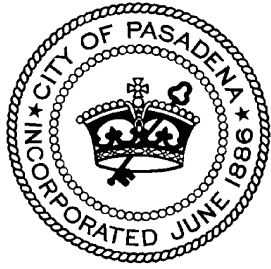


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CALIFORNIA



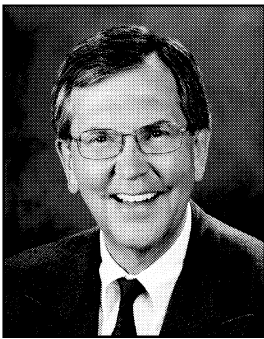
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City of Pasadena, California

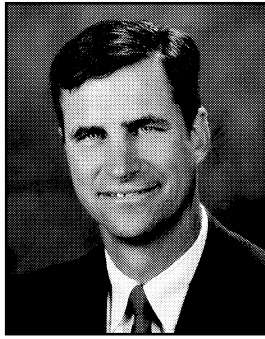


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Year Ended June 30, 2008



Bill Bogaard
Mayor



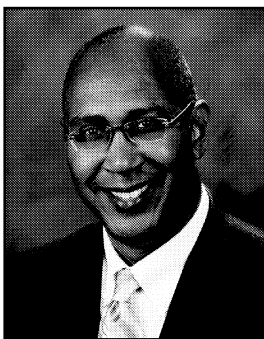
Steve Haderlein
Vice Mayor
District 4



Jacque Robinson
Council Member
District 1



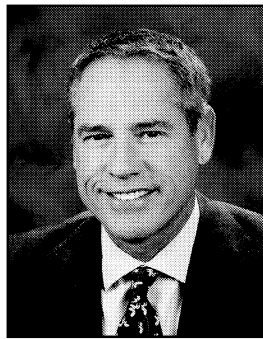
Margaret McAustin
Council Member
District 2



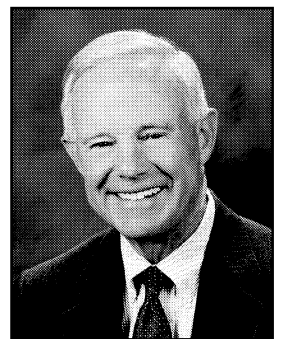
Chris Holden
Council Member
District 3



Victor Gordo
Council Member
District 5



Steve Madison
Council Member
District 6



Sidney F. Tyler, Jr.
Council Member
District 7

MICHAEL J. BECK, CITY MANAGER
STEVE MERMELL, ACTING DIRECTOR OF FINANCE
PREPARED BY THE DEPARTMENT OF FINANCE, CITY OF PASADENA

CITY OF PASADENA
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DEPARTMENT OF FINANCE

December 24, 2008

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

In accordance with Section 907.5 of the City Charter, the Department of Finance hereby submits the Comprehensive Annual Financial Report (CAFR) of the City of Pasadena, California (City) for the fiscal year ended June 30, 2008. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB has the primary responsibility for determining accounting and financial reporting standards for state and local government entities.

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

The City Charter requires an independent audit of the financial statements of all accounts of the City by an independent certified public accountant. Accordingly, this year's audit was undertaken by Mayer Hoffman McCann PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pasadena for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Pasadena's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
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In addition to meeting the requirements set forth in the City Charter, the independent audit was also part of the broader, federally mandated Single Audit Act of 1984, as amended in 1996, and the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Pasadena's separately issued Single Audit Report.

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

GOVERNMENTAL STRUCTURE

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

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

The City covers an area of 23 square miles in the northwestern portion of the San Gabriel Valley and has a population of 148,126, according to the State Department of Finance. The City is bounded on the west by the cities of Los Angeles, Glendale and La Canada, on the south by South Pasadena and San Marino, on the east by Arcadia and Sierra Madre, and on the north by the unincorporated community of Altadena.

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
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REPORTING ENTITY AND ITS SERVICES

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included in this CAFR as part of the City. Accordingly, the Pasadena Public Financing Authority, Pasadena Parking Authority, the Pasadena Civic Improvement Corporation (PCIC), the Pasadena Fire and Police Retirement System (FPRS), and the Pasadena Community Development Commission (PCDC) are reported as part of the City. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City and to differentiate their financial position, results of operations and cash flows from those of the City. The Rose Bowl Operating Company (RBOC) and the Pasadena Center Operating Company (PCOC) are the discretely presented component units.

The City provides a full range of municipal services including: public safety (police and fire), street construction and maintenance, refuse collection, water and power utilities, sewer utilities, library, culture and recreation, public improvements, planning and zoning, health services, housing and community development, and general administrative and support services.

BUDGETARY CONTROLS

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

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
December 24, 2008

MAJOR GOALS AND ACCOMPLISHMENTS

The City Council has outlined the following goals:

- Assure a Safe and Secure Community
- Foster Economic Prosperity
- Protect and Enhance Neighborhood Vitality and Livability
- Focus on Planning, Programming, and Reinvesting in Pasadena's Parks and Open Space
- Maintain and Reinvest in the City's Physical Assets to Assure Their Availability for Future Generations
- Operate an Effective and Cost Efficient Government
- Protect and Enhance Pasadena's Economic, Ethnic, and Cultural Diversity

In recognition of these goals, the City continues to promote strong public safety, cohesive neighborhoods, economic development and effective government. Major and noteworthy accomplishments during fiscal year 2008 are as follows:

- Completion of the three-year City Hall seismic retrofit and historic restoration project on time and under budget. This \$117 million dollar project has been the City's largest ever capital project. Originally built in 1927 to inspire a city with beauty, boldness, and vision, the restoration and modernization attained Gold level LEED (Leadership in Energy and Environment Design) certification. It has received twelve additional awards.
- The City was notified that it is one of twelve Cities in the country selected by the International Association of City Managers to be featured for "Best Practices in Municipal Government."
- Operation Safe City, a multi-phased enforcement effort targeting gang members and drug dealers coordinated by Pasadena Police Department has significantly contributed in a citywide reduction in crime.
- The City continues its investment in police and fire services and stresses the importance of disaster preparedness. The City participated in the statewide Golden Guardian Emergency Preparedness drill. The Fire Department trained over 1,500 residents through a program entitled Pasadena Emergency Response Team (PERT).
- Our Police Department's Community Response to Eradicate and Deter Identity Theft Team (CREDIT Team) took second place in an international competition established by the International Association of Chiefs of Police.

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
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- The City continues working with Huntington Memorial Hospital, the Community Alliance of Pasadena (CHAP), and other local health care and social service providers to open a much needed urgent care center.
- The Arroyo Seco Foundation and City restored 20 acres of stream bed habitat, removing exotic species and restoring native plants and natural waterway.
- Renovations, construction, or new playground equipment took place at Robinson Park Basketball Courts, La Pintoresca Skate Park, Linda Vista Library, Villa Parke, Hamilton, Memorial, Brenner, Grant, San Rafael, Gwinn, and Singer Parks. Design work for Phase I of Robinson Park was completed.
- The City is the first in Southern California to adopt a ten year strategy to end homelessness. Pasadena's strategic plan includes enhanced coordinated efforts in preventing people from losing their homes, increased overnight and transitional housing, and more staff and volunteers to manage the cases of individuals who may need services in addition to shelter.
- Pasadena joined the Green Cities California, a coalition of cities to provide leadership in sustainability and environmental responsibility. In February 2008 City Council committed to purchase 100% post-consumer recycled paper for city use, prohibit the purchase of bottle water for city events, adopted a carbon offset plan for municipal employee air travel, and adopted municipal fleet fuel efficiency standards.
- As Pasadena Water and Power (PWP) continues to augment its renewable energy portfolio, the current goals of 10 percent renewable energy by 2010 and 20 percent by 2017 are well within reach. In fact, PWP is ahead of the 2010 objective and expects to meet or exceed the 2017 goal.
- The Pasadena Enterprise Zone, established in 1992 as one of 23 such areas in California, has been approved for another 15 years. This designation provides additional incentives for opening or relocating a business to Pasadena.
- Arroyo Parkway enhancements were completed, creating a welcoming gateway to Pasadena that incorporate green elements. The project incorporates date palms, non-spray, low water median island irrigation, energy efficient LED lighting, and rubberized asphalt concrete for street resurfacing. Numerous mobility improvements were incorporated.

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
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- Pasadena High School Capital Improvement Project provided parking and street improvements to enhance pedestrian and vehicle safety for the PHS Student Pick-Up and Drop-Off Plan. The project included landscaping, new sidewalk, resurfacing, slurry, and re-striping of Victory Park and school faculty parking lots.
- The Water and Power Department continues the implementation of the Water Distribution System Master Plan. The City's aging water infrastructure is being upgraded to provide the fire flow, water quality, and supply reliability demands of customers with 5.88 miles of 6" or 8" fire hydrant pipelines, 7,037 new water meters, and 1.31 miles of water mains replaced.
- The expansion and renovation of the Pasadena Conference Center, a \$148 million project was over 50 percent complete at June 30 and presently over 80 percent complete. Upon completion it will be an additional major attraction to the City of Pasadena.
- The seismic retrofit of the Glenarm Power Plant – Phase II was completed.
- A new Sewer Facility Charge was approved to ensure all new developments within the City pay their share of capacity upgrades to the City's sewer system.
- In Fiscal Year 2008 the Capital Improvement Program included appropriations of \$75,111,070 to 113 projects, 220 active projects, 21 new projects, and 61 fully funded projects.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Pasadena has benefited from its diverse economic base and development in recent years. It has enjoyed relatively stable revenues and strong economic activities, especially in the area of housing construction. Some of Pasadena's leading industries include health care, telephone utilities, engineering and construction, financial services, higher education, cosmetics, and general retail merchandise. Twelve major companies provide over 27,000 jobs in the City and total employment is estimated at 100,000 jobs. Past growth the City

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
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has experienced comes from a combination of business expansion and commercial, retail, and residential development.

Pasadena's financial health is impacted by national and state-wide trends and events. The U.S. economy is currently in recession, exacerbated by the continued fallout from sub-prime lending. The national unemployment rate has been rising and currently stands at 6.7 percent. Retail sales, as measured by same-store sales, dropped a record 2.7 percent in November. In California the unemployment rate exceeds 8 percent and the state once again finds itself facing a significant budget deficit and the real possibility of running out of cash within the next couple of months unless a solution is found.

Although Pasadena is better positioned than many other cities to ride out the current downturn, budgetary reductions are being made to ensure that expenses remain in-line with revenues.

Long-term Financial Planning

The City's financial condition is being closely monitored. Quarterly reports are presented to the City Council Finance Committee regarding the performance of all major funds as well as the City's two operating companies. By closely tracking revenues and expenditures and forecasting trends, it is clear that the City will require some actions to adjust expenses which out pace current revenues trends.

Cash Management Policies and Practices

In order to maximize interest earnings, the City employs a pooled cash system managed by the City Treasurer. Pooled cash is maintained in an invested position providing for reasonable liquidity to meet maturing obligations. Interest revenue derived from pooled cash is allocated to participating funds on a monthly basis, based on the average monthly cash balance of each fund, except for investment earnings associated with funds not legally required to receive pooled investment income, and that has been assigned to and recorded as revenue of the general fund, as provided by California Government code Section §53647.

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

Note 2 (Cash and Investments) of the basic financial statements lists the types of City investments and their credit risk categories.

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

The City is self-insured for liability and workers' compensation. The City funds self-insurance with self-administered claim programs to provide for workers' compensation and liability risks. These activities are accounted for in Internal Service funds, which are a proprietary fund type. The fund revenues are primarily premium charges to other funds. No workers' compensation self-insurance claim settlement has yet to exceed a \$1,000,000 injury payout.

The Workers' Compensation Supervisor and staff administer the claims process, coordinate benefit delivery to injured workers, and ensure employees receive all benefits to which they are entitled, in the most expeditious, cost-efficient manner possible within the context of the laws of the State of California. A third party administrator is used to process workers' compensation claims by the Police and Fire Department employees. The Safety Officer and staff coordinate employee safety training and monitoring Citywide.

The Liability Claims Coordinator and staff administer the pre-litigation liability claims process, purchase property insurance or other insurance to protect City assets, and manage risks of accidental loss to City resources other than workers compensation claims. The program includes the identification and measurement of risks of accidental loss, application of appropriate risk management techniques for minimizing or avoiding retained risk, the transfer of risk to others by the purchase of policies of insurance for specific, separately funded enterprise liabilities, and coordinating risk management and/or insurance requirements for persons dealing with the City, such as vendors, permittees, licensees, and contractors.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While Pasadena's local economy is diverse and we are in stronger financial condition than many cities, we are significantly impacted by the current economic climate. The City has a job base of approximately 100,000 and the unemployment rate remains below county and state levels, although all are rising. The vacancy factor for commercial space has risen and is currently in excess of 10 percent. Pasadena remains one of the most desirable locations in Los Angeles County.

The General Fund five-year financial plan continues to be the mechanism by which the long-term financial health of the City is monitored. By tracking and trending current and

Honorable Mayor, Members of the City Council
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December 24, 2008

anticipated revenues and expenses, the plan provides a tool for the City's policymakers.

The City continues to monitor personnel costs as they are the single largest expense. Medical costs have stabilized after a period of rapid increase. With the decline in market value of pension assets, required pension contributions will increase unless the markets rebound. Salaries continue to increase somewhat faster than inflation and management looks to setting salaries that attract and retain quality staff without cutting services. City revenues are currently flat and budgetary reductions are being made to close the gap between expenses and revenues.

At a special election on February 5, 2008 the City ratified its Utility Users Tax (UUT) ordinance which protects and continues this important General Fund revenue. Many cities such as Pasadena rely on revenue from UUT applied to telecommunications (i.e., cable television, telephone, long distance, and mobile/cellular) water, electricity and natural gas to fund critical services. Pasadena currently receives in excess of \$10 million annually in UUT revenue related to telecommunications which represents approximately five percent of total General Fund revenues.

Another positive item for the City of Pasadena is the assessed valuation for properties. The assessed value for Fiscal Year 2008 increased 9.1 percent and for Fiscal Year 2009 10.3 percent. A recent Los Angeles Times article credited Pasadena as one of five southern California Cities with the largest increases in property tax assessment. The article attributes Pasadena's value to the preservation of historic neighborhoods, the expansion of multi-family housing near transit corridors, and large private investments in the Central District. Pasadena's important educational, business, and recreational centers also enhance property values.

A number of City bond issues were impacted by the reluctance of investors to purchase municipal bonds insured by the monoline insurance companies tainted by the sub-prime mortgage crisis. The result was a dramatic increase in interest costs most notably on the City's \$135 million Auction Rate Certificates issued for the expansion of the Pasadena Conference Center. While the disturbance in the bond market was unforeseen until damage was done, once the problem was identified, the City quickly evaluated its options and implemented a plan to effectively address the issue; in this case refunding bonds and eliminating interest rate spikes.

In April 2008, the City received an "AAA" rating from Standard & Poor's. The rating reflects the city's general creditworthiness, including the breadth and depth of the local economy, and consistently strong general fund and moderate overall debt levels. Only six other California cities also hold this rating. In addition to the "AAA" rating, Standard & Poor's raised the city of Pasadena's rating from "AA" to "AA+" on certificates of participation (COPs) series 2001 and 1993 and pension obligation bonds; and assigned a

Honorable Mayor, Members of the City Council
and Citizens of the City of Pasadena, California
December 24, 2008

“AA+” rating to the city’s \$135.5 million series 2008A variable rate COPs and \$29 million series B fixed-rate refunding bonds.

City policy calls for a reserve in the General Fund equal to eight percent of the current year’s appropriations. In fiscal year 2004, as part of the response to a significant loss of revenues to the state, the City capped the reserve at its then current level of \$13.25 million, which represented 7.17 percent of then current appropriations. Since that time the City has contributed amounts each year to restore the reserve. Prior to the adoption of the fiscal year 2009 budget it was expected that the reserve will be fully funded at eight percent by fiscal year 2012. However, the adopted fiscal year 2009 Operating Budget includes funding and policy direction to increase the General Fund Reserve from 8 percent to 10 percent of appropriations.

AWARDS AND ACKNOWLEDGEMENTS

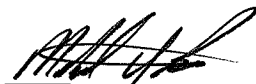
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pasadena for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Staff believes this current report continues to conform to the program requirements and will submit it to the GFOA award program for consideration.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Department of Finance staff.

The Mayor and City Council should also be acknowledged for their leadership, support, and continuing efforts to maintain the City’s strong fiscal health.

Respectfully submitted,



Michael J. Beck
City Manager



Steve Mermell
Acting Director of Finance

CITY OF PASADENA

Principal City Officials

CITY COUNCIL

Mayor	Bill Bogaard
Vice-Mayor	Steve Haderlein (District 4)
Council Member	Jacque Robinson (District 1)
Council Member	Margaret McAustin (District 2)
Council Member	Chris Holden (District 3)
Council Member	Victor Gordo (District 5)
Council Member	Steve Madison (District 6)
Council Member	Sidney F. Tyler, Jr. (District 7)

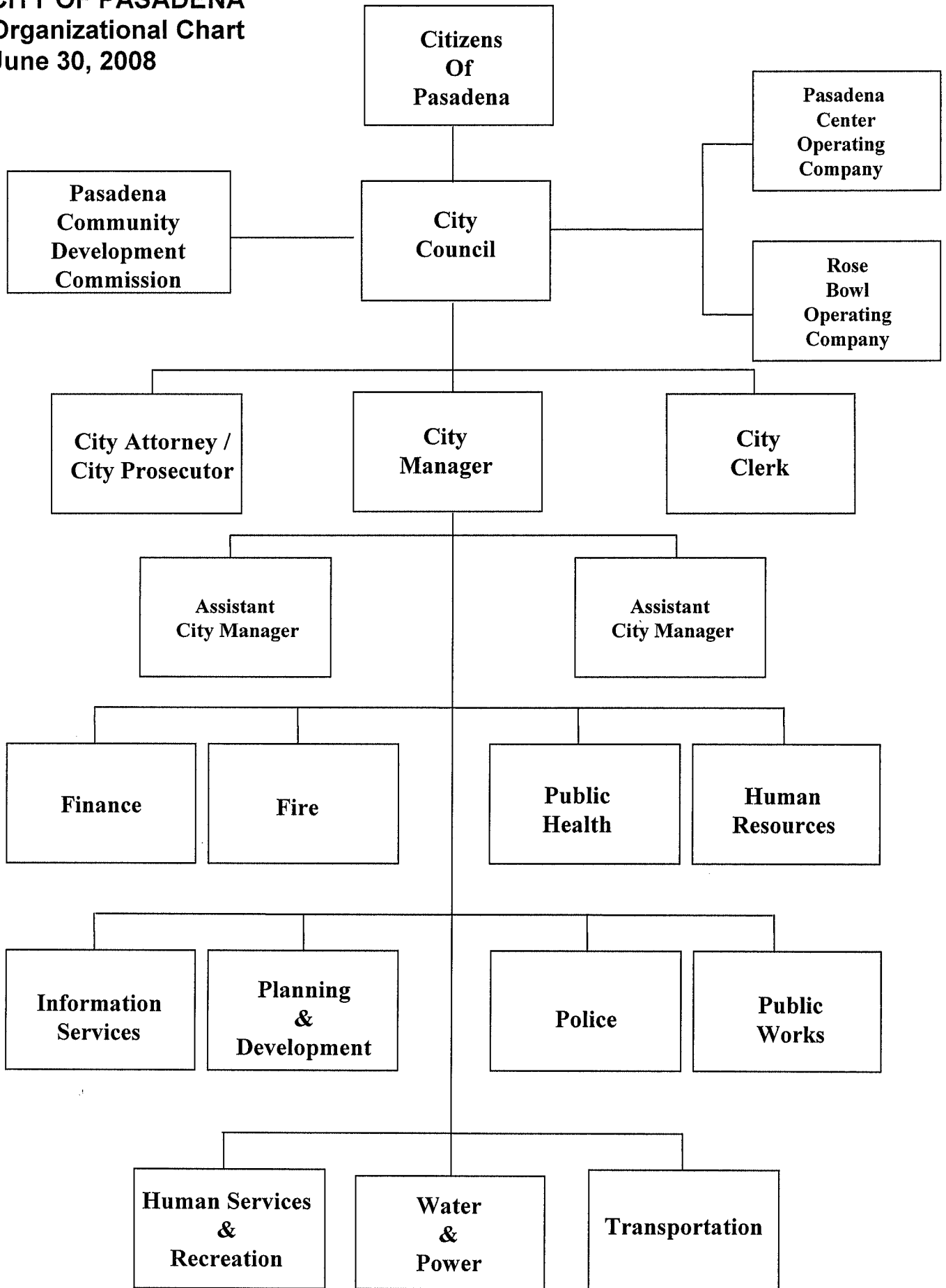
APPOINTED OFFICIALS

City Manager	Michael J. Beck
City Attorney / City Prosecutor	Michele Beal Bagneris
City Clerk	Mark Jomsky

EXECUTIVE STAFF

Assistant City Manager	Julie Gutierrez
Acting Assistant City Manager	Stephanie De Wolfe
Acting Director of Finance	Steve Mermell
Fire Chief	Dennis J. Downs
Director of Human Resources	Karyn S. Ezell
Director of Human Services and Recreation	Patricia Lane
Director of Information Services	Jan Sanders
Chief Information Technology Officer	John Pratt
Chief Prosecutor	Constance Orozco-Morgan
Director of Planning and Development	Richard J. Bruckner
Police Chief	Bernard K. Melekian
Director of Public Health/Health Officer	Takashi Wada
Director of Public Works	Martin Pastucha
Director of Transportation	Fred Dock
General Manager of Water and Power	Phyllis Currie
Chief Executive Officer of Pasadena Center Operating Company	Michael Ross
General Manager, Rose Bowl Operating Company	Darryl Dunn

**CITY OF PASADENA
Organizational Chart
June 30, 2008**



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2008

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

Presented to

**City of Pasadena
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pasadena for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007.

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

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

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City Council
City of Pasadena
Pasadena, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pasadena, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Pasadena. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Fire and Police Retirement System Pension Trust Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that fund, is based solely on the report of the other auditors. The prior year partial comparative information has been derived from the financial statements of the City of Pasadena for the year ended June 30, 2007 and, in our report dated November 26, 2007, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pasadena, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, of the City of Pasadena, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in Note 28 to the financial statements, the City changed its method of accounting for post employment benefits for fiscal years ending on or after June 30, 2008.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City Council
City of Pasadena
Pasadena, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pasadena's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McLean P.C.

Irvine, California
December 12, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pasadena, we offer readers of the City of Pasadena's financial statements this narrative overview and analysis of the financial activities of the City of Pasadena for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages 1-10 of this report.

FINANCIAL HIGHLIGHTS

- The primary government assets of the City of Pasadena exceeded liabilities at the close of fiscal year 2008 by \$901,033,326 (*net assets*). Of this amount, \$100,085,046 (*unrestricted net assets*) is for unrestricted uses in accordance with finance-related legal requirements reflected in the City's fund structure.
- The primary government's total net assets increased by \$64,972,203. Approximately 44.2 percent of this increase is attributable to the increase of the Governmental Activities and 55.8 percent is attributable to the increase of the Business Type Activities.
- As of the close of fiscal year 2008, the City of Pasadena's governmental funds reported combined ending fund balances of \$211,182,821 an increase of \$2,066,369 in comparison with the prior year. While approximately 50 percent of the total amount, or \$105,666,403, is labeled as Unreserved Fund Balance, \$53,268,929 of this has been designated for specific purposes by City Council.
- At the end of 2008, unreserved fund balance for the General Fund was \$58,798,199 or 26.5 percent of total general fund expenditures and transfers out.
- Of the unreserved general fund balance of \$58,798,199, \$30,464,017 is undesignated and is \$4.2 million more than was available from the prior year.
- The City of Pasadena's total debt had a net increase of \$34,271,233 or 5.7 percent during fiscal year 2008. Business Activity debt increased \$45,261,289 and Governmental Activity debt decreased \$10,990,056.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

The basic government-wide financial statements can be found on pages 34-37 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City of Pasadena maintains forty six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Project Management Capital Project Fund, and the Community Development Commission Debt Service Fund, all of which

are considered to be major funds. Data from the other forty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Pasadena adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 38-44 of this report.

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 46-53 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Pasadena's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 54-55 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 59-177 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pasadena's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 179-181 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 184-185 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Pasadena, assets exceeded liabilities by \$901,033,326 at the close of the most recent fiscal year.

