

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

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

Primary Government, (Continued)

Housing and Community Development

The Community Development Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the Fair Oaks and Washington Project Areas. The agreement provides for reimbursement to the Community Development Fund from any and all funds legally available to PCDC for such payments plus interest computed from the time of advance to the date of repayment. A related allowance for uncollectible long-term receivables has been recorded for \$16,488,046 as of June 30, 2006.

16,488,046

New Development Impact

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

355,490

1996 Multi-Purpose Capital Project Certificates of Participation

The 1996 Certificates of Participation Capital Project Fund has an agreement with PCDC providing for the advance of funds to finance redevelopment activities within the related project areas. This agreement provides a schedule of repayment from tax allocation revenues. A related allowance for uncollectible long-term receivables of \$2,042,606 has been recorded as of June 30, 2006.

6,531,772

Pasadena Community Development Commission

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

767,158

General Liability

The General Liability Internal Service Fund has an agreement with PCDC providing for the advance of funds to finance redevelopment activities within the Fair Oaks Project area. The agreement provides for a schedule of repayment from tax allocation revenues payable within seven years. A related allowance for uncollectible long-term receivables has been recorded for \$487,809 as of June 30, 2006.

2,670,825

Total primary government advances

\$41,930,341

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

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

Discretely Presented Component Units

Long-term interfund advance balances between the primary government and discretely presented component units as of June 30, 2006 are as follows:

<u>Advances To Component Units</u>	<u>Advances From Primary Government</u>	<u>Amount</u>
General Fund	Pasadena Center Operating Company	<u>\$1,085,522</u>

**Outstanding at
June 30, 2006**

General Fund

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

\$1,085,522

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(7) Capital Assets – Primary Government

Capital asset activity for the year ended June 30, 2006 is as follows:

	<u>Balance at</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2006</u>
Governmental activities:				
Buildings and improvements	\$ 148,269,937	4,118,820	-	152,388,757
Machinery and equipment	47,886,805	3,409,155	(1,242,785)	50,053,175
Infrastructure	<u>187,137,174</u>	<u>4,868,412</u>	<u>(291,220)</u>	<u>191,714,366</u>
Total cost of depreciable assets	<u>383,293,916</u>	<u>12,396,387</u>	<u>(1,534,005)</u>	<u>394,156,298</u>
Less accumulated depreciation:				
Buildings and improvements	(68,463,657)	(3,533,650)	-	(71,997,307)
Machinery and equipment	(32,798,602)	(3,419,855)	1,182,311	(35,036,146)
Infrastructure	<u>(94,506,757)</u>	<u>(3,191,909)</u>	<u>267,837</u>	<u>(97,430,829)</u>
Total accumulated depreciation	<u>(195,769,016)</u>	<u>(10,145,414)</u>	<u>1,450,148</u>	<u>(204,464,282)</u>
Net depreciable assets	187,524,900	2,250,973	(83,857)	189,692,016
Capital assets not depreciated:				
Land	54,229,664	1,237,810	-	55,467,474
Construction in progress	<u>87,737,935</u>	<u>71,793,213</u>	<u>(8,987,232)</u>	<u>150,543,916</u>
Capital assets, net	<u>\$ 329,492,499</u>	<u>75,281,996</u>	<u>(9,071,089)</u>	<u>395,703,406</u>

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

General government	\$4,412,175
Public safety	950,615
Transportation	4,076,213
Health	86,762
Culture and leisure	354,159
Community development	<u>265,490</u>
	<u>\$10,145,414</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(7) Capital Assets, (Continued)

Primary Government, (Continued)

