CPAs AND ADVISORS

ROSE BOWL OPERATING COMPANY
(A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

BASIC FINANCIAL STATEMENTS

Focused on YOU

ROSE BOWL OPERATING COMPANY
(A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

ROSE BOWL OPERATING COMPANY
(A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)

BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rose Bowl Operating Company
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Rose Bowl Operating Company (the Company), a component unit of the City of Pasadena, California as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Company'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.

Auditors' 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 Board of Directors
Rose Bowl Operating Company
Pasadena, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Rose Bowl Operating Company as of June 30, 2019, and the changes in its financial position, and its 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 schedule of proportionate share of the net pension liability, and the schedule of plan contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of the Company'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 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 Company's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 10, 2019

ROSE BOWL OPERATING COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The objective of management's discussion and analysis is to help readers of the Rose Bowl Operating Company's ("RBOC") financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2019, with selected comparative information with the year ended June 30, 2018. This discussion should be read in conjunction with the financial statements. Unless otherwise indicated, years (2018, 2019) in this discussion refer to the fiscal year ended June 30.

I. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis intends to serve as an introduction to the RBOC's basic financial statements. The RBOC's financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements.

BASIC FINANCIAL STATEMENTS

The ***statement of net position*** presents information on all the RBOC's assets and deferred outflows of resources, liabilities and deferred inflows, 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 RBOC is improving or deteriorating.

The ***statement of revenues, expenses, and changes in net position*** presents information showing how the RBOC's net position changed during the most recent fiscal year. 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.*

The ***statement of cash flows*** presents information on the cash inflows and outflows of cash during the fiscal year, directly attributing cash flows to types of sources and uses and reconciling those cash flows to the changes in net position for the fiscal year.

The basic financial statements can be found on pages 19-21 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 financial statements. The notes to the financial statements can be found on pages 22-41 of this report.

II. EXECUTIVE SUMMARY (STADIUM AND GOLF COURSE)

Fiscal 2019 Stadium and Golf Course had some significant changes to events and operations impacting net income. (Revenues and Expenses in Executive Summary are rounded in millions)

Stadium:
The most significant changes from 2018, at the Stadium include the movement of the Music Festival event from 2019 to 2020, 1 less Major/Displacement(i) event, lower UCLA attendance and increased minor events. Non-Operating revenues decreased due to less contributions received in 2019. The Statement of Revenues, Expenses and Change in Net Position reflects a loss of $8.8M (page 8) mainly due to the net of:

Revenues:$33.2M Operating revenues, $7.2M in Other Nonoperating revenues, $2.1M in investment gains, Expenses: $26.3M in operating and events expenses, $12.2M in interest expenses (reduced to $9.5M with bond subsidies in Other Nonoperating revenues), $12.7M in Depreciation expense.

Stadium Income (Loss) decreased from 2018 by $11.4M mainly due to Operating Revenues decreased by $2.3M, Non-Operating Revenues/Expenses decreased by $7.3M, Operating and Depreciation Expenses increased by $1.8M.

Events Statistics and Net Event Income Comparison (2018-2019):

Events Statistic:

	Major Event	2019 Count	Event	Scanned Attendance	2018 Count	Event	Scanned Attendance
1	UCLA	7	Football games (With USC)	251,486	6	Football games (No USC)	248,134
			Per game avg 36K			*Per game avg 41K*	
2	Rose Bowl Game	1	Ohio State vs Washington	80,409	1	Oklahoma vs Georgia	80,072
3	Arroyo Seco Weekend (ASW)	0	Music Festivals (Event moved to 8/31/19)	-	2	Music Festivals 6/23 - 6/24, 2018	36,735
4	Concerts	1	Ed Sheeran	59,525	1	Metallica	59,964
		2	Beyonce-JZ (2 days)	101,441		Justin Beiber (Show Cancelled)	
					1	Green Day	36,503
					1	Cold Play	60,229
		2	BTS - World Tour (2 days)	103,376	2	Taylor Swift (2 days)	108,516
5	Soccer Matches	0	AC Milan vs Manchester United (Event Cancelled)	-	1	International Soccer - Gold Cup Semi Final (Mexico vs Jamaica)	35,691
		1	FC Barcelona vs Tottenham Hotspur	54,529	1	World Cup Sendoff: Mexico vs Wales	73,362
		1	Gold Cup - Double Header	56,723			
6	Americafest 4th of July Celebration	1	Wednesday - July 4th, 2018	17,744	1	Tuesday - July 4th, 2017	20,606
	Total Major/Displacement	16		725,233	17		759,812
	Number of Minor Event days	**329**			**303**		

(i) Major/Displacement event attendance is greater than 20,000 (Americafest 2019 is an exception).

Net Event Income Comparison:

Major/Displacement Events Net Income:	2019	2018	Variance
1. UCLA	$ 4,429,625	$ 5,113,153	$ **(683,528)**
2. Rose Bowl Game *	4,950,473	4,999,011	(48,538)
3. Arroyo Seco Weekend	-	2,227,803	**(2,227,803)**
4. Concerts	3,497,195	3,142,485	354,710
5. Soccer	837,639	648,734	188,905
6. Americafest July 4th Celebration	(170,869)	(52,104)	(118,765)
Total Major/Displacement Events Net Income:	13,544,063	16,079,082	(2,535,019)
Minor Events Net Income			
1. Stadium	1,462,535	1,314,376	148,159
2. Golf Course	154,399	-	154,399
Total Minor Events Net Income:	1,616,934	1,314,376	302,558
Stadium Mid-Size Events (Target Event 2018 and Partial Apollo event in 2019)	92,319	299,396	(207,077)
Flea Market	1,057,900	1,112,135	(54,235)
Total Net Event Income:	$ 16,311,216	$ 18,804,989	$ (2,493,773)

* Includes Capital Maintenance User Fee

Golf Course Complex:

The Golf Course change in 2019 from lease to management agreement with American Golf Corp, was significant and affected multiple facets of the Golf business and placed all operating responsibilities on the RBOC. American Golf Corp reported Golf revenues $4.2M and expenses $3.3M with a net of $989K on the Statement of Revenues, Expenses and Change in Net Position as Green fees and other golf revenues. The below Golf Statistical Summary reflects key factors impacting Golf operations year to year comparison.

Golf Parking (net) is the displacement of Golf operations during major events. The income was retained by American Golf Corp in 2018 and is now recognized by the RBOC/Golf Course in 2019.

Minor events on the Golf Course are reflected in Facility rentals, Cost recoveries and Event Expenses, with no prior year comparison.

The Golf Course Complex recognized Net income of $483K (page 8) mainly due to:

Revenues: $2.3M in Operating Revenues, $123K Investment gain, $136K Other nonoperating revenues
Expenses: $2.1M Operating Expense (includes depreciation $1M)

Golf Course Income (Loss) increased from 2018 by $274K mainly due to Operating Revenues increased by $485K, Non-Operating Revenues/Expenses decreased by $194K, Operating and Depreciation Expenses increased by $17K.

Below are key statistics of Green fees and other golf revenues:

Golf Statistical Summary:		2019		2018
Rounds		135,845		148,408
Playable Days		321		327
Rounds/Day		423		454
Average Per Round (GF+CF *)	$	27.01	$	27.76
Average Range Fees Per Round	$	4.43	$	4.82
Total Revenue Per Round	$	31.44	$	32.57

* GF Green Fees and CF Cart Fees

III. NET EVENT AND OPERATIONS INCOME COMPARISON (STADIUM AND GOLF COURSE)

Below is a year to year comparison of Net Event and Operations Income excluding Depreciation and Nonoperating Revenues.

Changes to Net Event and Operations Income (Stadium and Golf):

Stadium

Net Event and Operations Income		Fiscal 2019			Fiscal 2018		Variance		
Operating Revenues	$	33,213,908		$	35,539,432	$	(2,325,524)	(a)	-7%
Overhead and Event Expenses									
Salaries and benefits		(4,259,886)	*		(3,675,602)		(584,284)	(b)	16%
General and administrative		(3,982,472)			(3,796,689)		(185,783)	(c)	5%
Events		(17,945,920)			(17,413,929)		(531,991)	(d)	3%
Net Event and Operations Income		7,025,630			10,653,212		(3,627,582)		-34%
(Before Non Operating/Capital contributions, Bond Debt, Depreciation and *Annual PERs Valuation Adj)									
Investment Gain		2,130,531			(13,661)		2,144,192	(e)	
Interest Expense		(12,218,348)			(11,616,515)		(601,833)	(f)	5%
Net after Debt	**$**	**(3,062,187)**		**$**	**(976,964)**	**$**	**(2,085,223)**		213%

Net Event and Operations income, after Debt, decreased by $2,085,223 in Fiscal 2019 mainly due to:

(a) Operating Revenues decreased by $2,325,524 mainly due to no Music Festival (FY19) estimated 2.8M Net income, 1 less major event, reduced UCLA Football attendance and increases in minor events revenues.