Approximately 63.6 percent of the City of Pasadena's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Pasadena uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Pasadena's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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City of Pasadena's Net Assets

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 325,612,454	319,086,268	379,611,852	324,944,247	705,224,306	644,030,515
Capital assets	456,656,027	440,574,291	471,474,890	440,575,699	928,130,917	881,149,990
Total Assets	782,268,481	759,660,559	851,086,742	765,519,946	1,633,355,223	1,525,180,505
Long-term debt outstanding	368,954,080	350,693,294	293,561,806	248,300,517	662,515,886	598,993,811
Other liabilities	40,346,757	64,685,846	29,459,254	25,439,725	69,806,011	90,125,571
Total Liabilities	409,300,837	415,379,140	323,021,060	273,740,242	732,321,897	689,119,382
Net assets:						
Invested in capital assets, net of debt	318,192,342	284,365,848	254,992,476	211,671,681	573,184,818	496,037,529
Restricted	73,828,814	44,513,743	153,934,648	191,731,146	227,763,462	236,244,889
Unrestricted	(19,053,512)	15,401,828	119,138,558	88,376,877	100,085,046	103,778,705
Total Net Assets	372,967,644	344,281,419	528,065,682	491,779,704	901,033,326	836,061,123

An additional portion of the City of Pasadena's net assets \$227,763,462 or 25.3 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$100,085,046 or 11.1 percent is for unrestricted uses in accordance with finance-related legal requirements reflected in the City's fund structure. The *unrestricted net assets* of the City decreased by approximately \$3.7 million from the prior year.

At the end of the 2008 fiscal year, the City of Pasadena is able to report positive balances in all three categories of net assets for the government as a whole.

During the 2008 fiscal year, the primary government's net assets increased by \$65.0 million. Approximately 44.2 percent of this increase is represented in the City's Governmental Activities and 55.8 percent of this increase is in the City Business-Type Activities.

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City of Pasadena's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 63,531,767	60,053,165	248,909,901	229,747,761	312,441,668	289,800,926
Operating grants and contributions	41,253,570	33,667,611	3,232,710	2,669,713	44,486,280	36,337,324
Capital grants and contributions	14,456,090	17,165,972	-	-	14,456,090	17,165,972
General revenues:						
Taxes:						
Property taxes, levied for general purpose	63,448,585	61,735,584	-	-	63,448,585	61,735,584
Sales taxes	36,519,422	34,634,207	-	-	36,519,422	34,634,207
Utility users' tax	29,639,754	28,062,945	-	-	29,639,754	28,062,945
Transient occupancy tax	8,847,757	8,565,154	1,883,314	1,792,700	10,731,071	10,357,854
Construction tax	3,984,216	3,827,836	-	-	3,984,216	3,827,836
Business license tax	5,604,340	5,321,066	-	-	5,604,340	5,321,066
Franchise taxes	2,107,758	2,187,351	2,214,588	1,957,251	4,322,346	4,144,602
Other taxes	6,221,615	6,152,984	-	-	6,221,615	6,152,984
Other intergovernmental	14,565,392	14,144,677	-	-	14,565,392	14,144,677
Investment earnings	11,688,396	13,807,989	11,917,854	13,580,388	23,606,250	27,388,377
Net change in fair value of investments	1,163,374	2,640,386	3,528,728	2,475,786	4,692,102	5,116,172
Gain on sale of assets	146,000	-	(148,686)	-	(2,686)	-
Miscellaneous revenues	<u>5,328,752</u>	<u>6,361,304</u>	<u>3,003,493</u>	<u>3,138,822</u>	<u>8,332,245</u>	<u>9,500,126</u>
Total revenues	<u>308,506,788</u>	<u>298,328,231</u>	<u>274,541,902</u>	<u>255,362,421</u>	<u>583,048,690</u>	<u>553,690,652</u>
Expenses:						
General government	44,788,005	45,708,101	-	-	44,788,005	45,708,101
Public safety	99,785,175	95,180,581	-	-	99,785,175	95,180,581
Transportation	50,035,200	34,109,516	-	-	50,035,200	34,109,516
Sanitation	3,189,090	3,109,637	-	-	3,189,090	3,109,637
Health	12,443,757	12,469,435	-	-	12,443,757	12,469,435
Culture and leisure	27,607,998	26,122,883	-	-	27,607,998	26,122,883
Community development	40,763,393	38,595,901	-	-	40,763,393	38,595,901
Interest and other fiscal charges	15,345,023	16,752,925	-	-	15,345,023	16,752,925
Electric	-	-	162,718,930	141,189,141	162,718,930	141,189,141
Water	-	-	36,394,330	32,886,171	36,394,330	32,886,171
Refuse	-	-	12,097,942	10,785,546	12,097,942	10,785,546
Parking	-	-	12,437,181	11,959,684	12,437,181	11,959,684
Telecommunication	-	-	470,463	363,712	470,463	363,712
Total expenses	<u>293,957,641</u>	<u>272,048,979</u>	<u>224,118,846</u>	<u>197,184,254</u>	<u>518,076,487</u>	<u>469,233,233</u>
Increase (decrease) in net assets, before transfers	14,549,147	26,279,252	50,423,056	58,178,167	64,972,203	84,457,419
Transfers	<u>14,137,078</u>	<u>6,319,552</u>	<u>(14,137,078)</u>	<u>(6,319,552)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	28,686,225	32,598,804	36,285,978	51,858,615	64,972,203	84,457,419
Net assets at beginning of year, as restated	<u>344,281,419</u>	<u>311,682,615</u>	<u>491,779,704</u>	<u>439,921,089</u>	<u>836,061,123</u>	<u>751,603,704</u>
Net assets at end of year	<u>\$ 372,967,644</u>	<u>344,281,419</u>	<u>528,065,682</u>	<u>491,779,704</u>	<u>901,033,326</u>	<u>836,061,123</u>

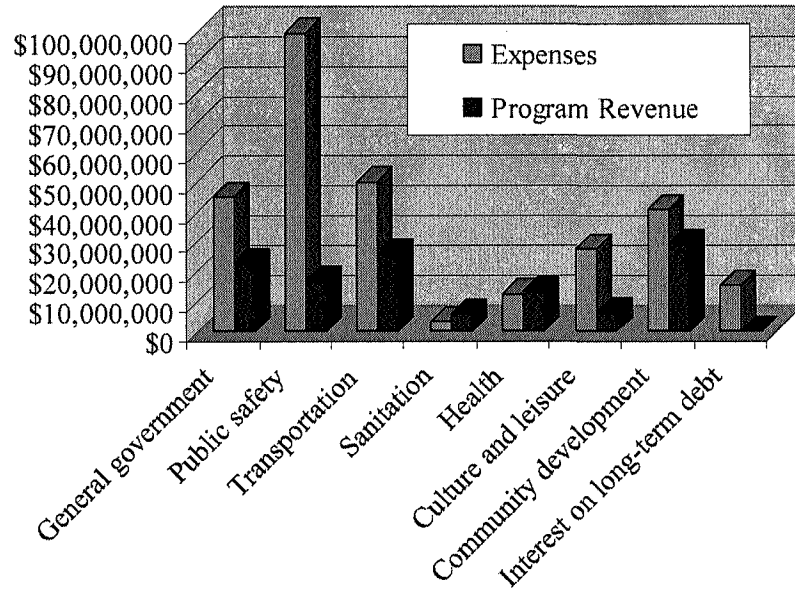
Governmental Activities

Governmental activities increased City of Pasadena's net assets by \$28.7 million, a 3.4 percent increase in the primary government's net assets. Key elements of this increase are as follows:

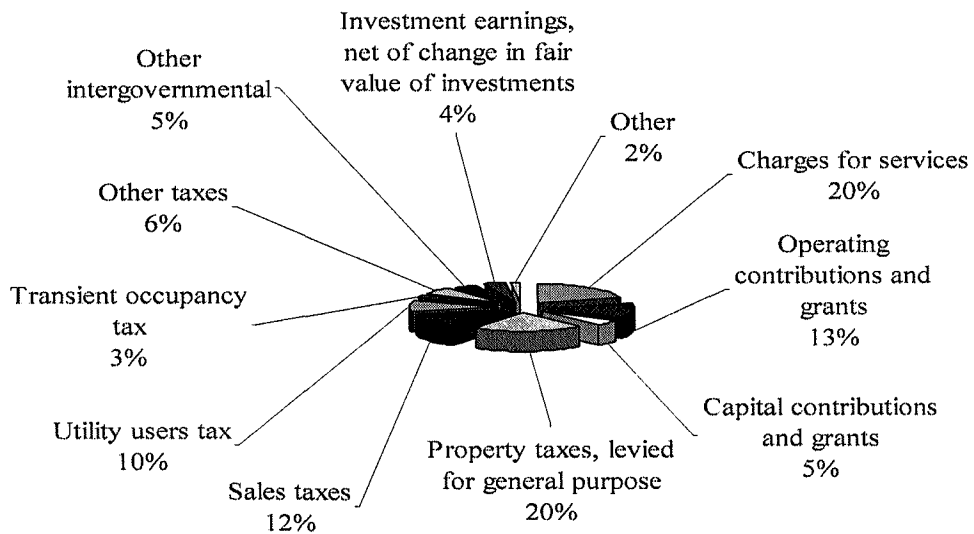
- Total Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) increased by \$8.4 million or 7.5 percent from the prior year. Capital Grants and Contributions decreased \$2.7 million or 15.8 percent. This decrease was offset by increases in Charges for Services and Operating Grants and Contributions, which increased \$3.5 million or 5.8 percent and \$7.6 million or 22.5 percent, respectively.
- Tax revenue increased by \$6.3 million or 4.2 percent increase from fiscal year 2007. This change was due primarily to increases in property taxes (\$ 1.7 million), utility users' tax (\$ 1.6 million), and sales taxes (\$ 1.9 million).
- Investment earnings decreased 15.3 percent from \$13.8 million to \$11.7 million. The decrease reflects both lower market yields and investment gains generated by the portfolio.
- Total expenses increased from fiscal year 2007 by \$21.9 million or 8.0 percent. This is primarily driven by an increase in Transportation expenses by \$15.9 million or 46.7 percent compared to the prior fiscal year, primarily related to increased internal service costs and increased supplemental contribution to the Fire and Police Retirement System. Public Safety increased by \$4.6 million or 4.8 percent. General Government decreased by \$.9 million or 2.0 percent. Culture and Leisure increased \$1.5 million or 5.7 percent. Community Development increased \$2.2 million or 5.6 percent.

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Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities



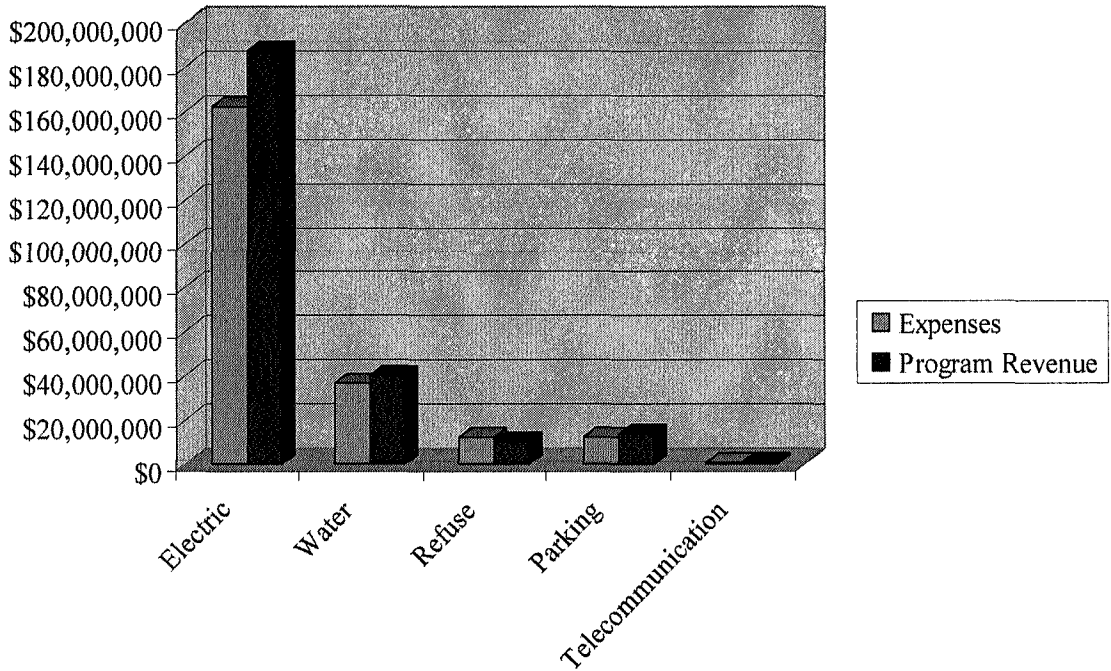
Business-Type Activities

Business-type activities increased the City of Pasadena's net assets by \$36.2 million, a 4.3 percent increase in the primary government's net assets. Key elements of this increase are as follows:

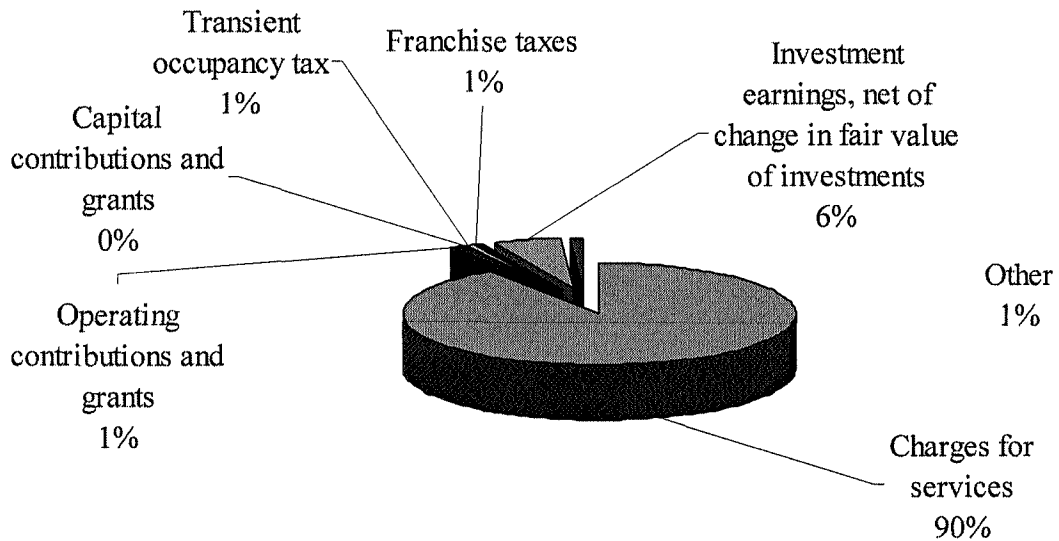
- Charges for services revenue increased from the prior year by \$19.2 million or 8.3 percent. Of this increase, Electric revenues increased \$17.5 million or 10.4 percent. Retail sales increased by \$14.1 due to increased electric rates. Wholesale sales increased by \$8.7 million due to increased excess energy sales. The combined increase in retail and wholesale sales were offset by a decrease of \$5.3 in other revenue.
- Total business-type activities expenses increased by \$26.9 or 13.7 percent from \$197.2 million for the prior year to \$224.1 million for the current year. Electric expenses increased \$21.5 million or 15.3 percent from \$141.2 million to \$162.7 million. Water expenses increased \$3.5 million or 10.7 percent from \$32.9 million to \$36.4 million. The balance of the increase in business-type activity expenses comes from Parking, which increased approximately \$.7 million.

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Expenses and Program Revenues - Business-type Activities



Revenue by Sources - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

Governmental Funds report the difference between their assets and liabilities as *fund balance*, which is divided into *reserved* and *unreserved* portions. The function of *reserved fund balance* is simply to isolate the portion of fund balance that is unavailable for the following period's budget. The *unreserved fund balance* can serve as a measure of current available financial resources. City Council may commit a portion of the *unreserved fund balance* by *designation* of fund balance to an intended future use.

As of the end of the 2008 fiscal year, the City of Pasadena's governmental funds reported combined ending fund balances of \$211,182,821 an increase of \$2.1 million or 1.0 percent in comparison with the prior year. This fund balance is then divided into two categories, reserved fund balance of \$105,516,418 and unreserved fund balance of \$105,666,403. Subtracting from \$105,666,403 the unreserved fund balance of the Special Revenue Funds of \$46,593,444, Debt Service Funds of (\$23,378,954), Capital Projects Fund of \$22,591,584, and the Permanent Fund of \$1,062,130, results in the General Fund unreserved fund balance of \$58,798,199. This unreserved General Fund balance has had \$28,334,182 designated by City Council for the following; UUT Reserve (\$6,559,898), City Hall seismic retrofit (\$5,793,420), and emergency/capital improvements (\$15,980,864). This leaves a General Fund *undesignated, unreserved* fund balance of \$30,464,017.

The General Fund is the chief operating fund of the City of Pasadena. At the end of the 2008 fiscal year, unreserved fund balance of the General Fund was \$58,798,199, while total fund balance reached \$65,925,131. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32.9 percent of total General Fund expenditures, while total fund balance represents 36.9 percent of that same amount.

The fund balance of the City of Pasadena's General Fund decreased by \$562,582 or .8 percent, during 2008 fiscal year. Key factors in this decrease are as follows:

- Total expenditures increased \$8,414,937 or 4.9%. The expenditures increased from the prior year in the following amounts: \$5.8 million or 6.6% in Public Safety, \$74,173 or .8% in Community Development, \$.8 million or 6.2% in Culture and Leisure, and \$1.8 million or 7.2% in Transportation. General Government decreased \$94,712 or .3%. These mostly relate to increase personnel associated costs.

- Taxes increased by \$5.2 million or 4.5 percent from the prior year. This increase is comprised mainly of increases in Secured Property Tax of \$1.1 million or 3.6 percent, Retail Sales Tax of \$2.1 million or 6.2 percent, Utility User Tax of \$1.6 million or 5.6 percent, and Construction Tax of \$.15 million or 4.1% increase from the prior year.
- Intergovernmental Revenues increased \$.9 million or 6.9 percent from the prior year, reflecting increases in Motor Vehicle In Lieu Tax and a decrease in Other County Reimbursements.
- Charges for services increased \$1.2 million or 3.9 percent from the prior year. Services to other funds increased by \$.4 million, Emergency Medical Aid Response increased by \$.8 million, Street Light and Traffic Signal revenue increased by \$.4 million, and Other Miscellaneous Services decreased by \$.4 million.

The Project Management Capital Project Fund has a fund balance of \$(1,281,033), which is a decrease of \$5.7 million or 128.8 percent from the prior year. The key factors contributing to this decrease are as follows:

- A decrease of \$.9 million in Intergovernmental Revenues related to the completion of Raymond Avenue freeway connector funded by Federal Traffic Mitigation revenues mostly in the prior year.
- Total revenues decreased \$.8 million or 6.0 percent, whereas total expenditures decreased \$25.8 million or 42.5 percent.
- Other financing sources decreased by \$29.2 million or 64.5 percent from \$45.2 million in 2007 to \$16.0 million in 2008.

The Community Development Commission Debt Service Fund has a total fund deficit of \$23,378,954. The deficit exists since GAAP requires the debt service funds to record advances from other funds as a liability. At June 30, 2008, the balance in advances from other funds is \$34,211,652. The net change in fund balance during the current year in the debt service fund is \$1.1 million or 4.5 percent increase from the prior year deficit balance of \$24,474,889.

Proprietary Funds

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

Unrestricted net assets of the Light and Power Fund at the end of the year amounted to \$103,617,569 and those for the Water, Old Pasadena Parking, and Paseo Colorado Parking Funds amounted to \$12,729,474, \$1,427,762, and (\$2,961,204); respectively. The total net income (loss) for each fund was \$28,622,969, \$3,364,485, \$2,044,359, and \$78,522; respectively.

In the Light and Power Fund, the operating transfer in was reimbursed from the Project Management Fund to pay for utility undergrounding and decreased by 89.8% to \$.2 million compared to \$2.4 million the prior year. In compliance with the City Charter, Light and Power transferred \$11.3 million to the General Fund during FY 2008. Total Operating expenses increased \$20.9 million or 15.5 percent to \$156.2 million and is largely attributable to a \$15.8 million or 17.8% increase in the cost of

purchased power and fuel. Other operating costs increased by \$2.8 million or 17.1% to \$19.1 million, while administrative and general expenses increased by \$1.3 million or 8.4% to \$16.7 million.

Water Fund operating expenses increased by \$2.9 million or 9.7 percent from the prior year. The \$1.6 million or 9.1 percent increase in utility production expenses was mainly due to an increase of \$1.7 million or 13.6% in water purchases from the Metropolitan Water District. Total administrative and general expense increased from \$4.4 million to \$4.9 million or 12.3% higher than the prior year, while the customer expense rose by 35.3% to \$2.3 million

Old Pasadena Parking Fund net income increased \$292,764 from the prior year or 16.7 percent. The increase was primarily driven by increased revenues.

Paseo Colorado Parking Funds net income increased \$.7 million from a net loss of \$671,994 in 2007 to a net income of \$78,572 in 2008. Net income increased due to an increase in revenues of \$1.1 million or 23.2% and operating expenses increased \$.3 million or 8.7%.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Pasadena's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budgeted appropriations increased by \$5.5 million or 3.2 percent from the original budget. The primary reasons for the increase from the original budget to the final budget came from Non-Department of \$3.5 million which consists of \$3.2 million for the City's payment of its pension obligation to the Fire and Police Retirement System. Excluding non-departmental expenditures, the Police Department budget had the largest increase which was \$.6 million or 1.0 percent related to the addition of three Officers, one Sergeant, and two vehicles. The City Clerks budget increased \$432,000 for a Special Municipal Election for updating the Utility Users Tax. Overall, the differences between the original budget and the final amended budget were relatively minor.

The General Fund actual total expenditures did not exceed final budgeted appropriations. The favorable variance between actual total expenditures and the final appropriation was \$1.0 million or .6 percent. The largest negative variance occurred in the Non-departmental expenditures which exceeded the final budget by \$2.3 million. Approximately \$2.6 million of the non-departmental expenditures is related to billable projects which do not typically have budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Pasadena's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$928,130,917, net of accumulated depreciation. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The net increase in the City of Pasadena's investment in

capital assets for the current fiscal year was 5.3 percent (a 3.7 percent increase for governmental activities and a 7.0 percent increase for business-type activities).

Major capital asset events during the 2008 fiscal year included the following:

- Improvement of city-owned facilities continues to be a priority. Work continues this year in the area of historic preservation, design services, preparation of construction and bidding documents and construction of three major projects: City Hall Seismic Retrofit and Exterior Restoration, Seismic Retrofit of Glenarm Power Plant and Installation of time-fill/fast-fill Refueling System at city yards. Approximately \$5,864,243 was spent on these projects during fiscal year 2008. Major construction on the City Hall Seismic Retrofit and Exterior Restoration project was completed in 2007; however, modifications and improvements continued during fiscal year 2008. The total project cost as of June 30, 2008 was \$118,050,227.
- A variety of street maintenance and construction, electrical system undergrounding, traffic control and parks and landscape projects continue Citywide. Some of the major projects in these categories this fiscal year include: Arroyo Parkway Capacity Enhancement, Raymond Avenue Pasadena Freeway Connector, Slope and Street Repair, traffic Control and Monitoring System (ITS), Pasadena High School Traffic Improvements and Replace restroom buildings at various parks. Work on these projects during the 2008 fiscal year reached \$11,823,545. Construction in Progress for the governmental activities as of June 30, 2008 is \$93,806,398.
- As of June 30, 2008, the Water and Power utility plant amounted to \$414,906,995 (net of accumulated depreciation), an increase of 7.9 percent or \$30,331,213. During the fiscal year, the City spent \$48,586,225 on various water and power projects and capitalized \$43,355,951 for projects completed. Some of the major projects completed are related to improvements to components of the transmission and distribution assets.