	<u>Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u>
Business-type activities:	June 30, 2005			June 30, 2006
Buildings and improvements	\$ 107,106,962	695,450	-	107,802,412
Utility Lines, machinery and equipment	<u>521,089,187</u>	<u>21,574,490</u>	<u>(1,362,920)</u>	<u>541,300,757</u>
Total cost of depreciable assets	<u>628,196,149</u>	<u>22,269,940</u>	<u>(1,362,920)</u>	<u>649,103,169</u>
Less accumulated depreciation:				
Buildings and improvements	(15,864,081)	(2,212,032)	-	(18,076,113)
Utility Lines, machinery and equipment	<u>(255,962,411)</u>	<u>(16,896,950)</u>	<u>1,009,534</u>	<u>(271,849,827)</u>
Total accumulated depreciation	<u>(271,826,492)</u>	<u>(19,108,982)</u>	<u>1,009,534</u>	<u>(289,925,940)</u>
Net depreciable assets	356,369,657	3,160,958	(353,386)	359,177,229
Capital assets not depreciated:				
Land	5,236,929	-	-	5,236,929
Construction in progress	<u>32,956,941</u>	<u>32,852,787</u>	<u>(20,073,497)</u>	<u>45,736,231</u>
Capital assets, net	<u>\$ 394,563,527</u>	<u>36,013,745</u>	<u>(20,426,883)</u>	<u>410,150,389</u>

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

Light and Power	\$14,226,983
Water	2,768,208
Refuse	685,318
Parking	<u>1,428,473</u>
	<u>\$19,108,982</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(7) Capital Assets, (Continued)

Component Units

Capital asset activity for the Rose Bowl Operating Company for the year ended June 30, 2006 is as follows:

	<u>Balance at June 30, 2005⁽¹⁾</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2006</u>
Buildings and improvements	\$ 46,631,942	2,007,851	-	48,639,793
Machinery and equipment	<u>4,011,138</u>	<u>499,754</u>	<u>-</u>	<u>4,510,892</u>
Total cost of depreciable assets	<u>50,643,080</u>	<u>2,507,605</u>	<u>-</u>	<u>53,150,685</u>
Less accumulated depreciation:				
Buildings and improvements	(12,134,106)	(1,788,132)	-	(13,922,238)
Machinery and equipment	<u>(2,700,684)</u>	<u>(108,653)</u>	<u>-</u>	<u>(2,809,337)</u>
Total accumulated depreciation	<u>(14,834,790)</u>	<u>(1,896,785)</u>	<u>-</u>	<u>(16,731,575)</u>
Net depreciable assets	35,808,290	610,820	-	36,419,110
Capital assets not depreciated:				
Construction in progress	<u>1,816,663</u>	<u>3,515,434</u>	<u>(1,632,781)</u>	<u>3,699,316</u>
Capital assets, net	<u>\$ 37,624,953</u>	<u>4,126,254</u>	<u>(1,632,781)</u>	<u>40,118,426</u>

(c) The beginning balance of buildings and improvements was reduced by \$95,453 to correct a prior year error.

Depreciation expense for the year was \$1,896,785.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(7) Capital Assets, (Continued)

Component Units, (Continued)

Capital asset activity for the Pasadena Center Operating Company for the year ended June 30, 2006 is as follows:

	<u>Balance at</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2006</u>
Buildings and improvements	\$ 12,783,845	-	-	12,783,845
Machinery and equipment	455,427	45,550	(32,700)	468,277
Furniture and fixtures	<u>174,787</u>	<u>-</u>	<u>-</u>	<u>174,787</u>
Total cost of depreciable assets	<u>13,414,059</u>	<u>45,550</u>	<u>(32,700)</u>	<u>13,426,909</u>
Less accumulated depreciation:				
Buildings and improvements	(9,110,979)	(344,003)	-	(9,454,982)
Machinery and equipment	(406,233)	(18,680)	30,520	(394,393)
Furniture and fixtures	<u>(130,335)</u>	<u>(14,434)</u>	<u>-</u>	<u>(144,769)</u>
Total accumulated depreciation	<u>(9,647,547)</u>	<u>(377,117)</u>	<u>30,520</u>	<u>(9,994,144)</u>
Net depreciable assets	3,766,512	(331,567)	(2,180)	3,432,765
Capital assets not depreciated:				
Land	2,423,473	-	-	2,423,473
Construction in progress ⁽¹⁾	<u>5,030,942</u>	<u>1,002,276</u>	<u>-</u>	<u>6,033,218</u>
Capital assets, net	<u>\$ 11,220,927</u>	<u>670,709</u>	<u>(2,180)</u>	<u>11,889,456</u>