(b) Salaries/Benefits increased by $584,284 due to two (2) FTE employees: one (1) Legacy Director of Major Gifts and one (1) Operations support partial year; one (1) promotion (Operations Director), sales and events commissions associated with increased minor events and GM contract amendment.

(c) General and administrative increased by $185,783 mainly due to increased consulting (F&B related, legal/contract reviews etc), temporary assistance, janitorial (minimum wage), offset by decreased general liability Insurance.

(d) Event Expenses increased by $531,991 mainly due to Janitorial (minimum wage), event production (as Elevator, HVAC, Plumbers, electricians, radios, video, sound, ticketing, other support), Rentals, Security, other temp support (customer service etc.)

(e) Investment Gain increased by $2,144,192 mainly due to 1.4M in Fair Market Value Adjustment and 700K of earned interest and credit from Debt Service Reserve Fund.

(f) Interest Expense increased by $601,833 mainly due to the refinancing costs of the 2006/2013 Bonds to 2018AB.

Golf Course Complex

Net Golf Facility Operations Income		Fiscal 2019		Fiscal 2018		Variance		
Operating Revenues								
Green fees and other golf revenues	$	988,897	$	1,339,124	$	(350,227)	(a)	-26%
Restaurant		449,089		490,856		(41,767)	(b)	-9%
Parking (net)		436,438		-		436,438	(c)	100%
Facility Rental (Events)		220,643		-		220,643	(d)	100%
Pro shop		16,338		17,865		(1,527)		-9%
Cost recoveries		236,854		15,000		221,854	(e)	100%
Event Expenses		(288,098)		-		(288,098)	(f)	-100%
Total Operating Revenues:		**2,060,161**		**1,862,845**		**197,316**		**11%**
Overhead Expenses								
Salaries and benefits		(249,380) *		(213,023)		(36,357)	(g)	17%
General and administrative		(538,084)		(412,266)		(125,818)	(h)	31%
Total Overhead Expenses:		**(787,464)**		**(625,289)**		**(162,175)**		**26%**
(Before Non Operating/Capital contributions, Depreciation and *Annual PERs Valuation Adj)								
Net Golf Facility Operations Income:	**$**	**1,272,697**	**$**	**1,237,556**	**$**	**35,141**		**3%**

Net Golf Operations income increased by $35,141 in 2019, mainly due to the following:

Total Operating Revenues increased by $197,316:

(a) Green fees and other golf revenues decreased by $350,227 due to Golf rounds and tournament play are down in 2019.

(b) Restaurant decreased by $41,767 due to a combination of Food/beverage catering and club house restaurant operations.

(c) Parking (net) increased by $436,438 in 2019 due to Golf displacement by parking vehicles, not applicable in 2018.

(d) Facility Rental (Events) increased by $220,643 mainly due to events on the Golf Course, not applicable in 2018.

(e) Cost recoveries increased by $221,854 mainly due to events on the Golf Course, not applicable in 2018.

(f) Event Expenses increased by $288,098 mainly due to events on the Golf Course, not applicable in 2018.

(g) Salaries and benefits increased $36,357 mainly due to a full year of a Director of Golf Operations vs prior year only 9 months.

(h) General and administrative increased $125,818 mainly due to club house costs once incurred by American Golf Corp (key areas are repairs/maintenance, temporary support, consulting and janitorial expenses).

IV. FINANCIAL HIGHLIGHTS

Total Net Position decreased by **$8,273,807,** as outlined by the Statement of Revenue and Expenses (Income Statement) and Statement of Net Position (Balance Sheet). The assets and deferred outflow of RBOC resources exceeded liabilities and deferred inflow at the close of the most recent fiscal year for a Net Position of $11,099,183.

Income Statement:

In the Statement of Revenues and Expenses Stadium decreased by **$8,757,050** and Golf Course increased by **$483,243.**

Balance Sheet:

The total change in Net Position is outlined below:

Assets decreased by	($9,591,319)
Deferred Outflow of Resources (Asset) decreased by	($611,580)
Total Assets decreased by:	($10,202,899)
Liabilities increased by	$716,037
Deferred inflow of Resources (Liability) decreased by	($2,645,129)
Total Liabilities decreased by:	($1,929,092)
Total Change to Net position	**($8,273,807)**

V. FINANCIAL ANALYSIS:

INCOME STATEMENT

The Statement of Revenue, Expenses and change in Net Position / income decreased by $8,273,807 (Stadium decreased by $8,757,050 and Golf Course increased by $483,243):

Total Operating Revenues decreased by $1,840,110 mainly due to Event Mix (See Section II - Executive Summary) and the following:

1. **Facility rentals** (license fees, premium seating, Ticketmaster rebates) decreased by $652,470:
   a. **Stadium** decreased by $873,113 mainly due to one (1) less major event, two (2) major events with higher than normal license fees, no Music Festival and offset by increased premium seating and minor events.

   b. **Golf Course** increased by $220,643 due to increased minor events on the Golf course (filmings, small parties and other minor events), not applicable in 2018.

2. **Other Ancillary Revenues** (Parking, Advertising, Concessions) decreased by $263,786 mainly due to:
   a. **Stadium** decreased by $700,224 for *1 less major event and reduced UCLA attendance* **
      i. **Parking** revenues decreased by *$476,224* **
      ii. **Advertising** revenues decreased by $103,206 due to reduced advertising sales beyond the minimum guarantee.
      iii. **Concessions** revenues decreased by *$120,774***

   b. **Golf Course Parking** revenue increased by $436,438 for Golf displacement for parking vehicles during major events, not applicable in 2018.

3. **Admissions Tax** at the Stadium decreased by $27,210 due to one (1) less major event.

4. **Cost recoveries** decreased by $503,123 due to increased events costs, event expenses and contracted major events cost recovery.

    a. **Stadium** decreased by $724,977 due to one (1) less major event, two (2) major events with costs included in higher License fees, no Music Festival and increased minor events.

    b. **Golf Course** increased by $221,854 due to minor events.

Total Operating Expenses increased by $1,785,156:

1. **Salaries and benefits** increased by $620,641

    a. **Stadium** increased by $584,284 mainly due to

        i. **Salaries** increased by $254,973 based on**:**
            - Full Time Employees (FTEs) mainly due to (1) new FTE for 9 months (Legacy Director of major gifts role) and 1 FTE transferred from Golf to Operations support for 5 months; one (1) promotion (Operations Director), increased sales and events commission associated with increased minor events, and GM contract amendment.

        ii. **Benefits** increased by $243,016 based on workers' compensation, medical, vision, dental, and life insurance.

        iii. **Consumer Price Index (CPI 3.1%)** increased by $86,295 (Stadium 34.5 FTEs).

    b. **Golf Course** increased by $36,357 mainly due to new director of Golf Operations for 9.5 months and offset by transfer of operations support for 5 months from Golf to Operations Stadium support, and CPI 3.1%. Golf has 1.5 FTEs allocated as 1 FTE Golf Director, and partial - GM, Projects Director and Finance support).

2. **General and administrative** expenses increased by $311,601

    a. **Stadium** increased by **$185,783** mainly due to increases in consulting/new contract negotiations, temp support, printing and travel of $320,361; and offset by decreases in utilities, insurance, abatement and other expenses of $134,578.

    b. **Golf Course** increased by **$125,818** mainly due to reallocated consulting services from capital projects to operating expenses, increased advertising, and new contract related expenses.

3. **Depreciation** expense increased by $209,237 due to assets placed in service during 2019.

    a. **Stadium** increased by $623,789
    b. **Golf Course** decreased by $414,552

4. **Event Expenses** increased by $820,089

   a. **Stadium** increased by $531,991 (See below Year to Year Comparison by Category)

Year to Year Event Expenses Comparison by Category:

Category:	Event Expenses 2019	Event Expenses 2018	Variance	
JANITORIAL	$ 2,587,988	$ 2,334,594	$ 253,394	11%
EVENT PRODUCTION	2,956,639	2,770,526	186,113	7%
RENTALS	1,095,676	946,990	148,686	16%
SECURITY	4,036,456	3,893,042	143,414	4%
TEMP SUPPORT	233,474	169,730	63,744	38%
RBOC Staffing	390,048	330,996	59,052	18%
PROFESSIONAL CONSULTING	201,673	147,647	54,026	37%
PERMITS AND FEES	163,482	152,845	10,637	7%
PUBLIC SAFETY	3,795,573	3,789,373	6,200	0%
SHUTTLE EXP	546,350	541,245	5,105	1%
CATERING	853,215	861,531	(8,316)	-1%
FIELD AND SOD RELATED	964,240	1,134,307	(170,067)	-15%
DIRECT EVENT ADVERTISING	121,106	341,103	(219,997)	-64%
Total	$ 17,945,920	$ 17,413,929	$ 531,991	

   b. **Golf Course Expenses** increased by $288,098

Year to Year Event Expenses Comparison by Category:

Category:	Event Expenses 2019	Event Expenses 2018
EVENT PRODUCTION	$ 120,615	
RBOC Staffing	41,340	
SECURITY	40,198	
JANITORIAL	29,626	
PUBLIC SAFETY	21,218	
RENTALS	16,774	
TEMP SUPPORT	6,607	
PERMITS AND FEES	6,262	
CATERING	4,106	
PROFESSIONAL CONSULTING	1,352	
Total	$ 288,098	N/A

Non-Operating Revenues decreased by $7,519,168 (Stadium and Golf) mainly due to:

1. Investment gain increased by $2,262,866

   a. **Stadium** increased by $2,144,192: mainly due to 1.4M of Fair Market Value adjustment on investment and increased concert deposits/investment earnings on bonds of approximately 700K.
   b. **Golf Course**: $118,674 as reported by City of Pasadena Finance on invested cash.