City of Pasadena's Capital Assets

(Net of Depreciation)

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$55,467,474	55,467,474	5,243,331	5,236,929	60,710,805	60,704,403
Buildings and improvements	191,216,548	195,731,518	90,529,779	88,522,671	281,907,836	284,254,189
Machinery and equipment	15,789,533	15,252,459	317,419,250	293,763,843	333,047,274	309,016,302
Infrastructure	100,376,074	97,619,605	-	-	100,376,074	97,619,605
Construction in progress	<u>93,806,398</u>	<u>76,503,235</u>	<u>58,282,530</u>	<u>53,052,256</u>	<u>152,088,928</u>	<u>129,555,491</u>
Totals	<u>\$456,656,027</u>	<u>440,574,291</u>	<u>471,474,890</u>	<u>440,575,699</u>	<u>928,130,917</u>	<u>881,149,990</u>

Additional information on the City of Pasadena's capital assets can be found in note 7 on pages 110-113 of this report.

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These include \$128 million of taxable pension bonds, \$9.9 million of tax allocation bonds applicable to PCDC, \$224.1 million of revenue bonds, \$168.1 million of certificates of participation, \$9.1 million of notes payable and \$9.1 million of capitalized lease obligations. Long-term debt increased by a net amount of \$39,283,791 as a result of new debt issuance, normal scheduled principal maturities, decreased arbitrage rebate liability, compensated absences, Other Post Employment Benefits (OPEB), increased insurance claims payable, and net pension obligation. The City was assigned an AAA issuer credit rating and AA+ rating on COPs, Pension Bonds, and refunding bonds from Standard and Poor's.

The new issues include: 2008 Electric Revenue Bonds, \$58,555,000; 2008 Certificates of Participation Series A, \$134,720,000, 2008 Fixed Rate Refunding Certificates of Participation Series B, \$27,650,000.

City of Pasadena's Outstanding Debt

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Notes payable	\$ 7,120,623	7,162,835	1,796,485	1,909,341	8,917,108	9,072,176
Pension bonds	123,610,000	128,045,000	-	-	123,610,000	128,045,000
General obligation bonds	-	-	-	-	-	-
Tax allocation bonds	8,819,025	9,928,550	-	-	8,819,025	9,928,550
Certificates of participation	131,036,605	138,963,861	26,530,869	29,106,683	157,567,474	168,070,544
Revenue bonds	9,895,000	10,355,000	262,250,000	213,785,000	272,145,000	224,140,000
Capitalized lease obligations	6,527,207	7,812,910	740,391	1,284,128	7,267,598	9,097,038
Unamortized premium (discount)	(2,631,878)	(4,230,214)	2,244,061	2,215,365	(387,817)	(2,014,849)
Arbitrage Rebate Liability	745,765	762,711	-	-	745,765	762,711
Compensated absences	8,721,272	7,858,348	-	-	8,721,272	7,858,348
OPEB	2,142,822	-	-	-	2,142,822	-
Insurance Claims Payable	27,108,020	24,238,284	-	-	27,108,020	24,238,284
Net pension obligation	45,859,619	44,034,293	-	-	45,859,619	44,034,293
Totals	\$ 368,954,080	374,931,578	293,561,806	248,300,517	633,265,044	623,232,095

Additional information on the City of Pasadena's long-term debt can be found in notes 9 through 16 on pages 116 to 143 of this report. Information on Insurance Claims Payable can be found in note 22 on pages 152 to 154 and Other Post Employment Benefits can be found in note 28 on pages 172 to 177.

REQUEST FOR INFORMATION

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

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CITY OF PASADENA

Statement of Net Assets

June 30, 2008

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments (note 2)	\$ 238,322,480	85,078,318	323,400,798
Accounts receivable (note 3)	43,413,452	54,232,007	97,645,459
Less allowance for uncollectible amounts (note 3)	(1,310,220)	(8,430,565)	(9,740,785)
Notes receivable (note 4)	30,689,759	-	30,689,759
Internal balances (note 5)	2,507,795	(2,507,795)	-
Inventories	267,816	20,085,486	20,353,302
Prepays and other assets	897,662	25,834,822	26,732,484
Internal advances (note 6)	8,355,341	(8,355,341)	-
Advances to (from) component units (note 6)	966,624	-	966,624
Allowance for uncollectible long-term receivables (notes 4 and 6)	(12,558,410)	-	(12,558,410)
Restricted assets - cash and investments (note 2)	1,215,699	213,674,920	214,890,619
Property held for resale	12,844,456	-	12,844,456
Capital assets (note 7):			
Land	55,467,474	5,243,331	60,710,805
Construction in progress	93,806,398	58,282,530	152,088,928
Other capital assets, net	<u>307,382,155</u>	<u>407,949,029</u>	<u>715,331,184</u>
Total assets	<u>782,268,481</u>	<u>851,086,742</u>	<u>1,633,355,223</u>
Liabilities			
Accounts payable and accrued liabilities	29,468,898	23,282,500	52,751,398
Deposits	2,514,554	4,547,875	7,062,429
Interest payable	1,760,821	-	1,760,821
Due to other governments	235,728	-	235,728
Unearned revenue (note 8)	6,366,756	1,628,879	7,995,635
Advances from primary government (note 6)	-	-	-
Noncurrent liabilities (notes 9 to 15):			
Due within one year	34,471,035	13,403,486	47,874,521
Due in more than one year	<u>334,483,045</u>	<u>280,158,320</u>	<u>614,641,365</u>
Total liabilities	<u>409,300,837</u>	<u>323,021,060</u>	<u>732,321,897</u>
Net Assets			
Invested in capital assets, net of related debt	318,192,342	254,992,476	573,184,818
Restricted:			
Expendable:			
Culture and leisure	3,209,541	-	3,209,541
Capital projects	-	-	-
Community development	1,265,297	-	1,265,297
Contribution	-	14,258,422	14,258,422
Debt service	30,110,796	-	30,110,796
Low Moderate Housing	30,043,988	-	30,043,988
Stranded investments (note 18 and 25)	-	136,587,277	136,587,277
Transportation	8,137,062	-	8,137,062
Other purposes	-	3,088,949	3,088,949
Nonexpendable:	1,062,130	-	1,062,130
Unrestricted	<u>(19,053,512)</u>	<u>119,138,558</u>	<u>100,085,046</u>
Total net assets	<u>\$ 372,967,644</u>	<u>528,065,682</u>	<u>901,033,326</u>

See accompanying notes to the basic financial statements.

Component Units			
Rose Bowl	Pasadena Center	Total	
Operating	Operating		
Company	Company	2008	2007
7,296,404	497,733	331,194,935	321,350,375
1,061,295	1,365,891	100,072,645	91,706,628
-	-	(9,740,785)	(9,461,886)
-	-	30,689,759	28,893,822
-	-	-	-
-	-	20,353,302	16,259,924
424,172	531,490	27,688,146	28,165,150
-	-	-	-
-	-	966,624	1,027,541
-	-	(12,558,410)	(12,200,119)
3,057,630	86,425,304	304,373,553	329,091,234
-	-	12,844,456	6,741,565
-	2,423,473	63,134,278	63,127,876
1,860,211	97,487,152	251,436,291	187,106,174
49,891,445	12,918,317	778,140,946	729,517,780
<u>63,591,157</u>	<u>201,649,360</u>	<u>1,898,595,740</u>	<u>1,781,326,064</u>
1,534,950	12,627,317	66,913,665	58,439,198
36,900	430,296	7,529,625	7,684,743
33,882	13,998	1,808,701	1,832,168
-	-	235,728	272,928
1,391,508	-	9,387,143	8,222,043
-	966,624	966,624	1,027,541
1,768,817	-	49,643,338	46,578,393
<u>33,521,889</u>	<u>162,584,814</u>	<u>810,748,068</u>	<u>775,892,892</u>
<u>38,287,946</u>	<u>176,623,049</u>	<u>947,232,892</u>	<u>899,949,906</u>
19,876,356	14,448,855	607,510,029	547,704,272
-	-	3,209,541	3,347,058
-	1,563,658	1,563,658	1,378,190
-	-	1,265,297	1,188,463
-	-	14,258,422	13,547,004
-	-	30,110,796	27,104,755
-	-	30,043,988	26,642,155
-	-	136,587,277	144,504,546
-	-	8,137,062	9,485,599
-	-	3,088,949	2,974,676
-	-	1,062,130	1,046,850
<u>5,426,855</u>	<u>9,013,798</u>	<u>114,525,699</u>	<u>102,452,590</u>
<u>25,303,211</u>	<u>25,026,311</u>	<u>951,362,848</u>	<u>881,376,158</u>

CITY OF PASADENA
Statement of Activities
For the Fiscal Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 44,788,005	16,678,560	528,566	5,386,942
Public safety	99,785,175	14,064,085	2,807,807	-
Transportation	50,035,200	13,801,759	5,347,183	6,450,787
Sanitation	3,189,090	5,583,161	-	-
Health	12,443,757	787,882	12,370,193	-
Culture and leisure	27,607,998	2,113,540	4,139,913	929
Community development	40,763,393	10,502,780	16,059,908	2,617,432
Interest and other fiscal charges	15,345,023	-	-	-
Total governmental activities	<u>293,957,641</u>	<u>63,531,767</u>	<u>41,253,570</u>	<u>14,456,090</u>
Business-type activities:				
Electric	162,718,930	185,043,398	2,686,385	-
Water	36,394,330	39,559,565	546,325	-
Refuse	12,097,942	10,011,635	-	-
Parking	12,437,181	13,866,889	-	-
Telecommunication	470,463	428,414	-	-
Total business-type activities	<u>224,118,846</u>	<u>248,909,901</u>	<u>3,232,710</u>	<u>-</u>
Total primary government	<u>\$ 518,076,487</u>	<u>312,441,668</u>	<u>44,486,280</u>	<u>14,456,090</u>
Component units				
Rose Bowl Operating Company	\$ 12,053,438	11,612,273	-	385,000
Pasadena Center Operating Company	8,275,238	3,062,136	-	-
Total component units	<u>\$ 20,328,676</u>	<u>14,674,409</u>	<u>-</u>	<u>385,000</u>

General revenues:

Taxes:

- Property tax, levied for general purpose
- Sales tax
- Utility users' tax
- Transient occupancy tax
- Construction tax
- Business license tax
- Franchise tax
- Other taxes
- Other intergovernmental, unrestricted
- Investment earnings
- Net change in fair value of investments
- Gain on sale of assets
- Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying notes to the basic financial statements.

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

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Rose Bowl Operating Company	Pasadena Center Operating Company	Total	
		Primary Government			2008	2007
(22,193,937)	-	(22,193,937)	-	-	(22,193,937)	(25,977,547)
(82,913,283)	-	(82,913,283)	-	-	(82,913,283)	(77,162,668)
(24,435,471)	-	(24,435,471)	-	-	(24,435,471)	(7,468,959)
2,394,071	-	2,394,071	-	-	2,394,071	2,483,184
714,318	-	714,318	-	-	714,318	(7,876,217)
(21,353,616)	-	(21,353,616)	-	-	(21,353,616)	(20,029,734)
(11,583,273)	-	(11,583,273)	-	-	(11,583,273)	(8,377,365)
(15,345,023)	-	(15,345,023)	-	-	(15,345,023)	(16,752,925)
<u>(174,716,214)</u>	<u>-</u>	<u>(174,716,214)</u>	<u>-</u>	<u>-</u>	<u>(174,716,214)</u>	<u>(161,162,231)</u>
-	25,010,853	25,010,853	-	-	25,010,853	27,837,622
-	3,711,560	3,711,560	-	-	3,711,560	8,237,061
-	(2,086,307)	(2,086,307)	-	-	(2,086,307)	(1,158,596)
-	1,429,708	1,429,708	-	-	1,429,708	322,469
<u>-</u>	<u>(42,049)</u>	<u>(42,049)</u>	<u>-</u>	<u>-</u>	<u>(42,049)</u>	<u>(5,336)</u>
-	28,023,765	28,023,765	-	-	28,023,765	35,233,220
<u>(174,716,214)</u>	<u>28,023,765</u>	<u>(146,692,449)</u>	<u>-</u>	<u>-</u>	<u>(146,692,449)</u>	<u>(125,929,011)</u>
-	-	-	(56,165)	-	(56,165)	(274,277)
-	-	-	-	(5,213,102)	(5,213,102)	(5,384,254)
-	-	-	(56,165)	(5,213,102)	(5,269,267)	(5,658,531)
63,448,585	-	63,448,585	-	-	63,448,585	61,735,584
36,519,422	-	36,519,422	-	-	36,519,422	34,634,207
29,639,754	-	29,639,754	-	-	29,639,754	28,062,945
8,847,757	1,883,314	10,731,071	-	5,553,914	16,284,985	15,713,438
3,984,216	-	3,984,216	-	-	3,984,216	3,827,836
5,604,340	-	5,604,340	-	-	5,604,340	5,321,066
2,107,758	2,214,588	4,322,346	-	-	4,322,346	4,144,602
6,221,615	-	6,221,615	-	2,542,671	8,764,286	8,603,454
14,565,392	-	14,565,392	-	772,637	15,338,029	14,336,284
11,688,396	11,917,854	23,606,250	579,443	430,825	24,616,518	28,807,445
1,163,374	3,528,728	4,692,102	-	-	4,692,102	5,116,172
146,000	(148,686)	(2,686)	-	-	(2,686)	-
5,328,752	3,003,493	8,332,245	218,796	185,468	8,736,509	10,190,947
14,137,078	(14,137,078)	-	-	-	-	-
<u>203,402,439</u>	<u>8,262,213</u>	<u>211,664,652</u>	<u>798,239</u>	<u>9,485,515</u>	<u>221,948,406</u>	<u>220,493,980</u>
28,686,225	36,285,978	64,972,203	742,074	4,272,413	69,986,690	88,906,438
344,281,419	491,779,704	836,061,123	24,561,137	20,753,898	881,376,158	792,469,720
<u>\$ 372,967,644</u>	<u>528,065,682</u>	<u>901,033,326</u>	<u>25,303,211</u>	<u>25,026,311</u>	<u>951,362,848</u>	<u>881,376,158</u>

CITY OF PASADENA

Balance Sheet

Governmental Funds

June 30, 2008

	<u>General</u>	<u>Pasadena Community Development Commission Debt Service</u>	<u>Project Management Capital Project</u>	<u>Non-Major Governmental Funds</u>
<u>Assets</u>				
Cash and investments (note 2)	\$ 56,787,816	10,799,045	594,565	146,419,180
Accounts receivable (note 3)	17,715,025	419,752	10,195,494	8,785,855
Less allowance for uncollectible amounts (note 3)	(1,280,715)	-	-	(29,505)
Notes receivable (note 4)	392,403	-	-	30,297,356
Due from other funds (note 5)	6,275,720	-	-	1,557,364
Prepays and other assets	551,591	-	-	1,670
Advances to other funds (note 6)	15,787,567	-	-	27,786,496
Advances to component units (note 6)	966,624	-	-	-
Allowance for uncollectible long-term receivables	(11,746,664)	-	-	(32,950,203)
Property held for resale	-	-	-	9,130,065
Total assets	<u>\$ 85,449,367</u>	<u>11,218,797</u>	<u>10,790,059</u>	<u>190,998,278</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 12,630,350	240,095	3,679,661	4,957,495
Deposits	1,762,031	-	-	752,523
Due to other funds (note 5)	-	146,004	-	4,854,018
Due to other governments	140,686	-	-	95,042
Deferred revenue (note 8)	4,991,169	-	8,391,431	5,150,919
Advances from other funds (note 6)	-	34,211,652	-	5,270,604
Total liabilities	<u>19,524,236</u>	<u>34,597,751</u>	<u>12,071,092</u>	<u>21,080,601</u>
Fund balances:				
Reserved for:				
Encumbrances	1,175,411	-	-	5,686,667
Notes receivable	392,403	-	-	30,297,356
Prepays and other assets	551,591	-	-	1,670
Advances to other funds	5,007,527	-	-	8,351,346
Property held for resale	-	-	-	9,130,065
Debt service	-	-	-	44,922,382
Unreserved, reported in (note 17):				
General fund	58,798,199	-	-	-
Special revenue funds	-	-	-	46,593,444
Debt service funds	-	(23,378,954)	-	-
Capital projects funds	-	-	(1,281,033)	23,872,617
Permanent funds	-	-	-	1,062,130
Total fund balances	<u>65,925,131</u>	<u>(23,378,954)</u>	<u>(1,281,033)</u>	<u>169,917,677</u>
Total liabilities and fund balances	<u>\$ 85,449,367</u>	<u>11,218,797</u>	<u>10,790,059</u>	<u>190,998,278</u>

See accompanying notes to the basic financial statements.

Totals

<u>2008</u>	<u>2007</u>
214,600,606	217,654,605
37,116,126	31,278,639
(1,310,220)	(1,064,318)
30,689,759	28,893,822
7,833,084	7,701,380
553,261	638,814
43,574,063	39,764,257
966,624	1,027,541
(44,696,867)	(43,520,360)
9,130,065	6,741,565
<u>298,456,501</u>	<u>289,115,945</u>
21,507,601	21,892,002
2,514,554	2,838,765
5,000,022	5,140,864
235,728	272,928
18,533,519	11,639,768
<u>39,482,256</u>	<u>38,215,166</u>
<u>87,273,680</u>	<u>79,999,493</u>
6,862,078	15,455,652
30,689,759	16,623,706
553,261	638,814
13,358,873	10,428,200
9,130,065	6,741,565
44,922,382	41,651,965
58,798,199	59,516,646
46,593,444	43,024,637
(23,378,954)	(24,474,889)
22,591,584	38,463,306
<u>1,062,130</u>	<u>1,046,850</u>
<u>211,182,821</u>	<u>209,116,452</u>
<u>298,456,501</u>	<u>289,115,945</u>

CITY OF PASADENA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Fund balances of governmental funds		\$ 211,182,821
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		446,335,703
Allowance for advances		32,788,866
Long term debt has not been included in governmental fund activity.		
Arbitrage Rebate Liability	(745,765)	
Notes payable	(7,120,623)	
Pension bonds	(123,610,000)	
Tax allocation bonds	(8,819,025)	
Revenue bonds	(9,895,000)	
Certificates of participation	(131,036,605)	
Capitalized lease obligations	(4,317,612)	
Net pension obligation	(45,859,619)	
Unamortized premium (discount)	<u>2,631,878</u>	
Net adjustment		(328,772,371)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(1,760,821)
Unearned revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.		
Revenues not available		
Project Management Capital Projects Fund	8,391,431	
Non-Major Governmental Funds	<u>3,775,332</u>	
Total revenues not available		12,166,763
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net assets and liabilities of the internal service funds must be added to the statement of net assets.		<u>1,026,683</u>
Net assets of governmental activities		<u>\$ 372,967,644</u>

See accompanying notes to the basic financial statements.

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CITY OF PASADENA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Pasadena Community Development Commission Debt Service</u>	<u>Project Management Capital Project</u>	<u>Non-Major Governmental Funds</u>
Revenues:				
Taxes	\$ 121,156,311	22,462,814	-	12,754,322
Licenses and permits	2,715,718	-	-	5,929,866
Intergovernmental revenues	13,578,313	558,000	9,675,405	33,719,588
Charges for services	31,917,959	-	22,634	7,147,197
Fines and forfeits	8,024,617	-	-	-
Investment earnings	21,209,093	428,950	-	6,672,739
Net change in fair value of investments	371,245	47,031	-	620,390
Rental income	1,543,172	-	-	3,826,833
Miscellaneous revenues	2,647,710	289,828	-	4,956,426
Contributions	-	-	3,377,453	2,627,482
Total revenues	<u>203,164,138</u>	<u>23,786,623</u>	<u>13,075,492</u>	<u>78,254,843</u>
Expenditures:				
Current:				
General government	34,083,696	-	-	1,039,921
Public safety	94,210,612	-	-	2,000,718
Transportation	26,289,894	-	-	10,426,769
Sanitation	-	-	-	3,189,090
Health	-	-	-	12,123,825
Culture and leisure	14,548,889	-	-	12,272,562
Community development	9,542,687	449,881	-	29,689,319
Capital outlay	-	-	34,836,059	162,442
Debt service:				
Principal retirement	-	1,901,737	-	40,070,175
Interest	-	19,585,170	-	14,579,539
Total expenditures	<u>178,675,778</u>	<u>21,936,788</u>	<u>34,836,059</u>	<u>125,554,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,488,360</u>	<u>1,849,835</u>	<u>(21,760,567)</u>	<u>(47,299,517)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	27,939,303
Other financing use-bond discount	-	-	-	835,801
Transfers in (note 21)	18,538,138	1,116,991	16,286,113	76,286,614
Transfers out (note 21)	<u>(43,589,080)</u>	<u>(1,870,891)</u>	<u>(239,840)</u>	<u>(50,514,891)</u>
Total other financing sources (uses)	<u>(25,050,942)</u>	<u>(753,900)</u>	<u>16,046,273</u>	<u>54,546,827</u>
Change in fund balances	(562,582)	1,095,935	(5,714,294)	7,247,310
Fund balances (deficits) at beginning of year	<u>66,487,713</u>	<u>(24,474,889)</u>	<u>4,433,261</u>	<u>162,670,367</u>
Fund balances (deficits) at end of year	<u>\$ 65,925,131</u>	<u>(23,378,954)</u>	<u>(1,281,033)</u>	<u>169,917,677</u>

See accompanying notes to the basic financial statements.

Totals

<u>2008</u>	<u>2007</u>
156,373,447	150,487,127
8,645,584	7,121,056
57,531,306	60,303,796
39,087,790	37,891,450
8,024,617	7,757,800
28,310,782	30,192,425
1,038,666	2,257,545
5,370,005	4,991,198
7,893,964	8,756,264
6,004,935	7,292,403
318,281,096	317,051,064
35,123,617	34,716,716
96,211,330	92,713,276
36,716,663	34,192,621
3,189,090	3,109,637
12,123,825	12,246,665
26,821,451	25,517,810
39,681,887	38,052,266
34,998,501	60,901,643
41,971,912	12,295,980
34,164,709	35,212,220
361,002,985	348,958,834
(42,721,889)	(31,907,770)
27,939,303	87,401
835,801	-
112,227,856	109,124,111
(96,214,702)	(99,825,257)
44,788,258	9,386,255
2,066,369	(22,521,515)
209,116,452	231,637,967
211,182,821	209,116,452

CITY OF PASADENA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ 2,066,369

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	37,041,148
Depreciation	(10,320,313)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (11,257,390)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt issued:

Certificates of Participation	(26,759,131)
Notes Payable	(1,000,000)
Capitalized lease obligations	(180,172)
Bond discount	(835,801)

Repayments:

Changes in net pension obligations	(1,825,326)
To bond, certificate, and note holders	<u>42,470,297</u>

Net adjustment 11,869,867

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 6,577,426

Bond issuance costs, premiums, discounts, and similar items are recorded as expenditures in governmental funds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net offset of the differences. (745,589)

Interest payable related to debt services or long term liabilities. This is the net change in interest payable expense for the current period. 970,863

Internal service funds are used by management to charge the costs of certain activities, such as computing and communication, building maintenance, fleet maintenance, benefits, equipment leasing, workers' compensation, general liability printing services and mail services, to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. (7,516,156)

Change in net assets of governmental activities \$ 28,686,225

See accompanying notes to the basic financial statements.