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

Depreciation expense for the year was \$377,117.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(8) Deferred Revenue

Deferred revenue consists of the following at June 30, 2006:

	General	Project	Light and	Non-Major	Component
	<u>Fund</u>	<u>Management</u>	<u>Power</u>	<u>Governmental</u>	<u>Unit</u>
		<u>Capital Project</u>			<u>RBOC</u>
(a) Community Development Block Grant Assistance	\$ -	-	-	70,000	-
(b) Revenues not "available"	68,670	6,635,271	-	2,259,106	-
(c) Rental income	915,166	-	-	-	-
(d) Miscellaneous revenue collected	490,811	-	12,591	257,646	-
(e) Interest Rate Swap	5,036,365	-	-	-	-
(f) Press box seating	-	-	-	-	994,900
	<u>\$ 6,511,012</u>	<u>6,635,271</u>	<u>12,591</u>	<u>2,586,752</u>	<u>994,900</u>

Primary Government

- (a) The Housing and Community Development Fund has \$70,000 in deferred revenue. This fund has respective loans outstanding with various qualifying businesses and individuals. The loans are long-term and will be paid off at various times. As the loans are paid off, the revenue will be recognized.
- (b) As a result of GASB 33 revenue recognition, \$68,670 of Office of Criminal Justice and Planning, \$1,623,221 of Health Fund grants and \$635,885 of U. S. Department of Homeland Security grant revenues were deferred since reimbursement of the grant funding would not be realized until after 60 days. Similarly, \$104,176 of Federal Surface Transportation, \$48,853 of Federal Bridge Replacement, \$750,000 of Federal Emergency Management Agency, \$3,520,431 of Federal Traffic Mitigation, \$322,219 of Department of Transportation, \$324,361 of Proposition 12, \$145,857 of Environmental Enhancement and Mitigation, \$757,821 of Proposition 40, \$3,034 of State of California, Office of Traffic Safety, \$252,248 of San Gabriel River and Mountain Conservancy, \$191,036 of Los Angeles County Proposition A Parks, and \$215,235 of Los Angeles County Metropolitan Transit Authority grants funding in the Capital Projects Fund totaling \$6,635,271 was not available at year-end and therefore was deferred in accordance with GASB 33.
- (c) In fiscal year 1986, the Old Pasadena Parking Facility Fund pre-paid rent to the General Fund for the rent of land used to house the parking facility. The General Fund deferred rental income and is amortizing it over the life of the bonds.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(8) Deferred Revenue, (Continued)

Primary Government, (Continued)

- (d) Miscellaneous deferred revenue consists of other miscellaneous revenue collected of which revenue recognition criteria have not been met.
- (e) In fiscal year 2003, the city received \$6,925,000 in interest from an interest rate swap. \$629,545 was amortized annually during the last three fiscal years, leaving a balance of \$5,036,365.

Discretely Presented Component Units

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

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(9) Changes in Long-Term Debt

Primary Government

Changes in general long-term debt for the year ended June 30, 2006 are as follows:

Governmental Activities:	Balance at June 30, 2005	Additions	Reductions	Balance at June 30, 2006	Due Within One Year
Notes payable	\$7,811,133	1,267,620	(933,888)	8,144,865	982,031
Pension bonds:					
1999 Taxable Pension Funding Bonds	95,840,000	-	(2,445,000)	93,395,000	2,915,000
2004 Taxable Pension Funding Bonds	39,750,000	-	(1,185,000)	38,565,000	1,373,751
Total Pension Bonds	<u>135,590,000</u>	-	<u>(3,630,000)</u>	<u>131,960,000</u>	<u>4,288,751</u>
General obligation bonds:					
1993 Police Building and Jail Refunding General Obligation Bonds	<u>3,025,000</u>	-	<u>(1,475,000)</u>	<u>1,550,000</u>	<u>1,550,000</u>
Tax allocation bonds:					
1991 Tax Allocation Bonds, Low Moderate Housing	1,946,364	-	(279,036)	1,667,328	295,778
1993 Tax Allocation Bonds (Villa-Parke Redevelopment Project)	890,000	-	(890,000)	-	-
1993 Tax Allocation Bonds (Fair Oaks Refunding & Public Improvement Program)	2,675,000	-	(2,675,000)	-	-
1993 Tax Allocation Bonds (Lake/Washington Refunding & Public Improvement Program)	910,000	-	(910,000)	-	-
1996 Tax Allocation Bonds (Housing Set-Aside Revenue-Townhouse Project)	2,340,000	-	(2,340,000)	-	-
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)	2,006,000	-	(172,000)	1,834,000	184,000
2000 Tax Allocation Refunding Revenue Bonds (Villa-Parke Redevelopment Project)	1,298,000	-	(112,000)	1,186,000	119,000
2006 Tax Allocation Revenue Bonds (Housing Set-Aside Revenues - Townhouse Project Refunding)	-	1,935,000	-	1,935,000	-
2006 Tax Allocation Revenue Bonds (Fair Oaks Redevelopment Project & Public Improvement Program Refunding)	-	2,470,000	-	2,470,000	-
2006 Tax Allocation Revenue Bonds (Villa-Parke Redevelopment Project Refunding)	-	710,000	-	710,000	80,000
2006 Tax Allocation Revenue Bonds (Lake/Washington Redevelopment Project & Public Improvement Program Refunding)	-	805,000	-	805,000	-
Total tax allocation bonds	<u>12,065,364</u>	<u>5,920,000</u>	<u>(7,378,036)</u>	<u>10,607,328</u>	<u>678,778</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

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

Primary Government, (Continued)

Governmental Activities (Continued):	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>	<u>Due Within One Year</u>
Certificates of participation:					
1993 Certificates of Participation (Refunding and Capital Projects)	24,855,000	-	-	24,855,000	-
1996 Certificates of Participation (Multi-Purpose Projects)	603,908	-	(603,908)	-	-
2001 Certificates of Participation (Refunding)	13,432,547	-	(2,007,050)	11,425,497	2,104,954
2003 Certificates of Participation (City Hall and Park Improvement)	73,790,000	-	-	73,790,000	-
2004 Auction Certificates of Participation Series A and B	<u>36,353,025</u>	<u>-</u>	<u>(2,522,025)</u>	<u>33,831,000</u>	<u>2,832,683</u>
Total certificates of participation	<u>149,034,480</u>	<u>-</u>	<u>(5,132,983)</u>	<u>143,901,497</u>	<u>4,937,637</u>
Revenue Bonds					
2006 Revenue Bonds	-	10,355,000	-	10,355,000	-
Total Revenue Bonds	<u>-</u>	<u>10,355,000</u>	<u>-</u>	<u>10,355,000</u>	<u>-</u>
Capitalized lease obligations	9,618,935	-	(327,193)	9,291,742	1,403,882
Unamortized issuance premium (discount)	<u>(4,969,260)</u>	<u>(314,233)</u>	<u>659,130</u>	<u>(4,624,363)</u>	<u>(394,150)</u>
Arbitrage rebate liability	675,988	100,890	(17,302)	759,576	97,557
Compensated absences	<u>7,202,577</u>	<u>7,775,859</u>	<u>(8,003,002)</u>	<u>6,975,434</u>	<u>6,975,434</u>
Net pension obligation	<u>36,023,278</u>	<u>6,533,196</u>	<u>(1,427,573)</u>	<u>41,128,901</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$356,077,495</u>	<u>31,638,332</u>	<u>(27,665,847)</u>	<u>360,049,980</u>	<u>20,519,920</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

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

Primary Government, (Continued)

