253
Computing and Communication	1,241,059
Building Maintenance	1,329
Fleet Maintenance	1,274,080
Fleet Repair and Maintenance	1,541
	<u>\$ 18,170,578</u>



**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(7) Capital Assets (Continued)**

**Primary Government (Continued)**

<b>Business-type activities</b>	Balance at June 30, 2018	Additions	Deletions	Transfers and Adjustments	Rounding Adjustments	Balance at June 30, 2019
<b>Depreciable assets:</b>						
Buildings and improvements	\$ 142,989,398	\$ -	\$ (1,275,397)	\$ 804,600	\$ -	\$ 142,518,601
Utility lines, machinery and equipment	1,124,523,397	279,418	(12,750,536)	33,760,665	-	1,145,812,944
<b>Total cost of depreciable assets</b>	<b>1,267,512,795</b>	<b>279,418</b>	<b>(14,025,933)</b>	<b>34,565,265</b>	<b>-</b>	<b>1,288,331,545</b>
<b>Less accumulated depreciation:</b>						
Buildings and improvements	(59,178,412)	(3,926,544)	1,001,753	-	-	(62,103,203)
Utility lines, machinery and equipment	(488,496,217)	(38,782,418)	11,847,892	-	(7)	(515,430,750)
<b>Total accumulated depreciation</b>	<b>(547,674,629)</b>	<b>(42,708,962)</b>	<b>12,849,645</b>	<b>-</b>	<b>(7)</b>	<b>(577,533,953)</b>
<b>Net depreciable assets</b>	<b>719,838,166</b>	<b>(42,429,544)</b>	<b>(1,176,288)</b>	<b>34,565,265</b>	<b>(7)</b>	<b>710,797,592</b>
<b>Capital assets not depreciated:</b>						
Land	14,676,119	-	-	-	7	14,676,126
Construction in progress	32,727,844	42,124,738	-	(34,565,265)	-	40,287,317
<b>Total cost of non-depreciable assets</b>	<b>47,403,963</b>	<b>42,124,738</b>	<b>-</b>	<b>(34,565,265)</b>	<b>7</b>	<b>54,963,443</b>
<b>Capital assets, net</b>	<b>\$ 767,242,129</b>	<b>\$ (304,806)</b>	<b>\$ (1,176,288)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 765,761,035</b>

During the year, the Business-type activities received proceeds of \$160,705 from the disposal of capital assets and incurred a loss on disposal of \$1,113,785.

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

Electric	\$ 31,701,792
Water	8,378,869
Refuse	750,168
Parking	1,774,050
Telecommunication	104,083
	<u>\$ 42,708,962</u>

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

**Year Ended June 30, 2019**

**(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, 2019.

	Interest Expense	Amount Capitalized
Electric	\$ 9,537,737	\$ 160,935
Water	3,036,734	-
Parking	750,694	-
	\$ 13,325,165	\$ 160,935

**Fiduciary Funds – Private Purpose Trust Fund**

<b>Fiduciary Funds</b>	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
Depreciable assets:				
Buildings and improvements	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	-	-	-	-
Total cost of depreciable assets	-	-	-	-
Less accumulated depreciation:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Net depreciable assets	-	-	-	-
Capital assets not depreciated:				
Land	1,129,261	-	(915,000)	214,261
Total cost of non-depreciable assets	1,129,261	-	(915,000)	214,261
Capital assets, net	\$ 1,129,261	\$ -	\$ (915,000)	\$ 214,261

Depreciation expense in the private purpose trust funds were \$0 for the year ended June 30, 2019.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(8) Deferred Inflows and Outflows**

Primary Government

Deferred Outflows on the Government-Wide Statement of Net Position consists of the following at June 30, 2019:

Governmental Activities	Balance at June 30, 2018	Increase	Decrease	Balance at June 30, 2019
2015A Refunding COP Deferred Charges	\$ 4,830,996	\$ -	\$ (246,689)	\$ 4,584,307
Equipment Lease	6,051	-	(6,051)	-
GASB68 Contribution Subsequent to Measurement Date	37,516,670	40,270,576	(37,516,670)	40,270,576
GASB68 Net Difference on Pension Plan Investments	14,067,361	3,157,254	(14,096,115)	3,128,500
GASB68 Change of Assumptions	58,125,209	37,519,225	(58,125,209)	37,519,225
GASB68 Difference in Experience	-	1,458,034	-	1,458,034
GASB75 Change of Assumptions	-	2,326,722	-	2,326,722
FPRS Net Difference on Pension Plan Investments	2,028,000	-	(1,113,000)	915,000
	<u>\$ 116,574,287</u>	<u>\$ 84,731,811</u>	<u>\$ (111,103,734)</u>	<u>\$ 90,202,364</u>

Business-Type Activities	Balance at June 30, 2018	Increase	Decrease	Balance at June 30, 2019
1998 Electric Bonds Deferred Charges	\$ 542,318	\$ -	\$ (108,464)	\$ 433,854
2002 Electric Bonds Deferred Charges	878,986	-	(292,996)	585,990
2008 Electric Bonds Deferred Charges	1,015,977	-	(53,471)	962,506
2003 Water Bonds Deferred Charges	330,805	-	(66,160)	264,645
GASB68 Contribution Subsequent to Measurement Date	8,364,342	8,411,385	(8,364,342)	8,411,385
GASB68 Net Difference on Pension Plan Investments	2,432,470	147,650	(2,432,470)	147,650
GASB68 Change of Assumptions	12,959,017	8,655,009	(12,959,017)	8,655,009
GASB68 Difference in Experience	-	304,542	-	304,542
GASB75 Change of Assumptions	-	604,948	-	604,948
	<u>\$ 26,523,915</u>	<u>\$ 18,123,534</u>	<u>\$ (24,276,920)</u>	<u>\$ 20,370,529</u>

Deferred Inflows on the Government-Wide Statement of Net Assets consists of the following at June 30, 2019:

Governmental Activities	Balance at June 30, 2018	Increase	Decrease	Balance at June 30, 2019
Derivative Instruments	\$ 259,997	\$ -	\$ (259,997)	\$ -
Accumulated increase in fair value of interest rate	79,877	-	(79,877)	-
GASB68 Change of Assumptions	3,429,062	5,410,286	(3,429,062)	5,410,286
GASB68 Difference in Experience	22,884,591	14,572,075	(22,884,594)	14,572,072
GASB75 Change of Assumptions	634,833	-	(156,842)	477,991
GASB75 Differences between projected and actual earnings on OPEB plan investments	1,409	20,800	-	22,209
	<u>\$ 27,289,769</u>	<u>\$ 20,003,161</u>	<u>\$ (26,810,372)</u>	<u>\$ 20,482,558</u>

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(8) Deferred Inflows and Outflows (Continued)**

**Primary Government (Continued)**

<b>Business-Type Activities</b>	Balance at			Balance at
	June 30, 2018	Increase	Decrease	
GASB68 Change of Assumptions	\$ 3,124,247	\$ 3,538,070	\$ (3,124,247)	\$ 3,538,070
GASB68 Difference in Experience	2,523,659	787,408	(2,523,659)	787,408
GASB75 Change of Assumptions	155,657	-	(40,778)	114,879
GASB75 Differences between projected and actual earnings on OPEB plan investments	345	5,408	-	5,753
	<u>\$ 5,803,908</u>	<u>\$ 4,330,886</u>	<u>\$ (5,688,684)</u>	<u>\$ 4,446,110</u>

Deferred Inflows on the Governmental Funds consists of the following at June 30, 2019:

	General Fund	Project Management Capital Project	Non-Major Governmental	Total Governmental
Revenues not "available"	\$ 674,488	\$ 2,460,812	\$ 3,005,370	\$ 6,140,670
	<u>\$ 674,488</u>	<u>\$ 2,460,812</u>	<u>\$ 3,005,370</u>	<u>\$ 6,140,670</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: \$674,488 of park projects, \$2,460,812 of capital improvement projects, \$48,498 of Public Safety grants, \$1,229,870 of Health grants, \$204,266 of Transportation services, and \$1,522,736 of Housing grants.

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(9) Long-Term Debt and Other Liabilities**

**Primary Government**

Changes in long-term debt and other liabilities for the year ended June 30, 2019 are as follows:

<b>Governmental Activities:</b>	Balance at June 30, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year	More Than One Year
Notes payable						
Notes from Direct Borrowings (Rose Bowl)	\$ 502,803	\$ -	\$ (15,498)	\$ 487,305	\$ 15,824	\$ 471,481
Section 108	5,400,000	-	(300,000)	5,100,000	300,000	4,800,000
Total Notes Payable	<u>5,902,803</u>	<u>-</u>	<u>(315,498)</u>	<u>5,587,305</u>	<u>315,824</u>	<u>5,271,481</u>
Pension bonds:						
2015 Taxable Pension Obligation Bonds	119,460,000	-	-	119,460,000	710,000	118,750,000
Bond Premiums/(Discount)	(2,047,975)	-	76,087	(1,971,888)	-	(1,971,888)
Total Pension Bonds	<u>117,412,025</u>	<u>-</u>	<u>76,087</u>	<u>117,488,112</u>	<u>710,000</u>	<u>116,778,112</u>
Certificates of participation:						
2008 COP Series B Refunding 2004 A&B	3,179,159	-	(3,179,159)	-	-	-
2015 COP Series A Refunding 2008 COP	54,555,000	-	(1,810,000)	52,745,000	1,895,000	50,850,000
Bond Premiums/(Discount)	5,233,216	-	(342,296)	4,890,920	-	4,890,920
Total certificates of participation	<u>62,967,375</u>	<u>-</u>	<u>(5,331,455)</u>	<u>57,635,920</u>	<u>1,895,000</u>	<u>55,740,920</u>
Capitalized lease obligations	<u>1,844,179</u>	<u>-</u>	<u>(1,011,494)</u>	<u>832,685</u>	<u>344,707</u>	<u>487,978</u>
Total governmental activity long term obligations	<u>188,126,382</u>	<u>-</u>	<u>(6,582,360)</u>	<u>181,544,022</u>	<u>3,265,531</u>	<u>178,278,491</u>
Other:						
Compensated absences	10,978,104	10,107,215	(9,903,604)	11,181,715	9,903,604	1,278,111
Insurance claims payable	48,690,648	8,338,456	(11,586,630)	45,442,474	17,580,821	27,861,653
Total governmental activity long-term liabilities	<u>\$ 247,795,134</u>	<u>\$ 18,445,671</u>	<u>\$ (28,072,594)</u>	<u>\$ 238,168,211</u>	<u>\$ 30,749,956</u>	<u>\$ 207,418,255</u>

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

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

**Primary Government (Continued)**

<b>Business-Type Activities:</b>	Balance at June 30, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year	Due In More Than One Year
Note from Direct Borrowings	\$ 296,462	\$ -	\$ (195,238)	\$ 101,224	\$ 101,224	\$ -
Revenue bonds:						
2009 Electric Revenue Refunding Bonds	19,020,000	-	(3,135,000)	15,885,000	3,260,000	12,625,000
2010A Electric Revenue Refunding Bonds	14,435,000	-	(4,625,000)	9,810,000	4,810,000	5,000,000
2010A Water Revenue Bonds (Taxable Build America)	25,425,000	-	-	25,425,000	-	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	1,445,000	-	(705,000)	740,000	740,000	-
2011A Water Revenue Bonds (Refunding Bonds)	18,765,000	-	(2,490,000)	16,275,000	1,210,000	15,065,000
2012A Electric Revenue Refunding Bonds	5,490,000	-	(535,000)	4,955,000	550,000	4,405,000
2013A Electric Revenue Refunding Bonds	77,560,000	-	(1,575,000)	75,985,000	1,650,000	74,335,000
2016A Electric Revenue Refunding Bonds	116,960,000	-	(2,605,000)	114,355,000	2,735,000	111,620,000
2017A Water Revenue Refunding Bonds	14,120,000	-	(500,000)	13,620,000	525,000	13,095,000
Total Water and Power	<u>293,220,000</u>	<u>-</u>	<u>(16,170,000)</u>	<u>277,050,000</u>	<u>15,480,000</u>	<u>261,570,000</u>
2008 Paseo Colorado Taxable Revenue Bonds	23,400,000	-	(700,000)	22,700,000	700,000	22,000,000
Bond Premiums/(Discounts)	32,295,418	-	(1,749,651)	30,545,767	-	30,545,767
Total revenue bonds	<u>348,915,418</u>	<u>-</u>	<u>(18,619,651)</u>	<u>330,295,767</u>	<u>16,180,000</u>	<u>314,115,767</u>
Certificates of participation:						
2008 COP Series B Refunding 2004A&B	105,841	-	(105,841)	-	-	-
Total certificates of participation	<u>105,841</u>	<u>-</u>	<u>(105,841)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capitalized lease obligations	-	3,252,694	-	3,252,694	428,526	2,824,168
Total business-type activity long-term liabilities	<u>\$ 349,317,721</u>	<u>\$ 3,252,694</u>	<u>\$ (18,920,730)</u>	<u>\$ 333,649,685</u>	<u>\$ 16,709,750</u>	<u>\$ 316,939,935</u>

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt and other liabilities for the year ended June 30, 2019 are as follows:

Discretely Presented Component Units	Balance at June 30, 2018	Additions Including Accretion	Reductions	Balance at June 30, 2019	Due Within One Year	Due In More Than One Year
Certificates of participation:						
2006 COP (CONFERENCE CENTER PROJECT 2008 Refunding COP Series 2008A (Conference Center Project)	\$ 22,228,007	\$ 1,061,691	\$ (4,405,000)	\$ 18,884,698	\$ 4,815,000	\$ 14,069,698
	<u>134,720,000</u>	<u>-</u>	<u>-</u>	<u>134,720,000</u>	<u>-</u>	<u>134,720,000</u>
Total Certificates of Participation	<u>156,948,007</u>	<u>1,061,691</u>	<u>(4,405,000)</u>	<u>153,604,698</u>	<u>4,815,000</u>	<u>148,789,698</u>
Revenue Bonds:						
2010A Revenue Bonds-Tax Exempt	20,947,737	1,299,506	-	22,247,243	180,000	22,067,243
2010B Revenue Bonds-Taxable Build America Bonds	106,660,000	-	-	106,660,000	-	106,660,000
2010C Revenue Bonds-Taxable	2,440,000	-	(1,200,000)	1,240,000	1,240,000	-
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)	-	-	-
2013B Revenue Bonds-Refunding-Taxable Fixed Rate	13,525,000	-	(13,525,000)	-	-	-
2016A Revenue Bonds-Partial Refunding 2010A Bonds	21,865,000	-	-	21,865,000	-	21,865,000
Bond Premiums/(Discounts)	4,814,272	-	(550,202)	4,264,070	-	4,264,070
2018A Revenue Bonds-Refunding / Tax Exempt Fixed Rate	-	30,585,000	-	30,585,000	-	30,585,000
2018B Revenue Bonds-Taxable	-	12,515,000	(85,000)	12,430,000	1,370,000	11,060,000
2018AB Bond Premium/(Discount)	-	4,482,703	(104,021)	4,378,682	-	4,378,682
	<u>212,552,009</u>	<u>48,882,209</u>	<u>(50,364,223)</u>	<u>211,069,995</u>	<u>2,790,000</u>	<u>208,279,995</u>
Total Revenue Bonds (Rose Bowl Renovation)	<u>212,552,009</u>	<u>48,882,209</u>	<u>(50,364,223)</u>	<u>211,069,995</u>	<u>2,790,000</u>	<u>208,279,995</u>
Energy Conservation Loan	1,328,807	-	(271,733)	1,057,074	282,474	774,600
Conference Center Loan	159,283	-	(104,872)	54,411	54,411	-
Skating Rink Loan	489,489	-	(159,151)	330,338	163,130	167,208
Golf Equipment Finance	776,530	-	(51,769)	724,761	51,769	672,992
Compensated absences	327,760	212,386	(224,144)	316,002	202,608	113,394
Total discretely presented component units long- term liabilities	<u>\$ 372,581,885</u>	<u>\$ 50,156,286</u>	<u>\$ (55,580,892)</u>	<u>\$ 367,157,279</u>	<u>\$ 8,359,392</u>	<u>\$ 358,797,887</u>

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(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, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year	Due In More Than One Year
Tax allocation bonds:						
2006 Tax Allocation Refunding Bonds (Fair Oaks)	\$ 830,000	\$ -	\$ (195,000)	\$ 635,000	\$ 200,000	\$ 435,000
Total tax allocation bonds	830,000	-	(195,000)	635,000	200,000	435,000
Advances Payable-City	2,671,092	-	(2,671,092)	-	-	-
Total Successor Agency to PCDC long-term liabilities	<u>\$ 3,501,092</u>	<u>\$ -</u>	<u>\$ (2,866,092)</u>	<u>\$ 635,000</u>	<u>\$ 200,000</u>	<u>\$ 435,000</u>

**Governmental Activities:**

<u>Detail of Long-Term Debts</u>	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2019
<b>Governmental Activities:</b>						
Notes payable						
Notes Payable-RBOC	1/15/2013	a	\$ 575,642	2.10%	1/7/2043	\$ 487,305
Notes Payable-Section 108	10/29/2015	n	6,000,000	variable	8/1/2035	5,100,000
<b>Total Notes Payable</b>						<u>\$ 5,587,305</u>
Pension bonds:						
2015 Taxable Pension Obligation Bonds	5/5/2015	b	\$ 119,460,000	2.577% to 4.796%	5/1/2045	\$ 119,460,000
<b>Total Pension Bonds</b>						<u>\$ 119,460,000</u>
Certificates of Participation:						
2015 COP Series A Refunding 2008 COP	12/2/2015	o	\$ 55,350,000	3.0% to 5.0%	2/1/2038	\$ 52,745,000
<b>Total Certificates of Participation</b>						<u>\$ 52,745,000</u>
Capitalized Lease Obligations						
2001 Property Lease 965 N Fair Oaks	12/27/2000	c	\$ 4,000,000	variable	12/27/2020	\$ 95,569
2011 Equipment Lease-ARTS Buses	12/23/2011	d	2,072,805	3.560%	1/15/2022	701,772
2015 Equipment Lease-South Lake Parking Meter	9/23/2015	d	112,924	2.470%	9/23/2020	35,344
<b>Total Capitalized Lease Obligations</b>						<u>\$ 832,685</u>



# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Business-Type Activities:

	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2019
<b><u>Detail of Long-Term Debts</u></b>						
<b><u>Business-Type Activities:</u></b>						
Notes payable						
Notes Payable-Marriott Parking Garage	8/18/1999	e	2,600,000	4.950%	12/19/2019	\$ 101,224
Total Notes Payable						<u>\$ 101,224</u>
Revenue bonds:						
2008 Paseo Colorado Taxable Revenue Bonds	9/17/2008	i	28,800,000	variable	6/1/2038	\$ 22,700,000
2009 Electric Revenue/Refunding Bonds	11/24/2009	j	40,655,000	4.0% to 5.0%	8/1/2024	15,885,000
2010A Electric Revenue/Refunding Bonds	8/3/2010	l	36,320,000	2.0% to 4.0%	6/1/2021	9,810,000
2010A Water Revenue Bonds (Taxable Build America)	12/23/2010	g	25,425,000	6.0% to 7.3%	6/1/2040	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	12/23/2010	g	4,575,000	3.0% to 5.0%	6/1/2020	740,000
2011A Water Revenue/Refunding Bonds	12/20/2011	k	29,770,000	3.0% to 5.0%	6/1/2033	16,275,000
2012A Electric Revenue Refunding Bonds	10/4/2012	l	11,780,000	1.0% to 4.0%	6/1/2022	4,955,000
2013A Electric Revenue Refunding Bonds	12/3/2013	f, m	80,485,000	4.25% to 5.0%	6/1/2043	75,985,000
2016A Electric Revenue Refunding Bonds	11/7/2016	p	119,440,000	4.0% to 5.0%	6/1/2041	114,355,000
2017A Water Revenue Refunding Bonds	3/13/2017	q	15,395,000	5.00%	6/1/2036	13,620,000
Total Revenue Bonds						<u>\$ 299,750,000</u>
Capitalized Lease Obligations:						
2019 Equipment Lease-Parking System	4/1/2019	d	3,252,694	2.670%	4/1/2026	\$ 3,252,694
Total Capitalized Lease Obligations						<u>\$ 3,252,694</u>

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Business-Type Activities (Continued):

	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2019
<b><u>Detail of Long-Term Debts</u></b>						
<b><u>Discretely Presented Component Units</u></b>						
Certificates of Participation						
2006 COP (Conference Center Project)	8/23/2006	CC1	27,139,972	3.85% to 4.81%	2/1/2023	\$ 18,884,698
2008 Refunding COP, Series 2008A (Conference Center Project)	4/15/2008	CC2	134,720,000	variable	2/1/2035	134,720,000
Total Certificates of Participation (PCOC)						<b><u>\$ 153,604,698</u></b>
Revenue Bonds						
2010A Revenue Bonds-Tax Exempt	11/18/2010	RB1	25,220,000	4.0% to 5.0%	3/1/2021	\$ 1,835,000
2010A Revenue Bonds-Tax Exempt Capital Appreciation	11/18/2010	RB1	11,558,265	6.43% to 6.52%	3/1/2033	20,412,243
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	1,240,000
2010D Revenue Bonds-Taxable Recovery Zone Economic Development	11/18/2010	RB1	7,400,000	7.148%	3/1/2043	7,400,000
2016A Revenue Bonds-Partial Refunding 2010A Bonds	10/5/2016	RB3	21,865,000	5.000%	4/1/2027	21,865,000
2018A Revenue Bonds-(Refunding 2013A Tax Exempt)	12/6/2018	RB2	30,585,000	5.000%	12/1/2042	30,585,000
2018B Revenue Bonds-(Refunding 2013B Taxable)	12/6/2018	RB2	12,515,000	2.604% to 3.575%	12/1/2027	12,430,000
Total Revenue Bonds (RBOC)						<b><u>\$ 202,427,243</u></b>

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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, 2019</u>
<b><u>Fiduciary Funds</u></b>						
<b>Successor Agency to Pasadena Community Development Commission (PCDC):</b>						
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	\$ 635,000
Total tax allocation bonds						<u>\$ 635,000</u>

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

Purpose of Debt:

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a	Refund 2006 Revenue Bonds
b	Fire and Police Retirement
c	Land Acquisition
d	Equipment Purchases, assets purchased collateralizes debt
e	Marriott Parking Improvements
f	GT5 Improvements
g	Water System Capital Improvements
h	Modernization power warehouse
i	Refund 2000 Paseo Bonds
j	Refund partial 1998 Electric Bonds
k	Refund partial 2003 Water Bonds
l	Refund partial 2002/2003 Electric Bonds
m	Refund 2002 Electric Bonds and Capital Improvements to the Electric System
n	Section 108 Note for Robinson Park Improvements
o	Partially refund 2008 Certificates of Participation
p	Refund 2008 Electric Bonds, repay Line of Credit and Capital Improvements to the Electric Sys
q	Refund 2007 Water Bonds
CC1	Conference Center Improvements
CC2	Refund 2006B Certificates of Participation
RB1	Rose Bowl Stadium Renovation
RB2	Refund 2013 Rose Bowl Revenue Bonds
RB3	Partial refund 2010A Rose Bowl Revenue Bonds
T1	Fair Oaks Redevelopment Project & Public Improvement Program

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

### Year Ended June 30, 2019

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

The annual requirements to amortize as of June 30, 2019, are as follows:

##### Governmental Activities:

Year Ending June 30	Notes Payable		Pension Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 315,824	\$ 133,408	\$ 710,000	\$ 5,429,959	\$ 1,895,000	\$ 2,399,650
2021	316,156	149,329	890,000	5,411,662	1,995,000	2,304,900
2022	316,495	141,310	1,075,000	5,386,529	2,090,000	2,205,150
2023	316,842	133,288	1,340,000	5,353,483	2,195,000	2,100,650
2024	317,195	125,187	1,380,000	5,311,072	2,310,000	1,990,900
2025-2029	1,591,547	497,119	11,635,000	25,503,690	13,375,000	8,104,250
2030-2034	1,601,572	257,202	18,000,000	22,882,903	13,285,000	4,520,775
2035-2039	712,694	38,427	23,335,000	18,311,948	15,600,000	1,590,400
2040-2044	98,980	5,247	49,695,000	10,007,538	-	-
2045	-	-	11,400,000	541,500	-	-
<b>Total Payment</b>	<b>\$ 5,587,305</b>	<b>\$ 1,480,517</b>	<b>\$ 119,460,000</b>	<b>\$ 104,140,284</b>	<b>\$ 52,745,000</b>	<b>\$ 25,216,675</b>

Year Ending June 30	Capitalized Lease	
	Principal	Interest
2020	\$ 344,707	\$ 23,721
2021	245,753	15,032
2022	242,225	6,486
<b>Total Payment</b>	<b>\$ 832,685</b>	<b>\$ 45,239</b>

##### Business-Type Activities

Year Ending June 30	Notes Payable		Revenue Bonds		Capitalized Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 101,224	\$ 2,547	\$ 16,180,000	\$ 13,906,000	\$ 428,526	\$ 84,005
2021	-	-	16,930,000	13,188,415	440,044	72,487
2022	-	-	17,555,000	12,491,800	451,872	60,660
2023	-	-	11,010,000	11,685,710	464,017	48,514
2024	-	-	11,320,000	11,182,590	476,489	36,042
2025-2029	-	-	53,260,000	48,532,295	991,746	33,320
2030-2034	-	-	62,195,000	35,199,035	-	-
2035-2039	-	-	60,815,000	19,707,780	-	-
2040-2044	-	-	40,900,000	6,834,380	-	-
2045-2046	-	-	9,585,000	578,800	-	-
<b>Total Payment</b>	<b>\$ 101,224</b>	<b>\$ 2,547</b>	<b>\$ 299,750,000</b>	<b>\$ 173,306,805</b>	<b>\$ 3,252,694</b>	<b>\$ 335,028</b>

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

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

Fiduciary Funds

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2020	\$ 200,000	\$ 26,010
2021	210,000	16,118
2022	225,000	5,513
Total Payment	\$ 635,000	\$ 47,641

**2019 Equipment Lease-Parking System**

On April 1, 2019, the City entered into a Master Lease Purchase Agreement in the amount of \$3,252,694 with JP Morgan Chase Bank for the financing of Parking System with ALPR Equipment, which is then leased to the City of Pasadena. Lease payments will be budgeted in the Off-Street Parking Department. Principal and interest of \$256,266 are due semi-annually. The rate of interest is 2.67%. Principal installments range from \$212,842 to \$252,890 commencing October 1, 2019 and ending April 1, 2026.

**Disclosure Related to Long-Term Debt Under GASB 88**

The Government's outstanding notes from direct borrowings related to government activities of \$487,305 is payable to Rose Bowl Operating Company resulting from the refunding of revenue bonds activities in 2013 and does not have any special provision.

The City's outstanding Notes Payables-Section 108 relates to government activities are payable from the annual allocation of Community Development Block Grant Funds.

In regards to the 2015A Pension Obligation Bonds (POBs), the debt Service payments are secured by revenue received by the General Fund.