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CITY OF PASADENA
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Light and Power	Water	Old Pasadena Parking	Paseo Colorado Parking
Assets				
Current assets:				
Cash and investments (note 2)	\$ 66,748,765	4,804,622	2,937,497	-
Accounts receivable (note 3)	25,337,036	6,170,741	538,410	518,425
Less allowance for uncollectible amounts (note 3)	(619,081)	(163,204)	-	-
Due from other funds (note 5)	-	-	-	-
Inventories	11,435,682	8,649,804	-	-
Prepays and other assets	56,712	286,798	1,854,581	932,542
Total current assets	102,959,114	19,748,761	5,330,488	1,450,967
Noncurrent assets:				
Restricted assets - cash and investments:				
To finance stranded investments (note 18)	136,587,277	-	-	-
Other restricted cash and investments	62,126,609	7,873,281	2,880,442	1,496,887
Advances to other funds (note 6)	-	-	-	-
Less allowance for long-term receivable (note 6)	-	-	-	-
Accounts receivable from Independent System Operator (ISO)	19,591,119	-	-	-
Less allowance for uncollectible amounts from ISO	(7,606,563)	-	-	-
Property held for resale	-	-	-	-
Prepaid long term assets	21,134,133	1,570,056	-	-
Capital assets (note 7)	546,945,761	172,127,512	23,119,727	30,756,827
Less accumulated depreciation	(249,283,033)	(54,883,248)	(7,301,610)	(3,960,866)
Net property, plant and equipment	297,662,728	117,244,264	15,818,117	26,795,961
Total noncurrent assets	529,495,303	126,687,601	18,698,559	28,292,848
Total assets	632,454,417	146,436,362	24,029,047	29,743,815
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	14,853,930	6,254,024	809,424	621,465
Deposits	970,263	3,360	306,757	53,160
Insurance claims payable - current (note 22)	-	-	-	-
OPEB liability - current (note 9 and 28)	-	-	-	-
Due to other funds (note 5)	-	-	-	2,502,995
Unearned revenue (note 8)	1,628,879	-	-	-
Compensated absences	-	-	-	-
Notes payable - current (notes 9 and 10)	-	-	118,846	-
Revenue bonds - current (notes 9 and 13)	7,210,000	2,095,000	-	955,000
Certificates of participation - current (notes 9 and 14)	-	-	1,232,554	-
Capitalized lease obligations - current (notes 9 and 15)	-	-	131,354	131,363
Total current liabilities	24,663,072	8,352,384	2,598,935	4,263,983
Long-term liabilities:				
Insurance claims payable - long-term (note 22)	-	-	-	-
OPEB liability - long-term (note 9 and 28)	-	-	-	-
Advances from other funds (note 6)	-	-	2,786,545	1,234,551
Notes payable - long-term (notes 9 and 10)	-	-	1,677,639	-
Revenue bonds - long-term (notes 9 and 13)	165,835,000	59,340,000	-	26,815,000
Certificates of participation - long-term (notes 9 and 14)	-	-	15,798,315	-
Capitalized lease obligations - long-term (notes 9 and 15)	-	-	274,402	-
Unamortized premium (discount)	1,677,730	446,984	235,634	-
Total long-term liabilities	167,512,730	59,786,984	20,772,535	28,049,551
Total liabilities	192,175,802	68,139,368	23,371,470	32,313,534
Net Assets				
Invested in capital assets, net of related debt	185,058,356	63,235,562	(770,185)	391,485
Restricted:				
Contribution	11,926,464	2,331,958	-	-
Stranded investments (note 18 and 25)	136,587,277	-	-	-
Other purposes	3,088,949	-	-	-
Unrestricted	103,617,569	12,729,474	1,427,762	(2,961,204)
Total net assets	\$ 440,278,615	78,296,994	657,577	(2,569,719)

See accompanying notes to the basic financial statements.

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental	Totals	
		Activities-	2008	2007
		Internal Service Funds		
10,587,434	85,078,318	23,721,874	108,800,192	95,868,199
2,076,276	34,640,888	6,297,326	40,938,214	37,709,476
(41,717)	(824,002)	-	(824,002)	(791,005)
-	-	4,800	4,800	9,600
-	20,085,486	267,816	20,353,302	16,259,924
-	3,130,633	344,401	3,475,034	4,006,731
<u>12,621,993</u>	<u>142,111,323</u>	<u>30,636,217</u>	<u>172,747,540</u>	<u>153,062,925</u>
-	136,587,277	-	136,587,277	144,504,546
2,710,424	77,087,643	1,215,699	78,303,342	40,258,472
55,000	55,000	4,263,534	4,318,534	4,367,356
-	-	(650,409)	(650,409)	(569,109)
-	19,591,119	-	19,591,119	19,590,552
-	(7,606,563)	-	(7,606,563)	(7,606,563)
-	-	3,714,391	3,714,391	-
-	22,704,189	-	22,704,189	21,259,634
26,928,419	799,878,246	33,344,293	833,222,539	780,962,302
<u>(12,974,600)</u>	<u>(328,403,357)</u>	<u>(23,023,968)</u>	<u>(351,427,325)</u>	<u>(330,684,570)</u>
<u>13,953,819</u>	<u>471,474,889</u>	<u>10,320,325</u>	<u>481,795,214</u>	<u>450,277,732</u>
<u>16,719,243</u>	<u>719,893,554</u>	<u>18,863,540</u>	<u>738,757,094</u>	<u>672,082,620</u>
<u>29,341,236</u>	<u>862,004,877</u>	<u>49,499,757</u>	<u>911,504,634</u>	<u>825,145,545</u>
743,656	23,282,499	7,961,297	31,243,796	27,453,505
3,214,335	4,547,875	-	4,547,875	4,433,493
-	-	10,843,208	10,843,208	8,483,399
-	-	364,010	364,010	-
4,800	2,507,795	330,067	2,837,862	2,570,116
-	1,628,879	-	1,628,879	1,113,996
-	-	8,721,272	8,721,272	7,858,348
-	118,846	-	118,846	112,856
-	10,260,000	-	10,260,000	10,090,000
1,500,000	2,732,554	-	2,732,554	2,533,318
29,369	292,086	715,266	1,007,352	1,475,912
<u>5,492,160</u>	<u>45,370,534</u>	<u>28,935,120</u>	<u>74,305,654</u>	<u>66,124,943</u>
-	-	16,264,812	16,264,812	15,754,885
-	-	1,778,812	1,778,812	-
4,389,245	8,410,341	-	8,410,341	5,916,447
-	1,677,639	-	1,677,639	1,796,485
-	251,990,000	-	251,990,000	203,695,000
8,000,000	23,798,315	-	23,798,315	26,573,365
173,903	448,305	1,494,329	1,942,634	2,746,513
<u>(116,287)</u>	<u>2,244,061</u>	<u>-</u>	<u>2,244,061</u>	<u>2,215,365</u>
<u>12,446,861</u>	<u>288,568,661</u>	<u>19,537,953</u>	<u>308,106,614</u>	<u>258,698,060</u>
<u>17,939,021</u>	<u>333,939,195</u>	<u>48,473,073</u>	<u>382,412,268</u>	<u>324,823,003</u>
7,077,258	254,992,476	13,040,820	268,033,296	238,523,698
-	14,258,422	-	14,258,422	13,547,004
-	136,587,277	-	136,587,277	144,504,546
-	3,088,949	-	3,088,949	2,732,744
<u>4,324,957</u>	<u>119,138,558</u>	<u>(12,014,136)</u>	<u>107,124,422</u>	<u>101,014,550</u>
<u>11,402,215</u>	<u>528,065,682</u>	<u>1,026,684</u>	<u>529,092,366</u>	<u>500,322,542</u>

CITY OF PASADENA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>
Operating revenues:				
Charges for services:				
Utilities	\$ 185,043,398	39,559,565	-	-
Plaza Las Fuentes parking	-	-	-	-
Refuse collection	-	-	-	-
Old Pasadena parking	-	-	6,003,138	-
Paseo Colorado parking	-	-	-	5,777,700
Telecommunication	-	-	-	-
Del Mar Goldline Parking Garage	-	-	-	-
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>185,043,398</u>	<u>39,559,565</u>	<u>6,003,138</u>	<u>5,777,700</u>
Operating expenses:				
Utility production	111,408,357	18,626,509	-	-
Utility transmission and distribution	12,444,349	4,355,377	-	-
Utility commercial and general	16,650,770	7,210,115	-	-
Plaza Las Fuentes parking	-	-	-	-
Refuse collection	-	-	-	-
Old Pasadena parking	-	-	2,446,098	-
Paseo Colorado parking	-	-	-	3,290,355
Telecommunications	-	-	-	-
Del Mar Goldline Parking Garage	-	-	-	-
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Depreciation	15,707,624	3,253,337	561,770	668,887
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating expenses	<u>156,211,100</u>	<u>33,445,338</u>	<u>3,007,868</u>	<u>3,959,242</u>
Operating income (loss)	<u>28,832,298</u>	<u>6,114,227</u>	<u>2,995,270</u>	<u>1,818,458</u>
Nonoperating revenues (expenses):				
Taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Investment earnings	10,103,253	931,769	337,784	14,899
Net change in fair value of investments	3,084,805	382,419	13,817	2,842
Miscellaneous revenues	-	-	85,601	-
Interest expense	(6,507,830)	(2,948,992)	(1,193,182)	(1,591,898)
Gain (loss) on disposal of assets	(10,166)	(128,790)	-	-
Other nonoperating revenues (expenses)	<u>1,534,916</u>	<u>1,390,673</u>	<u>(194,931)</u>	<u>(165,779)</u>
Total nonoperating revenues (expenses)	<u>8,204,978</u>	<u>(372,921)</u>	<u>(950,911)</u>	<u>(1,739,936)</u>
Income (loss) before transfers and contributions	37,037,276	5,741,306	2,044,359	78,522
Capital contributions	2,686,385	546,325	-	-
Transfers in (note 21)	239,840	-	890,869	-
Transfers out (note 21)	<u>(11,340,532)</u>	<u>(2,923,146)</u>	<u>(890,869)</u>	<u>-</u>
Net income (loss)	28,622,969	3,364,485	2,044,359	78,522
Net assets (deficit) at beginning of year	<u>411,655,646</u>	<u>74,932,509</u>	<u>(1,386,782)</u>	<u>(2,648,241)</u>
Net assets (deficit) at end of year	<u>\$ 440,278,615</u>	<u>78,296,994</u>	<u>657,577</u>	<u>(2,569,719)</u>

See accompanying notes to the basic financial statements.

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities-		Totals	
		Internal Service Funds		2008	2007
-	224,602,963	-		224,602,963	207,480,282
1,921,365	1,921,365	-		1,921,365	1,887,805
10,011,635	10,011,635	-		10,011,635	9,626,950
-	6,003,138	-		6,003,138	5,705,762
-	5,777,700	-		5,777,700	4,688,586
428,414	428,414	-		428,414	358,376
164,686	164,686	-		164,686	-
-	-	8,613,905		8,613,905	8,083,804
-	-	8,319,674		8,319,674	8,083,416
-	-	9,901,098		9,901,098	8,356,114
-	-	28,575,284		28,575,284	24,984,621
-	-	11,967,587		11,967,587	11,760,180
-	-	1,071,794		1,071,794	1,186,157
-	-	420,288		420,288	426,113
<u>12,526,100</u>	<u>248,909,901</u>	<u>68,869,630</u>		<u>317,779,531</u>	<u>292,628,166</u>
-	130,034,866	-		130,034,866	112,572,003
-	16,799,726	-		16,799,726	14,064,226
-	23,860,885	-		23,860,885	21,421,920
1,717,685	1,717,685	-		1,717,685	1,597,474
11,140,297	11,140,297	-		11,140,297	10,051,511
-	2,446,098	-		2,446,098	2,320,790
-	3,290,355	-		3,290,355	2,977,934
470,463	470,463	-		470,463	363,712
201,370	201,370	-		201,370	-
-	-	8,502,857		8,502,857	7,579,996
-	-	8,817,319		8,817,319	7,436,352
-	-	7,811,484		7,811,484	7,137,460
1,218,264	21,409,882	1,965,901		23,375,783	21,934,210
-	-	32,836,204		32,836,204	27,783,448
-	-	14,634,615		14,634,615	14,277,591
-	-	1,057,096		1,057,096	1,109,580
-	-	471,144		471,144	374,104
<u>14,748,079</u>	<u>211,371,627</u>	<u>76,096,620</u>		<u>287,468,247</u>	<u>253,002,311</u>
<u>(2,221,979)</u>	<u>37,538,274</u>	<u>(7,226,990)</u>		<u>30,311,284</u>	<u>39,625,855</u>
4,097,902	4,097,902	-		4,097,902	3,749,951
157,241	157,241	-		157,241	107,641
530,149	11,917,854	1,307,440		13,225,294	15,249,355
44,845	3,528,728	124,708		3,653,436	2,858,627
-	85,601	-		85,601	57,262
(505,317)	(12,747,219)	(81,057)		(12,828,276)	(11,900,370)
(9,730)	(148,686)	20,011		(128,675)	(84,795)
<u>195,772</u>	<u>2,760,651</u>	<u>215,810</u>		<u>2,976,461</u>	<u>3,215,883</u>
<u>4,510,862</u>	<u>9,652,072</u>	<u>1,586,912</u>		<u>11,238,984</u>	<u>13,253,554</u>
<u>2,288,883</u>	<u>47,190,346</u>	<u>(5,640,078)</u>		<u>41,550,268</u>	<u>52,879,409</u>
-	3,232,710	-		3,232,710	2,669,713
85,000	1,215,709	186,433		1,402,142	2,536,938
<u>(198,240)</u>	<u>(15,352,787)</u>	<u>(2,062,509)</u>		<u>(17,415,296)</u>	<u>(11,835,792)</u>
<u>2,175,643</u>	<u>36,285,978</u>	<u>(7,516,154)</u>		<u>28,769,824</u>	<u>46,250,268</u>
<u>9,226,572</u>	<u>491,779,704</u>	<u>8,542,838</u>		<u>500,322,542</u>	<u>454,072,274</u>
<u>11,402,215</u>	<u>528,065,682</u>	<u>1,026,684</u>		<u>529,092,366</u>	<u>500,322,542</u>

CITY OF PASADENA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008

	Light and Power	Water	Old Pasadena Parking
Cash flows from operating activities:			
Cash received from customers	\$ 183,551,691	39,622,172	5,767,152
Cash payments to suppliers for goods and services	(117,304,254)	(16,266,417)	(2,100,112)
Cash payments to employees for services	(22,821,084)	(13,293,551)	(53,188)
Cash payments to other funds for services	(1,816,911)	(1,279,724)	(19,987)
Cash payments from other funds for services	-	-	-
Other nonoperating revenues (expenses)	1,534,916	1,390,672	(109,330)
Net cash provided by (used for) operating activities	<u>43,144,358</u>	<u>10,173,152</u>	<u>3,484,535</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	239,840	-	890,869
Transfers to other funds	(11,340,532)	(2,923,146)	(890,869)
Cash received (paid) on loans from other funds	(157,277)	-	-
Cash received (paid) on loans to other funds	-	-	(350,000)
Taxes received	-	-	-
Intergovernmental revenues	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(11,257,969)</u>	<u>(2,923,146)</u>	<u>(350,000)</u>
Cash flows from capital and related financing activities:			
Proceeds from long-term debt	58,555,000	-	-
Acquisition and construction of capital assets	(33,638,529)	(15,792,599)	(470,140)
Proceeds from sale of capital assets	-	-	-
Cash received from developers	2,686,385	546,325	-
Principal paid on debt	(7,205,000)	(1,995,000)	(1,515,983)
Interest paid on debt	(6,507,830)	(2,948,992)	(1,193,182)
Net cash used for capital and related financing activities	<u>13,890,026</u>	<u>(20,190,266)</u>	<u>(3,179,305)</u>
Cash flows from investing activities:			
Purchase of investments	(54,961,106)	-	-
Proceeds from sale of investments	92,965,069	12,756,558	-
Investment earnings	13,188,052	1,314,189	351,601
Net cash provided by investing activities	<u>51,192,015</u>	<u>14,070,747</u>	<u>351,601</u>
Net increase (decrease) in cash and cash equivalents	96,968,430	1,130,487	306,831
Cash and cash equivalents at beginning of year	<u>95,211,339</u>	<u>3,989,486</u>	<u>5,511,108</u>
Cash and cash equivalents at end of year	<u>\$ 192,179,769</u>	<u>5,119,973</u>	<u>5,817,939</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:			
Cash and investments	\$ 66,748,765	4,804,622	2,937,497
Stranded investments	136,587,277	-	-
Other restricted cash and investments	62,126,609	7,873,281	2,880,442
Less non-cash equivalents	(73,282,882)	(7,557,930)	-
Cash and cash equivalents at end of year	<u>\$ 192,179,769</u>	<u>5,119,973</u>	<u>5,817,939</u>

Paseo Colorado Parking	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental	Totals	
			Activities-	2008	2007
			Internal Service Funds		
5,633,837	12,346,087	246,920,939	-	246,920,939	228,886,490
(2,630,251)	(6,939,393)	(145,240,427)	(21,842,397)	(167,082,824)	(151,360,034)
(112,758)	(4,731,389)	(41,011,970)	(44,056,041)	(85,068,011)	(79,343,197)
(71,999)	(2,063,370)	(5,251,990)	(1,634,439)	(6,886,429)	(6,518,848)
-	-	-	68,235,121	68,235,121	62,354,358
(165,779)	195,772	2,846,251	(3,498,581)	(652,330)	3,272,980
<u>2,653,050</u>	<u>(1,192,292)</u>	<u>58,262,803</u>	<u>(2,796,337)</u>	<u>55,466,466</u>	<u>57,291,749</u>
-	3,044,136	4,174,845	186,433	4,361,278	2,536,938
-	(198,240)	(15,352,787)	(2,062,509)	(17,415,296)	(11,835,792)
169,636	(55,000)	(42,641)	-	(42,641)	1,223,984
-	(189,922)	(539,922)	185,122	(354,800)	(304,800)
-	4,097,902	4,097,902	-	4,097,902	3,749,952
-	157,241	157,241	-	157,241	107,641
<u>169,636</u>	<u>6,856,117</u>	<u>(7,505,362)</u>	<u>(1,690,954)</u>	<u>(9,196,316)</u>	<u>(4,522,077)</u>
-	-	58,555,000	-	58,555,000	21,550,000
(81,771)	(2,474,716)	(52,457,755)	(2,593,979)	(55,051,734)	(52,407,707)
-	-	-	29,799	29,799	100,156
-	-	3,232,710	-	3,232,710	3,771,118
(1,139,737)	(1,466,687)	(13,322,407)	(728,702)	(14,051,109)	(13,666,426)
(1,591,898)	(505,317)	(12,747,219)	(81,057)	(12,828,276)	(11,900,370)
<u>(2,813,406)</u>	<u>(4,446,720)</u>	<u>(16,739,671)</u>	<u>(3,373,939)</u>	<u>(20,113,610)</u>	<u>(52,553,229)</u>
-	-	(54,961,106)	-	(54,961,106)	(26,155,265)
-	-	105,721,627	-	105,721,627	39,894,558
<u>17,741</u>	<u>574,994</u>	<u>15,446,577</u>	<u>1,456,478</u>	<u>16,903,055</u>	<u>18,229,560</u>
<u>17,741</u>	<u>574,994</u>	<u>66,207,098</u>	<u>1,456,478</u>	<u>67,663,576</u>	<u>31,968,853</u>
27,021	1,792,099	100,224,868	(6,404,752)	93,820,116	32,185,296
<u>1,469,866</u>	<u>11,505,759</u>	<u>117,687,558</u>	<u>31,342,325</u>	<u>149,029,883</u>	<u>116,844,587</u>
<u>1,496,887</u>	<u>13,297,858</u>	<u>217,912,426</u>	<u>24,937,573</u>	<u>242,849,999</u>	<u>149,029,883</u>
-	10,587,434	85,078,318	23,721,874	108,800,192	95,868,199
-	-	136,587,277	-	136,587,277	144,504,546
1,496,887	2,710,424	77,087,643	1,215,699	78,303,342	40,258,472
-	-	(80,840,812)	-	(80,840,812)	(131,601,334)
<u>1,496,887</u>	<u>13,297,858</u>	<u>217,912,426</u>	<u>24,937,573</u>	<u>242,849,999</u>	<u>149,029,883</u>

(continued)

CITY OF PASADENA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2008

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 28,832,298	6,114,227	2,995,270
Adjustments to reconcile operating income (loss) to net			
Depreciation	15,707,624	3,253,337	561,770
Amortization of prepaid long term assets	(1,536,730)	92,175	-
Amortization of premium and discount	121,076	(27,852)	(103,290)
Other non-operating revenues (expenses)	1,534,919	1,390,673	(109,330)
(Increase) decrease in accounts receivable	(2,233,644)	54,745	(132,696)
Increase (decrease) in allowance for uncollectible accounts	21,525	7,862	-
(Increase) decrease in due to other funds	-	-	-
(Increase) decrease in inventories	(4,074,434)	(16,278)	-
(Increase) decrease in prepaids and other assets	205,529	(63,000)	324,469
Increase (decrease) in accounts payable and accrued liabilities	4,027,782	(632,737)	(23,797)
Increase (decrease) in insurance claims payable	-	-	-
Increase (decrease) in deferred charges	514,883	-	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in deposits payable	23,530	-	(27,861)
	<u>14,312,060</u>	<u>4,058,925</u>	<u>489,265</u>
Total adjustments			
Net cash provided by (used for) operating activities	<u>\$ 43,144,358</u>	<u>10,173,152</u>	<u>3,484,535</u>
Non-cash investing, capital and financing related activity			
Non-cash changes in fair value of investments	<u>\$ 2,927,695</u>	<u>784,895</u>	<u>13,817</u>

See accompanying notes to the basic financial statements

<u>Paseo Colorado Parking</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities- Internal Service Funds</u>	<u>Totals</u>	
				<u>2008</u>	<u>2007</u>
<u>1,818,458</u>	<u>(2,221,979)</u>	<u>37,538,274</u>	<u>(7,226,990)</u>	<u>30,311,284</u>	<u>39,625,855</u>
668,887	1,218,264	21,409,882	1,965,901	23,375,783	21,934,210
-	-	(1,444,555)	-	(1,444,555)	(10,062,861)
-	38,762	28,696	-	28,696	(128,393)
(165,779)	195,772	2,846,255	(3,498,581)	(652,326)	3,272,980
(143,864)	(183,622)	(2,639,081)	(639,309)	(3,278,390)	(1,681,787)
-	3,610	32,997	-	32,997	98,190
-	-	-	334,867	334,867	4,800
-	-	(4,090,712)	(2,665)	(4,093,377)	(3,223,083)
94,523	-	561,521	(5,068)	556,453	427,538
417,800	(398,787)	3,390,261	400,026	3,790,287	2,324,294
-	-	-	2,869,736	2,869,736	3,802,496
-	-	514,883	2,142,822	2,657,705	-
-	-	-	862,924	862,924	882,914
<u>(36,975)</u>	<u>155,688</u>	<u>114,382</u>	<u>-</u>	<u>114,382</u>	<u>14,596</u>
<u>834,592</u>	<u>1,029,687</u>	<u>20,724,529</u>	<u>4,430,653</u>	<u>25,155,182</u>	<u>17,665,894</u>
<u>2,653,050</u>	<u>(1,192,292)</u>	<u>58,262,803</u>	<u>(2,796,337)</u>	<u>55,466,466</u>	<u>57,291,749</u>
<u>2,842</u>	<u>44,844</u>	<u>3,774,093</u>	<u>124,708</u>	<u>3,898,801</u>	<u>2,858,627</u>

CITY OF PASADENA
Statement of Net Assets
Fiduciary Funds
June 30, 2008

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents (note 2)	\$ 154,808,906	2,981,479
Receivables:		
Accounts receivable	-	940,662
Interest	329,623	-
Total receivables	<u>329,623</u>	<u>940,662</u>
Other assets	-	905
Investments, at fair value (note 2):		
Government and agencies	23,204,987	-
Corporate obligations	19,222,550	-
Real estate investment trust (REIT)	7,181,379	-
Corporate stocks	73,808,512	-
Total investments	<u>123,417,428</u>	<u>-</u>
Total assets	<u>278,555,957</u>	<u>3,923,046</u>
Liabilities		
Accounts payable and accrued liabilities	88,569	900,193
Due to other governments	-	2,846,233
Deferred revenue	-	176,620
Total liabilities	<u>88,569</u>	<u>3,923,046</u>
Net assets reserved in trust for employees' pension benefits	<u>\$ 278,467,388</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Changes in Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 3,193,583
Plan members	<u>15,048,488</u>
Total contributions	<u>18,242,071</u>
Net investment income:	
Net change in fair value of investments	(17,782,244)
Interest	2,571,805
Dividends	<u>1,605,881</u>
Gross investment income (loss)	(13,604,558)
Less investment expenses	<u>(407,095)</u>
Net investment income (loss)	<u>(14,011,653)</u>
Total additions	<u>4,230,418</u>
Deductions:	
Benefits paid to participants	23,997,649
Administrative expenses	<u>300,721</u>
Total deductions	<u>24,298,370</u>
Net increase (decrease)	(20,067,952)
Net assets reserved in trust for employees' pension benefits:	
Beginning of year	<u>298,535,340</u>
End of year	<u>\$ 278,467,388</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Statement of Net Assets
June 30, 2008