2. Interest expenses increased by $601,833 mainly due to stadium refinancing of the 2013 to 2018 Bond.

3. Other nonoperating revenues decreased by $9,180,201:

Other nonoperating revenue Summary:		
Legacy Connections	$ 1,900,000	(Recurring at approximately 1-2M / year)
Recurring Sources	4,272,891	(Mainly Bond subsidies, Capital Maint User fee, and cell site/utilities recovery)
Non- Recurring Sources	1,135,488	(Mainly City and Concessionaire contracted contributions, vary based on sales)
Total FY19 nonoperating Revenue Sources:	7,308,379	
*** Estimated recurring funds 5.0M to 6.6M annually.**		

	Other nonoperating revenue Details:		FY19	FY18	Variance:
	FY19 Sources	Bus.Unit	$ 7,308,379	$ 16,488,580	$ (9,180,201)
	Legacy and Recurring:				
1	Legacy Connections	Stadium	1,900,000	5,100,000	(3,200,000)
2	ToR - Contribution	Stadium	75,000	75,000	-
3	5k x 5 due to broadcasting cost recovery	Stadium	25,000	45,000	(20,000)
4	Subisidy 2010 Bonds Subsidies	Stadium	2,719,539	2,708,370	11,169
5	Misc. Non-Operating: Finance Credits	Stadium	4,690	8,373	(3,683)
6	Misc. Non-Operating: Utilities Recovery	Stadium	356,044	276,675	79,369
7	Misc. Non-Operating: ATM Mach use	Stadium	7,058	15,179	(8,121)
8	Misc. Non-Operating: Sales/Marketing support	Stadium	48,000	48,000	-
9	Misc. Non-Operating: Cap Maint User Fee	Stadium	837,990	872,323	(34,333)
10	Misc. Non-Operating: Cell Site rentals	Stadium	199,570	192,820	6,749
	Sub-total Recurring:		6,172,891	9,341,740	(3,168,849)
	Non- Recurring Sources				
1	IMG Capital investment contribution	Stadium	-	3,500,000	(3,500,000)
2	Concessionaire Capital contribution 3% of revenues (Levy and Legends Wolf gang)	Stadium	206,233	2,918,352	(2,712,119)
3	Other Contributions:CDPLY1017S	Stadium	-	75,000	(75,000)
4	UCLA locker room flip (share of costs)	Stadium	-	32,528	(32,528)
5	City of Pasadena contribution (Paid derivative liability on refinanced bond)	Stadium	739,500	-	739,500
6	Misc. Non-Operating - Concessions	Stadium	-	171,730	(171,730)
7	Sodexo balance to capital contribution (at vendor contract termination)	Stadium	53,711		53,711
8	CIP related revenues from American Golf Co (9.5%)	Golf	-	449,230	(449,230)
9	Misc. Revenues /water cost recoveries	Golf	34,182	-	34,182
10	Concessionaire Capital contribution (Levy)	Golf	101,862	-	101,862
	Sub-total non recurring:		1,135,488	7,146,840	(6,011,352)
	Total Other nonoperating revenue:		7,308,379	16,488,580	(9,180,201)

ROSE BOWL OPERATING COMPANY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

YEAR ENDING JUNE 30, 2019

	Rose Bowl	Golf Course	Combined Totals 2019	Combined Totals 2018	Variance	Var% over PY
Operating Revenues:						
Green fees and other golf revenues	$ -	$ 988,897	$ 988,897	$ 1,339,124	$ (350,227)	-26%
Parking revenue	2,068,878	436,438	2,505,316	2,545,122	(39,806)	-2%
Advertising revenue	3,048,271	-	3,048,271	3,151,477	(103,206)	-3%
Facility rentals	17,797,550	220,643	18,018,193	18,670,663	(652,470)	-3%
Concessions	3,344,720	-	3,344,720	3,465,494	(120,774)	-3%
Pro shop	-	16,338	16,338	17,865	(1,527)	-9%
Restaurant	-	449,089	449,089	490,856	(41,767)	-9%
Admission tax	812,100	-	812,100	839,310	(27,210)	-3%
Cost recoveries	6,142,389	236,854	6,379,243	6,882,366	(503,123)	-7%
Total operating revenues	**33,213,908**	**2,348,259**	**35,562,167**	**37,402,277**	(1,840,110)	-5%
Operating Expenses:						
Salaries and benefits	(4,259,886)	(249,380)	(4,509,266)	(3,888,625)	(620,641)	16%
Annual PERs Valuation Adj	(128,626)	(7,167)	(135,793)	(312,205)	176,412	-57%
General and administrative	(3,982,472)	(538,084)	(4,520,556)	(4,208,955)	(311,601)	7%
Depreciation	(12,738,571)	(1,041,376)	(13,779,947)	(13,570,710)	(209,237)	2%
Events	(17,945,920)	(288,098)	(18,234,018)	(17,413,929)	(820,089)	5%
Total Operating Expenses	**(39,055,475)**	**(2,124,105)**	**(41,179,580)**	**(39,394,424)**	(1,785,156)	5%
Operating Income (Loss)	**(5,841,567)**	**224,154**	**(5,617,413)**	**(1,992,147)**	**(3,625,266)**	182%
Nonoperating Revenues (Expenses):						
Investment gain	2,130,531	123,044	2,253,575	(9,291)	2,262,866	-24355%
Interest expense	(12,218,348)	-	(12,218,348)	(11,616,515)	(601,833)	5%
Other nonoperating revenues	7,172,334	136,045	7,308,379	16,488,580	(9,180,201)	-56%
Total Nonoperating Revenues (Expenses)	**(2,915,483)**	**259,089**	**(2,656,394)**	**4,862,774**	**(7,519,168)**	-155%
Income (Loss) Before Transfers	(8,757,050)	483,243	(8,273,807)	2,870,627	(11,144,434)	
Changes in Net Position	(8,757,050)	483,243	(8,273,807)	2,870,627	(11,144,434)	-388%
Net Position:						
Beginning of Year	2,518,865	16,854,125	19,372,990	16,502,363	2,870,627	17%
End of Year	**$ (6,238,185)**	**$ 17,337,368**	**$ 11,099,183**	**$ 19,372,990**	**(8,273,807)**	-43%

BALANCE SHEET

The Statement of Net Position **Total Assets** decreased by $9,591,319 (Stadium decreased by $10,585,886 and Golf Course increase by $994,567). Deferred Outflow of Resources (Asset) decreased by $611,580 (Reference page 14).

Total Liabilities increased by $716,037 (Stadium increased by $281,222 and Golf Course increased by $434,815). Deferred inflow of Resources (Liability) decreased by $2,645,129.

The below details outline changes in Total Assets, Liabilities and Deferred Outflow/Inflows.

Total Assets decreased by 4% or $9,591,319 mainly due to:

1. **Cash and Investments** decreased by $979,717:
   Decreases: General Operating cash $4,653,175, Premium Seating $659,210
   Increases**:** Ticketmaster event and other deposited funds $4,332,668.

2. **Cash and Investments restricted** increased by $1,028,062:
   Decreases: Renovation Project $59,694
   Increases: Debt Service Reserve Fund $195,631and Fair Market Value $892,125.

3. **Accounts receivable net of allowance** increased by $1,096,791:
   Decreases: Minor Events $431,275, Other Accounts Receivables $90,984.
   Increases: Major Events $1,769,707,
   - Allowance for doubtful accounts increased by $150,657.

4. **Inventory/Prepaid Assets** increased by $5,432 mainly due to Golf Course minor event inventory.

5. **Due from City of Pasadena** Increased by $41,948 due to recalculating 2006 to 2013 bond refunding, balance due RBOC $487,305.

6. **Derivative instrument asset** decreases by $319,506 due to the refunding of the 2013 Bond.