In case of a default, the following is the course of action:

*The Trustee will, by written notice to the City and the Paying Agent, declare immediately due and payable the principal and Accreted Value of the accrued interest on all Outstanding Bonds of such Series, whereupon the same become immediately due and payable with any further action or notice.*

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Disclosure Related to Long-Term Debt Under GASB 88 (Continued)

In regards to the 2015A Certificates of Participation, the City's outstanding bonds from public offerings related to government activities are payable from and secured by revenue received by the City. In case of the City's default, the following is the course of action:

*The Authority or its assignee, in addition to all other rights and remedies it may have at law, will have the option to do the following:*

- (1) To terminate the Sublease in the manner provided in the Sublease on account of default by the City, and to retake possession of the Lease Property. In the event of such termination, the City agrees to surrender immediately possession of the Lease Property, without let or hindrance, and to pay the Authority or its assignee all damages recoverable at law that the Authority or its assignee may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such retaking possession of the Lease Property. Neither notice to pay rent nor to deliver up possession of the Lease Property given pursuant to law nor any proceeding in unlawful detainer, or otherwise, brought by the Authority or its assignee for the purpose of obtaining possession of the Leased Property nor the appointment of a receiver upon initiative of the Authority or its assignee to protect the Authority's or its assignee's interest under the Sublease shall of itself operate to terminate the Sublease, and no termination of the Sublease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, unless and until the Authority or its assignee shall have given written notice to the City of the election on the part of the Authority or its assignee to terminate the Sublease.*
- (2) Without terminating the Sublease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision of the Sublease to be kept or performed by the City and/or (ii) to exercise any and all rights to retake possession of the Lease Property. In the event the corporation or its assignee does not elect to terminate the Sublease in the manner described in subparagraph (1) above, the City will remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the City and, to pay the rent to the end of the term of the Sublease or, in the event that the Lease Property is re-let, to pay any deficiency in the rent that results therefrom; and further agrees to pay said rent and/or the payment of rent under the Sublease (without acceleration), notwithstanding the fact that the Authority or its assignee may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in the Sublease and notwithstanding any retaking of possession of the Leased Property by the Authority of its assignee or suit in unlawful detainer, or otherwise, brought by the Authority or its assignee for the purpose of obtaining possession of the Leased Property. Should the Authority or its assignee elect to retake possession of the Lease Property as provided in the Sublease, the City irrevocably*

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Disclosure Related to Long-Term Debt Under GASB 88 (Continued)

*appoints the Authority or its assignee as the agent and attorney-in-fact of the City to re-let the Lease Property, or any items thereof, from time to time, either in the Authority's or its assignee's name or otherwise, upon such terms and conditions and for such use and period as the Authority or its assignee may deem advisable and the City indemnifies and agrees to save harmless the Authority or its assignee from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any retaking of possession of and re-letting of the Lease Property by the Authority or its assignee or its duly authorized agents in accordance with the provisions contained in the Sublease. The City agrees that the terms of the Sublease constitute full and sufficient notice of the right of the Authority or its assignee to re-let the Lease Property in the event of such reentry without effecting a surrender of the Sublease, and further agrees that no acts of the Authority or its assignee in effecting such re-letting with constitute a surrender of termination of the Sublease irrespective of the use or the terms for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that on the contrary, in the event of such default by the City the right to terminate the Sublease will vest in the Authority or its assignee to be effected in the sole and exclusive manner described in subparagraph (1) above. The City further waives the right to rental obtained by the Authority or its assignee in excess of the rental specified in the Sublease and conveys and release such excess to the Authority or its assignee as compensation to the Authority or its assignee for its services in re-letting the Lease Property or any items thereof. The City further agrees to pay the Authority or its assignee the cost of any alterations or repairs to the Lease Property or any items thereof necessary to place the Leased Property or any items thereof in conditions for re-letting immediately upon notice of the City of the completion and installation of such alterations or repairs.*

*The City waives any and all claims for damages caused or which may be caused by the Authority or its assignee in taking possession of the Leased Property as provided in the Sublease and all claims for the damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be on about the Leased Property.*

*The Authority expressly waives the right to receive any amount from the City pursuant to Section 1951.2(a)(3) of the California Civil Code.*

*In addition to any default resulting from breach by the City of any agreement, condition, covenant or term of the Sublease, if( 1) the City's interest in the Sublease or any part thereof be assigned, sublet or transferred without the written consent of the Authority (except as otherwise permitted by the Sublease), either voluntarily or by operation of law; or (2) the City or any assignee will file any petition or institute any proceeding under any act or acts, state of federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a*



# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Disclosure Related to Long-Term Debt Under GASB 88 (Continued)

*bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the City will make a general or any assignment for the benefit of its creditors; or (3) the City will abandon or vacate the Leased Property or any portion thereof (except as permitted by the Sublease); then in each and every such case the City will be deemed to be default under the Sublease.*

*Neither the City nor the Authority will be default in the performance of any of its obligations under the Sublease (except for the obligation to make Base Rental Payments pursuant to the Sublease) unless and until it will have failed to perform such obligation within 30 days after notice by the City or the Authority, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.*

The Government's outstanding notes from direct borrowing from City National Bank related to business-type activities of \$101,224 restrict the use of funds only to Parking funds and contain a provision that in an event of default, the entire unpaid principal and interest will become due and payable.

The City's outstanding Lease Revenue bonds from public offering related to business-type parking activities (Paseo Colorado Revenue Bonds, 2008 Series) are payable from and secured by revenue received by the City. In regards to the 2008 Paseo Colorado Revenue Bonds, the following is the remedy upon default:

*The Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:*

- (a) Terminate the Lease in the manner provided in the Lease on account of default by the City, notwithstanding any re-entry or re-letting of the Lease Premises and remove all persons in possession thereof and all personal property whosesoever situation upon the Leased Premises and place such personal property in storage in any warehouse or other suitable place in the County of Los Angeles, State of California, provided that the Leased Premises continue to be operated and maintained as a public off-street vehicular parking facility, subject to the provisions of the Development Agreements. In the event of such termination, the City agrees to surrender immediately possession of the Lease Premises, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or its duly authorized agents in accordance with the provisions contained in the Lease. Neither notice to pay rent or to deliver up possession of the Lease*

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Disclosure Related to Long-Term Debt Under GASB 88 (Continued)

*Premises given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Premises nor the appointment of a receiver upon initiative of the Authority to protect the Authority interest under the Lease, will of itself operate to terminate the Lease, and no termination of the Lease on account of default by the City will be or become effective by operation of law or acts of the parties to the Lease, or otherwise, unless and until the Authority gives written notice to the City and the Commission of the election on the part of the Authority to terminate the Lease. The City agrees that no surrender of the Lease Premises or of the remainder of the term of the Lease or any termination of the Lease will be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.*

- (b) *Without termination the Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision of the Lease to be kept or performed by the City or (ii) to exercise any and all rights of entry and re-entry upon the Leased Premises as provided. In the event the Authority does not elect to terminate the Lease in the manner provided for in the Lease, the City remains liable and agrees to keep or perform all covenants and conditions in the Lease contained to be kept or performed by the City and, if the Leased Premises are not re-let, to pay the full amount of the rent annually to the end of the term of the Lease or, in the event that the Leased Premises are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as provided in the Lease for the payment of rent under the Lease (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in the Lease and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Lease Premises. Should the Authority elect to re-enter as provided in the Lease, the City irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Premises, or any part thereof, from time to time, either in the Authority's name or otherwise, for use as public off-street vehicular parking facility upon such terms and conditions and for such period as the authority may deem advisable and, subject to the provisions of the Development Agreement, to remove all persons in possession thereof and all personal property whosoever situated in and upon the Leased Premises and to place such personal property in storage in any warehouse or other suitable place in the County of Los Angeles, State of California, for the account of and at the expense of the City, and the City exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Lease Premises and removal storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease; provided, however, that any*

## CITY OF PASADENA

### Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

**Disclosure Related to Long-Term Debt Under GASB 88 (Continued)**

*such re-entry upon and re-letting of the Leased Premises its subject to the provisions of the Development Agreements. The City agrees that the terms of the Lease constitute full and sufficient notice of the right of the Authority to re-let the Leased Premises as provided in the Lease in the event of such re-entry without effecting a surrender of the Lease, and further agrees that no acts of the Authority in effecting such re-letting will constitute a surrender or termination of the Lease irrespective of the use or the term for which such re-letting or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Lease will vest in the Authority to be effected in the sole and exclusive manner provided for in the Lease. The City further waives the right to any rental obtained by the Authority in excess of the rental specified in the Lease and conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Leased Premises or any part thereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Lease Premises or any part thereof necessary to place the Leased Premises or any part thereof in conditions for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.*

*The City waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Lease Premises as provided in the Lease and all claims for damages that may result from the destruction of or injury to the Leased Premises and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Lease Premises.*

*Each and all of the remedies given to the Authority under the Lease or by any law enacted are cumulative and the exercise of one right or remedy will not impair the right of the Authority to any or all other remedies, provided, however, that the Lease Premises continue to be operated and maintained as public off-street vehicular parking facility, subject to the provisions of the Development Agreement. The term "re-let" or "re-letting" as used in the Lease include, but not be limited to re-letting by means of the operation of the Leased Premises by the Authority. If any statute or rule of law validly limits the remedies given to the Authority under the Lease, the Authority nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law.*

*In the event the Authority prevails in any action brought to enforce any of the terms and provisions of the Lease, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority to enforce any of the remedies available to the Authority under the Lease, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.*

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

**Disclosure Related to Long-Term Debt Under GASB 88 (Continued)**

*(c) If (1) the City's interest in the Lease or any part thereof be assigned or transferred without the written consent of the Authority, wither voluntarily or by operation of law or otherwise, or if (2) any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency or similar law or any law providing for the appointment of a receiver, liquidator, trustee or similar official of the City or all or substantially all of its assets is instituted by or with the consent of the City, or it instituted with its consent and is not permanently stayed or dismissed within sixty days, or it the City offers to the City's' creditors to effect a composition or extension of time to pay the City's debts, or asks, seeks or prays for reorganization or to effect a plan of reorganization or for readjustment of the City's debts, or if the City makes a general assignment or any assignment for the benefit of the City's creditors, or if (3) the City will abandon or vacate any part of the Leased Premises, then the City will be deemed to be default under the Lease.*

In regards to, the City's outstanding bonds from public offerings related to business-type, activities (2010AB, 2011A and 2017A Water Revenue Bonds and 2009, 2010A, 2012A, 2013A and 2016A Electric Revenue Bonds) are payable from and secured by revenue received by the Utilities (Water and Power Funds).

In relations to the Electric Revenue Bonds course of action in case of the City's default, the following is the course of action:

*Upon the concurrence and continuation of and Event of Default the Bond Owners' Committee or, if there is none, the Owners of 25% in aggregate Bond Obligation of Bonds then Outstanding may, by written notice to the City, declare the entire unpaid principal of the Bonds due and payable and , thereupon the entire unpaid principal of the Bonds will forthwith become due and payable. Upon any such declaration the City will forthwith pay to the Owners of the Bonds the entire unpaid principal of, premium, pledged for such purpose. If at any time after such a declaration and before the entry of a final judgement or decree in any suit, action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedy under the Fiscal Agent Agreement, the principal of all Bonds that have matured or been called for redemption pursuant to any sinking fund provision and all arrears of interest have been paid and any other Events of Default which may have occurred have been remedied, then the Bonds Owners' Committee or, if there is none, the Owners of 25% in aggregate Bonds Obligation of Bond then*

*Outstanding may, by written notice of the City, rescind of annual such declaration and its consequences. No such rescission or annulment will extend to or affect any subsequent default or impair any right consequent thereon.*

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

#### Disclosure Related to Long-Term Debt Under GASB 88 (Continued)

In relations to the Water Revenue Bonds course of action in case of the City's default, the following is the course of action:

***Application of Pledged Revenues and Other Funds After Default; Acceleration.*** *If an Event of Default shall occur and be continuing, the City shall immediately transfer to the Trustee all Pledged Revenues held by it and received thereafter and the Trustee shall apply all Pledged Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (except as otherwise provided in the Indenture) as follows and in the following order:*

- (1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and Parity Debt, including the costs and expenses of the Trustee and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture;*
- (2) To the payment of the whole amount of Bond Obligation then due on the Bonds and Parity Debt (upon presentation of the Bonds and Parity Debt to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, with interest on such Bond Obligation at the rate or rates of interest borne by the respective Bonds and Parity Debt, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds and Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue Bond Obligation and Parity Debt at the rate borne by the respective Bonds and Parity Debt, and, if the amount available shall not be sufficient to pay in full all the Bonds and Parity Debt due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference; and*
- (3) To the extent not paid pursuant to clause (1) or (2) above, to any Credit Provider any amounts then due and owing.*

*In each and every such case during the continuance of such Event of Default, the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the City, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.*

## CITY OF PASADENA

### Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

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

**Disclosure Related to Long-Term Debt Under GASB 88 (Continued)**

*This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the City shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds at the time Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.*

In regards to the Discretely Presented Component Units as it relates to the Rose Bowl Lease Revenue Bonds series, 2010AB, 2016A, and 2018AB in case of default, the following is the course of action:

*(a) Upon the happening of any of the events & default, then it shall be lawful for the Authority or its assignee, subject to the terms of the Lease, with the consent of the Majority Holder, to (i) exercise any and all remedies available or granted to it under the Sublease or pursuant to law, to the extent not inconsistent with the remedies granted under the Sublease or (ii) by mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Sublease. Upon the breach of any agreement, condition, covenant or term contained in the Sublease required to be observed or performed by the City, the Authority or its assignee may not exercise any rights of entry upon or repossession of the Leased Property. In the event of such default, the Authority or its assignee must thereafter maintain the Sublease in full force and effect and may only recover rent and other monetary charges as they become due, all without terminating the City's right to possession of the Leased Property, regardless of whether or not the City has abandoned the Leased Property; THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE CITY UNDER THE SUBLEASE OR OTHERWISE. THE AUTHORITY SHALL HAVE NO RIGHT UPON AN EVENT OF DEFAULT UNDER THE SUBLEASE BY THE CITY TO ACCELERATE THE RENTAL PAYMENTS. TERMINATE THE SUBLEASE OR RE-ENER THE LEASED PROPERTY.*

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(10) Derivative Instruments**

*Primary Government*

*Governmental activities*

Objective of the swaps: The City of Pasadena 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, 2019, along with the credit rating of the associated counterparty.

On November 14, 2018, the City terminated the interest rate Swap with Deutsche Bank for \$739,500, which 20% was apply to the City’s portion of Swap in amount of \$147,900.

Cash Flow Hedge	Objective	Notational Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$3,340,000	2/23/2006	Terminated	Pays 3.285%; receive 65% of LIBOR index	A3/AA

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 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.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

**Year Ended June 30, 2019**

**(10) Derivative Instruments, (Continued)**

*Primary Government, (Continued)*

*Governmental activities, (Continued)*

On January 15, 2013, a portion of the restructured 2006 Bonds were refunded by the City's Lease Revenue Bonds (Rose Bowl), Series 2013A (the 2013A Bonds). As a result, pursuant to GASB Statement No. 53, a portion of the hedging relationship established in 2011 terminated and the value of that portion of the 2011 On-Market Swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2013 On-Market Swap) and the 2013A Bonds.

On May 1, 2018, the remaining portion of the restructured 2006 Bonds were paid off. As a result, pursuant to GASB Statement No. 53, the remaining portion of the hedging relationship established in 2011 was terminated and the value of the remaining portion of the 2011 On-Market Swap was re-characterized as a deferred amount and a new hedging relationship was established between the remaining on-market swap (the 2018 On-Market Swap) and the 2013A Bonds.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2019, 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, 2019		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred outflow	\$ 79,877	Asset	\$ -	\$ -

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



# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

**Year Ended June 30, 2019**

**(10) Derivative Instruments, (Continued)**

*Primary Government, (Continued)*

*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, 2019 and the changes in fair value of the derivative instrument for the year then ended are as follows:

On November 14, 2018, the City terminated the interest rate Swap with Deutsche Bank for \$739,500, which 80% was apply to the Rose Bowl Operating Company portion of Swap in amount of \$591,600.

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2019		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred inflow	\$ 319,506	Asset	\$ -	\$ -

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

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

**Year Ended June 30, 2019**

**(10) Derivative Instruments, (Continued)**

*Discretely Presented Component Units, (Continued)*

**Rose Bowl Operating Company (RBOC), (Continued)**

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of RBOC's hedging derivative instrument outstanding at June 30, 2019, along with the credit rating of the associated counterparty.

Cash Flow Hedge	Objective	Notational Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$ 13,360,000	2/23/2006	Terminated	Pays 3.285%; receive 65% of LIBOR index	Baa2/A

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, 2019, the balance was \$0.

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.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(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 98.7% 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, 2018, along with the credit rating of the associated counterparty:

Cash Flow Hedge	Objective	Notational 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	4/1/2011	2/1/2034	Pays 3.536%; receive 64% of LIBOR index	Aa2/AA-

Note in 2011, due to its declining credit ratings, DEPFA was replaced by RBC as the counterparty for the swap. Pursuant to GASB 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 Certificates of Participation (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, 2019

(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 \$8,935,612.84. As of the year ended June 30, 2019, the balance was \$5,448,336.

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
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, 2019

**(10) Derivative Instruments, (Continued)**

*Discretely Presented Component Units, (Continued)*

**Pasadena Center Operating Company (PCOC), (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, 2019:

Measurements by fair value level		Level		
		1	2	3
Derivative instrument liability	\$ 23,223,868	\$ -	\$ 23,223,868	\$ -

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2019, 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, 2019		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Outflow	\$ 7,450,612	Liability	\$ 23,223,868	\$ 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 position from PCOC's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2019 and therefore PCOC had no credit risk exposure.

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

**CITY OF PASADENA**  
**Notes to the Basic Financial Statements, (Continued)**  
**Year Ended June 30, 2019**

**(10) Derivative Instruments, (Continued)**

*Discretely Presented Component Units, (Continued)*

**Pasadena Center Operating Company (PCOC), (Continued)**

*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, 2019, the weighted-average interest rate on the PCOC's hedged variable-rate debt is 2.48588%, while 64 percent of LIBOR is 1.59096%.

*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, 2019, the maximum exposure/loss would have been \$30,041,421.

*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, 2019

**(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, 2019, are as follows:

Fund Balances	General Fund	Project Management Capital Project	General Debt Service	Housing Successor	Non-Major Governmental Funds
Nonspendable:					
Prepaid and Other Assets	\$ 117,758	\$ -	\$ -	\$ -	\$ 44,166
Advances to Other Funds	1,087,067	-	-	-	-
Advances to Component Units	384,748	-	-	-	-
Permanent Fund Principal	-	-	-	-	1,434,131
Property Held for Resale	-	-	-	-	-
Total Nonspendable	<u>1,589,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,478,297</u>
Restricted for:					
Air Quality Improvement	-	-	-	-	228,602
Notes Receivable	-	-	-	21,009,349	51,574,231
Allowance for Uncollectible Long-Term	-	-	-	(21,009,349)	(51,574,231)
City Charter/Capital Projects	-	723,775	-	-	1,984,084
Debt Service	-	-	3,336,841	-	8,594,812
Donated Funds	-	-	-	-	2,258,741
Housing and Community Development					
Housing Funds	-	-	-	-	5,898,234
CDBG	-	-	-	-	-
Inclusionary Housing Trust	-	-	-	-	9,504,735
Rental Assistance Programs	-	-	-	-	1,878,173
Other Purpose	-	-	-	5,987,510	558,498
Public Safety					
Asset Forfeiture	-	-	-	-	1,534,536
Public Safety Augmentation	-	-	-	-	1,211,794
Section 108 HUD Loan Security for					
Robinson Park Rehab	400,000	-	-	-	-
Secion 115 Trust	11,230,935	-	-	-	-
Transportation	-	-	-	-	23,424,201
Total Restricted	<u>\$ 11,630,935</u>	<u>\$ 723,775</u>	<u>\$ 3,336,841</u>	<u>\$ 5,987,510</u>	<u>\$ 57,526,918</u>

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

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

Fund balances, Governmental Funds (Continued)

Fund Balances, continued	General Fund	Project Management Capital Project	General Debt Service	Housing Successor	Non-Major Governmental Funds
Total from previous page	\$ 13,220,508	\$ 723,775	\$ 3,336,841	\$ 5,987,510	\$ 59,005,215
Committed to:					
Building Plan Check and Permit Services	-	-	-	-	11,718,814
Building Services - General Plan Maintenance					
Fee and Technology Fee	-	-	-	-	4,757,641
Capital Projects	-	-	-	-	29,857,462
Emergency Contingency	38,081,100	-	-	-	-
Operating Reserve	12,693,700	-	-	-	-
Libraries	-	-	-	-	7,081,512
Pasadena Center Capital Improvement Trust	-	-	-	-	60,749
Parking	-	-	-	-	4,069,132
Sewer Construction and Maintenance	-	-	-	-	10,491,420
Underground Utilities	-	-	-	-	52,964,551
Total Committed	<u>50,774,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,001,281</u>
Assigned to:					
General Government	9,688,438	-	-	-	-
Health	3,486,052	-	-	-	-
Public Safety	48,398	-	-	-	-
Transportation	144,884	-	-	-	-
Capital Projects	1,731,262	-	-	-	-
Total Assigned	<u>15,099,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:	19,605,899	-	-	-	(3,574,156)
Total Fund Balance	<u>\$ 98,700,241</u>	<u>\$ 723,775</u>	<u>\$ 3,336,841</u>	<u>\$ 5,987,510</u>	<u>\$ 176,432,340</u>

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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, 2019 are as follows:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	Aggregate Component Units
Net Investment in Capital Assets	\$ 448,253,628	\$ 434,358,345	\$ 882,611,973	\$ (11,150,660)
Restricted:				
Expendable:				
Public Safety	3,196,838	-	3,196,838	-
Cultural and Leisure	-	-	-	-
Capital Projects	2,707,859	-	2,707,859	2,986,026
Community Development	17,303,643	-	17,303,643	-
Contributions	-	18,858,763	18,858,763	-
Air quality improvement	228,602	-	228,602	-
Donated funds	2,258,741	-	2,258,741	-
Debt Service	11,931,653	29,507,377	41,439,030	-
Stranded Investments (notes 12 and 19)	-	89,251,747	89,251,747	-
Transportation	23,424,201	-	23,424,201	-
Trust and loans	11,630,935	-	11,630,935	-
Other Purposes	6,546,008	5,187,779	11,733,787	-
Unrestricted:	(352,141,292)	230,707,107	(121,434,185)	19,173,646
Total Net Position	\$ 175,340,816	\$ 807,871,118	\$ 983,211,934	\$ 11,009,012

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

**Year Ended June 30, 2019**

**(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 Reserve, including investment earnings, were recorded as income during the year collected or realized.

In November 2006, the City Council approved the Stranded Investment Reserve 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 Intermountain Power Agency (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, 2019, the Stranded Investment Reserve balance was \$89.3 million. The details of the additions and subtractions, in the Reserve, that occurred during FY 2019 are shown below:

Restricted Cash and Investment

Beginning balance	\$	69,216,320
Interest earnings		1,404,584
Market gain (loss)		2,290,188
Transfer of SIS reserve		<u>(7,000,000)</u>
Restricted cash and investment ending balance	\$	<u>65,911,092</u>

IPA Subordinated Notes

	Balance at June 30, 2018	Reduction	Balance at June 30, 2019
Notes Receivable	\$ 24,997,500	\$ (4,353,333)	\$ 20,644,167
Premium	<u>3,370,610</u>	<u>(674,122)</u>	<u>2,696,488</u>
Total IPA Subordinated Notes	<u>\$ 28,368,110</u>	<u>\$ (5,027,455)</u>	<u>\$ 23,340,655</u>
 Total Restricted Cash and IPA Subordinated Notes			 <u>\$ 89,251,747</u>

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(13) Accumulated Fund Deficits**

The following funds reported accumulated deficits in their respective fund balances/net position at June 30, 2019:

	<b>Due to Operations</b>	<b>Due to GASB 68 Implementation</b>	<b>Due to GASB 75 Implementation</b>	<b>Total Accumulated Deficit</b>
<b>Governmental Activities:</b>				
Special Revenue Funds:				
Health	\$ (3,552,491)	\$ -	\$ -	\$ (3,552,491)
Internal Service Funds:				
Computing and Communications Service	8,848,677	(13,517,611)	(2,356,548)	(7,025,482)
Benefits	(9,661,177)	(63,740,044)	(213,388)	(73,614,609)
Workers Compensation	(27,472,883)	(7,530,800)	(252,735)	(35,256,418)
General Liability	(5,195,326)	(391,783)	(39,347)	(5,626,456)
Printing Services	(3,790,009)	(884,131)	(216,630)	(4,890,770)
311 Call Center	361,093	(546,967)	(216,630)	(402,504)

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

**Health**

The Health Fund was established to account for all grants received for the provision of health services which are restricted by grant award agreements and state health realignment funding requirements. The Pasadena Public Health Department remains committed to offering programs necessary for positive public health outcomes while maintaining systems and controls needed for a financially sustainable operation. In FY 2019, the department ended the year with a significant shortfall largely attributable to delayed state reimbursements, program performance challenges, and lower than expected health realignment funding. To address any continued fiscal challenges, the Department: is working with the State of California to expedite the processing of grant reimbursement requests; has implemented financial performance and contract compliance tools with the goal of improving program performance; and is closely monitoring health realignment revenue payments to more accurately evaluate potential funding adjustments. Going forward, the Department will resolve projected imbalances by way of operational changes to facilitate a reduction in the outstanding negative fund balance according to the plan approved by City Council in June 2017.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (13) Accumulated Fund Deficits, (Continued)

#### Benefits Fund

The Benefits Fund was established to account for employee compensated absences, retirement, and health benefits. A large deficit is likely to be shown in this fund at the end of each fiscal year, as the largest component represents a portion of the unfunded pension liability and a second largest portion of the deficit reflects the total liability from 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 or reduce it. The overall FY 2019 fund balance deficit increased by \$6.3 million. This is primarily attributable to revenue of \$32.3 million exceeded by expenses of \$38.6 million. The expense increases are attributable to increased pension contributions, benefits, and compensation. To better manage the short-term costs and long-term liabilities associated with pensions and OPEB, the City set aside \$10.5 million into a Section 115 pension trust and \$2 million into a Section 115 OPEB trust in FY 2018.

#### Workers' Compensation

The City has established a Workers' Compensation Fund to provide benefits for 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 working to correct the situation through a combination of injury prevention programs, training programs, reduction of claim severity and claim frequency, return-to-work procedures, medical management and minimizing delays in all aspects of claims handling. An increase in rates charged to the Departments remains a 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. In FY 2019, there was a deficit primarily attributable to lower rates charged to Departments. Management reviewed the deficit and is implementing appropriate recovery measures to gradually reduce the deficit.

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (13) Accumulated Fund Deficits, (Continued)

#### Printing Services

The Printing Fund was established to account for printing services provided to various departments by the Printing Services Section of the department of Finance. As Printing Services revenues are entirely dependent on the annual printing and design demands of the organization as a whole, annual revenue will fluctuate based on these requirements. In FY 2018, some departments transferred design responsibilities to internal staff, which had a detrimental effect on Printing Services ability to generate revenue in its graphic design section. FY 2019 showed a 9% increase of expenditure in outsourced printing and duplicating. Since outsourced jobs generate less revenue than in-house printed jobs, a greater number of high volume projects will generate a smaller amount of revenue. While revenue showed a decline of 2.5% from FY 2018 to FY 2019, this dollar amount is well within expected tolerances year-to-year. Actual costs of operation (revenues over expenses) varied 57% between FY 2018 and FY 2019 versus only 2.6% between FY 2017 and FY 2018, but this was due primarily to negative changes in investment earnings, increases in personnel costs and increases in internal service charges. Printing Service will continue to promote their services throughout the city through email, word of mouth and seasonal promotions.

#### 311 Call Center

The City has established the 311 Call Center fund to account for the operations of the City's central call center. In FY 2019, there was a deficit primarily attributable to the implementation of GASB 68 and 75. Management reviewed the deficit and will revisit revenue sources to ensure they fully fund expenses related to these services.

#### GASB Implementation

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

In FY 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As part of the implementation, the City has recorded certain deferred inflows/outflows and obligations, related to other postemployment benefits 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, 2019**

**(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.

Total pledge revenue reported for Successor Agency to Pasadena Community Development Commission (SA PCDC) is the net property tax revenue received to pay for all approved expenses (not exclusive to debt service) on the Recognized Obligation Payment Schedule (ROPS). Of the total \$2,377,339 reported, \$2,234,534 was received and recorded in June 2018, per Department of Finance guidelines, 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>
<b><i>Primary Government</i></b>			
Light and Power Revenues	\$ 75,346	\$ 23,253	31%
Water Revenues	16,922	6,982	41%
<b><i>Fiduciary Funds</i></b>			
Tax Increment (SA PCDC)	\$ 2,377 (a)	\$ 2,902	122%

Note:

(a) \$2,234,534 of \$2,377,339 of pledge revenue was received and recorded in June 2018 to be spent during the period of July 2018 - December 2018.

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(15) Transfers**

**Primary Government**

The following is a summary of transfers in and out for the year ended June 30, 2019:

Transfers Out	Transfers In									Total
	General Fund	Project Management Fund	General Debt Service Fund	Housing Successor	Non-Major Governmental Funds	Light and Power Fund	Off Street Parking	Non-Major Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 4,353,891	\$ 5,871,421 A	\$ 534,219	\$ 19,862,654 B	\$ -	\$ -	\$ -	\$ 391,846	\$ 31,014,031
Project Management Fund	-	-	-	-	-	-	-	196,927	40,464	237,391
Non-Major Governmental	148,060	16,732,379 C	309,838	-	6,863,965	4,194,083	2,500,000	-	-	30,748,325
Light and Power Fund	17,608,813 D	-	-	-	-	-	-	-	-	17,608,813
Water Fund	1,894,138	-	-	-	-	-	-	-	-	1,894,138
Off Street Parking Fund	35,000	795,087	-	-	-	-	-	-	-	830,087
Non-Major Enterprise Funds	198,240	7,140	-	-	-	-	-	-	329,000	534,380
Internal Service Funds	106,341	1,604,851	-	-	-	-	-	-	618,000	2,329,192
<b>Total</b>	<b>\$ 19,990,592</b>	<b>\$ 23,493,348</b>	<b>\$ 6,181,259</b>	<b>\$ 534,219</b>	<b>\$ 26,726,619</b>	<b>\$ 4,194,083</b>	<b>\$ 2,500,000</b>	<b>\$ 196,927</b>	<b>\$ 1,379,310</b>	<b>\$ 85,196,357</b>

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

- \$5,429,959 to pay interest for the 2015 Taxable Pension Obligation Bonds
- \$441,462 for other debt service payments

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(15) Transfers (Continued)**

**Primary Government**

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

- \$7,038,853 to pay for various debt service obligations, including 2008B, 2008C and 2015A Refunding COPs
- \$11,532,175 to support the Library Services Fund.
- \$1,291,626 to Health, Housing and Community Development and various Transportation and Parking funds to support their operations.