	Rose Bowl	Pasadena Center	Totals	
	Operating Company	Operating Company	2008	2007
Assets				
Current assets:				
Cash and investments (note 2)	\$ 7,296,404	497,733	7,794,137	7,827,571
Accounts receivable, net	1,061,295	1,365,891	2,427,186	3,127,961
Due from other funds	12,880	-	12,880	-
Prepays and other assets	4,686	6,309	10,995	45,491
Other receivable	55,397	-	55,397	55,397
Total current assets	<u>8,430,662</u>	<u>1,869,933</u>	<u>10,300,595</u>	<u>11,056,420</u>
Noncurrent assets:				
Restricted assets - cash and investments (note 2)	3,057,630	86,425,304	89,482,934	144,328,216
Other receivable	120,028	-	120,028	175,425
Unamortized bond issuance costs	244,061	521,181	765,242	1,979,658
Deposits	-	4,000	4,000	4,000
Capital assets (note 7):				
Land	-	2,423,473	2,423,473	2,423,473
Construction in progress	1,860,211	97,487,152	99,347,363	57,550,683
Other capital assets, net	49,891,445	12,918,317	62,809,762	38,627,684
Total noncurrent assets	<u>55,173,375</u>	<u>199,779,427</u>	<u>254,952,802</u>	<u>245,089,139</u>
Total assets	<u>63,604,037</u>	<u>201,649,360</u>	<u>265,253,397</u>	<u>256,145,559</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	1,534,950	12,627,317	14,162,267	9,093,691
Deposits	36,900	430,296	467,196	412,485
Interest payable	33,882	13,998	47,880	-
Due to other funds	12,880	-	12,880	-
Unearned revenue (note 8)	1,391,508	-	1,391,508	1,057,617
Advances from primary government - current (note 6)	-	64,000	64,000	60,917
Certificates of participation - current (notes 9 and 14)	48,817	-	48,817	46,931
Revenue bonds-current (notes 9 and 13)	1,720,000	-	1,720,000	1,640,000
Total current liabilities	<u>4,778,937</u>	<u>13,135,611</u>	<u>17,914,548</u>	<u>12,311,641</u>
Noncurrent liabilities:				
Compensated absences	147,597	-	147,597	129,090
Advances from primary government - long-term (note 6)	-	902,624	902,624	966,624
Certificates of participation - long-term (notes 9 and 14)	103,711	162,984,067	163,087,778	163,278,438
Revenue bonds-long-term (notes 9 and 13)	33,585,000	-	33,585,000	35,305,000
Unamortized premium (discount)	(314,419)	(399,253)	(713,672)	(1,160,269)
Total noncurrent liabilities	<u>33,521,889</u>	<u>163,487,438</u>	<u>197,009,327</u>	<u>198,518,883</u>
Total liabilities	<u>38,300,826</u>	<u>176,623,049</u>	<u>214,923,875</u>	<u>210,830,524</u>
Net Assets				
Invested in capital assets, net of related debt	19,876,356	14,448,855	34,325,211	29,885,702
Restricted for construction	-	1,563,658	1,563,658	1,378,190
Unrestricted	5,426,855	9,013,798	14,440,653	14,051,143
Total net assets	<u>\$ 25,303,211</u>	<u>25,026,311</u>	<u>50,329,522</u>	<u>45,315,035</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Rose Bowl Operating Company</u>	<u>Pasadena Center Operating Company</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Operating revenues:				
Charges for services:				
Golf course	\$ 8,762,911	-	8,762,911	2,757,556
Rose Bowl	2,849,362	-	2,849,362	7,776,109
Pasadena Center Operating Company	<u>-</u>	<u>3,062,136</u>	<u>3,062,136</u>	<u>3,258,167</u>
Total operating revenues	<u>11,612,273</u>	<u>3,062,136</u>	<u>14,674,409</u>	<u>13,791,832</u>
Operating expenses:				
Golf course	7,110,097	-	7,110,097	823,517
Rose Bowl	892,331	-	892,331	6,692,387
Pasadena Center Operating Company	-	7,579,192	7,579,192	6,998,523
Depreciation	<u>2,786,969</u>	<u>646,303</u>	<u>3,433,272</u>	<u>2,542,629</u>
Total operating expenses	<u>10,789,397</u>	<u>8,225,495</u>	<u>19,014,892</u>	<u>17,057,056</u>
Operating income	<u>822,876</u>	<u>(5,163,359)</u>	<u>(4,340,483)</u>	<u>(3,265,224)</u>
Nonoperating revenues (expenses):				
Transient occupancy taxes, net	-	5,553,914	5,553,914	5,355,584
Tourism business improvement district tax	-	2,542,671	2,542,671	2,450,470
Intergovernmental	-	772,637	772,637	191,607
Investment earnings	579,443	430,825	1,010,268	1,419,068
Interest expense	(1,264,041)	(49,743)	(1,313,784)	(1,548,477)
Loss on disposal of assets	-	-	-	(1,089,620)
Amortization of Bond issuance costs	-	-	-	(52,740)
Other nonoperating revenues (expenses)	<u>218,796</u>	<u>185,468</u>	<u>404,264</u>	<u>690,821</u>
Total nonoperating revenues (expenses)	<u>(465,802)</u>	<u>9,435,772</u>	<u>8,969,970</u>	<u>7,416,713</u>
Income (loss) before operating transfers	<u>357,074</u>	<u>4,272,413</u>	<u>4,629,487</u>	<u>4,151,489</u>
Capital contributions	<u>385,000</u>	<u>-</u>	<u>385,000</u>	<u>297,530</u>
Change in net assets	742,074	4,272,413	5,014,487	4,449,019
Net assets at beginning of year	<u>24,561,137</u>	<u>20,753,898</u>	<u>45,315,035</u>	<u>40,866,016</u>
Net assets at end of year	<u>\$ 25,303,211</u>	<u>25,026,311</u>	<u>50,329,522</u>	<u>45,315,035</u>

See accompanying notes to the basic financial statements.

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CITY OF PASADENA
Notes to the Basic Financial Statements
Year Ended June 30, 2008

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CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

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

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(a) Reporting Entity, (Continued)

Blended Component Units

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

Pasadena Parking Authority (The Authority)

The Authority was created by Resolution No. 1399, dated June 6, 1972 pursuant to the provisions of the Parking Law of 1949 (California Streets and Highways Code, Sections §32651 and §32661.1). The City Council constitutes the governing board of the Authority pursuant to the aforementioned Resolution. The primary purpose of the Authority is to establish parking facilities for motor vehicles within the City, to furnish motor vehicle parking spaces, and to care for such vehicles within any parking facility or space owned, controlled or operated by the Authority. The Authority is reported as an Enterprise Fund.

Pasadena Civic Improvement Corporation (PCIC)

PCIC was created on August 9, 1985 pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). At the request of the City, PCIC was organized for the specific and primary purpose of providing financial assistance to the City by acquiring or constructing property and appurtenances for and on behalf of the City. This is accomplished through the issuance of such financing instruments as certificates of participation. The PCIC is a non-profit organization with three directors: Chief Executive Officer, Secretary/Financial Officer, and Assistant Executive Officer/Assistant Secretary. PCIC's financial data and transactions are blended with the Debt Service and Capital Projects fund types.

Pasadena Housing Authority (Housing Authority)

Formerly known as the Local Housing Authority, the Pasadena Housing Authority administers the City's federally funded housing programs under contract with the United States Department of Housing and Urban Development (HUD). The Housing Authority's purpose is to help provide safe and sanitary housing accommodations for citizens with low income. It is governed by the City Council. The Housing Authority's financial data and transactions are blended as a Special Revenue Fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(a) Reporting Entity, (Continued)

Blended Component Units, (Continued)

Pasadena Public Financing Authority

The Pasadena Public Financing Authority (PPFA) was created through the joint exercise of powers agreement between the City and the Pasadena Community Development Commission (PCDC) dated April 24, 2000. The purpose of creating the PPFA is to accomplish the purposes of the law and the Bond Pooling Act, including the financing of public capital improvements and the purchase of certain local obligations issued or incurred by the City, PCDC, or other public agencies or the sale of such local obligations or the issuance of bonds of the PPFA secured in whole or in part by such local obligations, or by any other designated source of revenues, all permitted by the law or the Bond Pooling Act. The Bond Pooling Act authorizes and empowers the PPFA to, among other things, (i) issue bonds and to expend or loan the proceeds thereof to the City or PCDC, (ii) finance the acquisition and/or construction of public capital improvements and to sell or lease such improvements to the City or PCDC and (iii) purchase bonds issued by the City or PCDC, all for the purpose of financing public capital improvements, working capital, liability and other insurance needs, or certain other projects whenever there are significant public benefits, as determined by the City or PCDC.

Pasadena Fire and Police Retirement System (FPRS)

FPRS was originally established by the City Charter in 1919. The system was closed on June 30, 1977, but continues to pay out benefits to retirees and their beneficiaries. FPRS covers all sworn fire and police personnel who were employed by the City prior to July 1, 1977, except those who elected to transfer to the California Public Employees' Retirement System (CalPERS) when the system closed. FPRS is managed by a five-member Retirement Board. Three of the members are appointed by the City Council. The other two members represent firefighter and police officials, and are each appointed by their respective members. Additional information related to FPRS is included in note 24.

Pasadena Community Development Commission (PCDC)

PCDC was established on April 27, 1981 to succeed the Pasadena Redevelopment Agency (the Agency). All obligations and assets of the Agency were transferred to PCDC, which adopted the by-laws of the Agency. PCDC was established to eliminate deterioration of the community and promote economic revitalization

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(a) Reporting Entity, (Continued)

Blended Component Units, (Continued)

within the City. The City provides management assistance to PCDC, and the members of the City Council also act as the governing body. PCDC's financial data and transactions are reported in a separate Special Revenue, Debt Service, and Capital Projects Fund.

Complete financial statements are only prepared for FPRS and PCDC, which can be obtained from the Department of Finance at the City of Pasadena, 100 North Garfield Avenue, Pasadena, California 91109.

Discretely Presented Component Units

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

Rose Bowl Operating Company (RBOC)

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

Pasadena Center Operating Company (PCOC)

PCOC was established on September 19, 1973, as a legally separate entity with the primary purpose of managing and operating the Pasadena Center, a civic facility designed for conferences, exhibitions, trade shows, assemblies, cultural, educational and recreational programs, and for the use, benefit and enjoyment of the public. PCOC was also established to supervise the activities of the Pasadena

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(a) Reporting Entity, (Continued)

Discretely Presented Component Units, (Continued)

Convention and Visitors Bureau. PCOC is governed by a fourteen-member board who are appointed by the City Council. The City provides a significant portion of the operating support of PCOC through allocation of the Transient Occupancy Tax collected by the City. PCOC is presented as an Enterprise Fund. Separate component unit financial statements of PCOC are issued and available upon request from Pasadena Center Operating Company, 300 E. Green Street, Pasadena, CA 91101.

(b) Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general governmental expenses have not been allocated as indirect expenses to the various functions of the City.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

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

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all economic resources and obligations of the reporting government (both current and long-term) are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

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

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

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

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

component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a sixty-day availability period. The City accrues the following revenue types: taxes, licenses, fines and forfeits, and miscellaneous revenues.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction on which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

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

noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds

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

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

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

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

Fiduciary Funds

The City's fiduciary funds include Pension Trust Funds and Agency Funds. Agency funds are custodial in nature. Assets equal liabilities. Agency funds use the accrual basis of accounting. Pension Trust Funds are used to account for resources that are required to be held in trust for the members and beneficiaries of benefit and contribution plans.

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

The City reports the following major governmental funds:

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

PCDC Debt Service Fund – Used to account for tax increment and investment revenue, and for the payment of interest and principal on the tax allocation bonds, loans payable, notes payable, and other debt of the PCDC.

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

The City reports the following major proprietary funds:

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

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

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

Old Pasadena Parking Fund – Used to account for the operations of the Delacey Avenue and Schoolhouse Block parking facilities.

Paseo Colorado Parking Fund – Used to account for the operations of the parking structures on Los Robles Avenue and Green Street, Marengo Avenue and Green Street, and the Colorado Boulevard subterranean parking facility.

Additionally, the City reports the following fund types:

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

Pension Trust Funds – Used to account for transactions of the Fire and Police Retirement System and the City’s Deferred Compensation Plan.

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

(d) Cash Equivalents

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(e) Cash and Investments

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

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

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

The City enters into interest rate swap agreements to modify rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements. As of June 30, 2008, the City entered into an interest rate swap agreement related to the Pension Bonds (see note 11).

(f) Due from Other Governments

The amounts recorded as a receivable, *due from other governments*, include grant revenues and other state subventions, collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2008.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(g) Inventories

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

(h) Advances to Other Funds

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

(i) Prepays

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

(j) Restricted Cash and Investments

The City considers all cash and investments from bond proceeds in Proprietary Funds as restricted. The City is legally mandated under bond indentures to use these resources only for the purposes specified. Also included as restricted cash and investments are amounts accumulated in the Light and Power Fund for the purpose of meeting future contractual commitments, deferred compensation and all cash and investments belonging to Pension Trust and Agency Funds which are held by trustees.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(k) Property Held for Resale

Property held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Pasadena Community Development Commission's project area. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale is valued at the lower of cost or net realizable value. A portion of fund balance is reserved for property held for resale to indicate that a portion of fund balance is not available for future expenditures.

(l) Capital Assets

Capital assets (including infrastructure) greater than \$10,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets include public domain (infrastructure) general assets consisting of certain improvements including roads, streets, sidewalks, medians, sewer systems and storm drains.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

A summary of the estimated useful lives of capital assets is as follows:

<u>Light and Power Fund</u>		<u>Water Fund</u>	
Production Plant	20 to 40 years	Source of Supply	20 to 50 years
Transmission Plant	25 to 40 years	Pumping Plant	10 to 50 years
Distribution Plant	20 to 40 years	Treatment Plant	10 to 20 years
General Plant	10 to 40 years	Transmission and	
Equipment	4 to 10 years	Distribution Plant	10 to 80 years
		General Plant	6 to 50 years
		Equipment	4 to 10 years

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(l) Capital Assets, (Continued)

<u>Governmental Activities</u>		<u>All Other Business-Type Activities</u>	
Buildings and Improvements	20 to 50 years	Building and Improvements	20 to 45 years
Machinery and Equipment	4 to 10 years	Machinery and Equipment	4 to 10 years
Infrastructure	15 to 200 years		

(m) Insurance Claims Payable

The City records a liability for material litigation, judgments, and claims (including incurred but not reported losses) when it is probable that an asset has been significantly impaired or a material liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the City's Workers' Compensation and General Liability Internal Service Funds. These liabilities are only recorded on a case-by-case basis up to the workers' compensation and general liability self-insurance thresholds. As mentioned in more detail in note 22, excess liability insurance covers claims greater than the self-insurance thresholds.

(n) Compensated Absences

The City accounts for compensated absences including accumulated vacation, compensatory time-off, and certain sick leave in the Benefits Internal Service Fund. Upon separation, employees are paid for all of their unused vacation leave and compensatory time-off subject to maximums described below.

Eligible employees accumulate 5 to 20 days of vacation each year, depending on the employee's length of service, but may not carry over from one year to the next more than the equivalent of one year's vacation without prior approval of the respective department head and/or City Manager.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(n) Compensated Absences, (Continued)

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

Sick pay benefits only accumulate. They do not vest and therefore cannot be cashed out at retirement or termination. Consistent with this policy, the City does not accrue sick pay benefits except for those benefits that were earned prior to 1970 for which the employee is paid at termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) that is outside the control of the City and the employee.

The total outstanding vacation, compensatory time-off, and sick leave obligations that have been accrued as of June 30, 2008 are included under "Compensated Absences" in the Benefits Internal Service Fund.

(o) Net Pension Obligation

For each plan, the employer must expense the annual pension cost (APC). The APC equals the annual required contribution (ARC) plus one year's interest on the beginning of year net pension obligation (NPO). The NPO is the cumulative difference between the APC and the actual contributions made, minus an amortization of the NPO at the beginning of the year. GASB Statement No. 50, Pension Disclosures-an amendment of GASB Statements No. 25 and No. 27, was implemented during the fiscal year ended June 30, 2008. See note 24.

(p) Bond Premiums/Discounts/Issuance Costs

For Governmental Fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of any applicable discount or premium.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(p) Bond Premiums/Discounts/Issuance Costs, (Continued)

Issuance costs, whether or not withheld from actual net proceeds received, are reported as current expenditures. For Government-Wide financial statements and Proprietary Fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

(q) Fund Equity

Reservations of fund balance represent amounts that are not available for appropriation or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

(r) Comparative Data/Reclassifications

The information included in the accompanying financial statements for the prior years has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(s) Property Taxes

The assessment, levy and collection of property taxes are the responsibility of the County of Los Angeles. The City records property taxes as revenue when received from the County, except at year-end, when property taxes received within 60 days are accrued as revenue. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien	January 1
Levy	July 1 to June 30
Due	November 1 - 1st installment March 1 - 2nd installment
Collection	December 10 - 1st installment April 10 - 2nd installment

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

(s) Property Taxes, (Continued)

Property taxes on the secured roll are due in two installments; on November 1 and March 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Such delinquent property may thereafter be redeemed by payment of the delinquent taxes and the delinquent penalty, plus a redemption penalty of 1% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the County Tax Collector.

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

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(2) Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$323,400,798
Restricted cash and investments	214,890,619
Fiduciary funds:	
Cash and cash equivalents	<u>156,484,608</u>
Total cash and investments	<u>\$694,776,025</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 86,475
Deposits with financial institutions	(4,031,094)
Investments	<u>698,720,644</u>
Total cash and investments	<u>\$694,776,025</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

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

The following table identifies the investment types that are authorized for the Entity by the California Government Code and the Entity's investment policy. The table also identifies certain provisions of the California Government Code (or the Entity's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Entity, rather than the general provisions of the California Government Code or the Entity's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
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
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	25%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Investments Authorized by Debt Agreements

Investment 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 Entity's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

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 Entity 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 Entity'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 Entity's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				
	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>	
Corporate Bonds	\$49,121,369	1,618,027	21,594,407	25,908,935	-
Federal agency securities	247,186,885	3,626,336	6,436,167	200,185,264	36,939,118
Municipal Bonds	4,900,899	-	-	4,900,899	-
Money market funds	91,402,612	91,402,612	-	-	-
Mortgage-backed securities	1,099	-	565	534	-
State investment pool	116,558,291	116,558,291	-	-	-
Held by bond trustee:					
Federal agency securities	12,466,091	3,121,303	-	9,344,788	-
Money market funds	9,312,712	9,312,712	-	-	-
Investment contracts	14,267,557	-	-	-	14,267,557
Deferred compensation Plan:					
Mutual funds	<u>153,503,129</u>	<u>153,503,129</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$698,720,644</u>	<u>379,142,410</u>	<u>28,031,139</u>	<u>240,340,420</u>	<u>51,206,675</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>			<u>Not Rated</u>
			<u>AAA</u>	<u>AA</u>	<u>A</u>	
Corporate Bonds	\$ 49,121,369	A	26,214,414	13,656,237	9,250,718	-
Federal agency securities	247,186,885	N/A	247,186,885	-	-	-
Municipal Bond	4,900,899	N/A	3,901,537	-	-	999,362
Money market funds	91,402,612	N/A	91,402,612	-	-	-
Mortgage-backed securities	1,099	AA	1,099	-	-	-
State investment pool	116,558,291	N/A	-	-	-	116,558,291
Held by bond trustee:						
Federal agency securities	12,466,091	N/A	12,466,091	-	-	-
Money market funds	9,312,712	A	9,312,712	-	-	-
Investment contracts	14,267,557	N/A	-	-	-	14,267,557
Deferred compensation Plan:						
Mutual funds	<u>153,503,129</u>	N/A	<u>-</u>	<u>153,503,129</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 698,720,644</u>		<u>390,485,350</u>	<u>167,159,366</u>	<u>9,250,718</u>	<u>131,825,210</u>

N/A Not applicable

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$ 104,332,916
Federal Home Loan Mortgage Corp	Federal agency securities	63,692,578
Federal National Mortgage Assoc	Federal agency securities	72,531,781

Investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, discretely presented component unit, governmental activities, major fund, non-major funds in the aggregate, etc.) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Pasadena Community Development		
Commission Debt Service Fund		
Federal Home Loan Mortgage Corp	Federal agency Securities	460,386
Federal Home Loan Bank	Federal agency Securities	516,853
Light and Power Fund		
Federal Home Loan Bank	Federal agency securities	35,943,528
Federal Home Loan Mortgage Corp	Federal agency securities	21,656,609
Federal National Mortgage Assoc	Federal agency securities	13,695,844

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Water Fund		
Federal Home Loan Mortgage Corp	Federal agency securities	2,253,375
FSA Investment	Investment contracts	1,289,551
Bank of America Investment	Investment contracts	3,390,132
Old Pasadena Parking Fund		
Aegon General Investment Agreement	Investment contracts	2,225,313
Paseo Colorado Parking Fund		
Federal Home Loan Bank	Federal agency securities	1,355,913
Non-Major Governmental Fund		
Debit Service Fund		
AIGMFC Inv. Agreement	Investment contracts	4,836,374
Federal Home Loan Bank	Federal agency securities	3,500,000
Citigroup FDG Inc. Discount	Commercial Paper	3,121,303
Pasadena Community Development Commission Fund		
Federal National Mortgage Assoc	Federal agency securities	5,956,875
Federal Home Loan Bank	Federal agency securities	3,980,000
Federal Farm Credit Bank	Federal agency securities	3,023,438

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
2006 Lease Revenue Bond Capital Project Fund		
Federal Home Loan Bank	Federal agency securities	820,307
Non-Major Enterprise Funds		
Plaza Las Fuentes Parking Fund		
Federal Home Loan Bank	Federal agency securities	2,702,266

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 Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

As of June 30, 2008, \$484,164 of the Entity's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The Entity is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Entity's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Pasadena Fire and Police Retirement System (FPRS)

Investments are reported at fair market value. Fair value for investments of publicly traded stocks and bonds and issues of the U.S. Government and its agencies is based on the last reported sale price as of the fiscal year end. Fair value of securities denominated in a foreign currency reflects exchange rates in effect at fiscal year end. Fair value of investments in commingled funds in real estate is based on the fund share price provided by the fund manager which is based on net asset value.

Authorized Investments

In conformance with its Charter, the Retirement Board shall have the sole power and authority under such general ordinances as may be adopted by the legislative body to hear and determine all facts pertaining to applications for and awards of any benefits under the System, or any matters pertaining to the administration thereof. The Charter vests the Retirement Board with exclusive control over the administration and investment of such fund or funds as may be established and all investments shall be subject to the same terms, limitations and restrictions as are imposed by the Constitution and laws of the State upon the investment of the CalPERS Funds, as now enacted or hereafter amended.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

The Board members exercise authority and control over the management of the System's assets (the Plan) by setting policy which the Board executes through the use of external prudent experts.

The Board oversees and guides the Plan subject to the following basic fiduciary responsibilities:

- Solely in the interest of, and for the exclusive purpose of, providing economic benefits to participants and their beneficiaries.
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like objectives.
- Diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent not to do so. Diversification is applicable to the deployment of the assets as a whole.

Pursuant to this authority, the Retirement Board has authorized investment in the following securities:

- Securities of the U.S. Government or its agencies
- Certificates of Deposit, or Time Deposits, placed with commercial banks and savings and loan associations
- Negotiable Certificates of Deposit
- Banker's acceptances
- Commercial paper (rated A-1/P-1 or better)
- Medium-Term Corporate Notes
- Corporate and Municipal Bonds
- Preferred stock
- Common stock
- Fixed-income funds
- Foreign stock and corporate bonds
- Mutual funds
- Real Estate Investment Trust (REIT)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

Deposit and Investment Risks

GASB Statement No. 40 requires the disclosure of the following specific risks that apply to the Plan's investments:

- Credit Risk and Market Value of Investments
- Custodial Credit Risk – Deposits and Investments
- Concentration of Credit Risk
- Interest Rate Risk
- Highly Sensitive Investments
- Foreign Currency Risk
- Cash and Investments

GASB Statement No. 40 also requires the disclosure of deposit or investment policies (or the lack thereof) that relate to the investment risks that are required to be disclosed.

Investment Policies

The Board has chosen to manage the investment risks described by GASB No. 40 by contractually requiring each portfolio investment manager to abide by the investment guidelines specifically tailored to that individual manager rather than adopting across-the-board investment policies with respect to these investment risks. The guidelines stipulate the investment style, performance objective, performance objective, performance benchmarks and portfolio characteristics.