7. **Construction in Progress** decreased by $2,246,368 due to assets placed in service:

Ending Balance	June 30, 2019	June 30, 2018	Variance
Stadium:	$94,179	$1,329,106	($1,234,927)
Golf Couse:	$14,182	$1,025,623	($1,011,441)
Total Balance	$108,361	$2,354,729	($2,246,368)

8. **Other Capital Assets, net** of depreciation decreased by $8,190,841 due to Assets Values less depreciation or Net Book Value (NBV) per the below schedule:

Summary of Other capital asset, net:

	June 30, 2019	June 30, 2018	Variance
Stadium	176,819,313	185,488,338	(8,669,025)
Golf Course	7,800,663	7,322,479	478,184
Total Other capital assets, net	184,619,976	192,810,817	(8,190,841)

Detail of Other capital asset, net:

Stadium

	June 30, 2019	June 30, 2018	Variance
Building and improvements	246,272,310	243,411,895	2,860,415
Machinery and equipment	17,814,153	16,605,022	1,209,131
Sub-total	264,086,463	260,016,917	4,069,546
Less accumulated depreciation	(87,267,150)	(74,528,579)	(12,738,571)
Total NBV/Other Capital Asset, net	176,819,313	185,488,338	(8,669,025)

Golf Course

	June 30, 2019	June 30, 2018	Variance
Building and improvements	12,748,310	12,298,027	450,283
Machinery and equipment	1,378,406	309,129	1,069,277
Sub-total	14,126,716	12,607,156	1,519,560
Less accumulated depreciation	(6,326,053)	(5,284,677)	(1,041,376)
Total NBV/Other Capital Asset, net	7,800,663	7,322,479	478,184

Estimated Useful life/Depreciation: Building and Improvements 1- 55 years, Improvements Other than building 1-95 years. RBOC noted that during a 1997 asset transfer from City of Pasadena certain assets were categorized as Machinery and equipment with 21-93 years depreciation. These assets were components of improvements other than building. All other Machinery and equipment depreciate between 1 and 10 years as standard practice.

Total Liabilities increased by .03%, or **$716,037**

1. **Current Liabilities increased by $2,902,244 mainly due to:**

    a. **Accounts Payable and other liabilities** increased by $1,424,727
    Increase: Stadium Accounts Payable liabilities $995,446: two (2) BTS concerts and Golf Cup double header soccer match and minor event expense at the end of 2019. Golf Course Accounts Payable $445,571, not applicable in 2018.

    b. **Accrued salaries and benefits** increased by $168,872 mainly due to Stadium operations payroll and benefits $51,810, Stadium events commissions $63,405, and Golf Course events and operations commissions $53,657.

    c. **Interest Payable** increased by $102,174 due to the new bond debt structure after refinancing the 2013 bond to 2018.

    d. **Due to City of Pasadena** decreased by $718,688 mainly due to Stadium $718,913 event expenses due City of Pasadena.

    e. **Deposits (from Clients)** increased by $1,486,687 mainly due to major events deposits $1,205,148 for BTS concerts, increased Stadium and Golf minor events $281,239.

    f. **Current Portion of Long-term debt** increased by $410,000 due to Stadium Bond debt refinancing (See Year to Year change in debt Page16).

2. **Noncurrent Liabilities decreased by $2,186,207 due to the following**

    a. **Long-term advance** due to Levy Concessionaire from long term to current liability $100,000.

    b. **Compensated absences** decreased by $41,615 mainly due to changes to employees' balances.

    c. **Long-term debt** decreased by $1,943,783 due to principal from longer term to current portion of bonds and Golf Course debt to American Golf Corp. (See Year to Year change in debt Page16).

    d. **Net Pension liability** decreased by $100,809 due to Portfolio valuation.

3. **Deferred outflow and inflow of Resource changed by the below:**

    a. **Deferred outflow of Resources** is an asset and decreased by $611,580 due to refunding charge and net pension liability.

    b. **Deferred inflow of Resources** is a liability and decreased by $2,645,129 due to accumulated fair market value of swap agreement, deferred refunding charges, Sales of future revenues (unearned Premium Seating sales), and inflow related to net pension liability.

Year to Year Change in Debt:

Year to year debt decreased by $1,533,783 due to Stadium decrease by $1,482,014 and Golf Course debt due American Golf Co. (15-year Note) decrease by $51,769 (Per the below Debt Schedule).

Debt Schedule:

Stadium	June 30, 2019	June 30, 2018	Variance
2010 Revenue Bonds	128,723,265	129,923,265	
2013 Revenue Bonds	-	48,425,000	Refunded as 2018
2016 Revenue Bonds	21,865,000	21,865,000	
2016 Bond Premium	4,264,070	4,814,272	
2018 Bond and Premium	47,393,682	-	
Accreted Interest	8,823,978	7,524,472	
Total Bond Related:	211,069,995	212,552,009	(1,482,014)
Golf Course			
* Golf Course Debt Now includes Long Term Note Due American Golf (15 year schedule)	724,761	776,530	(51,769)
Total Debt (Long term and Current)	**211,794,756**	**213,328,539**	**(1,533,783)**

Balance Sheet Reference:	**2019**	**2018**	
Long-Term Debt(Stadium)	208,279,995	210,172,009	
Current Portion of Long-Term Debt (Stadium)	2,790,000	2,380,000	
Long-Term Debt(Golf)	672,992	724,761	
Current Portion of Long-Term Debt (Golf)	51,769	51,769	
Total Debt	**211,794,756**	**213,328,539**	**(1,533,783)**

STATEMENT OF NET POSITION JUNE 30, 2019

	Rose Bowl	Golf Course	Totals 2019	Totals 2018	Variance	Var%
Assets:						
Current assets:						
Cash and investments	$ 35,373,051	$ 10,835,899	$ 46,208,950	$ 47,188,667	(979,717)	-2%
Cash and investments restricted	15,837,902	-	15,837,902	14,809,840	1,028,062	7%
Accounts receivable, net of allowance of $165,333 for the Rose Bowl	6,966,409	258,170	7,224,579	6,127,788	1,096,791	18%
Inventory	1,152	6,186	7,338	1,906	5,432	285%
Prepaid assets	136,860	32,825	169,685	196,805	(27,120)	-14%
Total Current Assets	58,315,374	11,133,080	69,448,454	68,325,006	1,123,448	2%
Noncurrent assets:						
Due from City of Pasadena	$ 487,305	-	$ 487,305	445,357	41,948	9%
Derivative instrument asset	-	-	-	319,506	(319,506)	-100%
Capital assets:						
Construction in progress	94,179	14,182	108,361	2,354,729	(2,246,368)	-95%
Other capital assets, net	176,819,313	7,800,663	184,619,976	192,810,817	(8,190,841)	-4%
Total Noncurrent Assets	**177,400,797**	**7,814,845**	**185,215,642**	**195,930,409**	**(10,714,767)**	-5%
Total Assets	**235,716,171**	**18,947,925**	**254,664,096**	**264,255,415**	**(9,591,319)**	-4%
Deferred outflows of Resources:						
Deferred refunding charge	2,918,918	-	2,918,918	3,299,646	(380,728)	-12%
Outflows related to net pension liability	1,038,616	52,961	1,091,577	1,322,429	(230,852)	-17%
Total Deferred Outflows of Resources	**3,957,534**	**52,961**	4,010,495	**4,622,075**	**(611,580)**	-13%
Liabilities:						
Current:						
Accounts payable and other liabilities	$ 5,611,316	484,778	$ 6,096,094	4,671,367	1,424,727	30%
Accrued salaries and benefits	705,800	60,658	766,458	597,586	168,872	28%
Interest payable	3,196,500	-	3,196,500	3,094,326	102,174	3%
Due to City of Pasadena	1,189,285	7,271	1,196,556	1,915,244	(718,688)	-38%
Deposits	17,370,985	3,744	17,374,729	15,888,342	1,486,387	9%
Current portion of advance	100,000	-	100,000	100,000	-	0%
Current portion compensated absences	174,110	6,875	180,985	152,213	28,772	19%
Current portion of long-term debt	2,790,000	51,769	2,841,769	2,431,769	410,000	17%
Total Current Liabilities	31,137,996	615,095	31,753,091	28,850,847	2,902,244	10%
Noncurrent:						
Long-term advance	800,000	-	800,000	900,000	(100,000)	-11%
Compensated absences	112,029	1,365	113,394	155,009	(41,615)	-27%
Long-term debt	208,279,995	672,992	208,952,987	210,896,770	(1,943,783)	-1%
Net pension liability	2,323,173	264,694	2,587,867	2,688,676	(100,809)	-4%
Total Noncurrent Liabilities	211,515,197	939,051	212,454,248	214,640,455	(2,186,207)	-1%
Total Liabilities	**242,653,193**	**1,554,146**	**244,207,339**	**243,491,302**	**716,037**	0.3%
Deferred Inflows of Resources:						
Accumulated change in fair value of interest rate swap	-	-	-	319,506	(319,506)	-100%
Deferred refunding charge	-	-	-	1,039,984	(1,039,984)	-100%
Sales of future revenue	3,165,799	66,100	3,231,899	4,523,288	(1,291,389)	-29%
Inflows related to net pension liability	92,898	43,272	136,170	130,420	5,750	4%
Total Deferred inflows of Resources	**3,258,697**	**109,372**	**3,368,069**	**6,013,198**	(2,645,129)	-44%
Net position:						
Net investment in capital assets	(6,395,705)	7,090,084	694,379	7,207,511	(6,513,132)	-90%
Unrestricted	157,520	10,247,284	10,404,804	12,165,479	(1,760,675)	-14%
Total Net Position	**$ (6,238,185)**	**$ 17,337,368**	**$ 11,099,183**	**$ 19,372,990**	**(8,273,807)**	-43%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the RBOC'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 Controller,* Rose Bowl Operating Company, 1001 Rose Bowl Dr., Pasadena, California 91103.