Business-Type Activities:	Balance at			Balance at	Due Within
	<u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2006</u>	<u>One Year</u>
Notes payable	\$ 2,119,416	-	(102,435)	2,016,981	107,641
Revenue bonds:					
1998 Electric Revenue/Refunding Bonds	56,025,000	-	(2,305,000)	53,720,000	2,360,000
2000 Paseo Colorado Taxable Revenue Bonds	30,290,000	-	(790,000)	29,500,000	840,000
2002 Electric Revenue Bonds	70,270,000	-	(4,040,000)	66,230,000	4,165,000
2003 Electric Revenue Bonds	9,080,000	-	(395,000)	8,685,000	415,000
2003 Water Revenue Bonds	44,850,000	-	(1,450,000)	43,400,000	1,520,000
Total revenue bonds	<u>210,515,000</u>	-	<u>(8,980,000)</u>	<u>201,535,000</u>	<u>9,300,000</u>
Certificates of participation:					
1987 Certificates of Participation (Los Robles Avenue Parking Facility)	13,100,000	-	(1,100,000)	12,000,000	1,200,000
1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Projects)	19,365,000		(1,015,000)	18,350,000	1,070,000
1996 Certificates of Participation (Multi-Purpose Project)	76,092	-	(76,092)	-	-
2004 Auction Rate Certificates of Participation	1,146,975	-	(27,975)	1,119,000	92,318
Total certificates of participation	<u>33,688,067</u>	-	<u>(2,219,067)</u>	<u>31,469,001</u>	<u>2,362,318</u>
Capitalized lease obligations	<u>3,247,905</u>	-	(894,797)	2,353,108	1,069,145
Unamortized issuance premium (discount)	<u>2,473,490</u>	-	(129,733)	2,343,757	129,733
Total business-type activity long-term liabilities	<u>\$ 252,043,878</u>	-	<u>(12,326,032)</u>	<u>239,717,847</u>	<u>12,968,837</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the totals for governmental activities. At year-end, \$3,765,785 of internal service funds capitalized lease obligations are included in the governmental activities schedule.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

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

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt for the year ended June 30, 2006 are as follows:

Discretely Presented Component Units	Balance at <u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2006</u>	Due Within <u>One Year</u>
Certificates of participation:					
1991 Variable Rate Demand Certificates of Participation (Rose Bowl Improvement Projects)	\$ 6,700,000	-	(6,700,000)	-	-
1996 Variable Rate Demand Certificates of Participation (Rose Bowl Improvement Projects)	15,100,000	-	(15,100,000)	-	-
2001 Certificates of Participation (Refunding and Capital Projects)	<u>287,454</u>	<u>-</u>	<u>(42,951)</u>	<u>244,503</u>	<u>45,045</u>
Total certificates of participation	<u>22,087,454</u>	<u>-</u>	<u>(21,842,951)</u>	<u>244,503</u>	<u>45,045</u>
Revenue Bonds					
2006 Revenue Bonds	<u>-</u>	<u>36,945,000</u>	<u>-</u>	<u>36,945,000</u>	<u>-</u>
Total Revenue Bonds	<u>-</u>	<u>36,945,000</u>	<u>-</u>	<u>36,945,000</u>	<u>-</u>
Unamortized issuance premium (discount)	<u>-</u>	<u>(542,106)</u>	<u>75,896</u>	<u>(466,210)</u>	<u>-</u>
Compensated absences	<u>104,066</u>	<u>20,192</u>	<u>-</u>	<u>124,258</u>	<u>-</u>
Total discretely presented component units long-term liabilities	<u>\$ 22,191,520</u>	<u>36,423,086</u>	<u>(21,767,055)</u>	<u>36,847,551</u>	<u>45,045</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(10) Notes Payable

Primary Government

Outstanding at
June 30, 2006

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

\$2,315,000

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

2,016,981

On July 11, 2001, the City entered into a nine-year note agreement with the Federal National Mortgage Association to provide financing for new construction, homebuyers assistance, rental rehabilitation and other special needs by soliciting funding proposals from nonprofit and for-profit developers in order to address the low-income affordable housing needs of the City. The terms of the note require semi-annual principal and interest payments between \$312,300 and \$930,000 with a rate of 5.2% per annum, maturing on July 1, 2010.