(C) Transfers in the amount of \$16,732,379 from the Non-Major Governmental Funds to the Project Management Fund were for various capital improvement projects.

(D) Light and Power contributed \$17,608,813 to the General Fund for the payment of interest and principal on City bonds, municipal improvements and other purposes.

**Fiduciary Funds**

The following is a summary of transfers in and out for the year ended June 30, 2019:

Transfers In	Transfers Out Redevelopment Obligation Retirement Fund	Total
Successor Agency Administration	\$ 241,059	\$ 241,059
Successor Agency Debt Service	5,718,108	5,718,108
Total	\$ 5,959,167	\$ 5,959,167

The Redevelopment Obligation Retirement Fund transferred \$5,718,108 to the Successor Agency Debt Service Funds (SADSF) and \$241,059 to the Successor Agency Administration Fund.



## CITY OF PASADENA

### Notes to the Basic Financial Statements, (Continued)

#### Year Ended June 30, 2019

##### (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, 2018 to June 30, 2019 excess liability insurance was purchased with limits of \$25 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 initially purchased in FY 2016 and renewed for FY 2018 and FY 2019. Worker's Compensation claims for all City workers, including Public Safety, Fire and Police, are administered by a Third Party Administrator, AdminSure. The City maintains a few self-administered claims (with dates of Injury 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 during the past three to four fiscal years that is expected to exceed \$5,000,000 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 FY 2019, the City paid approximately \$1,626,665 in loss payments. The overall total incurred is \$3,338,447. Liability against a public entity is mitigated by existing laws/statutes/codes, which provide certain immunities. The City currently has approximately 10 active litigation cases, each with reserves estimated in excess of \$2 million.

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

## CITY OF PASADENA

### Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(16) Self-Insurance (Continued)**

Heliport and Aircraft coverage provides protection to the City for liability arising out of its public safety/police helicopter operations and for the City's leadership role on the LA Impact Team. The policy carries a per occurrence limit of \$50,000,000 for Aircraft Hull and Liability, with an aggregate of \$50,000,000. Coverages include hull physical damage for the scheduled aircraft, damage done by the City's aircraft to someone else's hangar, and emergency landing. The policy also covers liability resulting from an error by pilot. In addition, the policy provides coverage for Airport Liability with a \$50,000,000 per occurrence limit. This coverage complies with the City's contract with Burbank airport. The annual premium is apportioned between the City and LA Impact since the policy carries hull coverage for LA Impact aircraft.

The City renewed Property Insurance on all its buildings, including Equipment Breakdown, with a combined total scheduled insured value of \$976 million. The policy includes coverage for fine arts, valuable papers, business personal property, business income and extended business income or rental value. Policy limits are \$250,000,000 with a deductible of \$25,000 for Earthquake Sprinkler Leakage, \$100,000 for Flood, and \$25,000 for any other covered loss. Exclusions include earthquake, collapse of buildings and nuclear hazard. There have been no new claims during FY 2019.

The City's Property: Power Plant Boiler and Machinery policy, with total insured value of \$333,115,247. The program provides property and equipment breakdown coverage for City's power plant facilities and machinery. The policy affords coverage for risks of loss or damage, including boiler explosion and machinery breakdown. Policy limits are \$130,000,000 with deductibles of \$750,000 per occurrence for all other property damage and \$1,500,000 per occurrence for machinery breakdown of GT1, GT3, and GT5. The City has received no new claims under this policy for FY 2019.

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); and Crime policies.

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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.

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 and under the excess general liability policies. RBOC carries statutory workers’ compensation insurance with no retention. Brookside Golf Course is also managed through RBOC. 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.

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, 2019, liability claims payable amounted to \$11,416,718 of which \$3,554,090 is estimated to be paid within one year. Workers’ Compensation claims payable amounted to \$34,025,756, of which \$14,026,731 is estimated to be paid within one year.

	<b>Beginning Liability</b>		<b>Fiscal Year in Estimates</b>		<b>Claim Payments</b>	<b>Fiscal Year Liability</b>
2017-18	\$ 49,717,314	\$	12,793,847	\$	13,820,513	\$ 48,690,648
2018-19	48,690,648		8,338,456		11,586,630	45,442,474

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (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, the Director of Finance or his designee, 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>2019</u>	<u>2018</u>
Assets, beginning of year (market value)	\$ 290,919,655	\$ 267,174,499
Deferrals of compensation	15,822,757	15,313,459
Earnings and adjustments to market value	14,500,564	22,734,719
Payments to eligible employees	(19,517,759)	(14,036,143)
Plan fees	(206,077)	(266,879)
Assets, end of year (market value)	<u>\$ 301,519,140</u>	<u>\$ 290,919,655</u>

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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.

**Summary of Pension Plans**

	<b>Net Pension Liability</b>	<b>Deferred outflows related to pension liability</b>	<b>Deferred inflows related to pension liability</b>
Pasadena Fire and Police Retirement	\$ 26,782,000	\$ 915,000	\$ -
CalPERS - Safety Plan	170,932,115	43,656,028	10,723,768
CalPERS - Miscellaneous Plan	299,397,576	56,238,893	13,584,068
<b>Total Plans</b>	<b>\$ 497,111,691</b>	<b>\$ 100,809,921</b>	<b>\$ 24,307,836</b>

**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, 3<sup>rd</sup> Floor, Pasadena, California 91109.

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

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(18) Pension Plans (Continued)**

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.

Cash and investments	
Unrestricted Pooled Cash	\$ 212,137
Restricted Pooled Cash	1,250,000
Cash Held by Trustee	<u>3,577,105</u>
Total cash and cash equivalents	5,039,242
Investments held by Trustee	<u>109,965,577</u>
Total cash and investments	<u>\$ 115,004,819</u>

Please see the FPRS annual report for additional cash and investment details.

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 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 FY 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

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

### Year Ended June 30, 2019

**(18) Pension Plans (Continued)**

**Pasadena Fire and Police Retirement System (Continued)**

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, 2019, the actuarial value of assets (AVA) funded percentage of the System, calculated in accordance with Agreement No. 20,823 and Agreement No. 16,900, was 76.1%. As provided by Contribution Agreement No. 16,900, if the AVA funded percentage is below the minimum funding percentage of 79.5% for FY 2019, the City will reimburse the System in the following fiscal year subject to certain reimbursement limits. Based on the June 30, 2019 actuarial valuation, the funding deficiency was \$4,952,000, or 3.4%, below the funding requirement of 79.5% as of June 30, 2019. Total required supplemental payment is \$3,390,000 for the FY 2020.

**Net Pension Liability**

At June 30, 2019, the Net Pension Liability of FPRS was as follows:

<b>Net Pension Liability</b>	<b>6/30/2019</b>
Discount Rate	5.75%
Beginning Total Pension Liability	\$ (141,737,000)
Interest	(7,781,000)
Benefit Payments	12,824,000
Expected versus Actual Experience	(1,862,000)
Ending Total Pension Liability (TPL)	\$ (138,556,000)
Beginning Fiduciary Net Position (FNP)	\$ (118,932,000)
Net Investment Income	(5,923,000)
Benefit Payments	12,824,000
Administrative Expenses	257,000
Ending Fiduciary Net Position (FNP)	(111,774,000)
Net Pension Liability (NPL)	\$ (26,782,000)
FNP as a Percentage of TPL	80.67%

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

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

### Year Ended June 30, 2019

**(18) Pension Plans (Continued)**

**Pasadena Fire and Police Retirement System (Continued)**

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 15, 2019, 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, 2019. The TPL was determined by the actuarial valuation performed as of June 30, 2019, using the following actuarial assumptions:

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

Actuarial Assumptions		
Discount Rate	5.75%*	
Inflation	2.75%	
Salary Increases	No active employees	
Mortality	CalPERS 1997-2015 Experience Study, MP-2017	
Geometric Real Rate of Return	Based on the CalPERS 2017 10-year Expected Geometric Rate of Return	
	Large Cap US Equity	4.36%
	Small Cap US Equity	5.18%
	Foreign Equity	4.60%
	Core Fixed Income	1.47%
	TIPS	1.29%
	Short-Term Gov't-Grade Bonds	1.26%
	Senior Bank Loans	3.10%
	Hedge Funds	2.79%
	Core Real Estate	3.04%

\* Discount Rate reflects assumed investment expense of 40bp.

Inactive employees or beneficiaries currently receiving benefits	204	
Inactive employees entitled to but not yet receiving benefits	-	
Active employees	-	
<b>Total</b>	<b>204</b>	<b>204</b>

**Discount Rate**

The discount rate of 5.75% to measure the June 30, 2019 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



# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(18) Pension Plans (Continued)**

**Pasadena Fire and Police Retirement System (Continued)**

return determined by this analysis plus the inflation assumption of 2.75% 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 5.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Discount Rate, (Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Large Cap US Equity	16.00%
Small Cap US Equity	4.00%
Foreign Equity	20.00%
Core Fixed Income	25.00%
TIPS	5.00%
Short-Term Gov't-Grade Bonds	10.00%
Senior Bank Loans	5.00%
Hedge Funds	5.00%
Real Estate	10.00%
Total	100.00%

Changes in Pension Liability

	<u>Increase (Decrease)</u>		
	<u>A</u>	<u>B</u>	<u>C = B - A</u>
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/18	\$ 141,737,000	\$ 118,932,000	\$ (22,805,000)
Changes Recognized for the Measurement Period:			
Service Cost	-	-	-
Liability	7,781,000	-	(7,781,000)
Differences between Expected and Actual Experience	1,862,000	-	(1,862,000)
Contribution from Employers	-	-	-
Contribution from Employees	-	-	-
Net Investment Income	-	5,923,000	5,923,000
Benefit Payments	(12,824,000)	(12,824,000)	-
Administrative Expense	-	(257,000)	(257,000)
Change of Assumptions	-	-	-
Net Change during 2018-19	(3,181,000)	(7,158,000)	(3,977,000)
Balance at 6/30/19	\$ 138,556,000	\$ 111,774,000	\$ (26,782,000)

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(18) Pension Plans (Continued)**

**Pasadena Fire and Police Retirement System (Continued)**

Pension Expense

	<b>Pension Expense/(Income)</b>
Service Cost	\$ -
Interest on Total Pension Liability	7,781,000
Projected Earnings on Pension Plan Investments	(6,470,000)
Recognized Differences between Projected and Actual Earnings	1,660,000
Recognized Differences between Expected and Actual Experience	1,862,000
Changes of Assumptions	-
Administrative Expenses	257,000
<b>Total</b>	<b>\$ 5,090,000</b>

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 5.75% to 4.75%, revealed an increase in the NPL by \$12,074,000 to a total NPL of \$38,856,000. Conversely, increasing the discount rate by 1%, from 5.75% to 6.75% revealed a corresponding decrease in the NPL of \$10,431,000 to total NPL of \$16,351,000 as of June 30, 2019.

<b>FPRS</b>				
	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)	
Total Pension Liability	\$ 150,630,000	\$ 138,556,000	\$ 128,125,000	
Fiduciary Net Position	111,774,000	111,774,000	111,774,000	
Net Pension Liability	38,856,000	26,782,000	16,351,000	
NPL Funded Percentage	74.2%	80.7%	87.2%	

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(18) Pension Plans (Continued)**

**Pasadena Fire and Police Retirement System (Continued)**

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

	<b>FPRS</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred of Resources</b>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 915,000	\$ -	\$ 915,000
<b>Total</b>	<b>\$ 915,000</b>	<b>\$ -</b>	<b>\$ 915,000</b>

<b>FPRS</b>	
<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 1,101,000
2021	(623,000)
2022	326,000
2023	111,000
2024	-

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(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 and Safety Plan (Plans), agent multiple-employer defined benefit pension plans 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 Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans 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, 2018, are summarized as follows:

<u>Miscellaneous</u>		<u>Safety</u>	
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	7.748%	Required employee contribution rates	9.239%
Required employer contribution rates	27.030%	Required employer contribution rates	41.985%

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(18) Pension Plans (Continued)**

**CalPERS Miscellaneous and Safety Plans (Continued)**

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms of the plan:

	<b>Miscellaneous</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	1,706	362
Inactive employees entitled to but not yet receiving benefits	1,035	131
Active employees	1,409	364
<b>Total</b>	<b>4,150</b>	<b>857</b>

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2017 actuarial valuations were determined using the following actuarial assumptions:

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(18) Pension Plans (Continued)**

**CalPERS Miscellaneous and Safety Plans (Continued)**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Assumptions

Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership Data for all Funds

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale. For more details on this table, please refer to the 2017 experience study

Change of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 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 7.15 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, 2019

**(18) Pension Plans (Continued)**

**CalPERS Miscellaneous and Safety Plans (Continued)**

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

<u>Asset Class</u> <sup>(1)</sup>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u> <sup>(2)</sup>	<u>Real Return Years 11+</u> <sup>(3)</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)

<sup>(1)</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>(2)</sup> An expected inflation of 2.00% used for this period

<sup>(3)</sup> An expected inflation of 2.92% used for this period

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(18) Pension Plans (Continued)**

**CalPERS Miscellaneous and Safety Plans (Continued)**

Changes in the Net Pension Liability (Continued)

**Miscellaneous**

	Increase (Decrease)		
	A	B	C = B - A
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/17	\$ 1,095,031,469	\$ 782,003,191	\$ (313,028,278)
Changes Recognized for the Measurement Period:			
Service Cost	19,070,473	-	(19,070,473)
Interest on the Total Pension Liability	76,248,959	-	(76,248,959)
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(3,022,702)	-	3,022,702
Changes of Assumption	(7,442,869)	-	7,442,869
Plan to Plan Resource Movement	-	(1,921)	(1,921)
Contribution from Employers	-	27,112,138	27,112,138
Contribution from Employees	-	8,823,902	8,823,902
Net Investment Income	-	66,083,117	66,083,117
Benefit Payments, including Refunds of Employee Contribution	(55,364,250)	(55,364,250)	-
Administrative Expense	-	(1,218,576)	(1,218,576)
Other Changes in Fiduciary Net	-	-	-
Other Miscellaneous Income(Expense)	-	(2,314,097)	(2,314,097)
Net Change during 2017-18	<u>29,489,611</u>	<u>43,120,313</u>	<u>13,630,702</u>
Balance at 6/30/18	<u>\$ 1,124,521,080</u>	<u>\$ 825,123,504</u>	<u>\$ (299,397,576)</u>

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# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(18) Pension Plans (Continued)**

**CalPERS Miscellaneous and Safety Plans (Continued)**

Changes in the Net Pension Liability (Continued)

**Safety**

	Increase (Decrease)		
	A	B	C = B - A
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset/(Liability)
Balance at 6/30/17	\$ 609,324,775	\$ 439,634,308	\$ (169,690,467)
Changes Recognized for the Measurement Period:			
Service Cost	12,756,843	-	(12,756,843)
Interest on the Total Pension Liability	43,215,347	-	(43,215,347)
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	2,172,478	-	(2,172,478)
Changes of Assumption	(994,610)	-	994,610
Net Plan to Plan Resource Movement	-	(1,095)	(1,095)
Contribution from Employers	-	16,541,698	16,541,698
Contribution from Employees	-	4,197,458	4,197,458
Net Investment Income	-	37,156,382	37,156,382
Benefit Payments, including Refunds of Employee Contribution	(24,941,212)	(24,941,212)	-
Administrative Expense	-	(685,071)	(685,071)
Other Miscellaneous Income (Expense)	-	(1,300,962)	(1,300,962)
Net Change during 2017-18	32,208,846	30,967,198	(1,241,648)
Balance at 6/30/18	\$ 641,533,621	\$ 470,601,506	\$ (170,932,115)

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**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

<b>Miscellaneous</b>			
	Discount Rate -1%	Current Discount Rate (7.15%)	Discount Rate +1%
Plan's Net Pension Liability/(Assets)	\$ 442,630,595	\$ 299,397,576	\$ 180,329,159

<b>Safety</b>			
	Discount Rate -1%	Current Discount Rate (7.15%)	Discount Rate +1%
Plan's Net Pension Liability/(Assets)	\$ 263,489,735	\$ 170,932,115	\$ 95,408,807

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, 2019

(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:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average 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 measurement period ending June 30, 2018 is 3.5 years for Miscellaneous and 5.3 years for Safety, which was obtained by dividing the total service years of 14,107 (Miscellaneous) and 4,453 (Safety) (the sum of remaining service lifetimes of the active employees) by 4,065 (Miscellaneous) and 845 (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, 2019**

**(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	\$ 19,070,473	\$ 12,756,843
Interest on Total Pension Liability	76,248,959	43,215,347
Changes of Benefit Terms	-	-
Recognized Changes of Assumptions	13,925,266	4,942,291
Recognized Differences between Expected and Actual Experience	(10,112,650)	(2,548,918)
Plan to Plan Resource Movement	1,921	1,095
Employee Contributions	(8,823,902)	(4,197,458)
Projected Earnings on Pension Plan Investments	(54,971,927)	(31,193,372)
Recognize Differences between Projected and Actual Earnings on Plan Investments	(2,670,697)	(1,179,822)
Administrative Expenses	1,218,576	685,071
Other Miscellaneous (Income)Expense	2,314,097	1,300,962
<b>Total</b>	<b><u>\$ 36,200,116</u></b>	<b><u>\$ 23,782,039</u></b>

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, 2019**

**(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, 2018, 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	\$ 23,418,683	\$ (5,316,338)	\$ 22,755,551	\$ (3,632,018)	\$ 46,174,234	\$ (8,948,356)
Differences between Expected and Actual Experience	-	(8,267,730)	1,762,576	(7,091,750)	1,762,576	(15,359,480)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,979,822	-	1,296,328	-	3,276,150	-
Contributions Subsequent to the Measurement Date	30,840,388	-	17,841,573	-	48,681,961	-
<b>Total</b>	<b>\$ 56,238,893</b>	<b>\$ (13,584,068)</b>	<b>\$ 43,656,028</b>	<b>\$ (10,723,768)</b>	<b>\$ 99,894,921</b>	<b>\$ (24,307,836)</b>

The amounts above are net of outflows and inflows recognized in the FY 2017-18 measurement period expense.

The \$30,840,388 and \$17,841,573 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, 2020. 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, 2019**

**(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
2019	\$ 19,999,351	2019	\$ 7,959,374
2020	3,621,945	2020	5,007,271
2021	(9,584,620)	2021	1,358,519
2022	(2,222,238)	2022	698,855
2023	-	2023	66,668

**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, 2019, was \$4,458,724. The covered employees made the total required 7.5% contributions of \$334,404.

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(19) 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 \$136.00 or \$88.40 per month depending on the bargaining unit or the unrepresented group the employee was a member. At the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	668
Inactive plan members entitled to but not yet receiving benefits	222
Active plan members	<u>1,839</u>
	<u><u>2,729</u></u>

**Plan Description**

**Eligibility.** The plan is an agent multiple-employer plan which provides benefits under PEMHCA 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, 2019

(19) **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 2019, this monthly amount is \$136.00 for certain classes of employees and \$88.40 for remaining employees.

**Contributions**

The City contribution requirements have been established at the individual retiree levels of \$136.00 or \$88.40 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. In FY 2018, the City set aside \$2 million in a Section 115 trust account, which was recognized as a reduction to the OPEB liability. The City has not made any contribution during fiscal year ended June 30, 2019.



# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

### Year Ended June 30, 2019

#### (19) Post-employment Benefits Other Than Pensions (Continued)

##### Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal – level percentage of pay-as-you-go basis
Actuarial Assumptions	
Discount Rate	Pay-as-you-go – 3.15% per annum
Inflation	2.75% per annum
Payroll Increases	3.0% per annum, in aggregate
Salary Increase	For cost method purposes the merit increases from the CalPERS pension plan valuation will be used
Healthcare Trend Rate	Based on recent premium experience assuming 1%-2% increase due to market trends then reduced to a rate reflecting medical price inflation
Investment Rate of Return	5.0% per annum
Pre-retirement Turnover	According to the termination rates under the most recent CalPERS pension plan valuation
Pre-retirement Mortality	According to the pre-retirement mortality rates under the most recent CalPERS pension plan valuation
Post-retirement Mortality	According to the post-retirement mortality rates under the most recent CalPERS pension plan valuation
Retirement Age	According to the retirement rates under the most recent CalPERS pension plan valuation
Participation Rates	60% of eligible active employees are assumed to elect medical coverage at retirement. Future retirees are assumed to elect similar coverage as current retirees. Actual plan coverage is used for current retirees.
Spouse Coverage	50% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage and spouse ages are used for current retirees.

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(19) Post-employment Benefits Other Than Pensions (Continued)**

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Fixed Income	60.00%	1.75%
Equity	35.00%	5.00%
Cash	5.00%	0.00%
Total	100.00%	

**Changes in the OPEB Liability**

	Increase(Decrease)		
	A	B	C = A-B
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset)/Liability
Balance at 06/30/2018	\$ 72,261,944	\$ 2,002,193	\$ 70,259,751
Changes Recognized for the Measurement Period:			
Service Cost	3,216,534	-	3,216,534
Interest	2,596,030	-	2,596,030
Changes of Assumptions	3,664,587	-	3,664,587
Contributions - Employer	-	2,612,362	(2,612,362)
Net investment income	-	133,177	(133,177)
Benefit payments, net	(2,612,362)	(2,612,362)	-
Administrative Expenses	-	(9,677)	9,677
Net Changes	6,864,789	123,500	6,741,289
Balance at 06/30/2019	\$ 79,126,733	\$ 2,125,693	\$ 77,001,040

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(19) Post-employment Benefits Other Than Pensions (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.15%, as well as what the net OPEB would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (2.15%)	Current Discount Rate (3.15%)	1% Increase (4.15%)
Net OPEB Liability	\$ 89,139,393	\$ 77,001,040	\$ 67,200,694

**Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates**

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (5.00%HMO/5.50% PPO decreasing to 4.00%HMO/4.00%PPO)	Current Healthcare Cost Trend Rates (6.00%HMO/6.50% PPO decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.00%HMO/7.50% PPO decreasing to 6.00%HMO/6.00%PPO)
Net OPEB Liability	\$ 64,752,397	\$ 77,001,040	\$ 92,579,800

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

**(19) Post-employment Benefits Other Than Pensions (Continued)**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$6,250,566. As of fiscal year ended June 30, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumption	\$ 2,931,670	\$ (592,870)
Differences between Expected and Actual Experience	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(27,962)
Contributions Subsequent to the Measurement Date	-	-
<b>Total</b>	<b>\$ 2,931,670</b>	<b>\$ (620,832)</b>

The \$2,931,670 reported as deferred outflows of resources and \$620,832 reported as deferred inflows related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 528,193
2021	528,193
2022	528,193
2023	726,259
2024	-

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (20) Commitments and Contingencies

#### Primary Government

##### “Take or Pay” Contracts

The City’s electric operation has entered into various long term “Take or Pay” contracts to provide for current and future electric generating capacity and transmission of energy for City customers. The City is obligated to pay the amortized cost of indebtedness regardless of the ability of the contracting agency to provide electricity and/or transmission, as applicable. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. The contracts expire at various times through FY 2036. The total commitment under these contracts as of June 30, 2019 is \$175 million.

Additional financial information on the SCPPA 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 SCPPA, 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 \$89.2 million in 2019. The City has implemented the approved Stranded Investment Utilization Plan by direct defeasance of the debt service of IPP outstanding bonds and mitigation of variable energy costs.

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

##### 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.

In 2017, the City was served with a class action lawsuit entitled *Komesar v. City of Pasadena*, which generally asserts that the City’s electric utility rates are more than reasonably necessary to operate the utility to the extent they finance the City’s annual Charter-authorized transfers from the Light & Power Fund to the General Fund, which was \$17.6 million for FY 2019. The lawsuit seeks a refund of the transferred funds and a court order preventing the

**CITY OF PASADENA**

**Notes to the Basic Financial Statements, (Continued)**

**Year Ended June 30, 2019**

**(20) Commitments and Contingencies (Continued)**

**Primary Government (Continued)**

Lawsuits and Claims, (Continued)

City from continuing to impose electric rates based on its current rate structure, until and unless the City obtains voter approval. The City is vigorously defending the allegations, and no trial date is set in the case.

Commitments

The City has various contracts with significant commitments that are in force at June 30, 2019. These include a number of material power purchase contracts which extend over many years.

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.

**(21) Restatement of Beginning Net Position**

**Primary Government**

In FY 2019, Governmental Activities made some corrections to the Work in Progress account balance. The corrections were due to outstanding costs in Work in Progress relating to the PC replacement that should have been previously expensed. These corrections resulted in a total restatement of the beginning net position of the Governmental Activities by \$259,966.

The following schedule summarizes the effect of the prior period adjustment to the beginning net positions as of July 1, 2018:

	<u>Governmental Activities</u>
Net Position at July 1, 2018	\$ 146,727,306
Adjustment of WIP	(259,966)
Net Position, as restated	<u>\$ 146,467,340</u>

# CITY OF PASADENA

## Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2019

### (22) Subsequent Events

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

#### Electric Revenue Refunding Bonds, 2019A Series

On June 10, 2019, the City Council authorized the issuance of Pasadena Electric Revenue Refunding bonds for refunding all of the City's outstanding Electric Revenue Refunding Bonds, 2009 Series and to pay the cost of issuance of the 2019A Bonds. On July 22, 2019, \$11,575,000 of Series 2019A Bonds, the entire issue, was sold to Wells Fargo Bank pursuant to competitive bidding.

#### Pension Obligation Refunding Bonds Authorized

On September 23, 2019, City Council authorized the issuance of one or more series or subseries of City of Pasadena Pension Obligation Refunding Bonds to refund all of the outstanding 2015 Series Pension Obligation Bonds. At that time \$119,460,000 of the 2015 bonds were outstanding and interest rates low enough to provide a debt service savings to the General Fund of approximately \$460,000 annually. Prior to the issuance interest rates increased reducing the benefit to the City and staff is waiting for more favorable interest rate environment to sell the bonds. As of the date of financial statement issuance, the refunding bonds have not been issued.

#### Lease Financing for Public Safety Radio Communications Equipment and Accessories

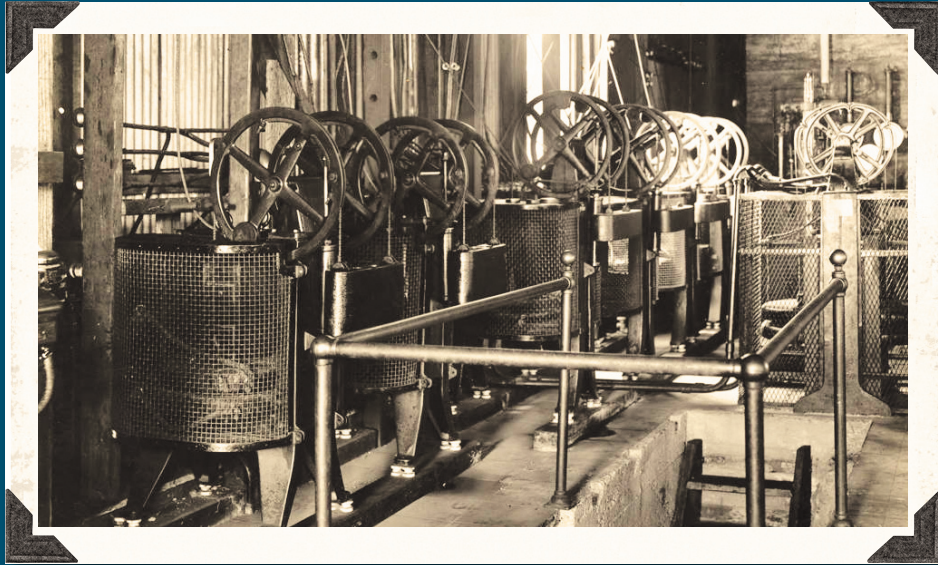
On December 9, 2019, City Council authorized a lease financing which will generate \$6,800,000 for the purchase of public safety radio equipment and accessories.