ROSE BOWL OPERATING COMPANY

STATEMENT OF NET POSITION
JUNE 30, 2019

	Rose Bowl	Golf Course	Total
Assets:			
Current:			
Cash and investments	$ 35,373,051	$ 10,835,899	$ 46,208,950
Cash and investments restricted	15,837,902	-	15,837,902
Accounts receivable, net of allowance of $165,333 for the Rose Bowl	6,966,409	258,170	7,224,579
Inventory	1,152	6,186	7,338
Prepaid assets	136,860	32,825	169,685
Total Current Assets	**58,315,374**	**11,133,080**	**69,448,454**
Noncurrent:			
Due from City of Pasadena	487,305	-	487,305
Capital assets:			
Construction in progress	94,179	14,182	108,361
Other capital assets, net	176,819,313	7,800,663	184,619,976
Total Noncurrent Assets	**177,400,797**	**7,814,845**	**185,215,642**
Total Assets	**235,716,171**	**18,947,925**	**254,664,096**
Deferred Outflows of Resources:			
Deferred refunding charge	2,918,918	-	2,918,918
Outflows related to net pension liability	1,038,616	52,961	1,091,577
Total Deferred Outflows of Resources	**3,957,534**	**52,961**	**4,010,495**
Liabilities:			
Current:			
Accounts payable and other liabilities	5,611,316	484,778	6,096,094
Accrued salaries and benefits	705,800	60,658	766,458
Interest payable	3,196,500	-	3,196,500
Due to City of Pasadena	1,189,285	7,271	1,196,556
Deposits	17,370,985	3,744	17,374,729
Current portion of long-term advance	100,000	-	100,000
Current portion compensated absences	174,110	6,875	180,985
Current portion of long-term debt	2,790,000	51,769	2,841,769
Total Current Liabilities	**31,137,996**	**615,095**	**31,753,091**
Noncurrent:			
Long-term advance	800,000	-	800,000
Compensated absences	112,029	1,365	113,394
Long-term debt	208,279,995	672,992	208,952,987
Net pension liability	2,323,173	264,694	2,587,867
Total Noncurrent Liabilities	**211,515,197**	**939,051**	**212,454,248**
Total Liabilities	**242,653,193**	**1,554,146**	**244,207,339**
Deferred Inflows of Resources:			
Sales of future revenue	3,165,799	66,100	3,231,899
Inflows related to net pension liability	92,898	43,272	136,170
Total Deferred Inflows of Resources	**3,258,697**	**109,372**	**3,368,069**
Net Position:			
Net investment in capital assets	(6,395,705)	7,090,084	694,379
Unrestricted	157,520	10,247,284	10,404,804
Total Net Position	**$ (6,238,185)**	**$ 17,337,368**	**$ 11,099,183**

The accompanying notes are an integral part of these financial statements.

ROSE BOWL OPERATING COMPANY

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

	Rose Bowl	Golf Course	Total
Operating Revenues:			
Green fees and other golf revenues	$ -	$ 988,897	$ 988,897
Parking revenue	2,068,878	436,438	2,505,316
Advertising revenue	3,048,271	-	3,048,271
Facility rentals	17,797,550	220,643	18,018,193
Concessions	3,344,720	-	3,344,720
Pro shop	-	16,338	16,338
Restaurant	-	449,089	449,089
Admission tax	812,100	-	812,100
Cost recoveries	6,142,389	236,854	6,379,243
Total Operating Revenues	**33,213,908**	**2,348,259**	**35,562,167**
Operating Expenses:			
Salaries and benefits	4,388,512	256,547	4,645,059
General and administrative	3,982,472	538,084	4,520,556
Depreciation	12,738,571	1,041,376	13,779,947
Events	17,945,920	288,098	18,234,018
Total Operating Expenses	**39,055,475**	**2,124,105**	**41,179,580**
Operating Income (Loss)	(5,841,567)	224,154	(5,617,413)
Nonoperating Revenues (Expenses):			
Investment gain	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
Total Nonoperating Revenues (Expenses)	**(2,915,483)**	**259,089**	**(2,656,394)**
Changes in Net Position	(8,757,050)	483,243	(8,273,807)
Net Position:			
Beginning of Year	2,518,865	16,854,125	19,372,990
End of Year	**$ (6,238,185)**	**$ 17,337,368**	**$ 11,099,183**

The accompanying notes are an integral part of these financial statements.

ROSE BOWL OPERATING COMPANY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Rose Bowl	Golf Course	Total
Cash Flows from Operating Activities:			
Cash received from customers	$ 20,703,624	$ 2,230,749	$ 22,934,373
Cash paid to employees for services	(4,259,358)	(262,751)	(4,522,109)
Cash paid to suppliers for goods and services	(20,051,540)	(361,996)	(20,413,536)
Other cash receipts	10,002,760	236,854	10,239,614
Net Cash Provided by Operating Activities	**6,395,486**	**1,842,856**	**8,238,342**
Cash Flows from Non-Capital Financing Activities:			
Contributions	4,050,997	136,045	4,187,042
Net Cash Provided by Non-Capital Financing Activities	**4,050,997**	**136,045**	**4,187,042**
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(2,834,619)	(508,119)	(3,342,738)
Payment on advance	(100,000)	-	(100,000)
Federal interest subsidy on bonds payable	2,719,540	-	2,719,540
Principal payments on long-term debt	(2,465,000)	(51,769)	(2,516,769)
Interest payments on long-term debt	(11,390,647)	-	(11,390,647)
Net Cash Used in Capital and Related Financing Activities	**(14,070,726)**	**(559,888)**	**(14,630,614)**
Cash Flows from Investing Activities:			
Investment gain (loss)	2,130,531	123,044	2,253,575
Net Cash Provided by Investing Activities	**2,130,531**	**123,044**	**2,253,575**
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,493,712)**	**1,542,057**	**48,345**
Cash and Cash Equivalents at Beginning of Year	52,704,665	9,293,842	61,998,507
Cash and Cash Equivalents at End of Year	**$ 51,210,953**	**$ 10,835,899**	**$ 62,046,852**
Reconciliation of Cash and Investments to Amounts Reported on the Statement of Net Position:			
Cash and investments	$ 35,373,051	$ 10,835,899	$ 46,208,950
Cash and investments restricted	15,837,902	-	15,837,902
Total reported on Statement of Net Position	51,210,953	10,835,899	62,046,852
Cash and cash equivalents at end of year	**$ 51,210,953**	**$ 10,835,899**	**$ 62,046,852**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ (5,841,567)	$ 224,154	$ (5,617,413)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	12,738,571	1,041,376	13,779,947
(Increase) decrease in accounts receivable	(1,150,035)	53,244	(1,096,791)
(Increase) decrease in inventory	754	(6,186)	(5,432)
(Increase) decrease in prepaid assets	59,945	(32,825)	27,120
(Increase) decrease in due from City of Pasadena	(41,948)	-	(41,948)
(Increase) decrease in deferred outflows related to net pension liability	220,627	10,225	230,852
Increase (decrease) in accounts payable, other liabilities and accrued expenses	1,094,371	499,228	1,593,599
Increase (decrease) in due to the City of Pasadena	(718,913)	225	(718,688)
Increase (decrease) in deposits	1,482,643	3,744	1,486,387
Increase (decrease) in deferred revenue	(1,357,489)	66,100	(1,291,389)
Increase (decrease) in compensated absences	528	(13,371)	(12,843)
Increase (decrease) in net pension liability	(97,567)	(3,242)	(100,809)
Increase (decrease) in deferred inflows related to net pension liability	5,566	184	5,750
Net Cash Provided by Operating Activities	**$ 6,395,486**	**$ 1,842,856**	**$ 8,238,342**
Non-Cash Investing, Capital, and Financing Activities:			
City prepayment of deferred refunding charge	$ 739,500	$ -	$ -

The accompanying notes are an integral part of these financial statements.