3,562,245

On September 18, 2001, the City entered into a ten-year note agreement with the California Housing Finance Agency for the acquisition, predevelopment, rehabilitation and financing of affordable multi-family developments within the City. The terms of the note require annual interest payments with a rate of 3.00% per annum on funds drawn, maturing on September 18, 2011.

1,000,000

On October 20, 2004, the City entered into a ten-year note agreement with the California Housing Finance Agency for site acquisition, predevelopment and construction associated with the development, rehabilitation and preservation of homeownership and multifamily rental units within the City. The terms of the note require annual interest payments with a rate of 3.00% per annum on funds drawn, maturing on October 20, 2014.

1,267,620

Total primary government notes payable

\$10,161,846

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(10) Notes Payable, (Continued)

Primary Government, (Continued)

The annual requirements to amortize notes payable as of June 30, 2006 are as follows:

Year Ending June 30	Primary Government			
	Governmental		Business Type	
	Principal	Interest	Principal	Interest
2007	\$ 982,031	334,761	107,640	99,900
2008	1,042,212	288,096	112,856	94,686
2009	1,094,540	237,493	118,846	88,695
2010	1,159,128	182,992	124,885	82,656
2011	599,334	128,610	131,231	76,310
2012-2016	2,000,000	269,390	762,903	274,806
2017-2021	<u>1,267,620</u>	<u>-</u>	<u>658,620</u>	<u>67,775</u>
Total Notes Payable	<u>\$8,144,865</u>	<u>1,441,342</u>	<u>2,016,981</u>	<u>784,828</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(11) Pension Bonds – Primary Government

On August 5, 1999, the City issued \$101,940,000 in Taxable Pension Funding Bonds, Series 1999. The proceeds of the pension bonds were used to fund the obligation of the City to the FPRS. Pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code, the City is obligated to appropriate and make payments to FPRS arising as a result of retirement benefits accruing to members of FPRS. The City's obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability over a multi-year period. On August 6, 1999, the City contributed \$100,000,000 of the bond proceeds to FPRS to fund a portion of the unfunded liability. Interest is payable from the escrow account semi-annually on May 15 and November 15 commencing May 15, 2000. The rate of interest varies from 6.26% to 7.28% per annum. Principal is payable in annual installments ranging from \$470,000 to \$8,955,000 commencing May 15, 2001 and ending May 15, 2022. On December 22nd of each year, the City is required to deposit with the trustee the amount equal to the next year's debt service payment in lieu of a reserve requirement. The balance outstanding at June 30, 2006 was \$93,395,000.

On August 1, 2004, the City issued \$40,750,000 in Taxable Pension Funding Bonds, Series 2004. The proceeds of the pension bonds were used to fund the net pension obligation of the City to the Fire and Police Retirement System as required by the City Charter and the Pasadena Municipal Code. Interest is payable from the trustee's Bond Fund monthly commencing on September 1, 2004. The rate of interest varies from 2.0% to 4.687% per annum. Principal is payable in annual installments of \$1,000,000 commencing February 1, 2005 and ending May 15, 2015. On December 22nd of each year, the City is required to deposit \$2,500,000 with the trustee for debt service payments. Any amounts on deposit in the Bond Fund at the end of each calendar year following payment in full of all debt service for such calendar year, shall remain in the Bond Fund and be credited against the payment required to be made next calendar year. The balance outstanding at June 30, 2006 was \$38,565,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

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

The annual requirements to amortize pension bonds as of June 30, 2006 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 4,288,751	7,907,448
2008	4,849,964	7,663,643
2009	5,452,413	7,380,744
2010	6,106,135	7,055,374
2011	6,811,169	6,683,385
2012-2016	59,106,568	25,654,072
2017-2021	36,390,000	11,661,664
2022	<u>8,955,000</u>	<u>656,402</u>
Total Payments	<u>\$131,960,000</u>	<u>74,662,732</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(12) General Obligation Bonds - Primary Government