CITY  
OF

# PASADENA

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*Circuit Breakers at Gleanarm Steam Plant, 1910*

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 158,151,100	158,151,100	169,970,098	\$ 11,818,998
Licenses and permits	4,551,927	4,551,927	4,655,587	103,660
Intergovernmental revenues	19,916,848	21,161,143	20,460,739	(700,404)
Charges for services	37,901,259	42,189,014	42,233,338	44,324
Fines and forfeits	7,645,486	7,645,486	6,376,725	(1,268,761)
Investment earnings	1,357,033	1,557,033	3,237,383	1,680,350
Rental income	655,015	655,015	568,649	(86,366)
Miscellaneous revenues	3,022,325	2,811,129	4,005,561	1,194,432
Contributions	27,620	27,620	27,620	-
<b>Total revenues</b>	<b>233,228,613</b>	<b>238,749,467</b>	<b>251,535,700</b>	<b>12,786,233</b>
<b>Expenditures:</b>				
<b>General government:</b>				
City Attorney/City Prosecutor	6,899,381	8,687,728	8,313,481	374,247
City Clerk	2,855,276	2,855,276	2,677,807	177,469
City Council	2,521,900	2,521,900	2,512,175	9,725
City Manager	5,332,304	5,438,214	4,890,092	548,122
Finance	10,775,433	10,775,433	10,303,220	472,213
Human Resources	4,479,779	4,439,779	3,965,623	474,156
Non-departmental	4,513,834	5,574,340	6,536,443	(962,103)
<b>Public safety:</b>				
Fire	48,670,826	49,200,364	49,769,374	(569,010)
Police	81,856,019	83,408,117	80,895,726	2,512,391
<b>Transportation:</b>				
Public Works and Transportation	28,677,152	30,267,240	29,829,852	437,388
<b>Culture and leisure:</b>				
Human Services and Recreation	10,966,401	10,992,217	10,641,697	350,520
Non-departmental - PCOC	10,478,000	10,478,000	10,311,367	166,633
<b>Community development:</b>				
Planning and Permitting	8,672,460	9,122,460	8,031,875	1,090,585
<b>Total expenditures</b>	<b>226,698,764</b>	<b>233,761,067</b>	<b>228,678,732</b>	<b>5,082,335</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,529,849</b>	<b>4,988,400</b>	<b>22,856,968</b>	<b>17,868,568</b>
<b>Other financing sources (uses):</b>				
Transfers in	20,208,522	20,208,522	19,990,592	(217,930)
Transfers out	(27,175,567)	(30,201,576)	(31,014,031)	(812,455)
<b>Total other financing sources (uses)</b>	<b>(6,967,045)</b>	<b>(9,993,054)</b>	<b>(11,023,439)</b>	<b>(1,030,385)</b>
<b>Change in fund balances</b>	<b>(437,196)</b>	<b>(5,004,654)</b>	<b>11,833,529</b>	<b>16,838,183</b>
Fund balances at beginning of year	86,866,712	86,866,712	86,866,712	-
<b>Fund balances at end of year</b>	<b>\$ 86,429,516</b>	<b>81,862,058</b>	<b>98,700,241</b>	<b>\$ 16,838,183</b>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Housing Successor Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ -	-	-	\$ -
Investment earnings	47,142	47,142	50,759	3,617
Rental income	12,660	12,660	61,741	49,081
Miscellaneous revenues	169,494	169,494	201,724	32,230
<b>Total revenues</b>	<u>229,296</u>	<u>229,296</u>	<u>314,224</u>	<u>84,928</u>
<b>Expenditures:</b>				
Community development	201,617	1,120,263	995,850	124,413
<b>Total expenditures</b>	<u>201,617</u>	<u>1,120,263</u>	<u>995,850</u>	<u>124,413</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>27,679</u>	<u>(890,967)</u>	<u>(681,626)</u>	<u>209,341</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	534,219	534,219
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>534,219</u>	<u>534,219</u>
<b>Change in fund balances</b>	<u>27,679</u>	<u>(890,967)</u>	<u>(147,407)</u>	<u>743,560</u>
Fund balance at beginning of year, as restated (note 21)	6,134,917	6,134,917	6,134,917	-
<b>Fund balance at end of year</b>	<u>\$ 6,162,596</u>	<u>5,243,950</u>	<u>5,987,510</u>	<u>\$ 743,560</u>

# CITY OF PASADENA

## Notes to the Required Supplementary Information

Year Ended June 30, 2019

### (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, 2019:

<b>General government</b>				
Non-departmental	\$ 5,574,340	\$ 6,536,443	\$	(962,103)
<b>Public Safety</b>				
Fire	49,200,364	49,769,374		(569,010)
<b>Transfers</b>				
Transfers out	\$ (30,201,576)	\$ (31,014,031)	\$	812,455

# CITY OF PASADENA

## Notes to the Required Supplementary Information

Year Ended June 30, 2019

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

#### **General Fund**

The general government, non-departmental expenditures exceeded appropriations due to the accounting for the City voter approved sales tax measures (Measures I and J) which were approved in November 2018. As recommended by Measure J, the City Council approved sharing one third of the additional sales tax with the Pasadena Unified School District. The City started receiving Measure I sales tax in late May 2019. The City accrued one-third of the sales tax that was collected in the FY 2019 to be paid to the Pasadena School Unified School District in July 2019 according to Measure J. Since the City did not budget to cover the newly established Measure J expenses, the expenditures exceeded appropriations for the FY 2019.

In FY 2019, the Fire department had high vacancies and incurred higher position coverage, which was paid at an overtime rate. The department also incurred more backfill costs while sending staff to paramedic school.

The General Fund transfers to the Capital project fund to fund General Fund funded projects as expenditures are made throughout the fiscal year. The life of CIP projects can be more than one fiscal year and their budgets are made according to the annual CIP budget adoption and cleanup agenda reports. These are multi-year budgets. In FY 2019, the General fund transferred out approximately \$800,000 more to the Capital project fund than the budgeted amount due to unspent budget appropriated in prior fiscal years.

**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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 19,070,473	18,792,979	16,452,420	16,518,922	\$ 17,348,789
Interest	76,248,959	74,168,164	72,631,606	70,707,742	68,656,376
Difference Between Expected and Actual Experience	(3,022,702)	(11,333,020)	(13,975,158)	(14,487,681)	-
Changes in Assumptions	(7,442,869)	59,447,425	-	(16,681,849)	-
Benefit Payments, Including Refunds of employee Contributions	(55,364,250)	(51,700,328)	(49,268,669)	(46,870,745)	(44,238,909)
<b>Net Change in Total Pension Liability</b>	<u>29,489,611</u>	<u>89,375,220</u>	<u>25,840,199</u>	<u>9,186,389</u>	<u>41,766,256</u>
<b>Total Pension Liability - Beginning</b>	1,095,031,469	1,005,656,249	979,816,050	970,629,661	928,863,405
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,124,521,080</u>	<u>1,095,031,469</u>	<u>1,005,656,249</u>	<u>979,816,050</u>	<u>\$ 970,629,661</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contribution - Employer	\$ 27,112,138	24,681,004	22,252,101	19,682,618	\$ 18,552,041
Contribution - Employee	8,823,902	8,903,856	8,658,628	8,503,246	10,977,440
Net Investment Income	66,083,117	80,076,002	3,806,528	16,554,269	111,123,445
Benefit Payments, Including Refunds of Employee Contributions	(55,364,250)	(51,700,328)	(49,268,669)	(46,870,745)	(44,238,909)
Plan to Plan Resource Movement	(1,921)	(482)	(207)	704	-
Administrative Expense	(1,218,576)	(1,064,667)	(448,619)	(828,526)	-
Other Changes in Fiduciary Net Position **	(2,314,097)	-	-	(494,020)	-
<b>Net Change in Fiduciary Net Position</b>	<u>43,120,313</u>	<u>60,895,385</u>	<u>(15,000,238)</u>	<u>(3,452,454)</u>	<u>96,414,017</u>
<b>Plan Fiduciary Net Position - Beginning</b>	782,003,191	721,107,806	736,108,044	739,560,498	643,146,481
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 825,123,504</u>	<u>782,003,191</u>	<u>721,107,806</u>	<u>736,108,044</u>	<u>\$ 739,560,498</u>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<u>\$ 299,397,576</u>	<u>313,028,278</u>	<u>284,548,443</u>	<u>243,708,006</u>	<u>\$ 231,069,163</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	73.38%	71.41%	71.71%	75.13%	76.19%
<b>Covered Payroll</b>	\$ 111,573,287	107,545,903	105,291,971	102,406,150	\$ 103,616,666
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	268.34%	291.06%	270.25%	237.98%	223.00%

Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

\*

\*\* During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

**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, 2015 valuation date. 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: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, the amounts reported were based on the 7.5 percent discount rate.

\*Additional years will be presented as they become available

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$30,840,389	29,907,490	25,201,205	22,909,508	\$18,552,040
Contribution in Relation to the Actuarially Determined Contribution	(30,840,389)	(29,907,490)	(25,201,205)	(22,909,508)	(18,552,040)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Covered Payroll	112,847,855	111,573,287	107,545,903	105,291,971	102,406,150
Contributions as a Percentage of Covered Payroll	27.33%	26.81%	23.43%	21.76%	18.12%

\* Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

**Note to Schedule:**

Valuation Date: June 30 2019 <sup>(1)</sup>

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.15% net of pension investment and administrative expenses, including inflation.

Retirement age: The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality: The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB Published by the Society of Actuaries.

<sup>(1)</sup> The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

**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\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 12,756,843	12,323,779	10,508,643	10,701,701	\$ 11,182,155
Interest	43,215,347	41,004,210	39,393,555	37,307,299	35,798,456
Difference Between Expected and Actual Experience	2,172,478	(7,057,346)	(634,242)	(8,454,840)	-
Changes in Assumptions	(994,610)	36,546,793	-	(9,887,742)	-
Benefit Payments, Including Refunds of employee Contributions	(24,941,212)	(22,653,545)	(20,870,861)	(19,142,925)	(16,923,959)
<b>Net Change in Total Pension Liability</b>	<u>32,208,846</u>	<u>60,163,891</u>	<u>28,397,095</u>	<u>10,523,493</u>	<u>30,056,652</u>
<b>Total Pension Liability - Beginning</b>	<u>609,324,775</u>	<u>549,160,884</u>	<u>520,763,789</u>	<u>510,240,296</u>	<u>480,183,644</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 641,533,621</u>	<u>609,324,775</u>	<u>549,160,884</u>	<u>520,763,789</u>	<u>\$ 510,240,296</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contribution - Employer	\$ 16,541,698	15,279,240	13,026,190	12,026,962	\$ 10,533,400
Contribution - Employee	4,197,458	4,056,265	3,803,804	3,764,101	4,225,771
Net Investment Income	37,156,382	44,322,546	2,093,377	8,834,410	59,051,934
Benefit Payments, Including Refunds of Employee Contributions	(24,941,212)	(22,653,545)	(20,870,861)	(19,142,925)	(16,923,959)
Plan to Plan Resource Movement	(1,095)	-	207	-	-
Administrative Expense	(685,071)	(589,420)	(244,639)	(451,748)	-
Other Changes in Fiduciary Net Position	(1,300,962)	-	-	684,181	-
<b>Net Change in Fiduciary Net Position</b>	<u>30,967,198</u>	<u>40,415,086</u>	<u>(2,191,922)</u>	<u>5,714,981</u>	<u>56,887,146</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>439,634,308</u>	<u>399,219,222</u>	<u>401,411,144</u>	<u>395,696,163</u>	<u>338,809,017</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 470,601,506</u>	<u>439,634,308</u>	<u>399,219,222</u>	<u>401,411,144</u>	<u>\$ 395,696,163</u>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<u>\$ 170,932,115</u>	<u>169,690,467</u>	<u>149,941,662</u>	<u>119,352,645</u>	<u>\$ 114,544,133</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	73.36%	72.15%	72.70%	77.08%	77.55%
<b>Covered Payroll</b>	\$ 44,887,069	41,527,930	41,141,713	41,013,280	\$ 34,243,101
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	380.80%	408.62%	364.45%	291.01%	334.50%

Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

\*\* During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions

**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, 2015 valuation date. 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:** In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, the amounts reported were based on the 7.5 percent discount rate.

\*Additional years will be presented as they become available

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 17,841,573	15,973,522	14,087,144	12,421,469	\$ 10,533,400
Contribution in Relation to the Actuarially Determined Contribution	<u>(17,841,573)</u>	<u>(15,973,522)</u>	<u>(14,087,144)</u>	<u>(12,421,469)</u>	<u>(10,533,400)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Covered Payroll	\$ 46,443,734	44,887,069	41,527,930	41,141,713	\$ 41,013,280
Contributions as a Percentage of Covered Payroll	38.42%	35.59%	33.92%	30.19%	25.68%

\* Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

**Note to Schedule:**

Valuation Date:

June 30 2019 (1)

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal cost method

Amortization method/period

Level percentage of payroll, closed

Inflation

2.75%

Salary Increases

Varies by Entry Age and Service

Payroll Growth

3.00%

Investment rate of return

7.15% net of pension investment and administrative expenses, including inflation.

Retirement age

The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality

The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB Published by the Society of Actuaries.

(1) The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.



**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	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>					
Interest	\$ 7,781,000	8,832,000	9,272,000	9,644,000	\$ 9,162,000
Changes of Benefits Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	1,862,000	1,261,000	(3,081,000)	(2,098,000)	(3,075,000)
Changes in Assumptions	-	2,189,000	-	-	3,141,000
Benefit Payments, Including Refunds of employee Contributions	(12,824,000)	(12,815,000)	(13,118,000)	(13,448,000)	(13,645,000)
<b>Net Change in Total Pension Liability</b>	<u>(3,181,000)</u>	<u>(533,000)</u>	<u>(6,927,000)</u>	<u>(5,902,000)</u>	<u>(4,417,000)</u>
<b>Total Pension Liability - Beginning</b>	141,737,000	142,270,000	149,197,000	155,099,000	159,516,000
<b>Total Pension Liability - Ending (a)</b>	<u>138,556,000</u>	<u>141,737,000</u>	<u>142,270,000</u>	<u>149,197,000</u>	<u>155,099,000</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Net Investment Income	5,923,000	6,656,000	12,512,000	50,000	5,683,000
Benefit Payments, Including Refunds of Employee Contributions	(12,824,000)	(12,815,000)	(13,118,000)	(13,448,000)	(13,645,000)
Administrative Expense	(257,000)	(272,000)	(300,000)	(302,000)	(273,000)
<b>Net Change in Fiduciary Net Position</b>	<u>(7,158,000)</u>	<u>(6,431,000)</u>	<u>(906,000)</u>	<u>(13,700,000)</u>	<u>(8,235,000)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	118,932,000	125,363,000	126,269,000	139,969,000	148,204,000
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 111,774,000</u>	<u>118,932,000</u>	<u>125,363,000</u>	<u>126,269,000</u>	<u>\$ 139,969,000</u>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<u>\$ 26,782,000</u>	<u>22,805,000</u>	<u>16,907,000</u>	<u>22,928,000</u>	<u>\$ 15,130,000</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	80.67%	83.91%	88.12%	84.63%	90.24%

\*Additional years will be presented as they become available

**Notes to Schedule:**

Changes of Assumptions: June 30, 2018 assumption changes of \$2,189,000 for change in the discount rate, from 6.50% in 2017 to 5.75% in 2018, and inflation rate, from 3.00% in 2017 to 2.75% in 2018. June 30, 2015 assumption changes of \$1,895,000 for change in base mortality rates, \$8,301,000 for change in mortality improvements scale, and (\$7,055,000) for change in the discount rate.

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

<b>Fiscal Year Ending</b>	<b>Actuarially Determined Contribution*</b>	<b>Actual Fiscal Year Contribution</b>	<b>Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as % of Payroll</b>
6/30/2019	\$ -	-	\$ -	n/a	n/a
6/30/2018	-	-	-	n/a	n/a
6/30/2017	-	-	-	n/a	n/a
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. Additional years will be presented as they become available.

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

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 3,216,534	\$ 3,178,096
Interest on the total OPEB liability	2,596,030	2,447,926
Changes in assumptions	3,664,587	(988,115)
Benefit payments	<u>(2,612,362)</u>	<u>(2,391,366)</u>
<b>Covered-Employee Payroll</b>	6,864,789	2,246,541
<b>Total OPEB liability - beginning</b>	72,261,944	70,015,403
<b>Total OPEB liability - ending (a)</b>	<u>\$ 79,126,733</u>	<u>\$ 72,261,944</u>
<b>Plan Fiduciary Net Position</b>		
Contribution - employer	\$ 2,612,362	\$ 4,391,366
Net investment income	133,177	2,193
Benefit payments	(2,612,362)	(2,391,366)
Administrative expense	<u>(9,677)</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	123,500	2,002,193
<b>Plan fiduciary net position - beginning</b>	2,002,193	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,125,693</u>	<u>\$ 2,002,193</u>
<b>Net OPEB Liability/(Assets) - ending (a) - (b)</b>	<u>\$ 77,001,040</u>	<u>\$ 70,259,751</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	2.69%	2.77%
<b>Covered - employee payroll</b>	\$ 134,733,594	\$ 130,809,315
<b>Net OPEB Liability as percentage of covered-employee payroll</b>	57.15%	53.71%

(\*) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule:**

**Changes in assumptions:** The discount rate was changed from 3.4 percent (net of administrative expense) to 3.5 percent for the measurement period ended June 30, 2018.

**CITY OF PASADENA  
SCHEDULE OF OPEB PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 2,612,362	\$ 4,391,366
Contribution in Relation to the Actuarially Determined Contributions	(2,612,362)	(4,391,366)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 134,733,594	\$ 130,809,315
Covered-Employee Payroll	1.94%	3.36%

\* Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2019 were from the June 30, 2017 actuarial valuation.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3.00% per annum, in aggregate
Investment Rate of Return	5.00% per annum
Healthcare cost-trend rates	Based on recent premium experience assuming 1% - 2% increase due to market trends then reduced to a rate reflecting medical price inflation.
Retirement Age	According to the retirement rates under the most recent CalPERS pension plan valuation
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997 to 2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007 to 2011 covering participants in CalPERS

## SUPPLEMENTARY INFORMATION

**CITY OF PASADENA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Assets</b>					
Pooled cash and investments	\$ 132,409,881	-	31,671,478	2,040,538	\$ 166,121,897
Accounts receivable	13,131,178	-	170,068	12,840	13,314,086
Notes receivable	51,574,231	-	-	-	51,574,231
Prepays and other assets	44,166	-	-	-	44,166
Allowance for uncollectible long-term receivables	(51,574,231)	-	-	-	(51,574,231)
<b>Restricted assets:</b>					
Cash and investments	2,105,778	-	-	-	2,105,778
Cash with fiscal agent (note 2)	-	8,594,812	-	-	8,594,812
Property held for resale	348,310	-	-	-	348,310
<b>Total assets</b>	<b>\$ 148,039,313</b>	<b>8,594,812</b>	<b>31,841,546</b>	<b>2,053,378</b>	<b>190,529,049</b>
<b>Liabilities, deferred inflow of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	4,607,881	-	-	-	4,607,881
Deposits	700,202	-	-	-	700,202
Due to other funds	3,679,334	-	-	-	3,679,334
Due to other governments	186,486	-	-	-	186,486
Unearned revenue	1,917,436	-	-	-	1,917,436
<b>Total liabilities</b>	<b>11,091,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,091,339</b>
<b>Deferred inflow of resources:</b>					
Unavailable revenues (note 8)	3,005,370	-	-	-	3,005,370
<b>Total deferred inflow of resources</b>	<b>3,005,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,005,370</b>
<b>Fund balances:</b>					
Nonspendable	44,166	-	-	1,434,131	1,478,297
Restricted	46,389,524	8,594,812	1,984,084	558,498	57,526,918
Committed	91,083,070	-	29,857,462	60,749	121,001,281
Unassigned	(3,574,156)	-	-	-	(3,574,156)
<b>Total fund balances</b>	<b>133,942,604</b>	<b>8,594,812</b>	<b>31,841,546</b>	<b>2,053,378</b>	<b>176,432,340</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 148,039,313</b>	<b>8,594,812</b>	<b>31,841,546</b>	<b>2,053,378</b>	<b>\$ 190,529,049</b>

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues:</b>					
Taxes	\$ 9,304,492	-	-	-	\$ 9,304,492
Licenses and permits	9,323,587	-	-	-	9,323,587
Intergovernmental revenues	48,310,554	-	-	-	48,310,554
Charges for services	12,600,948	-	3,726,283	-	16,327,231
Investment earnings	4,382,692	292,447	1,059,001	69,735	5,803,875
Rental income	3,695,885	-	-	-	3,695,885
Miscellaneous revenues	7,705,008	-	16,387	-	7,721,395
Contributions	660,919	-	10,492,279	-	11,153,198
<b>Total revenues</b>	<b>95,984,085</b>	<b>292,447</b>	<b>15,293,950</b>	<b>69,735</b>	<b>111,640,217</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	8,438	6,073	-	14,511
Public safety	2,796,553	-	-	-	2,796,553
Transportation	13,879,748	-	-	-	13,879,748
Sanitation	4,049,423	-	-	-	4,049,423
Health	12,521,656	-	-	-	12,521,656
Culture and leisure	13,408,993	-	-	-	13,408,993
Community development	31,396,648	-	-	-	31,396,648
<b>Debt service:</b>					
Principal retirement	300,000	4,989,159	-	-	5,289,159
Interest	128,401	2,617,316	-	-	2,745,717
<b>Total expenditures</b>	<b>78,481,422</b>	<b>7,614,913</b>	<b>6,073</b>	<b>-</b>	<b>86,102,408</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>17,502,663</b>	<b>(7,322,466)</b>	<b>15,287,877</b>	<b>69,735</b>	<b>25,537,809</b>
<b>Other financing sources (uses):</b>					
Transfers in	12,823,801	13,902,818	-	-	26,726,619
Transfers out	(16,295,037)	(6,287,934)	(8,165,354)	-	(30,748,325)
<b>Total other financing sources (uses)</b>	<b>(3,471,236)</b>	<b>7,614,884</b>	<b>(8,165,354)</b>	<b>-</b>	<b>(4,021,706)</b>
<b>Change in fund balances</b>	<b>14,031,427</b>	<b>292,418</b>	<b>7,122,523</b>	<b>69,735</b>	<b>21,516,103</b>
<b>Fund balances at beginning, as restated (note 21)</b>	<b>119,911,177</b>	<b>8,302,394</b>	<b>24,719,023</b>	<b>1,983,643</b>	<b>154,916,237</b>
<b>Fund balances at end of year</b>	<b>\$ 133,942,604</b>	<b>8,594,812</b>	<b>31,841,546</b>	<b>2,053,378</b>	<b>\$ 176,432,340</b>

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CITY  
OF

# PASADENA

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*Installation of New Traffic Signal, 1928*

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**SPECIAL REVENUE FUNDS**

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# NON-MAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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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.

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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.

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).

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.

**CITY OF PASADENA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**Special Revenue Funds**  
**June 30, 2019**

	<b>Public Safety</b>	<b>Health</b>	<b>Building Services</b>	<b>Sewer Construction and Maintenance</b>	<b>Underground Utilities</b>
<b>Assets:</b>					
Cash and investments	\$ 3,060,686	-	18,266,745	9,886,253	52,000,572
Accounts receivable	356,566	2,949,071	235,459	671,387	963,979
Prepays and other assets	-	21,665	-	-	-
Notes receivable	-	-	-	-	-
Allowance for uncollectible long-term receivables	-	-	-	-	-
<b>Restricted assets:</b>					
Cash and investments	-	-	-	-	-
Property held for resale	-	-	-	-	-
Other deferred assets	-	-	-	-	-
<b>Total assets</b>	<b>3,417,252</b>	<b>2,970,736</b>	<b>18,502,204</b>	<b>10,557,640</b>	<b>52,964,551</b>
<b>Liabilities, deferred inflow of resources and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	123,518	1,436,514	485,858	66,220	-
Deposits	-	4,768	72,422	-	-
Due to other funds	48,398	3,486,052	-	-	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	366,023	1,467,469	-	-
<b>Total liabilities</b>	<b>171,916</b>	<b>5,293,357</b>	<b>2,025,749</b>	<b>66,220</b>	<b>-</b>
<b>Deferred inflow of resources:</b>					
Unavailable revenues (note 8)	48,498	1,229,870	-	-	-
<b>Total deferred inflow of resources</b>	<b>48,498</b>	<b>1,229,870</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>					
Nonspendable	-	21,665	-	-	-
Restricted	3,196,838	-	-	-	-
Committed	-	-	16,476,455	10,491,420	52,964,551
Unassigned	-	(3,574,156)	-	-	-
<b>Total fund balances (deficit)</b>	<b>3,196,838</b>	<b>(3,552,491)</b>	<b>16,476,455</b>	<b>10,491,420</b>	<b>52,964,551</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 3,417,252</b>	<b>2,970,736</b>	<b>18,502,204</b>	<b>10,557,640</b>	<b>52,964,551</b>

<b>Transportation</b>	<b>Library</b>	<b>Parking</b>	<b>Air Quality Improvement</b>	<b>Housing and Community Development</b>	<b>Donated Funds</b>	<b>Total</b>
21,389,452	7,505,320	4,074,775	194,111	13,112,473	2,919,494	\$ 132,409,881
2,939,984	78,733	35,377	49,181	4,838,785	12,656	13,131,178
-	-	-	-	22,501	-	44,166
-	-	-	-	51,574,231	-	51,574,231
-	-	-	-	(51,574,231)	-	(51,574,231)
-	-	-	-	2,105,778	-	2,105,778
-	-	-	-	348,310	-	348,310
-	-	-	-	-	-	-
<u>24,329,436</u>	<u>7,584,053</u>	<u>4,110,152</u>	<u>243,292</u>	<u>20,427,847</u>	<u>2,932,150</u>	<u>148,039,313</u>
556,085	499,629	41,020	14,690	1,330,038	54,309	4,607,881
-	2,912	-	-	1,000	619,100	700,202
144,884	-	-	-	-	-	3,679,334
-	-	-	-	186,486	-	186,486
-	-	-	-	83,944	-	1,917,436
<u>700,969</u>	<u>502,541</u>	<u>41,020</u>	<u>14,690</u>	<u>1,601,468</u>	<u>673,409</u>	<u>11,091,339</u>
204,266	-	-	-	1,522,736	-	3,005,370
<u>204,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,522,736</u>	<u>-</u>	<u>3,005,370</u>
-	-	-	-	22,501	-	44,166
23,424,201	-	-	228,602	17,281,142	2,258,741	46,389,524
-	7,081,512	4,069,132	-	-	-	91,083,070
-	-	-	-	-	-	(3,574,156)
<u>23,424,201</u>	<u>7,081,512</u>	<u>4,069,132</u>	<u>228,602</u>	<u>17,303,643</u>	<u>2,258,741</u>	<u>133,942,604</u>
<u>24,329,436</u>	<u>7,584,053</u>	<u>4,110,152</u>	<u>243,292</u>	<u>20,427,847</u>	<u>2,932,150</u>	<u>\$ 148,039,313</u>

CITY OF PASADENA  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities
<b>Revenues:</b>					
Taxes	\$ -	816,719	-	-	5,737,977
Licenses and permits	-	1,733,505	7,590,082	-	-
Intergovernmental revenues	3,529,686	7,134,139	728,081	-	-
Charges for services	-	519,576	2,610,169	8,193,435	-
Investment earnings	65,670	9	617,471	365,922	1,862,369
Rental income	-	220,953	-	-	-
Miscellaneous revenues	-	315,924	92,926	6,032	-
Contributions	-	-	-	-	-
<b>Total revenues</b>	<b>3,595,356</b>	<b>10,740,825</b>	<b>11,638,729</b>	<b>8,565,389</b>	<b>7,600,346</b>
<b>Expenditures:</b>					
Public safety	2,796,553	-	-	-	-
Transportation	-	-	-	-	47,844
Sanitation	-	-	-	4,049,423	-
Health	-	12,521,656	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	9,452,644	-	-
<b>Debt service:</b>					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>2,796,553</b>	<b>12,521,656</b>	<b>9,452,644</b>	<b>4,049,423</b>	<b>47,844</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>798,803</b>	<b>(1,780,831)</b>	<b>2,186,085</b>	<b>4,515,966</b>	<b>7,552,502</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	50,000	-	-	-
Transfers out	(44,163)	(21,426)	(1,106,907)	(3,776,680)	(5,296,906)
<b>Total other financing sources (uses)</b>	<b>(44,163)</b>	<b>28,574</b>	<b>(1,106,907)</b>	<b>(3,776,680)</b>	<b>(5,296,906)</b>
<b>Change in fund balances</b>	<b>754,640</b>	<b>(1,752,257)</b>	<b>1,079,178</b>	<b>739,286</b>	<b>2,255,596</b>
Fund balances (deficit) at beginning of year, as restated (note 21)	2,442,198	(1,800,234)	15,397,277	9,752,134	50,708,955
<b>Fund balances (deficit) at end of year</b>	<b>\$ 3,196,838</b>	<b>(3,552,491)</b>	<b>16,476,455</b>	<b>10,491,420</b>	<b>52,964,551</b>