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Basis of Presentation

The Rose Bowl Operating Company (the Company) was incorporated on January 18, 1994, as a legally separate entity with the primary purpose of returning economic and civic value to the City of Pasadena, California, (the City) by managing a world class stadium and a professional quality golf course complex, Brookside Municipal Golf Course (the Golf Course), in a residential open-space environment. A fourteen-member Board of Directors governs the Company. The Board of Directors consists of the City Manager, two members from the City Mayor's office, seven members appointed by the City, one member from the Pasadena Tournament of Roses Foundation (a separate not-for-profit entity unrelated either to the City or the Company), one member from the University of California, Los Angeles (UCLA), one member from the joint City Council, and one non-voting member from the Pasadena Center Operating Company. These operations constitute part of the overall financial reporting entity of the City and are accounted for as a discretely presented component unit in the City's Comprehensive Annual Financial Report consistent with accounting principles generally accepted in the United States of America. Revenues and expenses of the Company include direct revenues and expenses and certain allocations from the City.

b. Basis of Accounting

The Company is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Company utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

c. Classification of Revenues

Operating revenues consist of charges to customers for sales and use of the facilities. *Nonoperating revenues* consist of investment earnings and other nonoperating income. Capital contributions consist of contributed capital assets.

d. Capital Assets

Capital assets are recorded at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. The Company capitalizes all assets with a historical cost of at least $10,000 consistent with City practice. The cost of normal maintenance and reports that do not add value to the assets or materially extend asset lives are not capitalized. Interest is capitalized on construction in progress in accordance with Governmental Accounting Standards. Accordingly, interest capitalized is the total interest cost from the date of the borrowing net of any interest earned on temporary investments of the proceeds of those borrowings until the specified asset is ready for its intended use.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The estimated useful lives of the assets are as follows:

Building and improvements	1-55 years
Improvements other than building	1-95 years
Machinery and equipment	1-93 years

e. Cash and Investments

For the purposes of the statement of cash flows, investments 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, and have an original maturity date of 3 months or less.

f. Investments

Investments are reported in the accompanying statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during the fiscal year are recognized as *investment earnings* reported for that fiscal year.

Investment earnings includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

g. Compensated Absences

Only full-time employees accrue vacation. Vacation time is accrued two to four weeks per year, depending on how long an employee has been with the Company. The Company also grants employees personal paid time off. Regular full-time and part-time (24 hours per week minimum) employees are eligible to accrue personal time off with pay. Full-time employees may accrue up to 20 personal days per calendar year. Part-time employees who work 24 hours per week or more are eligible to accrue personal paid time off on a pro rata basis. It is the Company's policy to permit employees to accumulate earned but unused vacation benefits from year to year up to a maximum of two times a full-time employee's annual vacation amount. Personal paid time off is not accumulated from year to year. All accumulated compensated absences are recorded as an expense and a liability at the time the benefit is earned.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Company has two items that qualify for reporting in this category:

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

1. The deferred outflows relating to the net pension liability reported in the statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, the net difference between projected and actual earnings on pension plan investments, differences between expected and actual experience, adjustments due to differences in proportions, and difference in proportionate share.

2. The deferred charge on refunding results in the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Company has four items that qualify for reporting in this category:

1. The deferred inflows relating to the net pension liability are the results of the difference between expected and actual experience, changes in assumptions, adjustments due to differences in proportions, and difference in proportionate share.

2. The sales of future revenues for events occurring in future fiscal years are deferred and recognized in the period in which the events occur.

i. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. Net Position

Sometimes the Company will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note 2: 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	$	46,208,950
Cash and investments restricted		15,837,902
Total cash and investments	$	62,046,852

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

Cash on hand	$	5,000
Deposits with financial institutions		9,161,057
Investment in the City investment pool		52,880,795
Total cash and investments	$	62,046,852

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

The table below identifies the investment types that are authorized for the Company by the California Government Code and the Company's investment policy. The table also identifies certain provisions of the California Government Code (or the Company's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Company, rather than the general provisions of the California Government Code or the Company'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
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Bankers' Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
Joint Power Agency Pools (other investment pools)	Yes	N/A	None	None

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

Note 2: Cash and Investments (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 Company's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Rating
U.S. Treasury Obligations	None	N/A
U.S. Agency Securities	None	N/A
State and Local Agency Bonds	None	Aa
Bankers' Acceptances	360 days	Aa
Commercial Paper	270 days	Aa
Negotiable Certificates of Deposit	None	Aa
Repurchase Agreements	None	Aa
Money Market Mutual Funds	N/A	Aaa
Investments Contracts	None	Aa

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the Company's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Company's investments by maturity:

Investment Type		Remaining Maturity 12 Months or Less
Investments in the City investment pool	$ 52,880,795	$ 52,880,795
Total	$ 52,880,795	$ 52,880,795

Note 2: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

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

Investment Type		Minimum Legal Rating	Ratings at End Not Rated
Investments in the City investment pool	$ 52,880,795	N/A	$ 52,880,795
Total	$ 52,880,795		$ 52,880,795

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

Fair Value Hierarchy

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

Note 2: Cash and Investments (Continued)

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

		Level		
Investments by fair value level	Totals	1	2	3
Investments in the City investment pool	$ 52,880,795	$ -	$ 52,880,795	$ -
Totals	$ 52,880,795	$ -	$ 52,880,795	$ -

Investments in the City investment pool are valued by the underlying assets in the investment pool. The underlying assets include Local Agency Investment Funds, money market funds, municipal bonds, federal agency issues, treasury securities, corporate bonds and supranationals, all of which are level 2 or better.

Note 3: Capital Assets

Rose Bowl

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

	Balance at July 1, 2018	Transfers	Additions	Deletions	Balance at June 30, 2019
Capital assets being depreciated:					
Buildings and improvements	$ 208,273,018	$ 163,571	$ -	$ -	$ 208,436,589
Improvements other than buildings	35,138,877	2,696,844	-	-	37,835,721
Machinery and equipment	16,605,022	1,209,131	-	-	17,814,153
Total depreciable capital assets	260,016,917	4,069,546	-	-	264,086,463
Less accumulated depreciation:					
Buildings and improvements	(39,078,570)	-	(7,456,737)	-	(46,535,307)
Improvements other than buildings	(26,077,692)	-	(3,628,509)	-	(29,706,201)
Machinery and equipment	(9,372,317)	-	(1,653,325)	-	(11,025,642)
Total accumulated depreciation	(74,528,579)	-	(12,738,571)	-	(87,267,150)
Net depreciable assets	185,488,338	4,069,546	(12,738,571)	-	176,819,313
Capital assets not depreciated:					
Construction in progress	1,329,106	(4,069,546)	2,834,619	-	94,179
Capital assets, net	$ 186,817,444	$ -	$ (9,903,952)	$ -	$ 176,913,492

The Superstructure and land are not included in this table.

Depreciation expense for the year was $12,738,571.

Note 3: Capital Assets (Continued)

Golf Course

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

	Balance at July 1, 2018	Transfers	Additions	Deletions	Balance at June 30, 2019
Capital assets being depreciated:					
Buildings and improvements	$ 4,403,112	$ 399,542	$ -	$ -	$ 4,802,654
Improvements other than buildings	7,894,915	186,315	-	-	8,081,230
Machinery and equipment	309,129	933,703	-	-	1,242,832
Total depreciable capital assets	12,607,156	1,519,560	-	-	14,126,716
Less accumulated depreciation:					
Buildings and improvements	(2,147,175)	-	(403,845)	-	(2,551,020)
Improvements other than buildings	(2,848,599)	-	(515,248)	-	(3,363,847)
Machinery and equipment	(288,903)	-	(122,283)	-	(411,186)
Total accumulated depreciation	(5,284,677)	-	(1,041,376)	-	(6,326,053)
Net depreciable assets	7,322,479	1,519,560	(1,041,376)	-	7,800,663
Capital assets not depreciated:					
Construction in progress	1,025,623	(1,519,560)	508,119	-	14,182
Capital assets, net	$ 8,348,102	$ -	$ (533,257)	$ -	$ 7,814,845

Depreciation expense for the year was $1,041,376.