Credit Risk and Market Value of Investments

The Board has the exclusive control over the System's investment portfolio as prescribed by Article XV, Section 1502 of the City of Pasadena Charter. The Board has established the Investment Objectives, Guidelines and Standards of Performance in accordance with applicable local, State, and Federal laws. The Board members exercise authority and control over the management of PFPRS's assets (the Plan) by setting policy which the Board executes through the use of external prudent experts. The Board oversees and guides the Plan subject to the following basic fiduciary responsibilities:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

- Solely in the interest of, and for the exclusive purpose of, providing economic benefits to participants and their beneficiaries.
- With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like objectives.
- Diversify the investments of the Plan so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent not to do so. Diversification is applicable to the deployment of the assets as a whole.

The Investment Guidelines encompasses the following asset classes and the asset allocation goals:

- Domestic Fixed Income – 30%
- Domestic Equity – 50% (25% Large Cap Value, 25% Large Cap Growth)
- International Equity – 10%
- Real Estate Investment Trust – 10%

The System requires \$1,350,000 monthly, withdrawn from the fund, to cover the benefit payments and administrative costs. When an asset class exceeds the allocation goals, the Board and Investment Consultant review the allocation and determine the appropriate asset class/classes from which to withdraw the monies. This also serves as an ongoing rebalancing of the fund to maintain the allocation goals.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

Credit Risk

Credit Risk is the risk that the issuer of a debt security or other counterparty to an investment will not fulfill its obligations. The individual investment guidelines for the fixed income investment manager describe applicable restrictions on credit risk. The System seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by a nationally recognized statistical rating organization, the S & P, as of June 30, 2008 are as follows:

Credit Quality Ratings of Investments in Fixed Income Securities

<u>Quality Ratings – S & P</u>	<u>Fair Value</u>	<u>Percentage</u>
AAA	\$ 16,394,381	38.64%
AA	328,086	0.77%
A	3,565,157	8.40%
BBB	2,770,670	6.53%
BB	592,657	1.40%
B	161,529	0.38%
Not Rated/Rating NA*	3,701,972	8.73%
Rating Not Determined**	14,913,085	35.15%
Total	<u>\$ 42,427,537</u>	<u>100.00%</u>

* Minus: Not rated: STIF of \$926,916

**Minus: Not rated: Short Term Bills/Notes of \$958,950.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure, the System will not be able to recover the value of deposits nor be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2008, the System is not exposed to such risk on the fair value of total international investments. The System's policy requires the international investment managers to hold no more than 7% of their portfolios in the form of cash.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of the PFPRS. Investment securities are exposed to custodial credit risk if the securities are uninsured, or are not registered in the System's name, and held by the counterparty. The System's investments are not exposed to custodial credit risk if they are insured or registered in the System's name. The System's investments are not exposed to custodial credit risk because all securities are held by the System's custodial bank in the System's name.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of potential loss attributed to the magnitude of PFPRS's investment in a single issuer of securities. The individual investment guidelines for each fixed income manager forbid concentrations greater than 5% in the securities of any one issuer (excepting issues issued by or explicitly guaranteed by the U.S. government). As of June 30, 2008, the PFPRS portfolio did not hold any investments in any one issuer that would represent five percent (5%) or more of plan net assets.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price. The longer the duration of a portfolio, the greater its price sensitivity is to changes in interest rates.

One of the ways the System manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the Lehman Aggregate Bond Index. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes.

Information about the sensitivity of the fair values of the System's investments to market interest rate fluctuations is provided by the following table that shows the weighted average effective duration of the System's fixed income investments by investment type:

**Fixed Income Securities
As of June 30, 2008**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration</u>
U.S. Government and Agency Instruments		
Government Bonds	\$ 7,722,565	5.76
Government Mortgage Backed Securities	15,079,434	4.56
Government Issued Commercial Mortgage Backed	402,988	9.55
Total	23,204,987	
Corporate Securities		
Corporate Bonds	7,909,943	4.85
Non-Government Backed C.M.O.'s	4,298,672	4.34
Asset Backed Securities	1,419,202	2.88
Commercial Mortgage Backed Securities	4,482,330	3.79
Index Linked Government Bonds	356,815	14.57
Total	18,466,962	
Other Fixed Income (CTFDEP)	81,016	N/A
International Fixed Income	674,572	0.05
Total Fixed Income Securities	\$ 42,427,537	

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

Highly Sensitive Investments

Highly Sensitive Investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. Terms include such information as embedded options, coupon multipliers, benchmark indexes, and reset dates. The System's asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of the System's asset-backed investments by investment type:

<u>Investment Type</u>	<u>Amount</u>
Government Mortgage Backed Securities	\$ 15,079,434
Government Issued Mortgage Backed Securities	402,988
Asset Backed Securities	1,419,202
Commercial Mortgage Backed Securities	4,482,330
Non-Government Backed Commercial Mortgage Obligations	4,298,672
Total	<u>\$ 25,682,626</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. The System's authorized investment managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. Currency hedging will be permitted as part of a defensive strategy to protect the portfolio's underlying assets.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Pasadena Fire and Police Retirement System (FPRS), (Continued)

The System's investment holdings as of June 30, 2008 are as follows:

<u>Foreign Currency Type – Corporate Bonds</u>	<u>Fair Value In USD</u>
Australia	\$ 136,409
Bermuda	140,391
Germany	206,579
Guernsey, Channel Islands	126,349
United Kingdom	64,844
	<hr/>
Total Foreign Currency	\$ 674,572

<u>Foreign Currency Type – Corporate Equities</u>	<u>Fair Value In USD</u>
France	\$ 731,060
International Region	13,210,801
Japan	1,725,503
Mexico	140,765
Netherlands	121,680
Switzerland	990,996
United Kingdom	1,140,721
	<hr/>
Total Foreign Currency	\$ 18,061,526

Cash and Investments

Cash and investments as of June 30 were held as follows:

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
	<u>(In Thousands)</u>	
Unrestricted Pooled Cash	\$ 1,216	\$ 409
Restricted Pooled Cash	1,350	1,350
Cash with Fiscal Agent	(1,260)	2,325
Investments – Held by Trustee	123,417	142,901
	<hr/>	<hr/>
	\$ 124,723	\$ 146,985

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 7,296,404
Cash and investments held by fiscal agent	<u>3,057,630</u>
Total cash and investments	<u>\$ 10,354,034</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	4,812,880
Investment in City of Pasadena investment pool	2,482,524
Investments held by fiscal agents	<u>3,057,630</u>
Total cash and investments	<u>\$ 10,354,034</u>

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
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
Banker's 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% of base value	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
JPA Pools (other investment pools)	Yes	N/A	None	None

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

Investments Authorized by Debt Agreements

Investment 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity*</u>	<u>Minimum Rating</u>
U.S. Treasury Obligations	None	N/A
U.S. Agency Securities	None	N/A
State and Local Agency Bonds	None	Aa
Banker's Acceptances	180 days	N/A
Commercial Paper	270 days	Aa
Negotiable Certificates of Deposit	None	Aa
Repurchase Agreements	None	Aa
Money Market Mutual Funds	N/A	Aaa
Investment Contracts	None	Aa

*All maturity dates are limited by the maturity date of the related debt.

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:

<u>Investment Type</u>		<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13-60 Months</u>	<u>More Than 60 Months</u>
City of Pasadena Pool	\$ 2,482,524	2,482,524	-	-
Federal agency securities	2,927,099	-	2,927,099	-
Money market funds	<u>130,531</u>	<u>130,531</u>	-	-
Total	<u>\$ 5,540,154</u>	<u>2,613,055</u>	<u>2,927,099</u>	<u>-</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (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.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>A</u>	<u>Not Rated</u>
City of Pasadena Pool	\$ 2,482,524	N/A	-	-	2,482,524
Federal agency securities	2,927,099	N/A	2,927,099	-	-
Money market funds	<u>130,531</u>	A	-	130,531	-
Total	<u>\$ 5,540,154</u>		<u>2,927,099</u>	<u>130,531</u>	<u>2,482,524</u>

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$2,927,099

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 497,733
City of Pasadena Investment Pool	9,814,963
Cash and Investments with fiscal agent	<u>76,610,341</u>
Total cash and investments	<u>\$ 86,923,037</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 10,300
Deposits with financial institutions	487,433
City of Pasadena Investment Pool	9,814,963
Cash and Investments with fiscal agent:	
Federal agency securities	22,551,438
Money market mutual funds	47,385,092
Investment agreement	<u>6,673,811</u>
Total cash and investments	<u>\$ 86,923,037</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

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 market 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:

<u>Investment Type</u>		<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13-60 Months</u>	<u>More Than 60 Months</u>
City of Pasadena Pool	\$ 9,814,963	9,814,963	-	-
Federal agency securities	22,551,438	19,036,125	3,515,313	-
Money market funds	47,385,092	47,385,092	-	-
Investment agreement	<u>6,673,811</u>	<u>-</u>	<u>-</u>	<u>6,673,811</u>
Total	<u>\$ 86,425,304</u>	<u>76,236,180</u>	<u>3,515,313</u>	<u>6,673,811</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (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.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
City of Pasadena Pool	\$ 9,814,963	N/A	-	9,814,963
Federal agency securities	22,551,438	N/A	22,551,438	-
Money market funds	47,385,092	Aaa	47,385,092	-
Investment agreement	<u>6,673,811</u>	N/A	<u>-</u>	<u>6,673,811</u>
Total	<u>\$ 86,425,304</u>		<u>69,936,530</u>	<u>16,488,774</u>

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$22,551,438

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

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 does not contain legal 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 public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(3) Accounts Receivable

As of June 30, 2008, the accounts receivable are categorized as follows:

	<u>General</u>	<u>Project Management</u>	<u>PCDC Debt Service</u>	<u>Non-Major Governmental</u>	<u>Internal Service</u>
Governmental activities:					
Accounts receivable	\$ 1,560,735	5,415,785	-	2,575,026	95,964
Accrued revenue receivable	10,143,464	4,779,709	362,634	5,200,164	6,216,336
Interest receivable	2,176,951	-	57,118	430,906	(14,974)
Paramedics receivable	2,403,087	-	-	-	-
Utility receivable	<u>1,430,788</u>	<u>-</u>	<u>-</u>	<u>579,735</u>	<u>-</u>
	17,715,025	10,195,494	419,752	8,785,831	6,297,326
Less: allowance for uncollectible accounts	<u>(1,280,715)</u>	<u>-</u>	<u>-</u>	<u>(29,505)</u>	<u>-</u>
Total	<u>\$ 16,434,310</u>	<u>10,195,494</u>	<u>419,752</u>	<u>8,756,326</u>	<u>6,297,326</u>
	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>	<u>Non-Major Proprietary</u>
Business type activities:					
Accounts receivable	\$ 575,853	47,841	173,100	56,536	5,090
Accrued revenue receivable	12,090,164	3,283,065	334,537	444,781	1,369,930
Interest receivable	1,590,314	146,535	30,773	17,108	(1,403)
Utility receivable	<u>11,080,706</u>	<u>2,693,300</u>	<u>-</u>	<u>-</u>	<u>702,659</u>
	25,337,036	6,170,741	538,410	518,425	2,076,276
Less: allowance for uncollectible accounts	<u>(619,081)</u>	<u>(163,204)</u>	<u>-</u>	<u>-</u>	<u>(41,717)</u>
Total	<u>\$ 24,717,955</u>	<u>6,007,537</u>	<u>538,410</u>	<u>518,425</u>	<u>2,034,559</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(4) Notes Receivable – Primary Government

The notes receivable in the Non-Major Governmental Funds amounted to \$30,297,356 at June 30, 2008. These are primarily PCDC notes receivable, which arose from the sale of land to project developers and other agencies, subject to approved redevelopment plans. These notes have various terms, including maturities ranging from 2 to 30 years and interest rates ranging from 3.5% to 11%. Due to the uncertainty of their collectibility, at June 30, 2008, the City has recorded a related allowance for uncollectible long-term receivables of \$12,389,604. Other notes receivable total \$386,403 at June 30, 2008.

As a result of required reclassifications and eliminations of interfund balances, the allowance for uncollectible long-term receivables on the Statement of Net Assets amounted to \$12,558,410 at June 30, 2008.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2008 are as follows:

Due From Other Funds	Due To Other Funds	Amount
General Fund	(a) PCDC Debt Service	\$ 89,918
	(b) Paseo Colorado Parking	2,502,996
	(c) Internal Services Funds	330,067
	(d) Non-Major Governmental Funds	<u>3,352,740</u>
	Subtotal	<u>6,275,721</u>
Non-Major Governmental Funds	(e) Non-Major Governmental Funds	1,501,278
	(f) PCDC Debt Service	<u>56,086</u>
	Subtotal	<u>1,557,364</u>
Internal Service Funds	(g) Non-Major Enterprise Funds	<u>4,800</u>
	Total	<u><u>\$ 7,837,885</u></u>

Generally, the above balances result from:

- (a) The \$89,918 due from PCDC Debt Service to the General Fund is for incremental property tax received in July 2008.
- (b) The \$2,502,996 due from the Paseo Colorado Parking Fund to the General Fund is to cover the negative cash balance at the end of the fiscal year.
- (c) The \$330,067 due from the Printing Services Fund (Internal Services Fund) to the General Fund is due to negative cash balances at the end of this fiscal year.
- (d) The \$3,352,740 due from Non-Major Government Funds to General Fund is due to negative cash balances at the end of this fiscal year, including \$713,715 from Parking Funds; \$526,786 from Housing and Community Development Funds; \$847,528 from Public Safety Funds, and \$1,264,711 from Health Funds.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(5) Due From and To Other Funds, (Continued)

- (e) The \$1,501,278 within Pasadena Community Development Commission Fund has \$1,466,264 due from the Fair Oaks Capital Project Fund due to the Downtown Capital Project Fund to finance overrun of costs during the litigation and purchase of land within the Fair Oaks redevelopment project, and \$35,014 due from PCDC Capital Projects to PCDC Low and Moderate Income Housing Trust Fund for the set aside of tax increment derived from PCDC Capital Project Funds.
- (f) The \$56,086 due from PCDC Debt Service Fund is due to PCDC Low and Moderate Income Housing Trust Fund for the 20% set aside of tax increment derived from PCDC Capital Project Funds.
- (g) The \$4,800 is due from the Refuse Fund to the Fleet Maintenance Fund as a result of a transfer of equipment.

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2008 are as follows:

<u>Advances from other funds</u>	<u>Advances to other funds</u>	<u>Amount</u>
Paseo Colorado Parking	General Fund	<u>\$ 1,234,551</u>
PCDC Debt Service	General Fund	6,550,867
	Internal Service Funds	2,833,425
	Non-Major Governmental Funds	<u>24,827,360</u>
	Subtotal	<u>34,211,652</u>
Old Pasadena Parking	General Fund	<u>2,786,545</u>
Non-Major Governmental Funds	General Fund	<u>4,790,604</u>
Non-Major Enterprise Funds	Internal Service Funds	<u>1,430,109</u>
	Total	<u>\$ 44,453,461</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Primary Government, (Continued)

**Outstanding at
June 30, 2008**

General Fund Advances

The General Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the project areas. The agreement provides for reimbursement to the General Fund from any and all funds legally available to PCDC for such payment plus interest as computed from the time of advance to the date of repayment. A related allowance for uncollectible long-term receivables has been recorded for \$4,846,664 at June 30, 2008.

\$11,341,471

The General Fund also has an agreement with Old Pasadena Parking providing for advance of funds to finance parking activities. The agreement provides for an annual reimbursement to the General Fund. For fiscal year ending June 30, 2008, this amount was \$350,000.

2,786,545

The General Fund also has an agreement with Paseo Colorado Parking providing for advance of funds to finance parking activities. This agreement is referred to as the POMA agreement. Amounts lent to the parking fund will be paid back with interest.

1,234,551

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 \$17,021,168 as of June 30, 2008.

17,021,168

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Primary Government, (Continued)

**Outstanding at
June 30, 2008**

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 \$2,413,982 has been recorded as of June 30, 2008.

6,683,544

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 \$650,409 as of June 30, 2008.

2,833,425

Fleet Maintenance

The Fleet Maintenance Internal Service Fund has an agreement with the Refuse Fund providing for advance of funds to purchase automotive equipment. The advance will be repaid with interest over ten years.

1,430,109

Total primary government advances

\$44,453,461

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(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, 2008 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>\$966,624</u>

**Outstanding at
June 30, 2008**

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.

\$966,624

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2008 is as follows:

Governmental activities	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Buildings and improvements	\$ 271,112,168	1,477,230	-	272,589,398
Machinery and equipment	51,497,717	3,637,124	(974,893)	54,159,948
Infrastructure	<u>197,342,870</u>	<u>5,980,896</u>	<u>(127,300)</u>	<u>203,196,466</u>
Total cost of depreciable assets	<u>519,952,755</u>	<u>11,095,250</u>	<u>(1,102,193)</u>	<u>529,945,812</u>
Less accumulated depreciation:				
Buildings and improvements	(75,380,650)	(5,992,200)	-	(81,372,850)
Machinery and equipment	(36,245,258)	(3,069,587)	944,430	(38,370,415)
Infrastructure	<u>(99,723,265)</u>	<u>(3,224,427)</u>	<u>127,300</u>	<u>(102,820,392)</u>
Total accumulated depreciation	<u>(211,349,173)</u>	<u>(12,286,214)</u>	<u>1,071,730</u>	<u>(222,563,657)</u>
Net depreciable assets	308,603,582	(1,190,964)	(30,463)	307,382,155
Capital assets not depreciated:				
Land	55,467,474	-	-	55,467,474
Construction in progress	<u>76,503,235</u>	<u>28,539,877</u>	<u>(11,236,714)</u>	<u>93,806,398</u>
Capital assets, net	<u>\$ 440,574,291</u>	<u>27,348,913</u>	<u>(11,267,177)</u>	<u>456,656,027</u>

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

General government	\$6,683,189
Public safety	1,058,332
Transportation	3,969,085
Health	72,769
Culture and leisure	298,002
Community development	<u>204,837</u>
	<u>\$12,286,214</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(7) Capital Assets, (Continued)

Primary Government, (Continued)

Business-type activities:	<u>Balance at</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2008</u>
Buildings and improvements	\$ 108,835,432	4,456,029		113,291,461
Utility Lines, machinery and equipment	<u>582,259,144</u>	<u>42,765,053</u>	<u>(1,963,272)</u>	<u>623,060,925</u>
Total cost of depreciable assets	<u>691,094,576</u>	<u>47,221,082</u>	<u>(1,963,272)</u>	<u>736,352,386</u>
Less accumulated depreciation:				
Buildings and improvements	(20,312,761)	(2,287,412)		(22,600,173)
Utility Lines, machinery and equipment	<u>(288,495,301)</u>	<u>(19,122,469)</u>	<u>1,814,586</u>	<u>(305,803,184)</u>
Total accumulated depreciation	<u>(308,808,062)</u>	<u>(21,409,881)</u>	<u>1,814,586</u>	<u>(328,403,357)</u>
Net depreciable assets	382,286,514	25,811,201	(148,686)	407,949,029
Capital assets not depreciated:				
Land	5,236,929	6,402	-	5,243,331
Construction in progress	<u>53,052,256</u>	<u>48,586,225</u>	<u>(43,355,951)</u>	<u>58,282,530</u>
Capital assets, net	<u>\$ 440,575,699</u>	<u>74,403,828</u>	<u>(43,504,637)</u>	<u>471,474,890</u>

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

Electric	\$15,707,624
Water	3,253,336
Refuse	893,891
Parking	<u>1,555,030</u>
	<u>\$21,409,881</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(7) Capital Assets, (Continued)

Component Units

Capital asset activity for the Rose Bowl Operating Company for the year ended June 30, 2008 is as follows:

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Buildings and improvements	\$ 49,101,625	17,632,254	-	66,733,879
Machinery and equipment	<u>4,769,860</u>	<u>-</u>	<u>-</u>	<u>4,769,860</u>
Total cost of depreciable assets	<u>53,871,485</u>	<u>17,632,254</u>	<u>-</u>	<u>71,503,739</u>
Less accumulated depreciation:				
Buildings and improvements	(15,825,686)	(2,573,007)	-	(18,398,693)
Machinery and equipment	<u>(2,999,639)</u>	<u>(213,962)</u>	<u>-</u>	<u>(3,213,601)</u>
Total accumulated depreciation	<u>(18,825,325)</u>	<u>(2,786,969)</u>	<u>-</u>	<u>(21,612,294)</u>
Net depreciable assets	35,046,160	(14,845,285)	-	49,891,445
Capital assets not depreciated:				
Construction in progress	<u>15,721,892</u>	<u>3,695,943</u>	<u>(17,557,624)</u>	<u>1,860,211</u>
Capital assets, net	<u>\$ 50,768,052</u>	<u>18,541,228</u>	<u>(17,557,624)</u>	<u>51,751,656</u>

Depreciation expense for the year was \$2,786,969.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(7) Capital Assets, (Continued)

Component Units, (Continued)

Capital asset activity for the Pasadena Center Operating Company for the year ended June 30, 2008 is as follows:

	<u>Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u>
	<u>June 30, 2007</u>			<u>June 30, 2008</u>
Buildings and improvements	\$ 10,546,464	10,532,634	(38,092)	21,041,006
Machinery and equipment	975,830	-	(507,553)	468,277
Furniture and fixtures	<u>113,140</u>	<u>-</u>	<u>(76,728)</u>	<u>36,412</u>
Total cost of depreciable assets	<u>11,635,434</u>	<u>10,532,634</u>	<u>(622,373)</u>	<u>21,545,695</u>
Less accumulated depreciation:				
Buildings and improvements	(7,550,644)	(604,301)	-	(8,154,945)
Machinery and equipment	(457,712)	(42,002)	63,693	(436,021)
Furniture and fixtures	<u>(45,554)</u>	<u>-</u>	<u>9,142</u>	<u>(36,412)</u>
Total accumulated depreciation	<u>(8,053,910)</u>	<u>(646,303)</u>	<u>72,835</u>	<u>(8,627,378)</u>
Net depreciable assets	3,581,524	9,886,331	(549,538)	12,918,317
Capital assets not depreciated:				
Land	2,423,473	-	-	2,423,473
Construction in progress ⁽¹⁾	<u>41,828,791</u>	<u>55,658,361</u>	<u>-</u>	<u>97,487,152</u>
Capital assets, net	<u>\$ 47,833,788</u>	<u>65,544,692</u>	<u>(549,538)</u>	<u>112,828,942</u>

(1) Construction in progress consists of accumulated costs for the Convention Center Expansion Project.