<b>Transportation</b>	<b>Library</b>	<b>Parking</b>	<b>Air Quality Improvement</b>	<b>Housing and Community Development</b>	<b>Donated Funds</b>	<b>Total</b>
-	2,740,509	9,287	-	-	-	\$ 9,304,492
-	-	-	-	-	-	9,323,587
16,788,899	-	-	187,436	19,942,313	-	48,310,554
965,659	9,738	299,218	-	3,153	-	12,600,948
745,828	208,839	130,377	2,815	290,502	92,890	4,382,692
-	28,099	3,406,913	-	39,920	-	3,695,885
1,474,886	218,400	4,057	-	5,592,783	-	7,705,008
-	-	-	-	-	660,919	660,919
<u>19,975,272</u>	<u>3,205,585</u>	<u>3,849,852</u>	<u>190,251</u>	<u>25,868,671</u>	<u>753,809</u>	<u>95,984,085</u>
-	-	-	-	-	-	2,796,553
11,232,225	-	2,486,355	113,324	-	-	13,879,748
-	-	-	-	-	-	4,049,423
-	-	-	-	-	-	12,521,656
-	12,992,599	-	-	-	416,394	13,408,993
-	-	-	-	21,944,004	-	31,396,648
-	-	-	-	300,000	-	300,000
-	-	-	-	128,401	-	128,401
<u>11,232,225</u>	<u>12,992,599</u>	<u>2,486,355</u>	<u>113,324</u>	<u>22,372,405</u>	<u>416,394</u>	<u>78,481,422</u>
<u>8,743,047</u>	<u>(9,787,014)</u>	<u>1,363,497</u>	<u>76,927</u>	<u>3,496,266</u>	<u>337,415</u>	<u>17,502,663</u>
7,988	11,532,175	-	-	1,233,638	-	12,823,801
(3,920,297)	(114,536)	(533,808)	-	(1,480,314)	-	(16,295,037)
<u>(3,912,309)</u>	<u>11,417,639</u>	<u>(533,808)</u>	<u>-</u>	<u>(246,676)</u>	<u>-</u>	<u>(3,471,236)</u>
<u>4,830,738</u>	<u>1,630,625</u>	<u>829,689</u>	<u>76,927</u>	<u>3,249,590</u>	<u>337,415</u>	<u>14,031,427</u>
<u>18,593,463</u>	<u>5,450,887</u>	<u>3,239,443</u>	<u>151,675</u>	<u>14,054,053</u>	<u>1,921,326</u>	<u>119,911,177</u>
<u>23,424,201</u>	<u>7,081,512</u>	<u>4,069,132</u>	<u>228,602</u>	<u>17,303,643</u>	<u>2,258,741</u>	<u>\$ 133,942,604</u>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Public Safety Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 2,602,990	2,782,995	3,529,686	\$ 746,691
Investment earnings	21,952	21,952	65,670	43,718
Miscellaneous revenues	-	-	-	-
<b>Total revenues</b>	<b>2,624,942</b>	<b>2,804,947</b>	<b>3,595,356</b>	<b>790,409</b>
<b>Expenditures:</b>				
Public safety	2,738,087	2,995,595	2,796,553	199,042
<b>Total expenditures</b>	<b>2,738,087</b>	<b>2,995,595</b>	<b>2,796,553</b>	<b>199,042</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(113,145)</b>	<b>(190,648)</b>	<b>798,803</b>	<b>989,451</b>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(44,163)	(44,163)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(44,163)</b>	<b>(44,163)</b>
<b>Change in fund balances</b>	<b>(113,145)</b>	<b>(190,648)</b>	<b>754,640</b>	<b>945,288</b>
Fund balance at beginning of year	2,442,198	2,442,198	2,442,198	-
<b>Fund balance at end of year</b>	<b>\$ 2,329,053</b>	<b>2,251,550</b>	<b>3,196,838</b>	<b>\$ 945,288</b>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Health Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 915,199	915,199	816,719	\$ (98,480)
Licenses and permits	1,941,247	1,941,247	1,733,505	(207,742)
Intergovernmental revenues	8,838,460	11,663,725	7,134,139	(4,529,586)
Charges for services	848,964	848,964	519,576	(329,388)
Rental income	210,093	210,093	220,953	10,860
Miscellaneous revenues	267,286	292,286	315,924	23,638
<b>Total revenues</b>	<b>12,996,296</b>	<b>15,846,561</b>	<b>10,740,825</b>	<b>(5,105,736)</b>
<b>Expenditures:</b>				
Health	13,006,309	15,856,574	12,521,656	3,334,918
<b>Total expenditures</b>	<b>13,006,309</b>	<b>15,856,574</b>	<b>12,521,656</b>	<b>3,334,918</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,013)</b>	<b>(10,013)</b>	<b>(1,780,831)</b>	<b>(1,770,818)</b>
<b>Other financing sources:</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	-	(21,426)	(21,426)	-
<b>Total other financing sources</b>	<b>50,000</b>	<b>28,574</b>	<b>28,574</b>	<b>-</b>
<b>Change in fund balances</b>	<b>39,987</b>	<b>18,561</b>	<b>(1,752,257)</b>	<b>(1,770,818)</b>
Fund balance at beginning of year	(1,800,234)	(1,800,234)	(1,800,234)	-
<b>Fund balance (deficit) at end of year</b>	<b>\$ (1,760,247)</b>	<b>(1,781,673)</b>	<b>(3,552,491)</b>	<b>\$ (1,770,818)</b>



**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Building Services Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Licenses and permits	\$ 7,228,925	7,228,925	7,590,082	\$ 361,157
Intergovernmental revenues	800,000	800,000	728,081	(71,919)
Charges for services	1,751,000	1,751,000	2,610,169	859,169
Investment earnings	221,685	221,685	617,471	395,786
Miscellaneous revenues	14,483	14,483	92,926	78,443
<b>Total revenues</b>	<b>10,016,093</b>	<b>10,016,093</b>	<b>11,638,729</b>	<b>1,622,636</b>
<b>Expenditures:</b>				
Community development	10,754,261	10,754,261	9,452,644	1,301,617
<b>Total expenditures</b>	<b>10,754,261</b>	<b>10,754,261</b>	<b>9,452,644</b>	<b>1,301,617</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(738,168)</b>	<b>(738,168)</b>	<b>2,186,085</b>	<b>2,924,253</b>
<b>Other financing sources (uses):</b>				
Transfers out	-	(2,266,490)	(1,106,907)	1,159,583
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,266,490)</b>	<b>(1,106,907)</b>	<b>1,159,583</b>
<b>Change in fund balances</b>	<b>(738,168)</b>	<b>(3,004,658)</b>	<b>1,079,178</b>	<b>4,083,836</b>
Fund balance (deficit) at beginning of year	15,397,277	15,397,277	15,397,277	-
<b>Fund balance (deficit) at end of year</b>	<b>\$ 14,659,109</b>	<b>12,392,619</b>	<b>16,476,455</b>	<b>\$ 4,083,836</b>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Sewer Construction and Maintenance Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Charges for services	\$ 6,680,345	6,680,345	8,193,435	\$ 1,513,090
Investment earnings	123,227	123,227	365,922	242,695
<b>Total revenues</b>	<b>6,803,572</b>	<b>6,803,572</b>	<b>8,565,389</b>	<b>1,761,817</b>
<b>Expenditures:</b>				
Sanitation	4,505,501	4,505,501	4,049,423	456,078
<b>Total expenditures</b>	<b>4,505,501</b>	<b>4,505,501</b>	<b>4,049,423</b>	<b>456,078</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,298,071</b>	<b>2,298,071</b>	<b>4,515,966</b>	<b>2,217,895</b>
<b>Other financing sources (uses):</b>				
Transfers out	(248,480)	(3,603,707)	(3,776,680)	(172,973)
<b>Total other financing sources (uses)</b>	<b>(248,480)</b>	<b>(3,603,707)</b>	<b>(3,776,680)</b>	<b>(172,973)</b>
<b>Change in fund balances</b>	<b>2,049,591</b>	<b>(1,305,636)</b>	<b>739,286</b>	<b>2,044,922</b>
Fund balance at beginning of year	9,752,134	9,752,134	9,752,134	-
<b>Fund balance at end of year</b>	<b>\$ 11,801,725</b>	<b>8,446,498</b>	<b>10,491,420</b>	<b>\$ 2,044,922</b>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Underground Utilities Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 5,644,216	5,644,216	5,737,977	\$ 93,761
Investment earnings	742,843	742,843	1,862,369	1,119,526
<b>Total revenues</b>	<u>6,387,059</u>	<u>6,387,059</u>	<u>7,600,346</u>	<u>1,213,287</u>
<b>Expenditures:</b>				
Transportation	47,843	47,843	47,844	(1)
<b>Total expenditures</b>	<u>47,843</u>	<u>47,843</u>	<u>47,844</u>	<u>(1)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>6,339,216</u>	<u>6,339,216</u>	<u>7,552,502</u>	<u>1,213,286</u>
<b>Other financing sources (uses):</b>				
Transfers out	(6,308,060)	(7,573,710)	(5,296,906)	2,276,804
<b>Total other financing sources (uses)</b>	<u>(6,308,060)</u>	<u>(7,573,710)</u>	<u>(5,296,906)</u>	<u>2,276,804</u>
<b>Change in fund balances</b>	31,156	(1,234,494)	2,255,596	3,490,090
Fund balance at beginning of year	50,708,955	50,708,955	50,708,955	-
<b>Fund balance at end of year</b>	<u>\$ 50,740,111</u>	<u>49,474,461</u>	<u>52,964,551</u>	<u>\$ 3,490,090</u>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Transportation Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 16,251,298	16,251,298	16,788,899	\$ 537,601
Charges for services	965,140	965,140	965,659	519
Investment earnings	272,454	272,454	745,828	473,374
Miscellaneous revenues	1,449,265	1,449,265	1,474,886	25,621
<b>Total revenues</b>	<b>18,938,157</b>	<b>18,938,157</b>	<b>19,975,272</b>	<b>1,037,115</b>
<b>Expenditures:</b>				
Transportation	12,689,810	12,909,933	11,232,225	1,677,708
<b>Total expenditures</b>	<b>12,689,810</b>	<b>12,909,933</b>	<b>11,232,225</b>	<b>1,677,708</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,248,347</b>	<b>6,028,224</b>	<b>8,743,047</b>	<b>2,714,823</b>
<b>Other financing sources (uses):</b>				
Transfers in	378,994	378,994	7,988	(371,006)
Transfers out	(248,712)	(5,767,334)	(3,920,297)	1,847,037
<b>Total other financing sources (uses)</b>	<b>130,282</b>	<b>(5,388,340)</b>	<b>(3,912,309)</b>	<b>1,476,031</b>
<b>Change in fund balances</b>	<b>6,378,629</b>	<b>639,884</b>	<b>4,830,738</b>	<b>4,190,854</b>
Fund balance at beginning of year	18,593,463	18,593,463	18,593,463	-
<b>Fund balance at end of year</b>	<b>\$ 24,972,092</b>	<b>19,233,347</b>	<b>23,424,201</b>	<b>\$ 4,190,854</b>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Library Services Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 2,739,274	2,739,274	2,740,509	\$ 1,235
Charges for services	9,500	9,500	9,738	238
Investment earnings	69,112	69,112	208,839	139,727
Rental income	1,500	19,980	28,099	8,119
Miscellaneous revenues	78,500	232,309	218,400	(13,909)
<b>Total revenues</b>	<b>2,897,886</b>	<b>3,070,175</b>	<b>3,205,585</b>	<b>135,410</b>
<b>Expenditures:</b>				
Culture and leisure	14,232,308	14,232,308	12,992,599	1,239,709
<b>Total expenditures</b>	<b>14,232,308</b>	<b>14,232,308</b>	<b>12,992,599</b>	<b>1,239,709</b>
<b>Excess (deficiency) of revenues over</b>				
<b>(under) expenditures</b>	<b>(11,334,422)</b>	<b>(11,162,134)</b>	<b>(9,787,014)</b>	<b>1,375,120</b>
<b>Other financing sources (uses):</b>				
Transfers in	11,532,175	11,532,175	11,532,175	-
Transfers out	-	(570,170)	(114,536)	455,634
<b>Total other financing sources (uses)</b>	<b>11,532,175</b>	<b>10,962,005</b>	<b>11,417,639</b>	<b>455,634</b>
<b>Change in fund balances</b>	<b>197,753</b>	<b>(200,129)</b>	<b>1,630,625</b>	<b>1,830,754</b>
Fund balance at beginning of year	5,450,887	5,450,887	5,450,887	-
<b>Fund balance at end of year</b>	<b>\$ 5,648,640</b>	<b>5,250,758</b>	<b>7,081,512</b>	<b>\$ 1,830,754</b>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Parking Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 14,000	14,000	9,287	\$ (4,713)
Charges for services	292,000	292,000	299,218	7,218
Investment earnings	40,117	40,117	130,377	90,260
Rental income	2,926,700	2,926,700	3,406,913	480,213
Miscellaneous revenues	2,000	2,000	4,057	2,057
<b>Total revenues</b>	<u>3,274,817</u>	<u>3,274,817</u>	<u>3,849,852</u>	<u>575,035</u>
<b>Expenditures:</b>				
Transportation	2,645,268	2,645,268	2,486,355	158,913
<b>Total expenditures</b>	<u>2,647,722</u>	<u>2,647,722</u>	<u>2,486,355</u>	<u>161,367</u>
<b>Excess (deficiency) of revenues over</b>				
<b>(under) expenditures</b>	<u>627,095</u>	<u>627,095</u>	<u>1,363,497</u>	<u>736,402</u>
<b>Other financing sources (uses):</b>				
Transfers out	(488,736)	(518,736)	(533,808)	(15,072)
<b>Total other financing sources (uses)</b>	<u>(488,736)</u>	<u>(518,736)</u>	<u>(533,808)</u>	<u>(15,072)</u>
<b>Change in fund balances</b>	138,359	108,359	829,689	721,330
Fund balance at beginning of year	3,239,443	3,239,443	3,239,443	-
<b>Fund balance at end of year</b>	<u>\$ 3,377,802</u>	<u>3,347,802</u>	<u>4,069,132</u>	<u>\$ 721,330</u>

CITY OF PASADENA  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Air Quality Improvement Fund  
 For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental revenues	\$ 170,000	170,000	187,436	\$ 17,436
Investment earnings	2,250	2,250	2,815	565
<b>Total revenues</b>	<u>172,250</u>	<u>172,250</u>	<u>190,251</u>	<u>18,001</u>
<b>Expenditures:</b>				
Transportation	170,000	170,000	113,324	56,676
<b>Total expenditures</b>	<u>170,000</u>	<u>170,000</u>	<u>113,324</u>	<u>56,676</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,250</u>	<u>2,250</u>	<u>76,927</u>	<u>74,677</u>
<b>Change in fund balances</b>	<u>2,250</u>	<u>2,250</u>	<u>76,927</u>	<u>74,677</u>
Fund balance at beginning of year	151,675	151,675	151,675	-
<b>Fund balance at end of year</b>	<u>\$ 153,925</u>	<u>153,925</u>	<u>228,602</u>	<u>\$ 74,677</u>

**CITY OF PASADENA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Housing and Community Development Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 18,569,982	18,770,829	19,942,313	\$ 1,171,484
Charges for services	800	800	3,153	2,353
Investment earnings	117,776	117,776	290,502	172,726
Rental income	152,700	152,700	39,920	(112,780)
Miscellaneous revenues	825,475	2,103,350	5,592,783	3,489,433
<b>Total revenues</b>	<b>19,666,733</b>	<b>21,145,455</b>	<b>25,868,671</b>	<b>4,723,216</b>
<b>Expenditures:</b>				
Community development	20,869,888	25,750,342	21,944,004	3,806,338
<b>Debt service:</b>				
Principal retirement	300,000	300,000	300,000	-
Interest	452	452	128,401	(127,949)
<b>Total expenditures</b>	<b>21,170,341</b>	<b>26,050,795</b>	<b>22,372,405</b>	<b>3,678,390</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,503,608)</b>	<b>(4,905,340)</b>	<b>3,496,266</b>	<b>8,401,606</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,233,638	1,233,638	1,233,638	-
Transfers out	-	(13,951)	(1,480,314)	(1,466,363)
<b>Total other financing sources (uses)</b>	<b>1,233,638</b>	<b>1,219,687</b>	<b>(246,676)</b>	<b>(1,466,363)</b>
<b>Change in fund balances</b>	<b>(269,970)</b>	<b>(3,685,653)</b>	<b>3,249,590</b>	<b>6,935,243</b>
Fund balances (deficit) at beginning of year, as restated (note 21)	14,054,053	14,054,053	14,054,053	-
<b>Fund balance at end of year</b>	<b>\$ 13,784,083</b>	<b>10,368,400</b>	<b>17,303,643</b>	<b>\$ 6,935,243</b>



CITY OF PASADENA  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Donated Funds  
 For the Fiscal Year Ended June 30, 2019

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Investment earnings	\$ 29,840	29,840	92,890	\$ 63,050
Contributions	325,000	325,000	660,919	335,919
<b>Total revenues</b>	<u>354,840</u>	<u>354,840</u>	<u>753,809</u>	<u>398,969</u>
<b>Expenditures:</b>				
Culture and leisure	335,426	466,426	416,394	50,032
<b>Total expenditures</b>	<u>335,426</u>	<u>466,426</u>	<u>416,394</u>	<u>50,032</u>
<b>Excess (deficiency) of revenues over</b>				
<b>(under) expenditures</b>	19,414	(111,586)	337,415	449,001
<b>Change in fund balances</b>	19,414	(111,586)	337,415	449,001
Fund balance at beginning of year	1,921,326	1,921,326	1,921,326	-
<b>Fund balance at end of year</b>	<u>\$ 1,940,740</u>	<u>1,809,740</u>	<u>2,258,741</u>	<u>\$ 449,001</u>



CITY  
OF

# PASADENA

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*City Hall on Raymond Avenue & Green Street, circa 1897*

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**DEBT SERVICE FUNDS**

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# NON-MAJOR GOVERNMENTAL FUNDS

## DEBT SERVICE FUNDS

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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.

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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.

2015 Series A Refunding COP Fund – to account for the payment of interest and principle on certain municipal building renovation and park improvement projects.

**CITY OF PASADENA  
Combining Balance Sheet  
Non-Major Governmental Funds  
Debt Service Funds  
June 30, 2019**

	<b>2008 Series B Refunding COP Debt Service</b>	<b>2008 Series C Refunding COP Debt Service</b>	<b>2015 Series A Refunding COP Debt Service</b>	<b>Total</b>
<b>Assets</b>				
Cash with fiscal agent	\$ -	-	8,594,812	\$ 8,594,812
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>8,594,812</u>	<u>8,594,812</u>
<b>Fund balances:</b>				
Restricted	-	-	8,594,812	8,594,812
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>8,594,812</u>	<u>8,594,812</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>-</u>	<u>8,594,812</u>	<u>\$ 8,594,812</u>

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>2008 Series B Refunding COP Debt Service</b>	<b>2008 Series C Refunding COP Debt Service</b>	<b>2015 Series A Refunding COP Debt Service</b>	<b>Total</b>
<b>Revenues:</b>				
Investment earnings	\$ 72,157	-	220,290	\$ 292,447
<b>Total revenues</b>	<u>72,157</u>	<u>-</u>	<u>220,290</u>	<u>292,447</u>
<b>Expenditures:</b>				
General government	2,000	-	6,438	8,438
<b>Debt service:</b>				
Principal retirement	3,179,159	-	1,810,000	4,989,159
Interest	127,166	-	2,490,150	2,617,316
<b>Total expenditures</b>	<u>3,308,325</u>	<u>-</u>	<u>4,306,588</u>	<u>7,614,913</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(3,236,168)</u>	<u>-</u>	<u>(4,086,298)</u>	<u>(7,322,466)</u>
<b>Other financing sources:</b>				
Other Financing use-bond discount	-	-	-	-
Transfers in	3,308,326	-	10,594,492	13,902,818
Transfers out	(1,306,799)	(4,981,135)	-	(6,287,934)
<b>Total other financing sources</b>	<u>2,001,527</u>	<u>(4,981,135)</u>	<u>10,594,492</u>	<u>7,614,884</u>
<b>Change in fund balances</b>	<u>(1,234,641)</u>	<u>(4,981,135)</u>	<u>6,508,194</u>	<u>292,418</u>
Fund balances at beginning of year	1,234,641	4,981,135	2,086,618	8,302,394
<b>Fund balances at end of year</b>	<u>\$ -</u>	<u>-</u>	<u>8,594,812</u>	<u>\$ 8,594,812</u>

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CITY  
OF

# PASADENA

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*Colorado Street Bridge, circa 1919-1931*

**CAPITAL PROJECTS FUNDS**

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# NON-MAJOR GOVERNMENTAL FUNDS

## CAPITAL PROJECTS FUNDS

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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.

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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**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**Capital Projects Funds**  
**June 30, 2019**

	<b>Charter Capital Projects</b>	<b>New Development Impact</b>	<b>Residential Development Impact</b>	<b>10% Green Fee Capital Projects</b>
<b>Assets</b>				
Cash and investments	\$ 1,984,084	261,184	22,607,994	81,827
Accounts receivable	-	2,896	138,977	723
<b>Total assets</b>	<u>1,984,084</u>	<u>264,080</u>	<u>22,746,971</u>	<u>82,550</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Restricted	1,984,084	-	-	-
Committed	-	264,080	22,746,971	82,550
<b>Total fund balances</b>	<u>1,984,084</u>	<u>264,080</u>	<u>22,746,971</u>	<u>82,550</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,984,084</u>	<u>264,080</u>	<u>22,746,971</u>	<u>82,550</u>

<b>Capital Public Art</b>	<b>Traffic Reduction Transportation Improvement</b>	<b>Total</b>
1,009,052	5,727,337	\$ 31,671,478
5,425	22,047	170,068
<u>1,014,477</u>	<u>5,749,384</u>	<u>31,841,546</u>
-	-	-
-	-	-
-	-	1,984,084
<u>1,014,477</u>	<u>5,749,384</u>	<u>29,857,462</u>
<u>1,014,477</u>	<u>5,749,384</u>	<u>31,841,546</u>
<u><u>1,014,477</u></u>	<u><u>5,749,384</u></u>	<u><u>\$ 31,841,546</u></u>

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Charter Capital Projects</b>	<b>New Development Impact</b>	<b>Residential Development Impact</b>	<b>10% Green Fee Capital Projects</b>
<b>Revenues:</b>				
Charges for services	\$ -	-	-	-
Investment earnings	50,408	8,926	800,501	2,796
Miscellaneous revenues	-	-	-	-
Contributions	-	-	10,492,279	-
<b>Total revenues</b>	<b>50,408</b>	<b>8,926</b>	<b>11,292,780</b>	<b>2,796</b>
<b>Expenditures:</b>				
General government	6,073	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>6,073</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>44,335</b>	<b>8,926</b>	<b>11,292,780</b>	<b>2,796</b>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(7,356,168)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(7,356,168)</b>	<b>-</b>
<b>Change in fund balances</b>	<b>44,335</b>	<b>8,926</b>	<b>3,936,612</b>	<b>2,796</b>
Fund balances (deficits) at beginning	1,939,749	255,154	18,810,359	79,754
<b>Fund balances (deficits) at end of year</b>	<b>\$ 1,984,084</b>	<b>\$ 264,080</b>	<b>\$ 22,746,971</b>	<b>\$ 82,550</b>

<b>Capital Public Art</b>	<b>Traffic Reduction Transportation Improvement</b>	<b>Total</b>
-	3,726,283	\$ 3,726,283
34,219	162,151	1,059,001
16,387	-	16,387
-	-	10,492,279
<u>50,606</u>	<u>3,888,434</u>	<u>15,293,950</u>
-	-	6,073
-	-	-
-	-	<u>6,073</u>
<u>50,606</u>	<u>3,888,434</u>	<u>15,287,877</u>
-	(809,186)	(8,165,354)
-	(809,186)	(8,165,354)
<u>50,606</u>	<u>3,079,248</u>	<u>7,122,523</u>
<u>963,871</u>	<u>2,670,136</u>	<u>24,719,023</u>
<u>\$ 1,014,477</u>	<u>\$ 5,749,384</u>	<u>\$ 31,841,546</u>

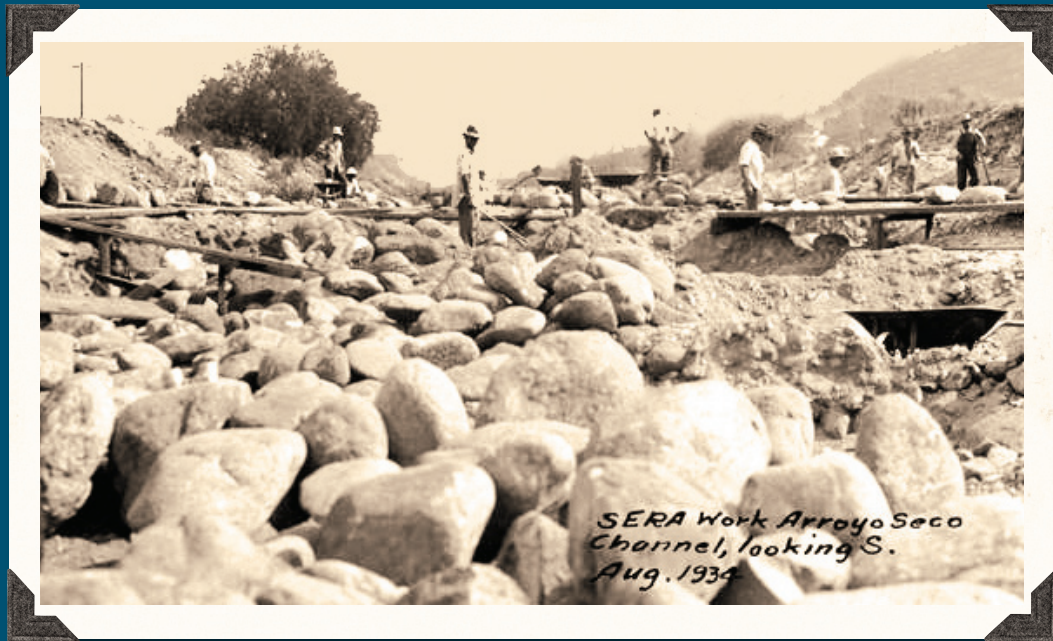
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CITY  
OF

# PASADENA

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*Arroyo Seco Channel, 1934*

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**PERMANENT FUNDS**

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# NON-MAJOR GOVERNMENTAL FUNDS

## PERMANENT FUNDS

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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.

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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  
Combining Balance Sheet  
Non-Major Governmental Funds  
Permanent Funds  
June 30, 2019**

	<b>Vroman Art Bequest</b>	<b>Singer Trust</b>	<b>Noble Award</b>	<b>Sheldon Memorial</b>	<b>Pasadena Center Capital Improvement Trust</b>
<b>Assets:</b>					
Cash and investments	\$ 5,867	46,582	6,204	324	457,868
Accounts receivable	37	293	39	2	2,881
<b>Total assets</b>	<b>5,904</b>	<b>46,875</b>	<b>6,243</b>	<b>326</b>	<b>460,749</b>
<b>Fund balances:</b>					
Nonspendable	5,000	23,426	1,100	298	400,000
Restricted	904	23,449	5,143	28	-
Committed	-	-	-	-	60,749
<b>Total fund balances</b>	<b>5,904</b>	<b>46,875</b>	<b>6,243</b>	<b>326</b>	<b>460,749</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,904</b>	<b>46,875</b>	<b>6,243</b>	<b>326</b>	<b>460,749</b>



<b>Cox Trust</b>	<b>Jankos Trust</b>	<b>Hudson Family Trust</b>	<b>M.A. Berger Trust</b>	<b>Total</b>
4,681	27,964	111,042	1,380,006	\$ 2,040,538
29	176	699	8,684	12,840
<u>4,710</u>	<u>28,140</u>	<u>111,741</u>	<u>1,388,690</u>	<u>2,053,378</u>
4,307	25,000	100,000	875,000	1,434,131
403	3,140	11,741	513,690	558,498
-	-	-	-	60,749
<u>4,710</u>	<u>28,140</u>	<u>111,741</u>	<u>1,388,690</u>	<u>2,053,378</u>
<u>4,710</u>	<u>28,140</u>	<u>111,741</u>	<u>1,388,690</u>	<u>\$ 2,053,378</u>

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Permanent Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Vroman Art Bequest</u>	<u>Singer Trust</u>	<u>Noble Award</u>	<u>Sheldon Memorial</u>	<u>Pasadena Center Capital Improvement Trust</u>
<b>Revenues:</b>					
Investment earnings	\$ 201	1,593	211	11	15,647
<b>Total revenues</b>	<u>201</u>	<u>1,593</u>	<u>211</u>	<u>11</u>	<u>15,647</u>
<b>Expenditures:</b>					
Culture and leisure	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>201</u>	<u>1,593</u>	<u>211</u>	<u>11</u>	<u>15,647</u>
Fund balances at beginning of year	5,703	45,282	6,032	315	445,102
<b>Fund balances at end of year</b>	<u>\$ 5,904</u>	<u>\$ 46,875</u>	<u>\$ 6,243</u>	<u>\$ 326</u>	<u>\$ 460,749</u>

<b>Cox Trust</b>	<b>Jankos Trust</b>	<b>Hudson Family Trust</b>	<b>M.A. Berger Trust</b>	<b>Total</b>
159	955	3,796	47,162	\$ 69,735
159	955	3,796	47,162	69,735
-	-	-	-	-
-	-	-	-	-
159	955	3,796	47,162	69,735
4,551	27,185	107,945	1,341,528	1,983,643
\$ 4,710	\$ 28,140	\$ 111,741	\$ 1,388,690	\$ 2,053,378

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CITY  
OF

# PASADENA

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*Storm Drain Under Construction, 1916*

**NON-MAJOR ENTERPRISE FUNDS**

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# NON-MAJOR ENTERPRISE FUNDS

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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.