Note 4: Long-Term Debt

Rose Bowl

Long-Term liabilities for the year ended June 30, 2019, are as follows:

	Balance at July 1, 2018	Additions/ Accretions	Deletions/ Amortizations	Balance at June 30, 2019	Due in One Year
2010A Tax-Exempt Lease Revenue Bonds	$ 13,423,265	$ -	$ -	$ 13,423,265	$ (180,000)
2010B Taxable Build America Lease Revenue Bonds	106,660,000	-	-	106,660,000	-
2010C Taxable Lease Revenue Bonds	2,440,000	-	(1,200,000)	1,240,000	(1,240,000)
2010D Taxable Recovery Zone Economic Development Lease Revenue Bonds	7,400,000	-	-	7,400,000	-
2013A Tax-Exempt Lease Revenue Bonds	34,900,000	-	(34,900,000)	-	-
2013B Taxable Lease Lease Revenue Bonds	13,525,000	-	(13,525,000)	-	-
2016A Tax-Exempt Lease Revenue Bonds	21,865,000	-	-	21,865,000	-
2016A Bond Premium	4,814,272	-	(550,202)	4,264,070	-
2018A Tax-Exempt Lease Revenue Bonds	-	30,585,000	-	30,585,000	-
2018B Taxable Lease Lease Revenue Bonds	-	12,515,000	(85,000)	12,430,000	(1,370,000)
2018A Bond Premium	-	4,545,911	(107,869)	4,438,042	-
2018B Bond Discount	-	(63,208)	3,848	(59,360)	-
Accreted Interest on Capital Appreciation Bonds	7,524,472	1,299,506	-	8,823,978	-
Subtotal - Bonded Long-Term Liabilities	212,552,009	48,882,209	(50,364,223)	211,069,995	(2,790,000)
Compensated Absences	285,611	174,317	(173,789)	286,139	(174,110)
Total Long-Term Liabilities	$ 212,837,620	$ 49,056,526	$ (50,538,012)	$ 211,356,134	$ (2,964,110)

Note 4: Long-Term Debt (Continued)

2010 Rose Bowl Lease Revenue Bonds

On November 18, 2010, the City of Pasadena issued four series of lease revenue bonds, Series 2010A through D (Rose Bowl Renovation Project) in the aggregate amount of $155,873,265. Series A in the amount of $36,808,265 contained $25,220,000 of current interest bonds maturing between fiscal year 2019-2020 and fiscal year 2026-2027, with the remaining $11,588,265 in the form of capital appreciation bonds maturing serially from fiscal year 2026-2027 to 2032-2033. Series B contained $106,660,000 of taxable Build America Bonds. These bonds are in two coupons, the initial series maturing during fiscal year 2033-2034 and the final maturing during fiscal year 2042-2043. Series C contained $5,005,000 of taxable bonds. These bonds mature serially from fiscal year 2014-2015 to fiscal year 2019-2020. Finally, Series D contained $7,400,000 of taxable Recovery Zone Economic Development Bonds that have one maturity during fiscal year 2042-2043. The bonds, except for the capital appreciation bonds in Series 2010A, commenced interest payments on March 1, 2011, and are payable semiannually. The Company received $154,878,301 of the proceeds from the bonds. The bonds were issued to finance improvements to the Rose Bowl Stadium, to fund capitalized interest on a portion of the 2010 Bonds, to fund a Bond Reserve Fund, and to pay the costs of issuance of the 2010 Bonds. Renovations of the existing Rose Bowl Stadium are proposed to continue to allow use by the UCLA Bruins football team, the Rose Bowl Game, Bowl Championship Series (BCS) games, soccer matches, concerts, and special events as well as to bring certain building systems up to current City Building Code requirements and improve public safety.

The 2010A bonds were partially refunded during the year ended June 30, 2017 with the 2016A bonds.

The 2010B bonds were issued for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the Recovery Act). Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable by the City on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government but is required to be paid by the Treasury under the Recovery Act. Any cash subsidy payments received by the City do not constitute revenues that can offset interest expense and are not pledged under the indenture to secure the 2010 bonds.

The 2010D bonds were issued for purposes of the Recovery Act. Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable by the City on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government but is required to be paid by the Treasury under the Recovery Act. Any cash subsidy payments received by the City do not constitute revenues that can offset interest expense and are not pledged under the indenture to secure the 2010 bonds.

Note 4: Long-Term Debt (Continued)

The total annual debt service requirements for the 2010 Lease Revenue Bonds including accretion as of June 30, 2019, are as follows:

	Principal Payments						
June 30	Series A	Series B	Series C	Series D	Accretion	Interest	Total
2020	$ 180,000	$ -	$ 1,240,000	$ -	$ 1,387,947	$ 8,289,399	$ 11,097,346
2021	1,655,000	-	-	-	1,482,345	8,221,141	11,358,486
2022	-	-	-	-	1,583,125	8,138,391	9,721,516
2023	-	-	-	-	1,690,855	8,138,391	9,829,246
2024	-	-	-	-	1,805,991	8,138,391	9,944,382
2025-2029	4,801,904	-	-	-	10,012,112	50,755,052	65,569,068
2030-2034	6,786,361	9,745,000	-	-	3,550,380	60,845,929	80,927,670
2035-2039	-	49,995,000	-	-	-	30,639,901	80,634,901
2040-2043	-	46,920,000	-	7,400,000	-	10,023,283	64,343,283
Total	$ 13,423,265	$ 106,660,000	$ 1,240,000	$ 7,400,000	$ 21,512,755	$ 193,189,878	$ 343,425,898

2013 Rose Bowl Lease Revenue Bonds

On January 15, 2013, the City issued two 2013 Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013A and 2013B in the aggregate amount of $53,965,000. The bonds were issued to refund the 2006 Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects) and to finance improvements to the Rose Bowl Stadium. Series A contained $23,865,000 of refunding bonds for the 2006 variable rate bonds and $11,035,000 of tax-exempt bonds. Series B contained $19,065,000 of taxable fixed rate lease revenue bonds.

The 2013 bonds were refunded during the year ended June 30, 2019 with the 2018 bonds.

2016 Rose Bowl Lease Revenue Bonds

On September 20, 2016, the City issued a 2016 Lease Revenue Bond, Series 2016A in the aggregate amount of $27,642,127. The bond was issued to refund a portion of the 2010 Lease Revenue Series A Bond. Series 2016A contained $23,385,000 of refunding bonds for the 2010 Lease Revenue Series A Bond.

Principal is payable in annual installments ranging from $1,980,000 to $5,130,000 commencing April 1, 2022 and ending April 1, 2027.

The balance outstanding at June 30, 2019 is comprised of the principal amount of $21,865,000, plus unamortized deferred bond premium of $4,264,070, for a total of $26,129,070.

Note 4: Long-Term Debt (Continued)

The annual debt service requirements for the 2016 Lease Revenue Bond as of June 30, 2019, is as follows:

June 30	Principal	Interest	Total
2020	$ -	$ 1,093,250	$ 1,093,250
2021	-	1,093,250	1,093,250
2022	1,980,000	1,093,250	3,073,250
2023	2,255,000	994,250	3,249,250
2024	4,310,000	881,500	5,191,500
2025-2027	13,320,000	1,271,000	14,591,000
Total	$ 21,865,000	$ 6,426,500	$ 28,291,500

2018 Rose Bowl Lease Revenue Bonds

On November 14, 2018, the City issued two 2018 Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2018A and 2018B in the aggregate amount of $43,100,000. The 2018 bonds were issued to defease and refund all the 2013 Lease Revenue Bonds (Rose Bowl Renovation Project) and pay costs of issuance of the 2018 bonds.

The Series 2018A balance outstanding at June 30, 2019 is comprised of the principal amount of $30,585,000, plus unamortized deferred bond premium of $4,438,042, for a total of $35,023,042.

The Series 2018B balance outstanding at June 30, 2019 is comprised of the principal amount of $12,430,000, plus unamortized deferred bond discount of ($59,360), for a total of $12,370,640.

The annual debt service requirements for the 2018 Lease Revenue Bonds as of June 30, 2019, are as follows:

	Principal Payments			
June 30	Series A	Series B	Interest	Total
2020	$ -	$ 1,370,000	$ 1,173,859	$ 2,543,859
2021	-	1,655,000	1,062,845	2,717,845
2022	-	1,865,000	946,857	2,811,857
2023	-	2,155,000	825,746	2,980,746
2024	-	665,000	733,831	1,398,831
2025-2029	1,725,000	4,720,000	2,196,354	8,641,354
2030-2034	8,660,000	-	1,263,616	9,923,616
2035-2040	10,395,000	-	796,545	11,191,545
2040-2043	9,805,000	-	277,842	10,082,842
Total	$ 30,585,000	$ 12,430,000	$ 9,277,495	$ 52,292,495

Note 4: Long-Term Debt (Continued)

Pledge of Stadium Revenues

In accordance with the Company's bond indenture, the Company has pledged all of the future revenues to secure repayment of the aforementioned bonds. Proceeds from the bonds provided financing for the current construction at the Rose Bowl Stadium. The bonds are payable from net revenues and are payable through maturity. Annual principal and interest payments on the bonds are expected to require less than 67% of net revenues. The total principal and interest remaining to be paid on the bonds are $392,906,771. Principal and interest paid for the current year and total net revenues were $13,855,647 and $42,516,773, respectively.