General obligation bonds outstanding at June 30, 2006 are direct obligations and pledge the full faith and credit of the City. Revenues for retirement of the bonds are provided from ad valorem taxes on real property within the City. These bonds consist of the following as of June 30, 2006:

1993 Police Building and Jail Refunding General Obligation Bonds

On November 1, 1993, the City issued the 1993 Police Building and Jail Refunding General Obligation Bonds in the amount of \$11,105,000 to defease a portion of the outstanding 1987 Police Building and Jail General Obligation Bonds. Interest on the bonds is payable semi-annually on June 1 and December 1 commencing June 1, 1994.

The rate of interest varies from 3.00% to 5.00% per annum. Principal is payable in annual installments ranging from \$120,000 to \$1,550,000 commencing June 1, 1994 and ending June 1, 2007. The outstanding balance at June 30, 2006 is \$1,550,000.

The annual requirements to amortize general obligation bonds as of June 30, 2006 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$1,550,000	77,500

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(13) Tax Allocation Bonds - Primary Government

**Outstanding at
June 30, 2006**

1991 Tax Allocation Bonds, Low Moderate Housing

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

\$1,667,328

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

On October 17, 2000, PCDC issued \$2,801,000 of 2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project) for the refunding of 1985 Tax Allocation Refunding Bonds and 1989 Subordinate Tax Allocation Bonds. Interest on the bonds is payable semi-annually on December 1 and June 1, commencing June 1, 2001. The rate of interest varies from 4.35% to 5.50% per annum. Principal is payable in annual installments ranging from \$137,000 to \$282,000 commencing June 1, 2001 and ending June 1, 2014. The legal reserve requirement is \$280,100. The balance held in the reserve account as of June 30, 2006 was \$282,104.

1,834,000

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

On October 17, 2000, PCDC issued \$1,814,000 of 2001 Tax Allocation Refunding Bonds Series B (Villa Parke Redevelopment Project) for the refunding of 1985 subordinate Tax Allocation Bonds. Interest on the bonds is payable semi-annually on December 1 and June 1, commencing June 1, 2001. The rate of interest varies from 4.35% to 5.50% per annum. Principal is payable in annual installments ranging from \$89,000 to \$182,000 commencing June 1, 2001 and ending June 1, 2014. The legal reserve requirement is \$181,400. The balance held in the reserve account as of June 30, 2006 was \$184,342.

1,186,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(13) Tax Allocation Bonds - Primary Government, (Continued)

**Outstanding at
June 30, 2006**

2006 Tax Allocation Bonds (Villa-Parke Redevelopment Project)

On May 17, 2006, PCDC issued \$710,000 Tax Allocation Bonds Series 2006 (Villa Parke Redevelopment Project) for the refunding of the 1993 Tax Allocation Bonds and to finance redevelopment activities within the Villa Project Area. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. PCDC completed the advance refunding to reduce its total debt service payments over the next 8 years by \$194,185 and to obtain an economic gain of \$220,014. Interest on the bonds is payable semiannually on June 1 and December 1, commencing December 1, 2006. The rate of interest varies from 3.800% to 4.500% per annum. Principal is payable in annual installments ranging from \$80,000 to \$100,000 commencing June 1, 2007 and ending June 1, 2014. The legal reserve requirement is \$71,000. As of June 30, 2006 the balance held in reserve account is \$93,575.

710,000

2006 Tax Allocation Bonds (Fair Oaks Refunding and Public Improvement Program)

On May 17, 2006, PCDC issued \$2,470,000, 2006 Tax Allocation Bonds (Fair Oaks Refund and Public Improvement Program) for the refunding of the 1993 Tax Allocation Bonds and to finance redevelopment activities within the Fair Oaks Project Area. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. PCDC completed the advance refunding to reduce its total debt service payments over the next 15 years by \$548,495 and to obtain an economic gain of \$629,792. Interest on the bonds is payable semiannually on January 1 and July 1, commencing January 1, 2007. The rate of interest varies from 3.800% to 4.900% per annum. Principal is payable in annual installments ranging from \$120,000 to \$225,000 commencing July 1, 2007 and ending July 1, 2021. The legal reserve requirement is \$230,815. As of June 30, 2006 the balance held in reserve account is \$240,282.