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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**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2019**

	<u>Refuse Collection</u>	<u>Tele- communication</u>	<u>Total</u>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 26,097,440	861,953	\$ 26,959,393
Accounts receivable, net	2,656,588	187,146	2,843,734
<b>Total current assets</b>	<u>28,754,028</u>	<u>1,049,099</u>	<u>29,803,127</u>
<b>Non-current assets:</b>			
Capital assets	10,225,821	1,673,036	11,898,857
Less accumulated depreciation	(7,447,385)	(477,170)	(7,924,555)
<b>Total non-current assets</b>	<u>2,778,436</u>	<u>1,195,866</u>	<u>3,974,302</u>
<b>Total assets</b>	<u>31,532,464</u>	<u>2,244,965</u>	<u>33,777,429</u>
<b>Deferred outflow of resources:</b>			
Deferred outflows related to net pension liability	1,600,767	-	1,600,767
Deferred outflows related to net OPEB liability	87,428	-	87,428
<b>Total deferred outflow of resources</b>	<u>1,688,195</u>	<u>-</u>	<u>1,688,195</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	917,566	11,954	929,520
Deposits	8,568,395	-	8,568,395
Due to other funds	-	-	-
<b>Total current liabilities</b>	<u>9,485,961</u>	<u>11,954</u>	<u>9,497,915</u>
<b>Non-current liabilities:</b>			
GASB68 Net pension liability	7,443,756	-	7,443,756
GASB75 Net OPEB liability	2,008,470	-	2,008,470
<b>Total non-current liabilities</b>	<u>9,452,226</u>	<u>-</u>	<u>9,452,226</u>
<b>Total liabilities</b>	<u>18,938,187</u>	<u>11,954</u>	<u>18,950,141</u>
<b>Deferred inflow of resources:</b>			
Deferred inflows related to net pension liability	374,023	-	374,023
Deferred inflows related to net OPEB liability	15,268	-	15,268
<b>Total deferred inflow of resources</b>	<u>389,291</u>	<u>-</u>	<u>389,291</u>
<b>Net Position:</b>			
Investment in Capital Assets	2,778,436	1,195,866	3,974,302
Unrestricted	11,114,745	1,037,145	12,151,890
<b>Total net position</b>	<u>\$ 13,893,181</u>	<u>2,233,011</u>	<u>\$ 16,126,192</u>

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Refuse Collection</b>	<b>Tele- communication</b>	<b>Total</b>
<b>Operating revenues:</b>			
<b>Charges for services:</b>			
Refuse collection	\$ 11,743,492	-	\$ 11,743,492
Telecommunication	-	680,298	680,298
<b>Total operating revenues</b>	<b>11,743,492</b>	<b>680,298</b>	<b>12,423,790</b>
<b>Operating expenses:</b>			
Sewer Construction and Maintenance	-	-	-
Refuse collection	15,778,322	-	15,778,322
Telecommunications	-	65,747	65,747
Depreciation	750,169	104,082	854,251
<b>Total operating expenses</b>	<b>16,528,491</b>	<b>169,829</b>	<b>16,698,320</b>
<b>Operating income (loss)</b>	<b>(4,784,999)</b>	<b>510,469</b>	<b>(4,274,530)</b>
<b>Nonoperating revenues (expenses):</b>			
Taxes	5,786,590	-	5,786,590
Intergovernmental revenues	109,718	-	109,718
Investment earnings	845,849	32,319	878,168
Miscellaneous revenues	352,349	-	352,349
<b>Total nonoperating revenues (expenses)</b>	<b>7,094,506</b>	<b>32,319</b>	<b>7,126,825</b>
<b>Income (loss) before transfers</b>	<b>2,309,507</b>	<b>542,788</b>	<b>2,852,295</b>
<b>Transfers:</b>			
Transfers in	-	196,927	196,927
Transfers out	(213,837)	(320,543)	(534,380)
<b>Net income (loss)</b>	<b>2,095,670</b>	<b>419,172</b>	<b>2,514,842</b>
Net position at beginning of year	11,797,511	1,813,839	13,611,350
<b>Net position (deficit) at end of year</b>	<b>\$ 13,893,181</b>	<b>2,233,011</b>	<b>\$ 16,126,192</b>



**CITY OF PASADENA**  
**Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**Year Ended June 30, 2019**

	Refuse	Tele- communication	TOTAL
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 11,613,818	659,858	\$ 12,273,676
Cash payments to suppliers for goods and services	(6,497,583)	(61,416)	(6,558,999)
Cash payments to employees for services	(7,120,632)	-	(7,120,632)
Cash payments to other funds for services	(327,948)	-	(327,948)
Miscellaneous revenues (expenses)	352,349	-	352,349
<b>Net cash provided by (used for) operating activities</b>	<b>(1,979,996)</b>	<b>598,442</b>	<b>(1,381,554)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash transfers in	-	196,927	196,927
Cash transfers out	(213,837)	(320,543)	(534,380)
Taxes received	5,786,590	-	5,786,590
Intergovernmental revenues	109,718	-	109,718
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>6,034,820</b>	<b>(123,616)</b>	<b>5,558,855</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(271,999)	(279,418)	(551,417)
<b>Net cash used for capital and related financing activities</b>	<b>(271,999)</b>	<b>(279,418)</b>	<b>(551,417)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment earnings	845,854	32,319	878,173
<b>Net cash provided by (used for) investing activities</b>	<b>845,854</b>	<b>32,319</b>	<b>878,173</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,276,330</b>	<b>227,727</b>	<b>4,504,057</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>21,821,110</b>	<b>634,226</b>	<b>22,455,336</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 26,097,440</b>	<b>861,953</b>	<b>\$ 26,959,393</b>
<b>Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:</b>			
Cash and Investments	\$ 26,097,440	861,953	\$ 26,959,393
<b>Cash and cash equivalents at end of year</b>	<b>\$ 26,097,440</b>	<b>861,953</b>	<b>\$ 26,959,393</b>

**CITY OF PASADENA**  
**Statement of Cash Flows**  
**Non-major Enterprise Funds (continued)**  
**Year Ended June 30, 2019**

	<u>Refuse</u>	<u>Tele- communication</u>	<u>TOTAL</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (4,784,999)	510,469	\$ (4,274,530)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation and amortization	750,169	104,082	854,251
Miscellaneous revenue	352,349	-	352,349
(Increase) decrease in accounts receivable	(186,061)	(20,440)	(206,501)
Increase (decrease) in allowance for uncollectible accounts	56,387	-	56,387
Increase (decrease) in accounts payable and accrued liabilities	55,727	4,331	60,058
Increase (decrease) in deposits payable	1,448,484	-	1,448,484
Increase (decrease) in deferred inflows	(129,275)	-	(129,275)
(Increase) decrease in deferred outflow	492,520	-	492,520
Increase (decrease) in net OPEB liability	201,039	-	201,039
Increase (decrease) in Net Pension Obligations	(236,336)	-	(236,336)
<b>Total adjustments</b>	<u>2,805,003</u>	<u>87,973</u>	<u>2,892,976</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (1,979,996)</u>	<u>598,442</u>	<u>\$ (1,381,554)</u>

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CITY  
OF

# PASADENA

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*City Hall on Fair Oaks Avenue & Union Street, circa 1915*

**INTERNAL SERVICE FUNDS**

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# INTERNAL SERVICE FUNDS

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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.

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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 repair and maintenance of City vehicles.

Fleet Replacement Fund - to account for the procurement of City vehicles.

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.

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

**CITY OF PASADENA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2019**

<b>Assets</b>	<b>Computing and Communication Services</b>	<b>Building Maintenance</b>	<b>Fleet Replacement</b>	<b>Fleet Maintenance</b>
<b>Current assets:</b>				
Cash and investments	\$ 3,036,699	9,079,718	11,968,254	953,246
Accounts receivable	15,324	80,889	43,243	34,790
Inventories	-	-	-	473,179
Prepays and other assets	858,535	-	-	-
<b>Total current assets</b>	<b>3,910,558</b>	<b>9,160,607</b>	<b>12,011,497</b>	<b>1,461,215</b>
<b>Non-current assets:</b>				
Capital assets	13,253,174	24,310	23,387,111	23,114
Less accumulated depreciation	(9,212,378)	(22,178)	(15,097,682)	(1,541)
<b>Total non-current assets</b>	<b>4,040,796</b>	<b>2,132</b>	<b>8,289,429</b>	<b>21,573</b>
<b>Total assets</b>	<b>7,951,354</b>	<b>9,162,739</b>	<b>20,300,926</b>	<b>1,482,788</b>
<b>Deferred outflow of resources</b>				
Deferred refunding charges	-	-	-	-
Deferred Outflows related to net pension liability	3,049,027	1,289,340	58,095	609,603
Deferred Outflows related to net OPEB liability	95,889	59,226	25,382	2,820
<b>Total deferred outflow of resources</b>	<b>3,144,916</b>	<b>1,348,566</b>	<b>83,477</b>	<b>612,423</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	1,553,494	646,345	5,345	683,947
Insurance claims payable - current	-	-	-	-
Due to other funds	-	-	-	-
Compensated absences due within one year	-	-	-	-
Capitalized lease obligations - current	-	-	-	-
<b>Total current liabilities</b>	<b>1,553,494</b>	<b>646,345</b>	<b>5,345</b>	<b>683,947</b>
<b>Non-current liabilities:</b>				
Insurance claims payable - long-term	-	-	-	-
Capitalized lease obligations - long-term	-	-	-	-
Compensated absences due in more than one year	-	-	-	-
GASB68 Net pension liability	13,517,611	6,403,482	3,046,019	467,909
OPEB liability	2,356,548	1,516,408	189,815	532,283
<b>Total non-current liabilities</b>	<b>15,874,159</b>	<b>7,919,890</b>	<b>3,235,834</b>	<b>1,000,192</b>
<b>Total liabilities</b>	<b>17,427,653</b>	<b>8,566,235</b>	<b>3,241,179</b>	<b>1,684,139</b>
<b>Deferred inflow of resources:</b>				
Deferred inflows related to net pension liability	675,620	339,207	18,129	163,157
Deferred inflows related to net OPEB liability	18,479	12,100	(2)	5,764
<b>Total deferred inflow of resources</b>	<b>694,099</b>	<b>351,307</b>	<b>18,127</b>	<b>168,921</b>
<b>Net Position</b>				
Net Investment in Capital Assets	4,040,796	2,132	8,289,429	21,573
Assigned	-	-	-	-
Unrestricted	(11,066,278)	1,591,631	8,835,668	220,578
<b>Total net position (deficit)</b>	<b>\$ (7,025,482)</b>	<b>1,593,763</b>	<b>17,125,097</b>	<b>242,151</b>

<b>Benefits</b>	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Printing Services</b>	<b>311 Call Center</b>	<b>Total</b>
-	5,217,065	2,485,889	-	210,394	\$ 32,951,265
102,802	20,494	26,276	(16,500)	1,083	308,401
-	-	-	-	-	473,179
47,846	-	150	-	-	906,531
<u>150,648</u>	<u>5,237,559</u>	<u>2,512,315</u>	<u>(16,500)</u>	<u>211,477</u>	<u>34,639,376</u>
-	-	3,714,391	336,961	-	40,739,061
-	-	-	(336,961)	-	(24,670,740)
-	-	3,714,391	-	-	16,068,321
<u>150,648</u>	<u>5,237,559</u>	<u>6,226,706</u>	<u>(16,500)</u>	<u>211,477</u>	<u>50,707,697</u>
-	-	-	-	-	-
12,521,342	1,837,275	25,174	191,796	198,077	19,779,729
7,051	9,871	2,820	8,461	8,461	219,981
<u>12,528,393</u>	<u>1,847,146</u>	<u>27,994</u>	<u>200,257</u>	<u>206,538</u>	<u>19,999,710</u>
7,253,212	191,414	16,623	69,512	21,861	10,441,753
-	14,026,731	3,554,090	-	-	17,580,821
623,695	-	-	3,849,698	-	4,473,393
9,903,604	-	-	-	-	9,903,604
-	-	-	-	-	-
<u>17,780,511</u>	<u>14,218,145</u>	<u>3,570,713</u>	<u>3,919,210</u>	<u>21,861</u>	<u>42,399,571</u>
-	19,999,025	7,862,628	-	-	27,861,653
-	-	-	-	-	-
1,278,111	-	-	-	-	1,278,111
63,740,044	7,530,800	391,783	884,131	546,967	96,528,746
213,388	252,735	39,347	216,630	216,630	5,533,784
<u>65,231,543</u>	<u>27,782,560</u>	<u>8,293,758</u>	<u>1,100,761</u>	<u>763,597</u>	<u>131,202,294</u>
<u>83,012,054</u>	<u>42,000,705</u>	<u>11,864,471</u>	<u>5,019,971</u>	<u>785,458</u>	<u>173,601,865</u>
3,279,785	338,401	16,479	52,827	33,332	4,916,937
1,811	2,017	206	1,729	1,729	43,833
<u>3,281,596</u>	<u>340,418</u>	<u>16,685</u>	<u>54,556</u>	<u>35,061</u>	<u>4,960,770</u>
-	-	3,714,391	-	-	16,068,321
-	-	-	-	-	-
<u>(73,614,609)</u>	<u>(35,256,418)</u>	<u>(9,340,847)</u>	<u>(4,890,770)</u>	<u>(402,504)</u>	<u>(123,923,549)</u>
<u>(73,614,609)</u>	<u>(35,256,418)</u>	<u>(5,626,456)</u>	<u>(4,890,770)</u>	<u>(402,504)</u>	<u>\$ (107,855,228)</u>

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Computing and Communication Services</b>	<b>Building Maintenance</b>	<b>Fleet Replacement</b>	<b>Fleet Maintenance</b>
<b>Operating revenues:</b>				
<b>Charges for services:</b>				
Computing and communication services	\$ 16,008,160	-	-	-
Building maintenance	-	12,898,589	-	-
Fleet maintenance	-	-	3,021,355	8,703,003
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
311 Call Center	-	-	-	-
<b>Total operating revenues</b>	<u>16,008,160</u>	<u>12,898,589</u>	<u>3,021,355</u>	<u>8,703,003</u>
<b>Operating expenses:</b>				
Computing and communication services	15,163,379	-	-	-
Building maintenance	-	11,267,240	-	-
Fleet replacement and maintenance	-	-	337,261	8,069,375
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
311 Call Center	-	-	-	-
Depreciation	1,241,059	1,329	1,274,080	1,541
<b>Total operating expenses</b>	<u>16,404,438</u>	<u>11,268,569</u>	<u>1,611,341</u>	<u>8,070,916</u>
<b>Operating income (loss)</b>	<u>(396,278)</u>	<u>1,630,020</u>	<u>1,410,014</u>	<u>632,087</u>
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	74,152	276,931	358,990	33,419
Miscellaneous revenue	-	-	1,098	20,903
Interest expense	(8,308)	-	-	-
Gain (loss) on disposal of assets	4,775	-	(122,551)	-
<b>Total nonoperating revenues (expenses)</b>	<u>70,619</u>	<u>276,931</u>	<u>237,537</u>	<u>54,322</u>
<b>Income (loss) before transfers</b>	<u>(325,659)</u>	<u>1,906,951</u>	<u>1,647,551</u>	<u>686,409</u>
<b>Transfers from (to) other funds:</b>				
Transfers in	670,782	90,528	618,000	-
Transfers out	(326,302)	(1,372,678)	-	(626,169)
<b>Net income (loss)</b>	<u>18,821</u>	<u>624,801</u>	<u>2,265,551</u>	<u>60,240</u>
Net position at beginning of year, as restated (note 21)	(7,044,303)	968,962	14,859,546	181,911
<b>Net position (deficit) at end of year</b>	<u>\$ (7,025,482)</u>	<u>1,593,763</u>	<u>17,125,097</u>	<u>242,151</u>



<b>Benefits</b>	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Printing Services</b>	<b>311 Call Center</b>	<b>Total</b>
-	-	-	-	-	\$ 16,008,160
-	-	-	-	-	12,898,589
-	-	-	-	-	11,724,358
32,179,205	-	-	-	-	32,179,205
-	14,882,830	3,096,082	-	-	17,978,912
-	-	-	1,089,134	-	1,089,134
-	-	-	-	767,078	767,078
<u>32,179,205</u>	<u>14,882,830</u>	<u>3,096,082</u>	<u>1,089,134</u>	<u>767,078</u>	<u>92,645,436</u>
-	-	-	-	-	15,163,379
-	-	-	-	-	11,267,240
-	-	-	-	-	8,406,636
38,595,870	-	-	-	-	38,595,870
-	12,326,253	1,804,773	-	-	14,131,026
-	-	-	1,568,183	-	1,568,183
-	-	-	-	789,570	789,570
-	-	-	-	-	2,518,009
<u>38,595,870</u>	<u>12,326,253</u>	<u>1,804,773</u>	<u>1,568,183</u>	<u>789,570</u>	<u>92,439,913</u>
<u>(6,416,665)</u>	<u>2,556,577</u>	<u>1,291,309</u>	<u>(479,049)</u>	<u>(22,492)</u>	<u>205,523</u>
16,887	147,301	107,042	(127,560)	5,598	892,760
87,000	-	-	-	-	109,001
-	-	-	-	-	(8,308)
-	-	-	-	-	(117,776)
<u>103,887</u>	<u>147,301</u>	<u>107,042</u>	<u>(127,560)</u>	<u>5,598</u>	<u>875,677</u>
<u>(6,312,778)</u>	<u>2,703,878</u>	<u>1,398,351</u>	<u>(606,609)</u>	<u>(16,894)</u>	<u>1,081,200</u>
-	-	-	-	-	1,379,310
<u>(647)</u>	<u>(2,476)</u>	<u>(920)</u>	<u>-</u>	<u>-</u>	<u>(2,329,192)</u>
<u>(6,313,425)</u>	<u>2,701,402</u>	<u>1,397,431</u>	<u>(606,609)</u>	<u>(16,894)</u>	<u>131,318</u>
<u>(67,301,184)</u>	<u>(37,957,820)</u>	<u>(7,023,887)</u>	<u>(4,284,161)</u>	<u>(385,610)</u>	<u>(107,986,546)</u>
<u>(73,614,609)</u>	<u>(35,256,418)</u>	<u>(5,626,456)</u>	<u>(4,890,770)</u>	<u>(402,504)</u>	<u>\$ (107,855,228)</u>

**CITY OF PASADENA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2019**

	<b>Computing and Communication Services</b>	<b>Building Maintenance</b>	<b>Fleet Replacement</b>	<b>Fleet Maintenance</b>	<b>Benefits</b>	<b>Workers' Compensation</b>
<b>Cash flows from operating activities:</b>						
Cash received from customers and users	\$ 16,053,166	12,904,248	3,021,355	8,712,772	32,715,549	14,885,138
Cash payments to suppliers for goods or services	(4,829,184)	(6,106,707)	(276,381)	(7,949,566)	(1,798,764)	(8,791,795)
Cash payments to employees for services	(9,575,422)	(4,788,096)	-	-	(35,486,488)	(4,971,205)
Miscellaneous revenue (expenses)	-	-	1,098	20,903	87,000	-
<b>Net cash provided by (used for) operating activities</b>	<b>1,648,560</b>	<b>2,009,445</b>	<b>2,746,072</b>	<b>784,109</b>	<b>(4,482,703)</b>	<b>1,122,138</b>
<b>Cash flows from noncapital financing activities:</b>						
Transfers from other funds	670,782	90,528	618,000	-	-	-
Transfers to other funds	(326,302)	(1,372,678)	-	(626,169)	(647)	(2,476)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>344,480</b>	<b>(1,282,150)</b>	<b>618,000</b>	<b>(626,169)</b>	<b>(647)</b>	<b>(2,476)</b>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(1,136,247)	-	(1,195,710)	(23,114)	-	-
Proceeds from sale of capital assets	4,775	-	40,985	-	-	-
Principal paid on debt	(319,928)	-	-	-	-	-
Interest paid on debt	(2,902)	-	-	-	-	-
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(1,454,302)</b>	<b>-</b>	<b>(1,154,725)</b>	<b>(23,114)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>						
Investment earnings (expenses)	70,265	293,690	341,203	33,024	17,925	160,256
<b>Net cash provided by (used for) investing activities</b>	<b>70,265</b>	<b>293,690</b>	<b>341,203</b>	<b>33,024</b>	<b>17,925</b>	<b>160,256</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>609,003</b>	<b>1,020,985</b>	<b>2,550,550</b>	<b>167,850</b>	<b>(4,465,425)</b>	<b>1,279,918</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,427,696</b>	<b>8,058,733</b>	<b>9,417,704</b>	<b>785,396</b>	<b>4,465,425</b>	<b>3,937,147</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,036,699</b>	<b>9,079,718</b>	<b>11,968,254</b>	<b>953,246</b>	<b>-</b>	<b>5,217,065</b>
<b>Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:</b>						
Cash and investments	\$ 3,036,699	9,079,718	11,968,254	953,246	-	5,217,065
Cash and cash equivalents at end of year	\$ 3,036,699	9,079,718	11,968,254	953,246	-	5,217,065

<b>General Liability</b>	<b>Printing Services</b>	<b>311 Call Center</b>	<b>Totals</b>
1,594,009	1,661,187	767,078	92,314,502
(1,495,828)	(971,921)	(120,999)	(32,341,145)
(286,854)	(550,303)	(635,790)	(56,294,158)
-	-	-	109,001
<u>(188,673)</u>	<u>138,963</u>	<u>10,289</u>	<u>3,788,200</u>
-	-	-	1,379,310
<u>(920)</u>	<u>-</u>	<u>-</u>	<u>(2,329,192)</u>
<u>(920)</u>	<u>-</u>	<u>-</u>	<u>(949,882)</u>
-	-	-	(2,355,071)
-	-	-	45,760
-	-	-	(319,928)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,902)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,632,141)</u>
122,482	(138,963)	5,316	905,198
<u>122,482</u>	<u>(138,963)</u>	<u>5,316</u>	<u>905,198</u>
(67,111)	-	15,605	1,111,375
2,553,000	-	194,789	31,839,890
<u>2,485,889</u>	<u>-</u>	<u>210,394</u>	<u>32,951,265</u>
<u>2,485,889</u>	<u>-</u>	<u>210,394</u>	<u>32,951,265</u>
<u>2,485,889</u>	<u>-</u>	<u>210,394</u>	<u>32,951,265</u>

**CITY OF PASADENA**  
**Combining Statement of Cash Flows, (Continued)**  
**Internal Service Funds**  
**Year Ended June 30, 2019**

	<u>Computing and Communication Services</u>	<u>Building Maintenance</u>	<u>Fleet Replacement</u>	<u>Fleet Maintenance</u>	<u>Benefits</u>	<u>Workers' Compensation</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ (396,278)	1,630,020	1,410,014	632,087	(6,416,665)	2,556,577
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>						
Depreciation	1,241,059	1,329	1,274,080	1,541	-	-
(Increase) decrease in accounts receivable	45,006	5,659	-	9,769	(87,351)	2,308
Miscellaneous revenue (expense)	-	-	1,098	20,903	87,000	-
(Increase) decrease in due to other funds	-	-	-	-	623,695	-
(Increase) decrease in inventories	-	-	-	3,340	-	-
(Increase) decrease in prepaids and other assets	(646,800)	2,400	-	-	(3,679)	-
(Increase) decrease in deferred outflow related to pension liability	1,052,243	443,558	385,492	(153,774)	4,180,408	813,739
(Increase) decrease in deferred outflow related to OPEB liability	(95,889)	(59,226)	(25,382)	(2,820)	(7,051)	(9,871)
Increase (decrease) in accounts payable and accrued liabilities	891,399	114,436	(116,410)	169,543	(735,785)	94,138
Increase (decrease) in insurance claims payable	-	-	-	-	-	(1,772,520)
Increase (decrease) in OPEB liability	220,494	136,188	58,366	6,485	16,213	22,698
Increase (decrease) in pension liability	(433,477)	(158,424)	(6,815)	(85,209)	(1,302,914)	(454,570)
Increase (decrease) in deferred inflow related to pension liability	(229,197)	(106,495)	(234,371)	182,244	(1,040,185)	(130,361)
Increase (decrease) in compensated absences	-	-	-	-	203,611	-
<b>Total adjustments</b>	<u>2,044,838</u>	<u>379,425</u>	<u>1,336,058</u>	<u>152,022</u>	<u>1,933,962</u>	<u>(1,434,439)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 1,648,560</u>	<u>2,009,445</u>	<u>2,746,072</u>	<u>784,109</u>	<u>(4,482,703)</u>	<u>1,122,138</u>
<b>Non-Cash Investing, Capital, and Financing Activities</b>						
Gain/(Loss) on disposition of capital assets	-	-	(163,536)	-	-	-
Changes in fair value of investments	34,260	128,432	167,473	16,568	5,023	70,371
Amortization of deferred charges	6,051	-	-	-	-	-

<u>General Liability</u>	<u>Printing Services</u>	<u>311 Call Center</u>	<u>Totals</u>
1,291,309	(479,049)	(22,492)	\$ 205,523
-	-	-	2,518,009
649	17,290	-	(6,670)
-	-	-	109,001
-	554,763	-	1,178,458
-	-	-	3,340
(150)	-	-	(648,229)
10,361	53,073	58,958	6,844,058
(2,820)	(8,461)	(8,461)	(219,981)
(20,024)	12,972	(1,317)	408,952
(1,475,654)	-	-	(3,248,174)
6,485	19,455	19,455	505,839
7,954	(17,864)	(22,008)	(2,473,327)
(6,783)	(13,216)	(13,846)	(1,592,210)
-	-	-	203,611
<u>(1,479,982)</u>	<u>618,012</u>	<u>32,781</u>	<u>3,582,677</u>
<u>(188,673)</u>	<u>138,963</u>	<u>10,289</u>	<u>\$ 3,788,200</u>
-	-	-	(163,536)
52,070	(59,555)	2,602	417,244
-	-	-	6,051

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CITY  
OF

# PASADENA

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*Colorado Street & Raymond Avenue Looking East, 1926*

**FIDUCIARY FUNDS**

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# FIDUCIARY FUNDS

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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.

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## **Pension Trust Funds:**

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.

Section 115 Trust OPEB Fund - to account for resources held in a trust capacity by the City in accordance with the provisions of Internal Revenue Code Section 115 for the Post-employment Benefits Other than Pensions.

## **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 Innovation and Opportunity Act Fund – to account for the administration of Workforce Innovation and Opportunity Act (WIOA) activities under the direction of the Foothill Workforce Development Board (FWDB).