Golf Course

Long-Term liabilities for the year ended June 30, 2019, are as follows:

	Balance at July 1, 2018	Additions/ Accretions	Deletions/ Amortizations	Balance at June 30, 2019	Due in One Year
Golf Equipment Finance	$ 776,530	$ -	$ (51,769)	$ 724,761	$ (51,769)
Compensated Absences	21,611	10,222	(23,593)	8,240	(6,875)
Total Long-Term Liabilities	$ 798,141	$ 10,222	$ (75,362)	$ 733,001	$ (58,644)

Golf Equipment Finance

On June 15, 2018, the Company entered into an agreement with American Golf Corporation to finance $776,530 worth of golf equipment to be paid over a 15 year period at $51,769 per year. There is no interest charged on this purchase.

Note 5: Net Position

Net position for the Rose Bowl Stadium at June 30, 2019, consisted of the following:

Net investment in capital assets:	
Property, plant and equipment, net	$ 176,913,492
Less:	
Outstanding debt and related inflows and outflows issued to construct capital assets, adjusted for accretion on capital appreciation bonds of $8,823,978.	(199,147,099)
Add:	
Capital projects - unspent bond proceeds	15,837,902
Total net investment in capital assets	(6,395,705)
Unrestricted net position (designated):	
Designated for future CIP and major maintenance	4,363,029
Designated for debt service	15,819,837
Total designated net position	20,182,866
Undesignated net position	(20,025,346)
Total unrestricted net position	157,520
Total net position	$ (6,238,185)

Note 5: Net Position (Continued)

Net position for the Golf Course at June 30, 2019, consisted of the following:

Net investment in capital assets:	
Property, plant and equipment, net	$ 7,814,845
Less:	
Outstanding debt issued to construct capital assets	(724,761)
Total net investment in capital assets	7,090,084
Unrestricted net position (designated):	
Designated for future CIP and major maintenance	114,831
Designated for debt service	724,761
Total designated net position	839,592
Undesignated net position	9,407,692
Total unrestricted net position	10,247,284
Total net position	$ 17,337,368

Note 6: Defined Benefit Pension Plan

Miscellaneous Plan:

Description of Plan

The Rose Bowl Operating Company Miscellaneous Plan and PEPRA Plan (the Plans), are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in the Company's Miscellaneous Plan. Benefit provisions under the Plans are established by State statue and the Company's Board of Directors.

Benefits Provided

CalPERS provides 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 Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations. The PEPRA Plan of the Company went into effect during the measurement period ending June 30, 2014.

Note 6: Defined Benefit Pension Plan (Continued)

The Plans provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous*	PEPRA Miscellaneous
Hire date	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	10.61%	6.84%

* Closed to new entrants.

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. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Company is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as a reduction to the net pension liability were $403,984.

Pension Liabilities (Assets), Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

As of June 30, 2019, the Company reported a net pension liability for its proportionate share of the net pension liability of each Plan of $2,587,867.

The Company's net pension liability (asset) for the Plans is measured as the proportionate share of the net pension liability. The net pension liability (asset) of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The Company's proportion of the net pension liability was based on a projection of the Company's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Company's proportionate share of the net pension liability for the Plans as of June 30, 2017 and 2018, was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.06821%
Proportion - June 30, 2018	0.06867%
Change - Increase (Decrease)	0.00046%

Note 6: Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2019, the Company recognized pension expense of $135,793 for the Plans. At June 30, 2019, the Company reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 470,264	$ -
Unamortized difference between employer contributions and the plans proportionate share of aggregate employer contributions	-	-
Differences between expected and actual experience	90,128	(30,670)
Changes of assumptions	267,797	(65,632)
Net difference between projected and actual earnings on pension plan investments	11,613	-
Adjustment due to differences in proportions	107,356	(39,868)
Difference in proportionate share	144,419	-
Total	$ 1,091,577	$ (136,170)

The $470,264 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflow (Inflow) of Resources
2019	$ 336,759
2020	223,849
2021	(54,337)
2022	(21,128)

Note 6: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017, total pension liability. The June 30, 2017 and the June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68.
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Change in Assumptions

In 2017, the accounting discount rate changes from 7.65% to 7.15%. The impact is reflected in deferred outflows represented as unamortized portion of the change in assumption.

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.

Note 6: Defined Benefit Pension Plan (Continued)

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, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not 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.

Discount Rate (Continued)

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	50.00%	4.80%	5.98%
Global Debt Securities	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

* An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Note 6: Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) 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:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Assets)	$ 4,012,037	$ 2,587,867	$ 1,412,239

Note 7: Advance

During the year ended June 30, 2018, the Company signed an agreement with Levy Premium Food Service to buy out the contract of SodexoMagic. This agreement provided the company an advance of $1,000,000 to purchase capital improvements. The Company must reimburse the vendor $100,000 per year over 10 years expiring on June 30, 2028. The total amount due at June 30, 2019 was $900,000. Any unpaid or unrecouped portion of the advance shall be reimbursed to Levy Premium Food Service as a precondition to the effectiveness of termination of the agreement for any reason.

Note 8: Self-Insurance Program

The Company is part of the City's self-insurance program for general liability insurance. The City carries no excess liability insurance.

Note 9: Golf Course Management Agreement

The Golf Course is operated and maintained by American Golf Corporation (AGC) under the terms of an agreement, effective June 15, 2018, and expires on June 30, 2028. The agreement entitles AGC to a base management fee of $325,000 per year and increased annually thereafter based upon the change in the CPI for each ensuing operating year. The increase shall not be more than 5% annually, and in no event shall there be a decrease, even if there is a decrease in the CPI. In addition, if the net operating income exceeds the targeted net operating income, AGC shall be entitled to an incentive management fee in each operating year equal to the lesser of the amount by which the net operating income exceeds the targeted net operating income or $40,000. In each operating year that net operating income exceeds the targeted net operating income by more than $40,000, AGC shall be entitled to a second incentive management fee equal to 15% of the net operating income in excess the base target.

Note 10: Related Party Transactions

During the current year, the Company incurred charges for the use of the City's building maintenance (electricians, plumbers), locksmiths, printing, and mail services. These nonevent expenses totaled $1,214,731 and are included within general and administrative expenses. During the current year, the Company also paid the City for police, fire, and public works services, primarily for events, amounting to $5,151,757. At June 30, 2019, amounts payable to the City totaled $1,196,556.

Note 10: Related Party Transactions (Continued)

In addition, at June 30, 2019, the Company has amounts receivable from the City related to the 2006 bond refunding in the amount of $487,305.

Note 11: Capital Contributions

Capital contributions represent contributions to the Company that are required to be spent on capital acquisitions or construction. During the year ended June 30, 2019, the Company received $2,308,094 in capital contributions which are included in other nonoperating revenues on the statement of revenues, expenses, and changes in net position.

Note 12: Income Taxes

The Company is exempt from federal incomes taxes under the Internal Revenue Code, as it is an instrument of the City of Pasadena and treated as a governmental entity.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Company and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year ending June 30, 2019.

COST SHARING MULTIPLE-EMPLOYER PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (5)

	2015	2016	2017	2018	2019
Proportion of the Net Pension Liability (Asset)	0.02717%	0.07266%	0.06766%	0.06821%	0.06867%
Proportionate Share of the Net Pension Liability (Asset)	$ 1,690,891	$ 1,993,478	$ 2,350,455	$ 2,688,676	$ 2,587,867
Covered Payroll	$ 1,698,925	$ 2,561,068	$ 3,021,221	$ 3,397,665	$ 4,200,830
Proportionate Share of the Net Pension Liability (Asset) as Percentage of Covered Payroll	**99.53%**	**77.84%**	**77.80%**	**79.13%**	**61.60%**
Total Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**76.63%**	**78.40%**	**75.87%**	**75.39%**	**77.69%**

Notes to Schedule:

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions:

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 adminstrative expense) to 7.65 percent (without a reduction for pension plan adminstrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

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.

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

ROSE BOWL OPERATING COMPANY

COST SHARING MULTIPLE-EMPLOYER PLANS
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (5)

	2015	2016	2017	2018	2019
Actuarially Determined Contributions	$ 324,587	$ 317,561	$ 371,534	$ 403,984	$ 470,264
Contribution in Relation to the Actuarially Determined Contribution	(324,587)	(317,561)	(371,534)	(403,984)	(470,264)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,783,888	$ 2,561,068	$ 3,397,665	$ 4,200,830	$ 3,280,155
Contributions as a Percentage of Covered Payroll	18.20%	12.40%	10.93%	9.62%	14.34%

(1) Historical information is required only for measurement for which GASB Statement No. 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, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount Rate	7.15% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Inflation	2.50%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.

LSL
CPAs AND ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Rose Bowl Operating Company
Pasadena, California

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Rose Bowl Operating Company (the Company), a component unit of the City of Pasadena, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To the Board of Directors
Rose Bowl Operating Company
Pasadena, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
December 10, 2019