2,470,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(13) Tax Allocation Bonds - Primary Government, (Continued)

Outstanding at
June 30, 2006

2006 Tax Allocation Bonds (Lake/Washington Refunding and Public Improvement Program)

On May 17, 2006, PCDC issued \$805,000, 2006 Tax Allocation Bonds (Lake/Washington Refunding and Public Improvement Program) for the purpose of reimbursing City Advances, financing certain redevelopment activities and refunding of the outstanding 1993 Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. PCDC completed the advance refunding to reduce its total debt service payments over the next 11 years by \$204,166 and to obtain an economic gain of \$230,904. Interest on the bonds is payable semiannually on January 1 and July 1, commencing January 1, 2007. The rate of interest varies from 3.800% to 4.700% per annum. Principal is payable in annual installments ranging from \$60,000 to \$90,000 commencing July 1, 2007 and ending July 1, 2018. The legal reserve requirement is \$80,500. As of June 30, 2006 the balance held in reserve account is \$80,722.

805,000

2006 Tax Allocation Bonds (Housing Set-Aside Revenue - Townhouse Project)

On May 17, 2006, PCDC issued \$1,935,000, 2006 Tax Allocation Bonds (Housing Set-Aside Revenue-Townhouse Project) for the financing of residential housing redevelopment. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component unit activities column of the statement of net asset. PCDC completed the advance refunding to reduce its total debt service payments over the next 8 years by \$468,939 and to obtain an economic gain of \$543,847. Interest on the bonds is payable semiannually on February 1 and August 1, commencing August 1, 2007. The rate of interest varies from 3.800% to 4.300% per annum. Principal is payable in annual installments ranging from \$210,000 to \$275,000 commencing August 1, 2007 and ending August 1, 2015. The legal reserve requirement is \$193,500. As of June 30, 2006 the balance held in reserve account is \$194,092.

1,935,000

Total tax allocation bonds

\$10,607,328

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2006

(13) Tax Allocation Bonds - Primary Government, (Continued)

The annual requirements to amortize outstanding tax allocation bonds as of June 30, 2006 are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>
2007	\$ 678,778	459,094
2008	1,109,525	499,121
2009	1,162,336	441,808
2010	1,234,277	380,750
2011	1,273,412	315,383
2012-2016	3,779,000	748,142
2017-2021	1,145,000	183,263
2022	<u>225,000</u>	<u>5,512</u>
Total Payments	<u>\$10,607,328</u>	<u>3,033,073</u>

(14) Revenue Bonds - Primary Government

**Outstanding at
June 30, 2006**

1998 Electric Revenue/Refunding Bonds

On August 24, 1998, the City issued \$70,635,000 of Electric Revenue/Refunding Bonds 1998 Series. The proceeds of the refunding bonds were used to advance refund the 1990, 1992, 1993, and 1994 Series Revenue Bonds of the Light and Power Fund's outstanding revenue bonds that were originally issued to finance costs of acquisition and construction of certain improvements to the electric system of the City. Interest on the 1998 Bonds is payable semi-annually on February 1 and August 1, commencing February 1, 1999. The fixed rates of interest vary from 3.464% to 4.075% per annum.

The City has entered into an interest rate swap agreement for \$69,045,000 of these 1998 Electric Revenue/Refunding Bonds. Based on the swap agreement, the City owes interest calculated at a variable rate to the counterparty to the swap. Interest on the swap is based on the Bond Market Association (BMA) index. In return, the counterparty owes the City at a fixed rate of 5.473%. Only the net difference in interest payments is actually exchanged with the counterparty. The \$56,025,000 in bond principal is not exchanged; it is only the basis on which the