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**  
**Combining Statement of Net Position**  
**Pension Trust Funds**  
**June 30, 2019**

	<b>Deferred Compensation</b>	<b>Fire and Police Retirement System</b>	<b>Employment Benefit (OPEB) Trust Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 301,519,140	5,039,242	2,124,821	\$ 308,683,203
<b>Receivables:</b>				
Pending trade sales	-	91,328	-	91,328
Interest	-	123,972	871	124,843
<b>Investments, at fair value:</b>				
Government and agencies	-	18,326,346	-	18,326,346
Fixed income mutual funds	-	15,435,016	-	15,435,016
Domestic corporate obligations	-	19,414,116	-	19,414,116
International corporate obligations	-	600,707	-	600,707
Real estate	-	11,434,054	-	11,434,054
Domestic corporate stocks	-	22,380,573	-	22,380,573
International corporate stocks	-	22,374,765	-	22,374,765
<b>Total investments</b>	<b>-</b>	<b>109,965,577</b>	<b>-</b>	<b>109,965,577</b>
<b>Total assets</b>	<b>301,519,140</b>	<b>115,220,119</b>	<b>2,125,692</b>	<b>418,864,951</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	-	24,240	-	24,240
Pending purchases	-	3,421,789	-	3,421,789
<b>Total liabilities</b>	<b>-</b>	<b>3,446,029</b>	<b>-</b>	<b>3,446,029</b>
<b>Net position reserved in trust for</b>				
Held in trust for other post retirement benefits			2,125,692	2,125,692
Net position restricted for pensions	301,519,140	111,774,090		413,293,230
<b>Total Net Position reserved in trust</b>	<b>\$ 301,519,140</b>	<b>111,774,090</b>	<b>2,125,692</b>	<b>\$ 415,418,922</b>

**CITY OF PASADENA**  
**Combining Statement of Changes in Net Position**  
**Pension Trust Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Deferred Compensation</b>	<b>Fire and Police Retirement System</b>	<b>Employment Benefit (OPEB) Trust Fund</b>	<b>Total</b>
<b>Additions:</b>				
<b>Contributions:</b>				
Plan members	\$ 15,822,757	-	-	\$ 15,822,757
<b>Total contributions</b>	<b>15,822,757</b>	<b>-</b>	<b>-</b>	<b>15,822,757</b>
<b>Net investment income:</b>				
Investment earnings	14,500,564	3,620,836	1,320	18,122,720
Interest	-	838,911	74,437	913,348
Dividends	-	1,877,169	57,418	1,934,587
<b>Gross investment income</b>	<b>14,500,564</b>	<b>6,336,916</b>	<b>133,175</b>	<b>20,970,655</b>
Less investment expenses	-	(414,238)	-	(414,238)
<b>Total net investment income</b>	<b>14,500,564</b>	<b>5,922,678</b>	<b>133,175</b>	<b>20,556,417</b>
<b>Total additions</b>	<b>30,323,321</b>	<b>5,922,678</b>	<b>133,175</b>	<b>36,379,174</b>
<b>Deductions:</b>				
Benefits paid to participants	19,517,759	12,823,681	-	32,341,440
Administrative expenses	206,077	256,986	9,676	472,739
<b>Total deductions</b>	<b>19,723,836</b>	<b>13,080,667</b>	<b>9,676</b>	<b>32,814,179</b>
<b>Increase/(Decrease) in amount held for employees</b>	<b>10,599,485</b>	<b>(7,157,989)</b>	<b>123,499</b>	<b>3,564,995</b>
<b>Amount held in trust for employees:</b>				
Beginning of year	290,919,655	118,932,079	2,002,193	411,853,927
<b>End of year</b>	<b>\$ 301,519,140</b>	<b>111,774,090</b>	<b>2,125,692</b>	<b>\$ 415,418,922</b>

CITY OF PASADENA  
Combining Balance Sheet  
Agency Funds  
June 30, 2019

	Lake/ Washington Special Assessment District	Library Equipment Replacement	Workforce Innovation and Opportunity Act	Open Space Assessment District	Total
<b>Assets:</b>					
Cash and investments	\$ -	329,727	-	154,003	\$ 483,730
Accounts receivable	(35)	6,235	859,081	3,096	868,377
Other assets	-	117,107	-	862,036	979,143
<b>Total assets</b>	<u>(35)</u>	<u>453,069</u>	<u>859,081</u>	<u>1,019,135</u>	<u>2,331,250</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	-	225	859,081	750	860,056
Due to other governments	(35)	452,844	-	-	452,809
Due to bondholders	-	-	-	1,018,385	1,018,385
<b>Total liabilities</b>	<u>(35)</u>	<u>453,069</u>	<u>859,081</u>	<u>1,019,135</u>	<u>\$ 2,331,250</u>

**CITY OF PASADENA**  
**Combining Statements of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
<b><u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ -	36,303	36,303	\$ -
Accounts receivable	981	603	1,619	(35)
<b>Total assets</b>	<b>981</b>	<b>36,906</b>	<b>37,922</b>	<b>(35)</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	-			-
Due to other governments	981	67,062	68,078	(35)
<b>Total liabilities</b>	<b>981</b>	<b>67,062</b>	<b>68,078</b>	<b>(35)</b>
<b><u>LIBRARY EQUIPMENT REPLACEMENT</u></b>				
<b><u>Assets</u></b>				
Cash and investments	478,852	30,874	179,999	329,727
Accounts receivable	5,557	14,158	13,480	6,235
Other assets	111,530	117,107	111,530	117,107
<b>Total assets</b>	<b>595,939</b>	<b>162,139</b>	<b>305,009</b>	<b>453,069</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	265	160,856	160,896	225
Due to other governments	595,674	419,228	562,058	452,844
<b>Total liabilities</b>	<b>595,939</b>	<b>580,084</b>	<b>722,954</b>	<b>453,069</b>
<b><u>WORKFORCE INNOVATION AND OPPORTUNITY ACT</u></b>				
<b><u>Assets</u></b>				
Cash and investments	-	7,070,744	7,070,744	-
Accounts receivable	649,608	3,222,141	3,012,668	859,081
Other assets	2,014	6,602	8,616	-
<b>Total assets</b>	<b>651,622</b>	<b>10,299,487</b>	<b>10,092,028</b>	<b>859,081</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	651,622	13,987,925	13,780,466	859,081
<b>Total liabilities</b>	<b>\$ 651,622</b>	<b>13,987,925</b>	<b>13,780,466</b>	<b>\$ 859,081</b>

(Continued)

**CITY OF PASADENA**  
**Combining Statements of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
<b><u>OPEN SPACE ASSESSMENT DISTRICT</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 151,308	91,188	88,493	\$ 154,003
Accounts receivable	2,868	4,740	4,512	3,096
Other assets	886,809	74,755	99,528	862,036
<b>Total assets</b>	<b><u>1,040,985</u></b>	<b><u>170,683</u></b>	<b><u>192,533</u></b>	<b><u>1,019,135</u></b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	750	2,999	2,999	750
Due to other governments	-	-	-	-
Due to bondholders	1,040,235		21,850	1,018,385
<b>Total liabilities</b>	<b><u>1,040,985</u></b>	<b><u>2,999</u></b>	<b><u>24,849</u></b>	<b><u>1,019,135</u></b>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and investments	630,160	7,229,109	7,375,539	483,730
Accounts receivable	659,014	3,241,642	3,032,279	868,377
Other assets	1,000,353	198,464	219,674	979,143
<b>Total assets</b>	<b><u>2,289,527</u></b>	<b><u>10,669,215</u></b>	<b><u>10,627,492</u></b>	<b><u>2,331,250</u></b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	652,637	14,151,780	13,944,361	452,809
Due to other governments	596,655	486,290	630,136	1,018,385
Due to bondholders	1,040,235	-	21,850	-
<b>Total liabilities</b>	<b><u>\$ 2,289,527</u></b>	<b><u>14,638,070</u></b>	<b><u>14,596,347</u></b>	<b><u>\$ 1,471,194</u></b>



CITY  
OF

# PASADENA

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*Raymond Hotel, circa 1901-1934*

**SUCCESSOR AGENCY COMBINED**

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# 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**  
**Combining Statement of Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2019**

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
<b>Assets</b>					
<b>Current assets:</b>					
Cash and investments	\$ 6,516	392,396	52,272	-	-
Notes receivable	-	-	-	-	-
Allowance for uncollectible long-term receivables	-	-	-	-	-
<b>Total current assets</b>	<b>6,516</b>	<b>392,396</b>	<b>52,272</b>	<b>-</b>	<b>-</b>
<b>Non-current assets:</b>					
Capital assets	-	214,261	-	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>214,261</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>6,516</b>	<b>606,657</b>	<b>52,272</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	12,605	-	-	-	-
Bonds payable - due within one year	-	-	-	-	-
Bonds payable - due in more than one year	-	-	-	-	-
<b>Total liabilities</b>	<b>12,605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>					
Net position held in trust	\$ (6,089)	606,657	52,272	-	-



<b>Successor Agency Debt Service</b>				<b>Housing Successor- Debt Service</b>	<b>Total</b>
<b>Fair Oaks</b>	<b>Orange Grove</b>	<b>Villa Parke</b>	<b>Lake Washington</b>		
5,392,449	91,687	9,135	85,111	80	\$ 6,029,646
515,000	-	-	-	-	515,000
(515,000)	-	-	-	-	(515,000)
5,392,449	91,687	9,135	85,111	80	6,029,646
-	-	-	-	-	214,261
-	-	-	-	-	214,261
5,392,449	91,687	9,135	85,111	80	6,243,907
5,104,271	-	-	-	-	5,116,876
200,000	-	-	-	-	200,000
435,000	-	-	-	-	435,000
5,739,271	-	-	-	-	5,751,876
(346,822)	91,687	9,135	85,111	80	\$ 492,031

**CITY OF PASADENA**  
**Combining Statement of Changes in Net Position**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
<b>Additions:</b>					
Property taxes	\$ -	2,954,371	-	-	-
Investment earnings	-	-	-	-	-
Gain(loss) on disposition of property	-	4,852,609	-	-	-
Miscellaneous revenues	-	-	-	-	-
<b>Total additions</b>	<b>-</b>	<b>7,806,980</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deductions:</b>					
Fiscal agency expenses	-	-	-	-	-
Interest expense	-	-	-	-	-
Statutory pass-through expenses	-	-	1,519,350	22,978	-
<b>Administrative expenses:</b>					
County administrative expenses	-	-	130,484	6,157	524,214
Successor agency administrative cost allowance	240,336	5,767,609	-	-	-
<b>Total deductions</b>	<b>240,336</b>	<b>5,767,609</b>	<b>1,649,834</b>	<b>29,135</b>	<b>524,214</b>
<b>Transfers:</b>					
Transfers in	241,059	-	1,649,834	987,701	524,214
Transfers out	-	(5,959,167)	-	-	-
<b>Total transfers</b>	<b>241,059</b>	<b>(5,959,167)</b>	<b>1,649,834</b>	<b>987,701</b>	<b>524,214</b>
<b>Change in amount held in trust</b>	<b>723</b>	<b>(3,919,796)</b>	<b>-</b>	<b>958,566</b>	<b>-</b>
Amount held in trust at beginning of year	(6,812)	4,526,453	52,272	(958,566)	-
<b>Amount held in trust at end of year</b>	<b>\$ (6,089)</b>	<b>606,657</b>	<b>52,272</b>	<b>-</b>	<b>-</b>

Successor Agency Debt Service				Housing	
Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Successor- Debt Service	Total
-	-	-	-	-	\$ 2,954,371
3,751,169	-	191	1,772	2	3,753,134
-	-	-	-	-	4,852,609
1,343,000	22,895	-	-	-	1,365,895
5,094,169	22,895	191	1,772	2	12,926,009
5,445	-	-	-	-	5,445
30,810	-	-	-	-	30,810
158,246	42,514	186,719	129,591	-	2,059,398
31,156	14,802	35,493	9,865	-	752,171
5,088,866	-	-	-	-	11,096,811
5,314,523	57,316	222,212	139,456	-	13,944,635
2,137,376	57,316	222,211	139,456	-	5,959,167
-	-	-	-	-	(5,959,167)
2,137,376	57,316	222,211	139,456	-	-
1,917,022	22,895	190	1,772	2	(1,018,626)
(2,263,844)	68,792	8,945	83,339	78	1,510,657
(346,822)	91,687	9,135	85,111	80	\$ 492,031

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CITY  
OF

# PASADENA

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*Rose Bowl Stadium Excavation, 1922*

## COMPONENT UNITS

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# DISCRETELY PRESENTED COMPONENT UNIT

## ROSE BOWL OPERATING COMPANY

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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.

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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**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**Rose Bowl Operating Company**  
**June 30, 2019**

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Total</u>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and investments (note 2)	\$ 35,373,051	10,835,899	\$ 46,208,950
Cash and investments restricted (note 2)	15,837,902	-	15,837,902
Accounts receivable, net	6,966,409	258,170	7,224,579
Prepays and other assets	138,012	39,011	177,023
<b>Total current assets</b>	<b>58,315,374</b>	<b>11,133,080</b>	<b>69,448,454</b>
<b>Non-current assets:</b>			
Other receivable	487,305	-	487,305
<b>Capital assets (note 7):</b>			
Construction in progress	94,179	14,182	108,361
Other capital assets, net	176,819,313	7,800,663	184,619,976
<b>Total non-current assets</b>	<b>177,400,797</b>	<b>7,814,845</b>	<b>185,215,642</b>
<b>Total assets</b>	<b>235,716,171</b>	<b>18,947,925</b>	<b>254,664,096</b>
<b>Deferred outflow of resources:</b>			
Deferred refunding charge	2,918,918	-	2,918,918
Outflows related to net pension liability	1,038,616	52,961	1,091,577
<b>Total deferred outflow of resources</b>	<b>3,957,534</b>	<b>52,961</b>	<b>4,010,495</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	6,417,116	545,436	6,962,552
Deposits	17,370,985	3,744	17,374,729
Interest payable	3,196,500	-	3,196,500
Due to primary government	1,189,285	7,271	1,196,556
Current portion of compensated absences	174,110	6,875	180,985
Current portion of long-term debt (note 9)	2,790,000	51,769	2,841,769
<b>Total current liabilities</b>	<b>31,137,996</b>	<b>615,095</b>	<b>31,753,091</b>
<b>Non-current liabilities:</b>			
Compensated absences	112,029	1,365	113,394
Net pension liability	2,323,173	264,694	2,587,867
Advance	800,000	-	800,000
Long-term debt (note 9)	208,279,995	672,992	208,952,987
<b>Total non-current liabilities</b>	<b>211,515,197</b>	<b>939,051</b>	<b>212,454,248</b>
<b>Total liabilities</b>	<b>242,653,193</b>	<b>1,554,146</b>	<b>244,207,339</b>
<b>Deferred inflow of resources:</b>			
Sales of future revenue	3,165,799	66,100	3,231,899
Inflows related to net pension liability	92,898	43,272	136,170
<b>Total deferred inflow of resources</b>	<b>3,258,697</b>	<b>109,372</b>	<b>3,368,069</b>
<b>Net Position</b>			
Net Investment in Capital Assets	(6,395,705)	7,090,084	694,379
Unrestricted	157,520	10,247,284	10,404,804
<b>Total net position</b>	<b>\$ (6,238,185)</b>	<b>\$ 17,337,368</b>	<b>\$ 11,099,183</b>

See Notes to the Basic Financial Statements in stand alone audited financial statements

**CITY OF PASADENA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Discretely Presented Component Units**  
**Rose Bowl Operating Company**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Rose Bowl</b>	<b>Golf Course</b>	<b>Total</b>
<b>Operating revenues:</b>			
<b>Charges for services:</b>			
Rose Bowl	\$ 33,213,908	-	\$ 33,213,908
Golf course	-	2,348,259	2,348,259
<b>Total operating revenues</b>	<u>33,213,908</u>	<u>2,348,259</u>	<u>35,562,167</u>
<b>Operating expenses:</b>			
Rose Bowl	26,316,904	-	26,316,904
Golf course	-	1,082,729	1,082,729
Depreciation	12,738,571	1,041,376	13,779,947
<b>Total operating expenses</b>	<u>39,055,475</u>	<u>2,124,105</u>	<u>41,179,580</u>
<b>Operating income (loss)</b>	<u>(5,841,567)</u>	<u>224,154</u>	<u>(5,617,413)</u>
<b>Non-operating revenues (expenses):</b>			
Investment gain (loss)	2,130,531	123,044	2,253,575
Interest expense	(12,218,348)	-	(12,218,348)
Other nonoperating revenues	7,172,334	136,045	7,308,379
<b>Total non-operating revenues (expenses)</b>	<u>(2,915,483)</u>	<u>259,089</u>	<u>(2,656,394)</u>
<b>Change in net position</b>	<u>(8,757,050)</u>	<u>483,243</u>	<u>(8,273,807)</u>
Net position at beginning of year	2,518,865	16,854,125	19,372,990
<b>Net position at end of year</b>	<u>\$ (6,238,185)</u>	<u>17,337,368</u>	<u>\$ 11,099,183</u>



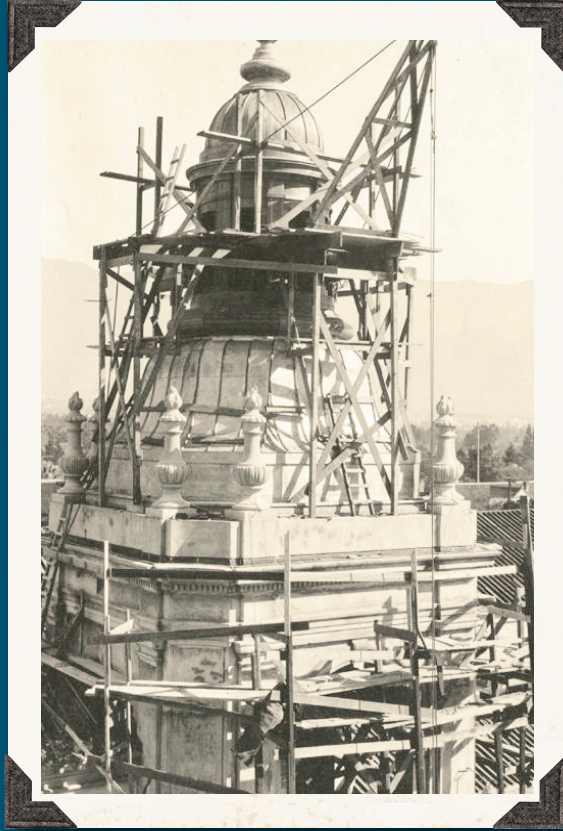
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CITY  
OF

# PASADENA

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*Construction of Pasadena City Hall Dome, 1927*

**STATISTICAL SECTION**

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# STATISTICAL SECTION

(Unaudited)

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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.

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<b>Contents</b>	<b>Page</b>
<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.	226
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	236
<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.	246
<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.	259
<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.	264

## 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				
	2010	2011	2012	2013	2014
<b>Governmental activities</b>					
Net Investment in Capital Assets	\$ 364,990	375,202	382,296	430,453	419,328
Restricted	87,602	97,996	37,259	63,633	60,592
Unrestricted	(61,972)	(198,788)	36,017	(41,046)	(29,751)
Total governmental activities net position	<u>\$ 390,620</u>	<u>274,410</u>	<u>455,572</u>	<u>453,040</u>	<u>450,169</u>
<b>Business-type activities</b>					
Net Investment in Capital Assets	\$ 291,079	311,054	332,781	364,493	422,610
Restricted	155,458	151,872	149,763	144,017	133,791
Unrestricted	160,885	176,307	188,164	185,593	159,948
Total business-type activities net position	<u>\$ 607,422</u>	<u>639,233</u>	<u>670,708</u>	<u>694,103</u>	<u>716,349</u>
<b>Primary government</b>					
Net Investment in Capital Assets	\$ 583,241	656,069	715,077	794,946	841,938
Restricted	252,697	243,060	187,022	207,650	194,382
Unrestricted	118,261	98,913	224,181	144,547	130,197
Total primary government net position	<u>\$ 954,199</u>	<u>998,042</u>	<u>1,126,280</u>	<u>1,147,143</u>	<u>1,166,517</u>

**Table 1**

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
408,195	405,858	418,266	439,355	\$ 458,378
44,327	56,050	55,477	69,730	79,205
(339,336)	(325,826)	(310,488)	(362,358)	(362,242)
<u>113,186</u>	<u>136,081</u>	<u>163,254</u>	<u>146,727</u>	<u>\$ 175,341</u>
371,526	449,141	408,944	420,692	\$ 434,358
176,248	153,241	171,545	152,811	142,806
114,512	131,037	183,279	199,209	230,707
<u>662,286</u>	<u>733,419</u>	<u>763,768</u>	<u>772,712</u>	<u>\$ 807,871</u>
779,721	854,999	827,210	860,047	\$ 892,736
220,575	209,291	227,022	222,541	222,011
(224,824)	(194,789)	(127,209)	(163,149)	(131,535)
<u>775,472</u>	<u>869,501</u>	<u>927,023</u>	<u>919,439</u>	<u>\$ 983,212</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Expenses</b>					
Governmental activities:					
General government	\$ 38,973	43,955	35,085	54,650	53,260
Public safety	104,870	103,392	103,389	105,541	104,708
Transportation	43,905	51,134	63,839	45,045	59,581
Sanitation	3,697	3,782	3,516	3,744	4,106
Health	11,458	12,108	11,422	14,228	14,239
Culture and leisure	25,996	26,196	27,825	29,402	31,321
Community development	53,845	45,937	42,169	35,156	31,669
Interest and other fiscal charges	13,249	12,121	41,481	3,142	11,047
Total governmental activities expenses	<u>295,993</u>	<u>298,625</u>	<u>328,726</u>	<u>290,908</u>	<u>309,931</u>
Business-type activities:					
Electric	158,770	167,442	173,410	183,202	177,590
Water	35,920	40,101	43,771	46,484	51,054
Refuse	13,131	13,158	16,783	13,185	13,022
Parking	11,159	11,384	11,711	12,229	14,556
Telecommunication	452	380	267	827	849
Total business-type activities expenses	<u>219,432</u>	<u>232,465</u>	<u>245,942</u>	<u>255,927</u>	<u>257,071</u>
Total primary government expenses	<u>515,425</u>	<u>531,090</u>	<u>574,668</u>	<u>546,835</u>	<u>567,002</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	17,552	16,975	17,465	17,563	17,872
Public safety	12,097	13,315	11,085	13,370	13,050
Transportation	13,248	13,215	12,863	13,784	14,253
Sanitation	6,504	6,541	7,220	7,083	8,010
Health	902	696	666	741	797
Culture and leisure	2,270	2,476	2,856	2,975	3,382
Community development	7,450	7,724	9,594	9,085	12,935
Operating grants and contributions	33,659	36,910	86,051	38,350	35,948
Capital grants and contributions	15,289	11,090	15,665	7,116	16,504
Total governmental activities program revenues	<u>108,971</u>	<u>108,942</u>	<u>163,465</u>	<u>110,067</u>	<u>122,751</u>
Business-type activities:					
Charges for services:					
Electric	183,712	186,993	185,951	190,071	188,174
Water	43,480	47,137	54,301	58,536	61,233
Refuse	11,050	10,918	11,291	12,057	11,925
Parking	12,558	11,753	11,991	12,783	13,334
Telecommunication	629	681	670	580	816
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	3,962	2,481	2,317	1,933	2,828
Total business-type activities program revenues	<u>255,391</u>	<u>259,963</u>	<u>266,521</u>	<u>275,960</u>	<u>278,310</u>
Total primary government program revenues	<u>364,362</u>	<u>368,905</u>	<u>429,986</u>	<u>386,027</u>	<u>401,061</u>
<b>Net Revenues (Expenses)</b>					
Governmental activities	(187,022)	(189,683)	(165,261)	(180,841)	(187,180)
Business-type activities	35,959	27,498	20,579	20,033	21,239
Total net revenues (expenses)	<u>\$ (151,063)</u>	<u>(162,185)</u>	<u>(144,682)</u>	<u>(160,808)</u>	<u>(165,941)</u>

**Table 2**

Fiscal Year				
2015	2016	2017	2018	2019
38,902	59,425	42,895	45,755	\$ 49,619
106,327	96,484	127,760	142,495	145,937
49,526	35,739	41,738	46,452	52,239
4,232	4,267	4,290	4,376	4,117
13,764	10,914	10,558	11,347	13,401
30,127	32,286	34,249	38,365	37,135
35,248	72,725	39,787	45,114	47,304
10,310	9,187	8,611	8,411	7,889
<u>288,436</u>	<u>321,027</u>	<u>309,888</u>	<u>342,315</u>	<u>357,641</u>
171,282	174,858	183,522	187,872	196,874
48,462	45,240	48,009	54,757	56,738
12,843	14,421	14,330	15,695	16,528
13,532	14,488	13,062	14,140	14,502
89	141	110	144	170
<u>246,208</u>	<u>249,148</u>	<u>259,033</u>	<u>272,608</u>	<u>284,812</u>
<u>534,644</u>	<u>570,175</u>	<u>568,921</u>	<u>614,923</u>	<u>642,453</u>
18,750	18,053	14,651	10,861	11,203
14,674	14,841	19,244	15,708	15,297
16,059	16,384	16,663	28,165	30,555
7,875	7,008	7,127	7,665	8,193
1,022	644	870	2,346	2,432
3,566	4,504	5,870	3,181	2,748
12,630	14,193	15,803	13,286	14,954
41,943	40,422	41,050	47,058	59,763
16,197	15,383	9,083	14,190	8,582
<u>132,716</u>	<u>131,432</u>	<u>130,361</u>	<u>142,460</u>	<u>153,727</u>
203,748	199,197	202,480	212,116	218,054
57,440	50,835	58,287	62,592	60,181
11,959	11,880	11,775	11,413	11,743
13,603	14,621	14,595	14,560	13,977
655	609	669	471	680
-	-	-	2,355	1,462
2,905	2,790	4,811	4,112	3,615
<u>290,310</u>	<u>279,932</u>	<u>292,617</u>	<u>307,619</u>	<u>309,712</u>
<u>423,026</u>	<u>411,364</u>	<u>422,978</u>	<u>450,079</u>	<u>463,439</u>
(155,720)	(189,595)	(179,527)	(199,855)	(203,914)
44,102	30,784	33,584	35,011	24,900
<u>(111,618)</u>	<u>(158,811)</u>	<u>(145,943)</u>	<u>(164,844)</u>	<u>\$ (179,014)</u>

(continued)

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Property tax, levied for general purpose	\$ 68,354	70,803	54,051	42,957	44,066
Sales tax	28,949	30,301	32,239	30,871	33,198
Utility users' tax	29,520	29,355	29,318	29,531	28,893
Transient occupancy tax	6,942	7,668	9,553	11,109	12,043
Construction tax	1,397	1,480	2,819	2,066	3,682
Business license tax	5,664	5,600	5,479	5,230	5,633
Franchise tax	1,933	2,216	2,015	2,063	2,361
Other taxes	6,035	6,108	6,262	6,532	7,088
Other intergovernmental	14,901	15,427	14,919	15,187	15,924
Investment earnings	6,030	3,690	3,178	2,681	4,833
Gain on sale of assets	250	737	5,396	424	1,153
Miscellaneous revenues	4,465	7,033	11,509	4,023	4,655
Transfers	12,122	16,216	19,285	22,083	16,305
Extraordinary Gain	-	-	150,399	(2,197)	-
Total governmental activities	<u>186,562</u>	<u>196,634</u>	<u>346,422</u>	<u>172,560</u>	<u>179,834</u>
<b>Business-type activities:</b>					
Taxes:					
Transient occupancy tax	1,464	1,421	541	-	-
Franchise tax	3,098	2,901	2,760	3,825	3,907
Investment earnings	9,333	6,910	9,401	4,743	7,136
Gain on sale of assets	-	-	-	(92)	(1,161)
Miscellaneous revenues	10,946	9,296	6,670	20,614	8,977
Transfers	(17,408)	(16,215)	(19,300)	(20,974)	(16,305)
Extraordinary Gain	-	-	10,825	-	-
Total business-type activities	<u>7,433</u>	<u>4,313</u>	<u>10,897</u>	<u>8,116</u>	<u>2,554</u>
Total primary government	<u>193,995</u>	<u>200,947</u>	<u>357,319</u>	<u>180,676</u>	<u>182,388</u>
<b>Changes in Net Position</b>					
Governmental activities	(460)	6,951	181,161	(8,281)	(7,346)
Business-type activities	43,392	31,811	31,476	28,149	23,793
Total primary government	<u>\$ 42,932</u>	<u>38,762</u>	<u>212,637</u>	<u>19,868</u>	<u>16,447</u>



**Table 2**

Fiscal Year				
2015	2016	2017	2018	2019
56,446	59,141	68,752	63,483	\$ 68,275
33,706	36,855	35,708	35,076	44,616
29,316	28,100	28,251	27,881	26,982
13,165	14,864	15,229	15,814	16,948
4,770	4,375	3,491	3,265	4,985
5,836	6,483	6,347	7,196	7,302
2,903	2,542	2,797	2,733	2,881
7,181	7,335	7,298	7,449	7,286
16,648	18,005	18,259	19,996	20,345
4,461	4,955	1,857	3,008	10,922
370	(60)	-	(299)	-
4,863	14,621	8,224	11,372	8,270
14,657	15,033	18,652	18,766	13,976
-	-	-	-	-
<u>194,321</u>	<u>223,377</u>	<u>214,865</u>	<u>215,740</u>	<u>232,788</u>
-	-	-	-	-
4,319	4,575	4,893	5,359	5,787
5,529	6,593	2,372	2,506	16,216
-	(311)	-	(49)	(1,114)
15,631	42,427	8,154	2,552	3,346
(14,657)	(15,033)	(18,652)	(18,766)	(13,976)
-	-	-	-	-
<u>10,823</u>	<u>38,250</u>	<u>(3,233)</u>	<u>(8,398)</u>	<u>10,259</u>
<u>205,143</u>	<u>261,627</u>	<u>211,632</u>	<u>207,342</u>	<u>243,047</u>
38,601	33,782	35,338	15,885	28,874
54,925	69,035	30,351	26,613	35,159
<u>93,525</u>	<u>102,816</u>	<u>65,689</u>	<u>42,498</u>	<u>\$ 64,033</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>General Fund:</b>					
Nonspendable	\$ 404	52	8,352	8,351	8,352
Restricted	-	-	-	-	-
Committed	39,201	39,321	80,043	37,380	34,868
Assigned	4,794	8,583	5,510	4,249	5,043
Unassigned	8,778	(1,391)	(40,129)	11,965	15,015
Total general fund	<u>\$ 53,177</u>	<u>46,565</u>	<u>53,776</u>	<u>61,945</u>	<u>63,278</u>
<b>All Other Governmental Funds:</b>					
Nonspendable	\$ 41,456	44,386	36,311	33,356	31,674
Restricted	86,805	85,216	85,250	69,676	57,300
Committed	53,267	54,266	59,078	62,629	72,479
Unassigned	(42,460)	(45,102)	(6,874)	(4,265)	(7,981)
Total all other governmental funds	<u>\$ 139,068</u>	<u>138,766</u>	<u>173,765</u>	<u>161,396</u>	<u>153,472</u>

^ Beginning in 2010, the City started reporting fund balance in conformity with GASB Statement 54, which changed how fund balance is classified.