Depreciation expense for the year was \$646,303.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(8) Deferred Revenue

Deferred revenue consists of the following at June 30, 2008:

	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) Revenues not "available"	\$ -	8,391,431	-	3,775,332	-
(b) Rental income	722,500	-	-	-	-
(c) Miscellaneous revenue collected	491,394	-	1,628,879	1,375,587	-
(d) Interest Rate Swap	3,777,275	-	-	-	-
(e) Press box seating	-	-	-	-	1,391,508
	<u>\$ 4,991,169</u>	<u>8,391,431</u>	<u>1,628,879</u>	<u>5,150,919</u>	<u>1,391,508</u>

Primary Government

- (a) In accordance with GASB 33 revenue recognition requirements, the following revenues have been deferred because they were not available at year end: \$6,766,485 of Federal Transportation funds for Streets and Transportation projects, \$1,740,132 of Health grants, \$1,087,673 of Housing grants, \$971,782 of Asset Forfeiture funds from the Treasury Department, \$847,528 of Home Land Security funds, \$266,272 of FEMA funds for Municipal Building projects, \$219,250 of Metropolitan Transit Authority grants, \$160,221 of Los Angeles County Proposition A Park grants, \$100,000 in private contributions and \$7,420 of California Waste Management Board grants.
- (b) In fiscal year 1986, the Old Pasadena Parking Facility Fund pre-paid rent to the General Fund for the rental of land used to house the parking facility. The General Fund deferred rental income and is amortizing it over the life of the bonds. The current balance is \$722,500.
- (c) Miscellaneous deferred revenue consists of other miscellaneous revenue collected of which revenue recognition criteria have not been met.
- (d) In fiscal year 2003, the city received \$6,925,000 in interest from an interest rate swap. Of this amount, \$629,545 is amortized annually over a period of 11 years. The current balance is \$3,777,275.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(8) Deferred Revenue, (Continued)

Discretely Presented Component Units

- (e) The Rose Bowl stadium sells press box tickets and advertisement at the beginning of each season. Revenue is deferred and recognized after each event throughout the season. In fiscal year 2008 the Rose Bowl deferred \$1,287,341 from press box and advertisement sales. The Golf Course operations reported deferred revenue of \$104,167 due to overpayment received from restaurant operations.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(9) Changes in Long-Term Debt

Primary Government

Changes in long-term debt for the year ended June 30, 2008 are as follows:

Governmental Activities:	<u>Balance at</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	<u>\$7,162,835</u>	<u>1,000,000</u>	<u>(1,042,212)</u>	<u>7,120,623</u>	<u>1,094,540</u>
Pension bonds:					
1999 Taxable Pension Funding Bonds	90,480,000	-	(3,435,000)	87,045,000	3,995,000
2004 Taxable Pension Funding Bonds	<u>37,565,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>36,565,000</u>	<u>1,457,413</u>
Total Pension Bonds	<u>128,045,000</u>	<u>-</u>	<u>(4,435,000)</u>	<u>123,610,000</u>	<u>5,452,413</u>
Tax allocation bonds:					
1991 Tax Allocation Bonds, Low Moderate Housing	1,371,550	-	(313,525)	1,058,025	332,336
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)	1,650,000	-	(195,000)	1,455,000	206,000
2000 Tax Allocation Refunding Revenue Bonds (Villa-Parke Redevelopment Project)	1,067,000		(126,000)	941,000	134,000
2006 Tax Allocation Revenue Bonds (Housing Set-Aside Revenues - Townhouse Project Refunding)	1,935,000		(210,000)	1,725,000	215,000
2006 Tax Allocation Revenue Bonds (Fair Oaks Redevelopment Project & Public Improvement Program Refunding)	2,470,000		(120,000)	2,350,000	125,000
2006 Tax Allocation Revenue Bonds (Villa-Parke Redevelopment Project Refunding)	630,000		(85,000)	545,000	90,000
2006 Tax Allocation Revenue Bonds (Lake/Washington Redevelopment Project & Public Improvement Program Refunding)	<u>805,000</u>	<u>-</u>	<u>(60,000)</u>	<u>745,000</u>	<u>60,000</u>
Total tax allocation bonds	<u>9,928,550</u>	<u>-</u>	<u>(1,109,525)</u>	<u>8,819,025</u>	<u>1,162,336</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Primary Government, (Continued)

Governmental Activities (Continued):	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2008</u>	<u>Due Within One Year</u>
Certificates of participation:					
1993 Certificates of Participation (Refunding and Capital Projects)	24,855,000	-	-	24,855,000	-
2001 Certificates of Participation (Refunding)	9,320,543	-	(2,193,069)	7,127,474	2,281,183
2003 Certificates of Participation (City Hall and Park Improvement)	73,790,000	-	(1,495,000)	72,295,000	1,635,000
2004 Auction Certificates of Participation Series A and B	30,998,318	-	(30,998,318)	-	-
2008 COP Series B Refunding 2004A&B	<u>-</u>	<u>26,759,131</u>	<u>-</u>	<u>26,759,131</u>	<u>677,446</u>
Total certificates of participation	<u>138,963,861</u>	<u>26,759,131</u>	<u>(34,686,387)</u>	<u>131,036,605</u>	<u>4,593,629</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>10,355,000</u>	<u>-</u>	<u>(460,000)</u>	<u>9,895,000</u>	<u>480,000</u>
Total Revenue Bonds	<u>10,355,000</u>	<u>-</u>	<u>(460,000)</u>	<u>9,895,000</u>	<u>480,000</u>
Capitalized lease obligations					
	<u>7,812,910</u>	<u>180,172</u>	<u>(1,465,875)</u>	<u>6,527,207</u>	<u>1,366,796</u>
Unamortized issuance premium (discount)					
	<u>(4,230,214)</u>	<u>678,683</u>	<u>919,653</u>	<u>(2,631,878)</u>	<u>(267,500)</u>
Arbitrage rebate liability					
	<u>762,711</u>	<u>62,191</u>	<u>(79,137)</u>	<u>745,765</u>	<u>660,331</u>
Compensated absences					
	<u>7,858,348</u>	<u>10,086,421</u>	<u>(9,223,497)</u>	<u>8,721,272</u>	<u>8,721,272</u>
Other Post Employment Benefits Liability (OPEB)					
	<u>-</u>	<u>2,506,832</u>	<u>(364,010)</u>	<u>2,142,822</u>	<u>364,010</u>
Insurance claims payable					
	<u>24,238,284</u>	<u>10,763,445</u>	<u>(7,893,709)</u>	<u>27,108,020</u>	<u>10,843,208</u>
Net pension obligation					
	<u>44,034,293</u>	<u>5,018,909</u>	<u>(3,193,583)</u>	<u>45,859,619</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$374,931,578</u>	<u>57,055,784</u>	<u>(63,033,282)</u>	<u>368,954,080</u>	<u>34,471,035</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Primary Government, (Continued)

Business-Type Activities:	<u>Balance at</u>		<u>Balance at</u>	<u>Due Within</u>	
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>One Year</u>
Notes payable	\$ 1,909,341	-	(112,856)	1,796,485	118,846
Revenue bonds:					
1998 Electric Revenue/Refunding Bonds	51,360,000	-	(2,485,000)	48,875,000	2,625,000
2000 Paseo Colorado Taxable Revenue Bonds	28,660,000	-	(890,000)	27,770,000	955,000
2002 Electric Revenue Bonds	62,065,000	-	(4,290,000)	57,775,000	3,060,000
2003 Electric Revenue Bonds	8,270,000	-	(430,000)	7,840,000	445,000
2008 Electric Revenue Bonds	-	58,555,000	-	58,555,000	1,080,000
2003 Water Revenue Bonds	41,880,000	-	(1,600,000)	40,280,000	1,685,000
2007 Water Revenue Bonds	21,550,000	-	(395,000)	21,155,000	410,000
Total revenue bonds	<u>213,785,000</u>	<u>58,555,000</u>	<u>(10,090,000)</u>	<u>262,250,000</u>	<u>10,260,000</u>
Certificates of participation:					
1987 Certificates of Participation (Los Robles Avenue Parking Facility)	10,800,000	-	(1,300,000)	9,500,000	1,500,000
1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Projects)	17,280,000	-	(1,140,000)	16,140,000	1,210,000
2004 Auction Rate Certificates of Participation	1,026,683	-	(1,026,683)	-	-
2008 COP Series B Refunding 2004A&B	-	890,869	-	890,869	22,554
Total certificates of participation	<u>29,106,683</u>	<u>890,869</u>	<u>(3,466,683)</u>	<u>26,530,869</u>	<u>2,732,554</u>
Capitalized lease obligations	<u>1,284,128</u>	<u>224,630</u>	<u>(768,367)</u>	<u>740,391</u>	<u>292,086</u>
Unamortized issuance premium (discount)	<u>2,215,365</u>	<u>251,535</u>	<u>(222,839)</u>	<u>2,244,061</u>	<u>-</u>
Total business-type activity long-term liabilities	<u>\$ 248,300,517</u>	<u>59,922,034</u>	<u>(14,660,745)</u>	<u>293,561,806</u>	<u>13,403,486</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the totals for governmental activities. At year-end, \$2,209,595 of internal service funds capitalized lease obligations are included in the governmental activities schedule.

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt for the year ended June 30, 2008 are as follows:

Discretely Presented Component Units	<u>Balance at June 30, 2007</u>	<u>Additions Including Accretion</u>	<u>Reductions</u>	<u>Balance at June 30, 2008</u>	<u>Due Within One Year</u>
Certificates of participation:					
2001 Certificates of Participation (Refunding and Capital Projects)	\$ 199,458	-	(46,930)	152,528	48,817
2006 Certificates of Participation (Conference Center Project)	163,125,911	1,253,807	(135,500,000)	28,879,718	-
2008 Refunding COP, Series 2008A (Conference Center Project)	-	<u>134,720,000</u>	-	<u>134,720,000</u>	-
Total certificates of participation	<u>163,325,369</u>	<u>135,973,807</u>	<u>(135,546,930)</u>	<u>163,752,246</u>	<u>48,817</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>36,945,000</u>	-	<u>(1,640,000)</u>	<u>35,305,000</u>	<u>1,720,000</u>
Total Revenue Bonds	<u>36,945,000</u>	-	<u>(1,640,000)</u>	<u>35,305,000</u>	<u>1,720,000</u>
Unamortized issuance premium (discount)	<u>(1,160,269)</u>	<u>(253,061)</u>	<u>699,658</u>	<u>(713,672)</u>	-
Defer Refunding Charges	-	<u>(1,997,174)</u>	-	<u>(1,997,174)</u>	-
Arbitrage rebate liability	-	<u>1,381,523</u>	-	<u>1,381,523</u>	-
Compensated absences	<u>129,090</u>	<u>18,507</u>	-	<u>147,597</u>	-
Total discretely presented component units long-term liabilities	<u>\$ 199,239,190</u>	<u>135,123,602</u>	<u>(136,487,272)</u>	<u>197,875,520</u>	<u>1,768,817</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(10) Notes Payable

Primary Government

**Outstanding at
June 30, 2008**

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 \$334,000 to \$358,000 through August 1, 2013.

\$1,835,000

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.

1,796,485

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.

2,018,003

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(10) Notes Payable, (Continued)

Primary Government, (Continue)

**Outstanding at
June 30, 2008**

On May 19, 2006, the City entered into a ten-year note agreement with the California Housing Finance Agency for site acquisition, predevelopment construction associated with the development, rehabilitation and preservation home ownership and multi-family rental units with the City. The terms of the note require annual interest payments with a rate of 3.00% per annum on funds drawn, maturing on May 19, 2016.

1,000,000

Total primary government notes payable

\$8,917,108

The annual requirements to amortize notes payable as of June 30, 2008 are as follows:

Year Ending <u>June 30</u>	<u>Primary Government</u>			
	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,094,540	267,493	118,846	88,695
2010	1,159,129	212,992	124,885	82,656
2011	599,334	158,610	131,231	76,310
2012	1,315,000	114,113	137,715	69,827
2013	335,000	92,739	144,899	62,643
2014-2018	2,617,620	144,698	842,604	195,103
2019-2020	-	-	296,305	15,008
Total Notes Payable	<u><u>\$7,120,623</u></u>	<u><u>990,645</u></u>	<u><u>1,796,485</u></u>	<u><u>590,242</u></u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(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, 2008 was \$87,045,000.

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, 2008 was \$36,565,000.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

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

The annual requirements to amortize pension bonds as of June 30, 2008 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 5,452,413	7,380,744
2010	6,106,135	7,055,374
2011	6,811,169	6,683,385
2012	7,577,554	6,260,553
2013	8,415,331	5,777,067
2014-2018	56,932,398	19,803,338
2019-2022	<u>32,315,000</u>	<u>6,131,178</u>
Total Payments	<u>\$123,610,000</u>	<u>59,091,639</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(12) Tax Allocation Bonds - Primary Government

**Outstanding at
June 30, 2008**

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.

\$1,058,025

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, 2008 was \$281,258.

1,455,000

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, 2008 was \$182,149.

941,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

**Outstanding at
June 30, 2008**

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. 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, 2008 the balance held in reserve account is \$107,050.

545,000

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. 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, 2008 the balance held in reserve account is \$249,881.

2,350,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

**Outstanding at
June 30, 2008**

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. 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, 2008 the balance held in reserve account is \$83,780.

745,000

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. 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, 2008 the balance held in reserve account is \$201,329.

1,725,000

Total tax allocation bonds

\$8,819,025

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

The annual requirements to amortize outstanding tax allocation bonds as of June 30, 2008 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,162,336	441,808
2010	1,234,277	380,750
2011	1,273,412	315,383
2012	955,000	247,045
2013	1,000,000	197,443
Thereafter	<u>3,194,000</u>	<u>492,429</u>
Total Payments	<u>\$ 8,819,025</u>	<u>2,074,858</u>

(13) Revenue Bonds - Primary Government

**Outstanding at
June 30, 2008**

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. Principal is payable in annual installments ranging from \$1,590,000 to \$3,395,000 commencing August 1, 1999 to August 1, 2024. This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net income of the electric system to be at least equal to 1.10 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

\$ 48,875,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(13) Revenue Bonds - Primary Government, (Continued)

**Outstanding at
June 30, 2008**

2000 Paseo Colorado Taxable Revenue Bonds

On July 20, 2000, the City issued \$32,385,000 of Taxable Variable Rate Demand Revenue Bonds. Of the proceeds, \$26,000,000 was used for renovation of Paseo Colorado project and \$6,385,000 was used to cover debt service prior to operations of the Paseo Colorado parking facilities. Parking revenue from the parking facility will be used for debt service on the bonds. If the parking revenue is not sufficient, the City has agreed to cover the debt service until parking revenue is available. Interest on the bonds is due monthly at a variable rate not to exceed 12% per annum. Principal is payable in annual installments ranging from \$655,000 to \$2,560,000, commencing June 1, 2003 and ending June 1, 2025. The legal reserve requirement is \$2,715,000. One half of the legal reserve requirement, in the form of a surety bond, is credited to the reserve fund. The balance held in the reserve account as of June 30, 2008, including the surety bonds, was \$2,724,241.

27,770,000

2002 Electric Revenue Bonds

On July 15, 2002, the City issued \$82,320,000 of 2002 Electric Revenue Bonds to finance the costs of the 2002 Project which consists of two parts: Re-powering Project and the construction and installation of the San Rafael transmission line. Interest is payable semi-annually on December 1 and June 1 commencing June 1, 2003. The rate of interest varies from 3.0% to 4.75% per annum. Principal is payable in annual installments ranging from \$3,060,000 to \$5,535,000 commencing June 1, 2002 and ending June 1, 2022. This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net income of the electric system to be at least equal to 1.10 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

57,775,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(13) Revenue Bonds - Primary Government, (Continued)

**Outstanding at
June 30, 2008**

2003 Electric Revenue Bonds

On August 11, 2003, the City issued \$9,905,000 of 2003 Electric Revenue Bonds to finance the costs of the Local Generation Re-powering Project (the "2003"). Interest is payable semi-annually on December 1 and June 1, commencing June 1, 2004. The rate of interest varies from 1.0% to 4.92% per annum. Principal is payable in annual installments ranging from \$450,000 to \$730,000 commencing June 1, 2004 and ending June 1, 2022. This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net income of the electric system to be at least equal to 1.10 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

7,840,000

2003 Water Revenue Bonds

On August 4, 2003, the City issued \$47,425,000 of 2003 Water Revenue and Refunding Bonds to finance the costs of acquisition and construction of certain capital improvements to the Water System; refund all of the City's outstanding 1993 and 1994 Water Revenue Bonds. Interest is payable semi-annually on December 1 and June 1 commencing June 1, 2004. The rate of interest varies from 1.01% to 5.08% per annum. Principal is payable in annual installments ranging from \$1,190,000 to \$2,480,000 commencing June 1, 2004 and ending June 1, 2033. This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net income of the electric system to be at least equal to 1.10 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

40,280,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(13) Revenue Bonds - Primary Government, (Continued)

**Outstanding at
June 30, 2008**

2006 Revenue Bonds

On February 1, 2006, the City issued the 2006 Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects) in the amount of \$47,300,000 to refund the 1991 and 1996 Variable Rate Demand Certificates of Participation (Rose Bowl Improvement Projects), and finance improvements to the Rose Bowl Stadium, the City's City Hall and related facilities. These certificates were issued for both governmental and component unit activities. Originally the certificates were issued at a variable rate mode not to exceed 12%; however, on February 23, 2006, the City entered into a forward swap agreement to convert to a fixed rate of 3.285% for the life of the bonds. For information on swap agreements see note 16. Principal is payable in annual installments ranging from \$2,100,000 to \$3,600,000 commencing December 1, 2007 and ending December 1, 2023. The legal reserve requirement is \$3,600,000. The balance held in the reserve account as of June 30, 2008 was \$3,867,000. The principal balance outstanding at June 30, 2008 was \$45,200,000 of which \$35,305,000 has been recorded on the component unit statement of net assets of the Rose Bowl Operating Company.

9,895,000

2007 Water Revenue Bonds

On April 23, 2007, the City issued \$21,550,000 of 2007 Water Revenue Bonds to finance the costs of acquisition and construction of certain capital improvements to the Water System. Interest is payable semi-annually on December 1 and June 1, commencing June 1, 2008. The rate of interest varies from 3.5% to 4.44% per annum. Principal is payable semi-annually on December 1 and June 1, commencing June 1, 2008. The rate of interest varies from 3.5% to 4.44% per annum. Principal is payable in annual installments ranging from \$395,000 to \$1,155,000 commencing June 1, 2008 and ending June 1, 2036. This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net income of the water system to be at least equal to 1.10 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

21,155,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(13) Revenue Bonds - Primary Government, (Continued)

2008 Electric Revenue Bonds

On January 28, 2008 the city issued \$58,555,000 of 2008 Electric Revenue Bonds to finance the costs of the acquisition and construction of additions to, and extensions and improvements of the City's Power distribution system identified in the Power Master Plan, the modernization of the existing warehouse facility. Interest is payable semi-annually on December 1 and June 1, commencing June 1, 2009. The rate of interest varies from 4.0% to 5.0% per annum. Principal is payable in annual installments ranging from \$1,080,000 to \$3,450,000 commencing June 1, 2009 and ending June 1, 2037. This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net income of the electric system to be at least equal to 1.10 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

58,555,000

Total revenue bonds

\$272,145,000

The annual requirements to amortize outstanding revenue bonds as of June 30, 2008 are as follows:

Year ending June 30	<u>Primary Government</u>					
	<u>Governmental Activity</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 480,000	103,898	10,260,000	13,290,224	1,720,000	370,703
2010	505,000	98,858	10,715,000	12,785,686	1,795,000	352,643
2011	505,000	93,555	11,190,000	12,246,491	1,795,000	333,795
2012	525,000	88,253	11,720,000	11,684,698	1,875,000	314,948
2013	545,000	82,740	12,280,000	11,112,010	1,955,000	295,260
2014-2018	3,025,000	323,192	67,590,000	45,834,013	10,775,000	1,153,112
2019-2023	3,520,000	155,087	66,625,000	27,065,084	12,580,000	553,667
2024-2028	790,000	8,290	30,490,000	13,384,161	2,810,000	29,500
2029-2033	-	-	24,820,000	7,391,849	-	-
2034-2037	-	-	16,560,000	1,916,804	-	-
Total payments	<u>\$9,895,000</u>	<u>953,873</u>	<u>262,250,000</u>	<u>156,711,020</u>	<u>35,305,000</u>	<u>3,403,628</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(14) Certificates of Participation

The certificates of participation outstanding at June 30, 2008 are as follows:

	Primary Government		Discretely Presented Component <u>Units</u>
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	
1987 Certificates of Participation (Los Robles Avenue Parking Facilities)	\$ -	9,500,000	-
1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Project)	-	16,140,000	-
1993 Certificates of Participation (Refunding and Capital Projects)	24,855,000	-	-
2001 Certificates of Participation (Refunding and Capital Projects)	7,127,474	-	152,526
2003 Variable Rate Demand Certificates of Participation (City Hall and Park Improvements)	72,295,000	-	-
2006 Certificates of Participation Series A (Conference Center Project)	-	-	28,879,719
2008 Refunding Certificates of Participation-Series A and B	<u>26,759,131</u>	<u>890,869</u>	<u>134,720,000</u>
Total Certificates of Participation	<u>\$131,036,605</u>	<u>26,530,869</u>	<u>163,752,245</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(14) Certificates of Participation, (Continued)

1987 Certificates of Participation (Los Robles Avenue Parking Facilities)

On December 2, 1987, the Authority issued the 1987 Certificates of Participation (Los Robles Avenue Parking Facilities) in the amount of \$20,300,000 to finance the construction of a parking facility. Interest on the certificates is payable monthly on the first day of month commencing November 1, 1990. The rate of interest varies, but it is not to exceed 15% per annum. Principal is payable in annual installments ranging from \$200,000 to \$2,300,000 commencing November 1, 1990 and ending November 1, 2012. The legal reserve requirement is \$2,692,000. The balance held in the reserve account as of June 30, 2008 was \$2,705,048.

1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Project)

On July 1, 1993, PCIC issued the 1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Project) in the amount of \$28,050,000 to defease the 1986 Certificates of Participation. Interest on the certificates is payable semi-annually on January 1 and July 1 commencing January 1, 1994. The rate of interest varies from 2.75% to 5.25% per annum. As with all serial bonds, the rate of interest varies according to the maturity date. Principal is payable in annual installments ranging from \$460,000 to \$2,085,000 commencing January 1, 1994 and ending January 1, 2018. The legal reserve requirement is \$2,225,000. The balance held in the reserve account as of June 30, 2008 was \$2,302,779.

1993 Certificates of Participation (Refunding and Capital Projects)

On January 1, 1994, PCIC issued the 1993 Certificates of Participation (Refunding and Capital Projects) in the amount of \$79,835,000 to defease the 1989 Public Facilities Project Certificates of Participation, the 1990 Capital Improvements Project Certificates of Participation, and finance certain improvements and renovations to City owned buildings. On March 25, 2004, these certificates were partially refunded. The rate of interest on the un-refunded balance is 5.35% per annum. Principal is payable in annual installments ranging from \$4,455,000 to \$5,515,000 commencing February 1, 2010 and ending February 1, 2014. The legal reserve requirement is met by the 2008A Certificates.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(14) Certificates of Participation, (Continued)

2001 Certificates of Participation (Refunding and Capital Projects)

On November 1, 2001, the City issued the 2001 Certificates of Participation (Refunding and Capital Projects) in the amount of \$21,210,000 to refund the 1992 Certificates of Participation. These certificates were issued for both governmental and component unit activities. Interest on the certificates is payable semi-annually on January 1 and July 1 commencing January 1, 2002. The rate of interest varies from 2.50% to 4.00% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,835,000 to \$2,525,000 commencing January 1, 2002 and ending January 1, 2011. The legal reserve requirement is \$2,172,124. The balance held in the reserve account as of June 30, 2008 is \$2,288,622.

2003 Variable Rate Demand Certificates of Participation (City Hall & Park Improvements)

On January 1, 2003, the City issued the 2003 Variable Rate Demand Certificates of Participation (City Hall and Park Improvement Projects) in the amount of \$73,790,000. These certificates were issued to provide funds to finance a portion of the cost of the major renovations to the Pasadena City Hall, various park improvements, and to establish a reserve fund for certain outstanding certificates of participation; all which are activities of the governmental unit. Originally the certificates were issued at a variable rate not to exceed 12%; however, on January 19, 2003 the City entered into an agreement to convert to a fixed rate of 4.12% per annum for a period of 30 years. For information on swap agreements see note 16. Principal is payable in annual installments ranging from \$1,495,000 to \$4,645,000 commencing February 1, 2008 and ending February 1, 2033. The legal reserve requirement is met by the 2008A Certificates.

In July 2008, the 2003 Variable Rate Demand Certificates were refunded into the 2008C fixed rate refunding COP.

2006 Certificates of Participation, Series A (Conference Center Project)

On August 23, 2006, the City issued the 2006 Certificates of Participation, Series 2006 A and B in the amount of \$27,139,972.15. The certificates were issued to finance the cost of improvements to the Pasadena Conference Center and related facilities, establish a reserve fund per the Trust Agreement and finance the cost of execution and delivery of the certificates.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(14) Certificates of Participation, (Continued)

Series A of the Certificates was issued as Capital Appreciation Certificates. These bonds will appreciate in value based on annual accretion of the initial amount at a rate of interest that will result in each such Capital Appreciation Bond appreciating to its maturity value on its final maturity date. Accretion commenced on August 23, 2006. Interest will accrete at a yield ranging from 3.85% to 4.81%. By their nature, there are no regular interest payments associated with Capital Appreciation bonds; interest on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. Each year, the outstanding balance is increased by the accreted value associated with the bonds. Maturity value on Series A is payable in annual installments ranging from \$415,000 to \$5,850,000 commencing February 1, 2010 and ending February 1, 2023. The legal reserve requirement is met by the 2008A Certificates of Participation.