**Table 3**

<b>Fiscal Year</b>					
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>		<b>2019</b>
8,620	12,236	11,108	4,545	\$	1,590
400	400	400	10,995		11,631
30,951	33,451	47,563	46,949		50,775
11,087	17,227	26,825	12,426		15,099
12,140	15,139	3,832	11,957		19,605
<u>63,198</u>	<u>78,452</u>	<u>89,728</u>	<u>86,872</u>	\$	<u>98,700</u>
30,997	7,799	2,482	1,574	\$	1,478
52,516	55,650	55,077	58,597		67,575
87,144	101,338	106,631	108,569		121,002
(7,482)	(8,126)	(10,950)	(2,273)		(3,574)
<u>163,175</u>	<u>156,661</u>	<u>153,240</u>	<u>166,467</u>	\$	<u>186,481</u>

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Revenues:</b>					
Taxes	\$ 148,794	153,532	141,736	130,356	136,965
Licenses and permits	6,737	7,063	9,525	9,196	13,675
Intergovernmental revenues	63,398	61,459	64,715	58,988	61,505
Charges for services	41,489	40,820	38,939	42,006	43,416
Fines and forfeits	5,135	6,362	6,796	7,453	6,768
Investment earnings	28,089	25,332	11,745	11,041	5,255
Rental income	4,687	4,601	4,462	4,355	4,064
Miscellaneous revenues	6,651	8,431	13,618	6,172	6,081
Contributions	842	2,928	5,280	1,534	7,807
Total revenues	<u>305,822</u>	<u>310,528</u>	<u>296,816</u>	<u>271,101</u>	<u>285,536</u>
<b>Expenditures:</b>					
Current:					
General government	36,976	39,418	77,897	30,977	34,613
Public safety	101,078	100,535	100,265	99,680	99,871
Transportation	33,038	33,895	35,275	34,419	36,912
Sanitation	3,697	3,782	3,517	3,744	4,106
Health	11,049	11,027	10,899	13,480	13,551
Culture and leisure	25,154	25,214	27,192	28,240	30,039
Community development	52,600	42,043	37,848	32,447	29,579
Capital outlay	34,374	21,612	20,645	24,907	23,571
Debt service:					
Principal retirement	21,553	21,174	20,303	20,415	20,808
Interest	37,067	40,296	16,486	10,783	9,797
Total expenditures	<u>356,586</u>	<u>338,996</u>	<u>350,327</u>	<u>299,092</u>	<u>302,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,764)</u>	<u>(28,468)</u>	<u>(53,511)</u>	<u>(27,991)</u>	<u>(17,311)</u>
<b>Other financing sources (uses):</b>					
Premium (discount) on debt issued	-	-	-	(459)	-
Issuance of long-term debt	80,032	-	-	51,097	841
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	158,735	112,078	95,951	81,635	84,444
Transfers out	(142,668)	(96,168)	(77,238)	(63,131)	(65,045)
Reinstatement of PCDC Loan (Note 23)	-	-	-	-	-
Total other financing sources (uses)	<u>96,099</u>	<u>15,910</u>	<u>18,713</u>	<u>69,142</u>	<u>20,240</u>
<b>Extraordinary gain (loss):</b>					
Net change in fund balances	<u>\$ 45,335</u>	<u>(12,558)</u>	<u>(34,798)</u>	<u>41,151</u>	<u>155,511</u>
Debt service as a percentage of noncapital expenditures	18.2%	19.4%	11.2%	11.4%	11.0%

Table 4

Fiscal Year				
2015	2016	2017	2018	2019
153,323	159,694	167,874	162,898	\$ 179,275
11,235	14,946	14,882	15,022	13,979
63,785	65,299	62,121	74,093	75,237
49,413	46,984	49,324	53,417	59,111
7,329	7,378	7,802	7,262	6,377
4,294	4,780	1,752	1,597	9,207
3,822	4,212	4,765	4,418	4,326
7,133	16,341	12,072	14,240	11,929
11,759	6,496	5,397	5,512	12,476
<u>312,093</u>	<u>326,130</u>	<u>325,989</u>	<u>338,459</u>	<u>371,917</u>
44,283	47,488	42,054	38,611	40,655
106,469	111,012	116,577	126,827	133,461
37,018	35,282	40,196	45,078	49,621
4,274	4,356	4,324	4,352	4,300
13,553	11,294	10,309	10,977	12,522
30,505	32,241	32,663	37,111	34,529
31,933	60,841	34,370	39,365	40,599
16,855	29,032	32,254	28,707	21,492
129,469	6,611	6,345	10,520	5,996
8,730	8,139	8,744	8,558	8,220
<u>423,089</u>	<u>346,296</u>	<u>327,836</u>	<u>350,106</u>	<u>351,395</u>
(110,996)	(20,166)	(1,847)	(11,647)	20,522
-	(2,283)	5,790	-	-
351	119,460	60,460	-	-
-	-	(60,762)	-	-
61,085	51,606	121,920	80,737	76,926
(50,718)	(38,028)	(109,631)	(62,326)	(62,000)
-	-	11,128	-	-
<u>10,718</u>	<u>130,755</u>	<u>28,905</u>	<u>18,411</u>	<u>14,926</u>
(2,197)	-	-	-	-
<u>(102,475)</u>	<u>110,589</u>	<u>27,058</u>	<u>6,764</u>	<u>\$ 35,448</u>
34.0%	4.6%	5.1%	5.9%	4.3%

**CITY OF PASADENA**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands)**

<b>Fiscal Year</b>	<b>Secured Valuations</b>	<b>Homeowners Exemption</b>	<b>Net Secured Valuations</b>	<b>Unsecured Valuations</b>	<b>Total Assessed Valuation</b>	<b>Total Direct Tax Rate</b>
2010	\$ 20,204,880	\$ (138,631)	\$ 20,066,249	\$ 644,888	\$ 20,711,137	0.33%
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%
2017	26,599,121	(128,241)	26,470,880	625,032	27,095,912	0.30%
2018	28,631,957	(126,543)	28,505,414	638,858	29,144,272	0.25%
2019	30,388,233	(124,908)	30,263,325	662,995	30,926,320	0.23%

**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.

Source: County of Los Angeles Tax Assessor and HdL Coren & Cone, starting from FY 2019.

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**CITY OF PASADENA**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of assessed value)**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>City Direct Rates:</b>					
City basic rate	0.1920	0.1891	0.1921	0.1970	0.1918
Pasadena Community Development Commission (PCDC)	0.1380	0.1489	0.0605	-	-
PCDC Successor Agency	-	-	0.0657	0.0437	0.0282
Total City Direct Rate	<u>0.3300</u>	<u>0.3380</u>	<u>0.3183</u>	<u>0.2407</u>	<u>0.2200</u>
<b>Overlapping Rates:</b>					
Los Angeles County General	0.2280	0.3307	0.3346	0.4266	0.4483
La Canada Unified School District					
Pasadena School District	0.3908	0.4392	0.3589	0.4389	0.4379
Pasadena Community	-	-	-	-	-
College District	0.1273	0.1231	0.1121	0.1248	0.1247
Flood Control District	-	-	-	-	-
Metropolitan Water District	0.0043	0.0037	0.0037	0.0035	0.0035
Total Direct Rate	<u>1.0804</u>	<u>1.2347</u>	<u>1.1276</u>	<u>1.2345</u>	<u>1.2345</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.

The La Canada Unified School District Election of 2017 General Obligation Bonds, Series A, were authorized at an election of the registered voters of the La Canada Unified School District. The Bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. The total ad valorem tax rates levied, as a percentage of assessed valuation, by all taxing entities in Tax Rate Area 4774, which includes Pasadena Area Community College District.

Source: County of Los Angeles Tax Assessor and HdL Coren & Cone, starting from FY2019.



**Table 6**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
0.2329	0.2290	0.2537	0.2178	0.2208
-	-	-	-	-
0.0219	0.0331	0.0479	0.0356	0.0096
0.2548	0.2621	0.3016	0.2534	0.2304
0.4118	0.4060	0.3647	0.4169	0.4396
0.4389	0.4375	0.4386	0.4359	0.0579
-	-	-	-	0.4363
0.1254	0.1254	0.1260	0.1248	-
-	-	-	-	0.1247
0.0035	0.0035	0.0035	0.0035	-
1.2344	1.2345	1.2345	1.2345	0.0035
1.2344	1.2345	1.2345	1.2345	1.2924

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

<u>Property Owner</u>	<u>2019</u>		<u>2010</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>
Kaiser Foundation Health Plan	\$ 278,308,877	0.90%	\$ 225,519,849	1.09%
Cpus Pasadena Lp	266,342,400	0.86%		0.00%
Bpp East Union LLC	209,120,397	0.68%		0.00%
Parsons W Walnut Owner	187,995,319	0.61%		0.00%
Pacific Huntington Hotel	171,926,247	0.56%	159,806,400	0.77%
Western Asset Plaza LLC	166,567,263	0.54%		0.00%
Ppf Off 74 N Psdna Ave & 75 N Fair Oaks	165,144,448	0.53%		0.00%
Trio Pasadena LLC	157,367,100	0.51%		0.00%
Cwi Pasadena Hotel Lp	153,066,511	0.49%		0.00%
Tishman Speyer Archstone Smith	150,816,784	0.49%	145,938,607	0.70%
Equity Office Properties Trust	-	0.00%	160,437,391	0.77%
Paseo Colorado Holdings LLC	-	0.00%	133,616,320	0.65%
Maguire Partners Wap LLC	-	0.00%	129,012,229	0.62%
Spf 888 Walnut Pasadena LLC	-	0.00%	118,700,000	0.57%
Wells Reit Ii Pasadena Corp	-	0.00%	113,400,000	0.55%
Ssr Paseo Colorado LLC	-	0.00%	110,148,400	0.53%
Pasadena Towers LLC	-	0.00%	108,372,894	0.52%
Total principal property taxpayers gross assessed value	<u>\$ 1,906,655,346</u>	6.17%	<u>\$ 1,404,952,090</u>	6.77%

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: HdL Coren & Cone, starting from FY2019.

Table 8

**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)
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	99.92%	567,546	38,214,429	98.61%
2013	39,044,561	38,331,579	99.63%	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	46,436,623 (3)	56,653,799	122.63%	*	56,653,799	122.63%
2017	48,735,223 (3)	66,159,085	134.82%	*	66,159,085	134.82%
2018	52,461,971 (3)	58,934,277	112.34%	608,224	58,934,277	112.34%
2019	55,562,005	65,535,044	117.95%	*	65,535,044	117.95%

(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.

(3) Taxes Levied for the Fiscal Years 2016, 2017 and 2018 restated on Fiscal Year 2019 table

\* Collection in subsequent year information not available.

Source: County of Los Angeles, Department of Auditor-Controller, Information for Reconciliation of Taxes

**CITY OF PASADENA**  
**Electricity Sold by Type of Customer**  
**Last Ten Fiscal Years**  
**(in Megawatt-Hours)**

	Fiscal Year				
	2010	2011	2012	2013	2014
Type of Customer:					
Residential	\$ 328,320	319,657	316,084	334,179	316,631
Commercial and Industrial	883,413	813,566	783,296	776,816	783,878
Street Lights and Traffic Signals	16,272	15,640	15,598	15,683	13,678
Wholesales to Other Utilities	164,215	168,613	199,045	185,361	36,811
Other	(6,340)	10,697	(867)	574	-
Total	<u>\$ 1,385,880</u>	<u>1,328,173</u>	<u>1,313,156</u>	<u>1,312,613</u>	<u>1,150,998</u>
 Total direct rate per megawatt hour <sup>1</sup>	 133.52	 145.43	 139.90	 142.46	 161.56

<sup>1</sup> Rate represents average cost per megawatt hour with respect to total revenue sales from electricity.

Source: Pasadena Water and Power

**Table 9**

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
324,657	326,023	320,280	320,878	\$ 325,487
768,735	755,510	720,678	709,597	686,614
13,423	13,384	13,368	13,372	13,371
30,969	310	-	20,719	26,868
-	-	-	-	-
<u>1,137,784</u>	<u>1,095,227</u>	<u>1,054,326</u>	<u>1,064,566</u>	<u>\$ 1,052,340</u>
167.05	171.81	179.07	179.07	174.22

**CITY OF PASADENA**  
**Electricity Rates**  
**Last Ten Fiscal Years**  
**(Average Rate in Dollars per Kilowatt-Hour)**

<b>Fiscal Year Ended June 30</b>	<b>Residential</b>	<b>Commercial &amp; Industrial</b>	<b>Street Lights &amp; Traffic Signals</b>	<b>Other</b>
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
2017*	0.1826	0.1597	0.1467	N/A
2018*	0.1927	0.1684	0.1495	N/A
2019*	0.1940	0.1677	0.1495	N/A

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

Source: Pasadena Water and Power

Table 11

**CITY OF PASADENA  
Electricity Customers  
Current Year**

<b>Electricity Customer</b>	<b>2019</b>	
	<b>Electricity Charges</b>	<b>Percent of Operating Electric Revenues</b>
Pasadena Hospital Association	\$ 4,866,430	2.23%
Pasadena Unified School District	2,400,607	1.10%
Pasadena City College	2,362,075	1.08%
Water Department	2,076,043	0.95%
Street Lights	1,881,652	0.86%
California Institute of Technology	1,663,606	0.76%
Public Works	1,576,081	0.72%
Metropolitan Transit Authority	1,393,714	0.64%
Kaiser Permanente	1,308,928	0.60%
Art Center College of Design	1,286,773	0.59%
	<b>\$ 20,815,906</b>	<b>9.81%</b>

Source: Pasadena Water and Power

**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 <sup>1</sup>	Tax Allocation Bonds **
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	-
2017	-	4,501,487	117,335,939	68,275,669	-
2018	-	-	117,412,025	62,967,375	-
2019	-	-	117,488,112	57,635,920	-

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

<sup>1</sup> Restated COP prior year data 2007 to 2011

\*\*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

\*\*\* Beginning with fiscal year 2015, the City implemented GASB 68, so the pension liability amount was removed from the long term debt section  
Beginning with fiscal year 2018, the City implemented GASB 75, so the other post employment benefits liability amount was removed from the long term debt section

Beginning with fiscal year 2019, the City implemented GASB 88, so the other compensated absences and insurance claim liability amount were removed from the long term debt section

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



Table 12

<b>Capitalized Lease Obligations</b>	<b>Notes Payable</b>	<b>Other ***</b>	<b>Total Governmental Activities</b>
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
3,360,807	6,217,983	87,229,120	286,921,005
1,844,179	5,902,803	59,668,752	247,795,134
832,685	5,587,305	-	181,544,022

(continued)

**CITY OF PASADENA**  
**Ratios of Outstanding Debt by Type (continued)**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Business-type Activities</b>					<b>Total Business-type Activities</b>
	<b>Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Capitalized Lease Obligations</b>	<b>Notes Payable</b>	<b>Other</b>	
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
2017	366,890,070	2,291,366	-	482,108	-	369,663,544
2018	348,915,418	105,841	-	296,462	-	349,317,721
2019	330,295,767	-	3,252,694	101,224	-	333,649,685

\* Percentage of Personal Income and Debt Per Capital (See Table 18), correction made retroactive to FY2008

\*\*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

<b>Total Primary Government</b>	<b>Private Purpose Long-Term Liabilities**</b>	<b>Percentage of Personal Income *</b>	<b>Debt Per Capita *</b>
611,909,989	\$ -	10.71%	4,474
609,738,993	-	10.74%	4,389
586,987,200	66,886,678	10.32%	4,216
565,706,419	51,256,905	10.86%	4,040
614,384,806	48,552,905	10.34%	4,361
580,392,672	7,525,000	9.73%	4,101
571,172,136	16,553,159	9.67%	4,050
656,584,549	10,483,543	10.44%	4,581
597,112,855	3,501,092	8.86%	4,135
515,193,707	635,000	8.24%	3,521

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

<b>Outstanding General Bonded Debt</b>						
<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Pension Bonds</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds **</b>	<b>Total</b>
2010	\$ -	8,910,000	111,525,000	114,437,082	6,422,412	241,294,494
2011	-	8,405,000	103,935,000	103,651,183	5,149,000	221,140,183
2012	-	7,880,000	143,040,000	94,920,443	-	245,840,443
2013	-	6,700,000	133,905,000	85,772,925	-	226,377,925
2014	-	6,180,000	123,890,000	76,589,936	-	206,659,936
2015	-	5,617,649	117,184,671	73,165,019	-	195,967,339
2016	-	5,059,568	117,259,853	73,397,830	-	195,717,251
2017	-	4,501,487	117,335,939	68,275,669	-	190,113,095
2018	-	-	117,412,025	62,967,375	-	180,379,400
2019	-	-	117,488,112	57,635,920	-	175,124,032

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> 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

Table 13

<b>Restricted Net Assets for Debt Service</b>	<b>Net Bonded Debt</b>	<b>Percent of Assessed Value<sup>1</sup></b>	<b>Per Capita</b>
39,866,067	\$ 201,428,427	1.71%	1,764
40,502,909	180,637,274	1.42%	1,592
-	245,840,443	1.43%	1,766
31,126,374	195,251,551	1.20%	1,617
24,754,798	181,905,138	1.00%	1,467
9,723,366	186,243,973	0.94%	1,316
12,036,110	183,681,141	0.86%	1,302
11,519,460	178,593,635	0.87%	1,246
11,528,304	168,851,096	0.79%	1,169
11,931,653	163,192,379	0.72%	1,115

**CITY OF PASADENA  
Direct and Overlapping Debt  
June 30, 2019**

City Assessed Valuation	\$ 26,270,265,553
Redevelopment Agency Incremental Valuation	<u>4,655,868,879</u>
Total Assessed Valuation	<u>30,926,134,432</u>

	<u>Percentage Applicable <sup>1</sup></u>	<u>Outstanding Debt 6/30/19</u>	<u>Estimated Share of Overlapping Debt</u>
Direct & Overlapping Debt:			
Metropolitan Water District	2.188%	\$ 23,317,224	\$ 510,181
Pasadena Area Community College District	34.869%	73,430,000	25,604,307
La Canada Unified School District	0.210%	48,682,958	102,234
Pasadena Unified School District	73.720%	312,145,000	230,114,543
Total overlapping tax and assessment debt		<u>\$ 457,575,182</u>	<u>256,331,265</u>
City direct debt			<u>181,544,021</u>
Total direct and overlapping debt			<u>\$ 437,875,286</u>

Notes:

<sup>1</sup> 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.

Data Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2018/19 Lien Date Tax Rolls

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Assessed valuation	\$ 644,888	\$ 605,404	\$ 567,527	\$ 571,614	\$ 575,006
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	<u>161,222</u>	<u>151,351</u>	<u>141,882</u>	<u>142,904</u>	<u>143,752</u>
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	<u>24,183</u>	<u>22,703</u>	<u>21,282</u>	<u>21,436</u>	<u>21,563</u>
Total net debt applicable to limit:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal debt margin	\$ 24,183	\$ 22,703	\$ 21,282	\$ 21,436	\$ 21,563
Total debt applicable to the limit as a percentage of debt limit	0.0%	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				
2015	2016	2017	2018	2019
\$ 24,233,251	\$ 25,826,921	\$ 27,095,911	\$ 29,144,272	\$ 30,926,320
25%	25%	25%	25%	25%
<u>6,058,313</u>	<u>6,456,730</u>	<u>6,773,978</u>	<u>7,286,068</u>	<u>7,731,580</u>
15%	15%	15%	15%	15%
<u>908,747</u>	<u>968,510</u>	<u>1,016,097</u>	<u>1,092,910</u>	<u>1,159,737</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 908,747	\$ 968,510	\$ 1,016,097	\$ 1,092,910	\$ 1,159,737
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)**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>					
	<b>Property Taxes</b>	<b>Debt Service</b>		<b>Coverage</b>	<b>Tax Increment</b>	
		<b>Principal</b>	<b>Interest</b>			
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	-	-	-	-	
2017	68,752	-	-	-	-	
2018	63,484	-	-	-	-	
2019	68,276	-	-	-	-	

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)

Table 16

Tax Allocation Bonds								
Primary Government*			Private Purpose Trust Fund**					
Debt Service			Tax			Debt Service		
Principal	Interest	Coverage	Increment **	Principal	Interest	Coverage		
\$ 1,234	\$ 380	\$ 18	\$ -	\$ -	\$ -	-		
1,273	315	20	-	-	-	-		
455	182	20	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		
-	-	-	9,327	2,235	234	3.78		
-	-	-	4,586	2,360	177	1.81		
-	-	-	143	195	35	0.62		

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

<b>Light &amp; Power Revenue Bonds</b>							
<b>Fiscal Year Ended June 30</b>	<b>Light &amp; Power Revenue <sup>1</sup></b>	<b>Less Operating Expenses <sup>2</sup></b>	<b>Net Available Revenue</b>	<b>Principal</b>	<b>Debt Service <sup>3</sup> Interest</b>	<b>Coverage</b>	
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%	
2017	204,287	151,499	52,788	11,290	10,865	238.27%	
2018	213,873	148,636	65,237	12,000	11,250	280.59%	
2019	230,980	155,634	75,346	12,475	10,778	324.03%	

<b>Water Revenue Bonds</b>							
<b>Fiscal Year Ended June 30</b>	<b>Water Revenue <sup>1</sup></b>	<b>Less Operating Expenses <sup>2</sup></b>	<b>Net Available Revenue</b>	<b>Principal</b>	<b>Debt Service <sup>3</sup> Interest</b>	<b>Coverage</b>	
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%	
2017	58,551	38,589	19,962	4,430	3,634	247.54%	
2018	62,819	43,801	19,018	3,525	3,456	272.43%	
2019	62,244	45,322	16,922	3,695	3,287	242.37%	

<sup>1</sup> Total operating revenues including investment earnings

<sup>2</sup> Total operating expenses exclusive of depreciation

<sup>3</sup> 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

Table 18

**CITY OF PASADENA  
Demographic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Unemployment Rate <sup>(3)</sup></b>
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%
2017	143,333	6,287,051	43,863	4.7%
2018	144,388	6,736,226	46,654	3.5%
2019	146,312	6,251,241	42,725	4.0%

Source:

HdL, Coren & Cone (Source: 2019)

Avenu Insights & Analytics

(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

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

<b>Employer</b>	<b>2019</b>		<b>2010</b>	
	<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
California Institute of Technology - Jet Propulsion Laboratory	5,029	6.94%	5,038	5.04%
Kaiser Permanente	4,760	6.57%	4,500	4.50%
California Institute of Technology - Campus	3,900	5.38%	3,628	3.63%
Huntington Memorial Hospital	3,200	4.41%	3,260	3.26%
Pasadena City College	2,619	3.61%	2,719	2.72%
Pasadena Unified School District	2,420	3.34%	2,665	2.67%
The City of Pasadena	2,278	3.14%	2,239	2.24%
Bank of America	1,300	1.79%	1,500	1.50%
Pacific Clinics Administration	1,100	1.52%	550	0
Art Center College of Design	883	1.22%	877	0
Hathaway-Sycamores	657	0.91%	615	0
The Langham Huntington Hotel (The Ritz-Carlton)	592	0.82%	511	0
East West Bank	569	0.78%	*	*
Western Asset	558	0.77%	*	*
One West Bank	554	0.76%	*	*
San Gabriel Valley Newspapers	525	0.72%	*	*
Parsons Corporation	514	0.71%	786	0.79%

## Source:

Pasadena Chamber of Commerce unless noted below:

(1) For City of Pasadena, the number includes seasonal employees. The information was provided by City of Pasadena Human Resources.

(2) Total Employment, as used above, represents the total employment of all employers located within City limits. The information was provided by City of Pasadena Business License Division.

\* Data not available

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

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General government	453.9	448.4	338.0	348.5	338.0
Public safety	593.6	568.8	560.0	562.9	540.0
Public works	357.9	340.4	292.0	306.6	293.0
Transportation	48.0	45.0	43.0	45.0	51.0
Health	96.8	92.0	96.0	103.9	124.0
Culture and leisure	142.6	139.4	210.0	192.2	281.0
Water & power	430.5	434.0	371.0	422.0	355.0
Information services	116.0	105.4	150.0	104.9	140.0
Seasonal	-	-	119.0	288.0	267.0
<b>Total</b>	<b>2,239.3</b>	<b>2,173.4</b>	<b>2,179.0</b>	<b>2,374.0</b>	<b>2,389.0</b>

Source:  
City of Pasadena, Adopted Budget 2019  
For seasonal employees, City of Pasadena Human Resource Department



**Table 20**

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
365.0	382.0	405.0	394.0	393.0
548.0	550.0	563.0	561.0	557.0
315.0	317.0	320.0	320.0	320.0
50.0	51.0	51.0	50.0	50.0
125.0	85.0	80.0	84.0	89.0
94.0	97.0	103.0	107.0	105.0
426.0	433.0	443.0	406.0	418.0
107.0	108.0	108.0	105.0	104.0
192.0	265.0	262.0	260.0	242.0
<u>2,222.0</u>	<u>2,288.0</u>	<u>2,335.0</u>	<u>2,287.0</u>	<u>2,278.0</u>

**CITY OF PASADENA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Police:</b>					
Arrests	8,535	6,481	6,031	4,906	3,852
<b>Transportation:</b>					
Parking citations issued**	132,042	142,615	160,384	172,154	168,896
<b>Fire:</b>					
Number of emergency calls***	15,592	15,647	16,431	16,570	17,368
Inspections	6,737	*	7,168	7,123	7,445
<b>Water:</b>					
New connections	85	66	42	55	57
Average daily consumption (thousands of gallons)	25,623	24,528	25,174	26,982	28,368

\* 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**

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
3,966	4,210	4,078	5,701	6,018
185,832	166,481	175,430	150,945	129,108
18,237	19,488	19,458	19,483	19,016
7,500	8,296	9,251	9,096	8,959
31	35	98	100	88
25,436	21,144	22,535	24,757	23,519

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Police:</b>					
Stations	1	1	1	1	1
Substations	4	5	5	5	5
<b>Fire:</b>					
Fire stations	8	7	7	8	8
<b>Transportation:</b>					
Streets (miles)	322	322	322	322	357
Streetlights	17,047	17,069	17,100	17,207	17,452
Traffic signals	327	327	329	329	329
Parking facilities	11	12	12	9	9
<b>Culture and leisure:</b>					
Park sites	24	24	24	20	20
Community centers	6	5	4	4	4
Libraries	10	10	10	10	10
<b>Electric Utility:</b>					
Power plants	1	1	1	1	1
Customers	63,838	63,957	64,163	64,931	65,039
Miles of service	525	525	525	673	680
Maximum capacity (megawatts)	197	175	175	174	175
<b>Water:</b>					
Water mains (miles)	508	508	508	516	520
Customers	37,586	38,036	38,069	37,911	37,974
Average daily consumption (mgd)	25.62	26.70	25.17	26.98	28.37

Source: City of Pasadena

Table 22

Fiscal Year					
2015	2016	2017	2018	2019	
1	1	1	1	1	1
3	3	3	2	2	
8	8	8	8	8	
357	357	338	338	338	
17,584	17,597	17,597	17,708	17,731	
330	330	330	330	313	
9	9	9	9	9	
20	20	20	23	24	
4	4	4	4	4	
10	10	10	10	10	
1	1	1	1	1	
65,564	65,318	65,979	66,505	66,712	
680	687	687	662	664	
174	174	174	174	174	
520	520	520	520	520	
37,972	37,959	38,067	38,046	38,114	
25.43	21.14	22.54	24.76	23.52	

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