2008 Certificates of Participation Series A

On April 15, 2008, the City issued the 2008 Refunding Certificates of Participation, Series 2008A in the amount of \$134,720,000. These certificates were issued to refund the City's Certificates of Participation (Conference Center Project), Series 2006B and finance the costs of execution of the 2008A Certificates of Participation backed by a letter of credit from Bank of America. The final maturity on the 2008A COP's was extended by one year to 2035 in order to reduce the reserve requirement and consequently, reduce the size of the issue by approximately \$800,000. The refunded certificates are considered to be defeased and the liability has been removed from the component units column of the statement of net assets. Interest on 2008A certificates were issued at a variable rate with the reassignment of the synthetic fixed rate swap of 3.536% (see note 16). Principal is payable in annual installments ranging from \$6,775,000 to \$11,445,000 commencing February 1, 2024 and ending February 1, 2035. The legal reserve requirement upon issuance was \$20,814,454. The balance held in the reserve account as of June 30, 2008 was \$21,001,481.

The 2006B ARS were refinanced to secure lower cost variable rate financing. Given the inherent fluctuation in variable interest rates and the uncertainty regarding the future of the auction rate securities market, it is uncertain of the trading differential over the long term. Assuming a 200 basis point differential between the ARS and VRDBs, the City would save an estimated \$2.7 million per annum in interest cost savings or \$42.6 million in NPV savings over the life of the issue.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(14) Certificates of Participation, (Continued)

2008 Certificates of Participation Series B

On May 15, 2008, the City issued the 2008 Fixed Rate Refunding Certificates of Participation, Series 2008B in the amount of \$27,650,000. These certificates were issued to refund the City's Auction Rate Refunding Certificates of Participation Series 2004A and 2004B and finance the costs of execution of the 2008B Certificates of Participation. The refunded certificates are considered to be defeased and the liability has been removed from the governmental/business-type activities column of the statement of net assets. Interest on 2008B is due semi-annually and the rate varies from 3.00% to 5.25%. Principal is payable in annual installments ranging from \$700,000 to \$3,285,000 commencing February 1, 2009 and ending February 1, 2019. The legal reserve requirement is met by the 2008A Certificates of Participation.

The annual requirements to amortize outstanding certificates of participation as of June 30, 2008 are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$4,593,629	5,388,068	2,732,554	1,270,996	48,817	6,843,385
2010	10,735,894	5,539,992	3,063,299	969,920	465,807	6,841,554
2011	11,240,899	5,048,367	3,341,199	886,363	852,901	6,820,888
2012	9,200,740	4,533,145	3,629,260	798,003	1,095,000	6,782,852
2013	9,647,518	4,095,924	3,927,482	704,206	1,365,000	6,733,687
2014-2018	30,163,766	15,040,994	9,731,234	1,895,745	16,805,000	32,036,543
2019-2023	16,974,159	9,808,548	105,841	4,234	25,705,000	27,441,028
2024-2028	17,155,000	6,574,490	0	0	41,460,000	21,162,783
2029-2033	21,325,000	2,712,402	0	0	63,715,000	12,308,816
2034-2035	0	0	0	0	29,545,000	1,449,406
Less unaccreted discount	-	-	-	-	(17,305,280)	-
Total payments	<u>\$131,036,605</u>	<u>58,741,930</u>	<u>26,530,869</u>	<u>6,529,467</u>	<u>163,752,245</u>	<u>128,420,942</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(15) Capitalized Lease Obligations

Primary Government

**Outstanding at
June 30, 2008**

Property Lease

In 2001, the City of Pasadena entered into a lease purchase agreement in the amount of \$4,000,000 with Community Bank for the acquisition of the property located at 965 N. Fair Oaks Avenue, a 2.5 acre parcel of improved land. Lease payments are budgeted in the General Fund. Principal and interest are paid semi-annually. The rate of interest varies from 4.95% to 12.00%. Principal installments range from \$59,000 to \$300,053 commencing June 27, 2001, and ending December 27, 2021.

\$2,752,030

Equipment Leases

In September 2001, the City entered into a seven-year capital lease in the amount of \$1,500,000 with Community Bank to finance the purchase of equipment needed for the operation of the Paseo Colorado Parking Garage. The terms of the lease require semi-annual interest payments from \$4,356 to \$65,259 with a rate of 4.95% per annum, maturing on September 28, 2008

131,363

In March 2005, the City of Pasadena entered into a lease-purchase agreement in the amount of \$6,500,000 with Community Bank for the acquisition of equipment, which is then leased to the City of Pasadena. Lease payments will be budgeted in the department that purchases the equipment based on their share of the total financing. Principal and interest are due semi-annually. The rate of interest is 3.150%. Principal installments range from \$606,126 to \$688,255 commencing September 30, 2006 and ending March 31, 2011.

4,017,796

In July 2006, the City of Pasadena entered into a lease-purchase agreement in the amount of \$5,000,000 with Banc of America Leasing & Capital for the acquisition of equipment, which is then leased to the City of Pasadena. Lease payments will be budgeted in the department that purchases the equipment based on their share of the total financing. Principal and interest are due quarterly. The rate of interest is 3.496%. Principal installments range from \$12,676 to \$16,392 commencing November 10, 2007 and ending August 10, 2014.

366,409

Total primary government capitalized lease obligations

\$7,267,598

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(15) Capitalized Lease Obligations, (Continued)

Primary Government, (Continued)

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Land	\$4,000,000	-
Machinery and Equipment	5,763,197	6,590,163
Furniture and Fixtures	<u>19,030</u>	<u>444,006</u>
Total	<u>\$9,782,227</u>	<u>7,034,169</u>

Future minimum lease payment requirements under capitalized lease obligations as of June 30, 2008 are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>				<u>Business-type Activities</u>	
	<u>Property Lease</u>		<u>Equipment Lease</u>		<u>Equipment Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 173,984	145,277	1,192,812	110,544	292,086	23,482
2010	182,825	136,436	1,230,846	72,506	166,034	13,808
2011	192,116	127,145	1,261,646	33,256	170,571	8,321
2012	201,564	117,697	26,408	3,054	32,924	3,808
2013	212,122	107,139	27,433	2,029	34,202	2,530
2014-2018	1,233,470	362,836	36,032	1,034	44,574	1,288
2019-2021	<u>555,949</u>	<u>52,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total payments	<u>\$2,752,030</u>	<u>1,049,417</u>	<u>3,775,177</u>	<u>222,423</u>	<u>740,391</u>	<u>53,237</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(16) Interest Rate Swaps

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

City Hall and Park Improvements Project – SWAP No.1

On January 19, 2003, the City entered into an interest rate swap agreement with AMBAC Financial Services related to the City's \$73,790,000 City Hall and Park Improvement 2003 Variable Rate Demand Certificates of Participation (COPs). The objective was to effectively change the City's variable interest rate to a synthetic fixed rate of 4.11%. Under the terms of the swap, the City pays the counterparty the fixed rate of 4.11% and receives exactly a payment equal to the interest due on the hedged bonds, therefore making this a cost of funds swap. The swap has a notional amount equal to the principal amount of the bonds and declines exactly similar to the actual bonds amortization schedule until the final principal payment in 2033.

On June 25, 2008 the interest rate swap agreement with AMBAC was terminated and the C.O.P. (Certificates of Participation) were refunded by the issuance of the 2008C Fixed Rate Refunding Certificates of Participation.

Rose Bowl Refinancing and Improvement Project - SWAP No.2

On February 23, 2006, the Pasadena Public Financing Authority entered into an interest rate swap agreement with Deutsche Bank related to the \$47,300,000 2006 Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement project). The objective was to effectively change the City's variable interest rate to a synthetic fixed rate of 3.285%. Under the terms of the swap, the City pays the counterparty the fixed rate of 3.285% and receives a floating rate equal to 65% of the one month LIBOR rate. The swap has a notional amount equal to the principal amount of the bonds and declines exactly similar to the actual underlying bonds amortization schedule with a final maturity in 2023.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(16) Interest Rate Swaps, (Continued)

Fair Value: As of June 30, 2008, the swap had a market value of -\$939,482. The market value was determined by a third party swap valuation, pricing and reporting service. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: As of June 30, 2008, the City was exposed to no credit risk on the Rose Bowl Refinancing and Improvement project swap because the swap had a negative value.

Basis risk: The City pays 3.285% fixed rate on notional amount of the swap and receives a floating rate equal to 65% of the one month LIBOR rate. The swap exposes the Financing Authority to basis risk should the relationship between LIBOR and the weekly remarketed variable rate on the lease revenue bonds converge, changing the synthetic rate on the bonds. If a change occurs resulting in a convergence of the two rates, the expected cost savings may not be realized.

Termination risk: The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination the swap has a negative fair value the City would be liable to the counterparty for an amount equal to the negative fair value.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(16) Interest Rate Swaps, (Continued)

Swap payments and associated debt: As of June 30, 2008, the debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are summarized below. As rates vary, variable-rate bond interest payments and net swap payments will vary. The projected net swap payments are based on actual historical basis differential analysis.

Fiscal Year	<u>Principal</u>	<u>Interest</u>	Net Swap <u>Payments</u> <u>Net Swap</u>	<u>Total</u>
Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Total</u>
2009	2,200,000	1,412,550	12,298	3,624,848
2010	2,300,000	1,336,995	11,640	3,648,635
2011	2,300,000	1,261,440	10,982	3,572,422
2012	2,400,000	1,182,600	10,296	3,592,896
2013-2017	13,400,000	4,618,710	40,212	18,058,922
2018-2022	15,500,000	2,217,375	19,305	17,736,680
2023-2024	<u>7,100,000</u>	<u>118,260</u>	<u>1,030</u>	<u>7,219,290</u>
Total	<u>\$ 45,200,000</u>	<u>12,147,930</u>	<u>105,763</u>	<u>57,453,693</u>

Conference Center Auction Rate Bonds – SWAP No.3

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

Fair Value: As of June 30, 2008, the swap had a market value of -\$7,489,728. The market value was determined by a third party swap valuation, pricing and reporting service. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(16) Interest Rate Swaps, (Continued)

Credit risk: As of June 30, 2008, the City was exposed to no credit risk on the Conference Center project swap because the swap had a negative value.

Basis risk: The City pays 3.536% fixed rate on notional amount of the swap and receives a floating rate equal to 64% of the one month LIBOR rate. The swap exposes the City to basis risk should the relationship between LIBOR and the weekly auction certificates' rate converge, changing the synthetic rate on the certificates. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

Termination risk: The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination the swap has a negative fair value the City would be liable to the counterparty for an amount equal to the negative fair value.

Swap payments and associated debt: As of June 30, 2008, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same for their term are summarized below. As rates vary, variable-rate bond interest payments and the net swap payments will vary. The projected net swap payments are based on actual historical basis differential analysis.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(16) Interest Rate Swaps, (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Net Swap Payments</u>	<u>Total</u>
2009	-	4,702,880	(105,469)	4,597,411
2010	-	4,702,880	(105,469)	4,597,411
2011	-	4,702,880	(105,469)	4,597,411
2012	-	4,702,880	(105,469)	4,597,411
2013-2017	-	23,514,400	(527,345)	22,987,055
2018-2022	-	23,514,400	(527,345)	22,987,055
2023-2027	31,525,000	21,417,994	(480,330)	52,462,664
2028-2032	59,050,000	13,074,360	(293,212)	71,831,148
2033-2034	42,425,000	1,718,054	(38,530)	44,104,524
Total	\$ 133,000,000	102,050,728	(2,288,638)	232,762,090

(17) Unreserved Fund Balances – Primary Government

Unreserved fund balances for governmental funds at June 30, 2008 consisted of the following:

	<u>General</u>	<u>Project Management Capital Project</u>	<u>PCDC Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Designated for:					
Stabilization Utility Users Tax Reserve	\$ 6,559,898	-	-	-	6,559,898
Capital projects	-	-	-	23,872,617	23,872,617
Emergency/capital improvement programs	15,980,864	-	-	-	15,980,864
City Hall seismic retrofit	5,793,420	-	-	-	5,793,420
Permanent Fund purposes	-	-	-	1,062,130	1,062,130
Total designated	28,334,182	-	-	24,934,747	53,268,929
Undesignated:					
General purpose, debt service, and special revenue purpose	30,464,017	(1,281,033)	(23,378,954)	46,593,444	52,397,474
Total unreserved fund balances	\$ 58,798,199	(1,281,033)	(23,378,954)	71,528,191	105,666,403

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(18) Restricted Net Assets – Proprietary Fund

In 1998, the City Council established a Reserve for Stranded Investment (Reserve) and imposed a Stranded Investment Surcharge (SIS) on all electric utility bills. Several sources of funding along with the SIS, were identified and funding for the Reserve began. As of June 30, 2002, it was determined that the Reserve was fully funded with no additional contributions required and the SIS was discontinued. All funds deposited into the Reserve, including investment earnings, were recorded as income during the year collected or realized. In November 2006, the City Council approved the Stranded Investment Reserve (SIR) Utilization Plan. The SIR Utilization Plan requires commitment of \$80 million in direct defeasance of debt service of IPP outstanding bonds and mitigation of variable energy costs. This amount was reflected on the Statement of Net Assets for the Light and Power Fund as restricted cash. The following chart reflects additions and subtractions from the Reserve that occurred during fiscal year 2008. The withdrawal of \$18 million from the Reserve represents an “internal” transfer of cash from the Reserve to unrestricted net assets, all within the Light and Power fund. This also frees up a comparable dollar amount of restricted cash.

From an accounting perspective, this transaction only impacts the Statement of Net Assets and is not reflected on the statement of revenues and expenses. The fact that the cost of purchase power exceeded the revenues associated with purchase power only reduces operating income for the fiscal year. In any given fiscal year, this fact could result in a net operating loss; a fact contemplated at the time the Reserve was established.

As of June 30, 2008, the Stranded Investment Reserve Balance is \$136.6 million .

Light and Power-Stranded Investments:

Beginning Balance July 1, 2007	\$144,504,546
Interest Earnings	6,984,743
Market gain/losses	3,097,988
Release to unrestricted net assets	<u>(18,000,000)</u>
Ending Balance on June 30, 2008	<u>\$136,587,277</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(19) Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances / net assets at June 30, 2008:

	<u>Accumulated Deficit</u>
Governmental Activities:	
PCDC Debt Service	\$(23,378,950)
Project Management Fund	(1,281,039)
Special Revenue Funds:	
Health	(799,762)
Capital Projects Funds:	
2004 Auction Certificates of Participation	(95,042)
1993 Refunding and Capital Project Certificates of Participation	(2,681)
Internal Service Funds:	
Benefits	(2,127,395)
Workers' Compensation	(9,022,849)
General Liability	(2,398,411)
Business-type Activities:	
Del Mar Gold Line Parking Garage Fund	(19,265)
Paseo Colorado Parking	(2,569,719)

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

PCDC Debt Service

This deficit reflects cash advances made by the City's General Fund in order to fund start-up costs of the Commission. In addition, the City advanced funds to the Fair Oaks Redevelopment Project Area in order to cover costs associated with the development of the Fair Oaks Renaissance Plaza project. The City's General Fund has built in a \$10.5 million allowance for uncollectible long-term receivables in recognition that PCDC may not have the ability to repay all of its obligations. The balance is expected to be repaid from future cash flows from tax increment received from the various project areas.

Project Management Fund

The accumulated fund deficit in this fund is temporary and will correct itself in the next fiscal year as budgeted operating transfers-in, state and federal funds are realized.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(19) Accumulated Fund Deficits, (Continued)

Health Fund

Management anticipates the deficit in the Health Fund will be corrected in fiscal year 2009. In fiscal year 2009, the City reserved \$850,000 in the General Fund in the event the State budget does not provide help for those programs that had funds cut. It appears there will be further reductions from State revenue resources in fiscal year 2010. The department will be closely monitoring these resources and adjusting expenditures accordingly.

2004 Certificates of Participation

This deficit reflects liabilities due to other governments at June 30, 2008. It will correct itself in the next fiscal year as budgeted transfers-in are realized.

1993 Refunding and Capital Project Certificates of Participation

This deficit reflects liabilities due for outside services at June 30, 2008. It will correct itself in the next fiscal year as budgeted transfers-in are realized.

Benefits

The Benefits Fund was established to account for employee compensated absences, retirement, and health benefits. A deficit is likely to be shown in this fund each year, as a large portion of the deficit reflects the total liability that would be paid out if all employees left employment. In reality a small percentage of employees leave employment requiring the payout of their accrued leave balances. Each year, the City reviews the rates charged to Departments to adjust this to an appropriate recovery level to keep the deficit low.

Workers' Compensation

The City has established a Workers' Compensation Fund to provide for the potential claim and cost expenditures for workers' compensation claims against the City. In addition to any monies held in this Fund, the City makes an annual appropriation based upon its estimate of claim and expense payments during the fiscal year. Management is reviewing the deficit, and plans to correct the situation through a combination of more aggressive claims management, including improved documentation of reserve levels, as well as an increase in rates charged as part of the annual budget process. It should be noted that although there is a deficit in fund balance, the City has cash funded 42.24% of

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(19) Accumulated Fund Deficits, (Continued)

the claims payable liability which is an improvement compared to last fiscal year, but generally consistent with the position of the fund for the past several years.

General Liability

The City has established a General Liability Fund to provide for the potential claim and cost expenditures for general liability claims against the City. In addition to any monies held in this fund, the City makes an annual appropriation based upon its estimate of claim and expense payments during the fiscal year. Management is reviewing the deficit, and plans to correct the situation through a combination of more aggressive claims management, including improved documentation of reserve levels, as well as an increase in rates charged as part of the annual process budget. It should be noted, that although there is a deficit in fund balance, the City has cash funded 26.78% of the claims payable liability.

Del Mar Gold Line Parking Garage

In June 2007, the City of Pasadena and the Multi-Modal Operation and Development Entity entered into a conveyance agreement for the purchase of 600 parking spaces located in the existing parking structure at the Del Mar Gold Line Station. The 600 spaces are available to Gold Line patrons to the extent demand is present; they also serve as a resource for monthly and transient parking in both the Old Pasadena and Civic Center/Mid-town districts. The fiscal year 2008 operating budget did not include revenues or appropriations for this fund. This deficit reflects cash advances made by the Pasadena Community Development Commission in order to purchase the spaces and fund start-up costs. Projections in future years indicate a net income for the garage.

Colorado Parking

In August 1999, the City of Pasadena and the Developer of the Paseo Colorado entered into a Parking Operation Management Agreement that both defined operating standards for the three parking facilities associated with the Paseo Colorado as well as spelled out the methodology by which the City and the Developer cover any operating shortfalls. Under the terms of the agreement, the City loans to the Paseo Colorado Parking Fund the first \$500,000 in losses, and the developer loans the next \$300,000. The City is obligated to transfer any required funds above \$800,000. All funds lent by either the City or the Developer will be repaid from future years profits and will earn 6% interest.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(20) Expenditures in Excess of Appropriations

The following funds reported an excess of expenditures over appropriations at June 30, 2008:

	<u>Budget</u>	<u>Actual</u>	<u>Variance- With Final Budget Positive (Negative)</u>
General Fund:			
General government			
City Attorney/City Prosecutor	6,257,912	6,319,536	(61,624)
City Manager	2,661,005	2,721,482	(60,477)
Non-departmental	6,821,714	9,092,387	(2,270,673)
Culture and Leisure			
PCOC	5,570,305	5,576,562	(6,257)
Special Revenue Funds:			
Donated Funds	-	272,848	(272,848)

The general government, non-departmental expenditures exceeded appropriations due to \$2,569,735 of the expenditures being for billable projects which do not typically have budgets. This overage was partially offset by savings in other non-departmental expenditures.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(21) Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2008:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	General Fund	\$ 33,600
	Project Management Fund	1,474,680 (2)
	Nonmajor Governmental Funds	41,824,808 (1)
	Nonmajor Enterprise Funds	85,000
	Internal Service Funds	170,992
		<u>43,589,080</u>
Project Management Fund	Light and Power Fund	<u>239,840</u>
PCDC Debt Service Funds	Nonmajor Governmental Funds	<u>1,870,891 (3)</u>
Light and Power Fund	General Fund	11,163,858 (4)
	Project Management Fund	<u>176,674</u>
		<u>11,340,532</u>
Water Fund	General Fund	<u>2,923,146 (5)</u>
Nonmajor Governmental Funds	General Fund	3,996,336
	PCDC Debt Service Fund	1,116,991
	Project Management Fund	12,860,256
	Old Pasadena Parking Fund	890,869
	Nonmajor Governmental Funds	<u>31,650,439</u>
		<u>50,514,891 (6)</u>
Nonmajor Enterprise Funds	General Fund	<u>198,240</u>
Internal Service Funds	General Fund	222,958
	Internal Service Funds	15,441
	Nonmajor Governmental Funds	49,607
	Project Management Fund	<u>1,774,503 (7)</u>
		<u>2,062,509</u>
Old Pasadena Parking Fund	Nonmajor Governmental Funds	890,869
Total		<u>\$ 113,629,998</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(21) Transfers, (Continued)

Primary Government, (Continued)

- (1) Transfers from the General Fund to Nonmajor Governmental Funds consist in part of the following:
 - a) \$30,284,629 transferred to various debt services funds for the General Fund's portion of debt service payments on 1999 Pension Bonds, 1993 Certificates of Participation, 2001 Refunding and Capital Improvement Program Certificates of Participation, 2003 Certificates of Participation, 2004 Auction Certificates of Participation, 2006 Lease Revenue Bonds, and 2008 Series B Refunding and Capital Improvement Program.
 - b) \$9,190,812 transferred to the Library Services Fund to support the City of Pasadena Libraries.
 - c) \$1,055,985 transferred to the Health Fund to support the City's animal control program and healthcare link.
- (2) Of the \$1,474,680 transferred from the General fund to the Project Management Fund, \$913,958 was used to fund a portion of the costs of the City Hall Seismic Retrofit Project.
- (3) The PCDC Debt Service Fund transferred \$1,870,891 to Nonmajor Governmental Funds, of which, \$1,504,809 was transferred to the Affordable Housing Fund as a housing set aside for affordable housing.
- (4) Light and Power contributed \$11,163,858 to the General Fund to be used for any municipal purpose.
- (5) The Water Fund transferred \$2,923,146 to the General Fund. Of this amount, \$2,383,146 is based on 6% of gross operating revenue as authorized by the City's Charter, and the remaining \$540,000 is for the Hahamonga Watershed Park.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(21) Transfers, (Continued)

Primary Government, (Continued)

- (6) Nonmajor Governmental Funds transferred \$50,514,891 to various funds including:
- a) \$3,185,103 to the General Fund from the 1999 Pension Bond Debt Service Fund as an additional City contribution to the Fire and Police Retirement System.
 - b) Nonmajor Special Revenue and Capital Project Funds transferred \$12,860,256 to fund various capital improvement projects. This includes \$3,597,499 from the Charter Capital Fund, \$2,320,431 from the Sewer Construction and Maintenance Fund, \$2,169,941 from the Residential Development Impact Fund, \$1,643,063 from the Gas Tax Fund, \$1,348,265 from the Underground Utilities Fund, and \$1,047,739 from the Traffic Congestion Relief Fund.
 - c) \$1,116,991 to PCDC Debt Service Funds from various Pasadena Community Development Commission Special Revenue and Capital Projects Funds for debt service payments.
 - d) The major components of the \$31,650,439 transferred from Nonmajor Governmental Funds to other Nonmajor Governmental Funds include the following:
 1. \$28,769,828 transferred from the 2008 Series B Certificates of Participation, 1993 Refunding and Capital Improvement Program Certificates of Participation and the 2004 Series A&B Auction Certificates of Participation to pay off this debt and move a portion of the reserves to the new issue.
 2. \$1,890,752 transferred from various Pasadena Community Development Commission Capital Projects and Special Revenue Funds to other Pasadena Community Development Commission Nonmajor funds for organizational support, regional marketing and housing assistance.
 3. \$989,859 transferred from Special Revenue and Capital Projects funds to cover their share of debt for the 1993 Refunding and Capital Improvement Program Certificates of Participation, 2001 Refunding and Capital Improvement Program Certificates of Participation, and 2004 Series A&B Auction Bonds.
- (7) \$1,774,503 was transferred from Internal Services Funds, of which, \$914,289 was from the Building Maintenance Funds, \$806,061 from the Fleet Maintenance Fund, and \$54,153 from the 1992 Equipment Leasing Fund to the Project Management Fund to fund various capital improvement projects.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(22) Self-Insurance

The City maintains self-insurance programs for workers' compensation and general liability. Liability claims are self-administered. Public Safety (Fire and Police) workers compensation claims are administered by a Third Party Administrator and the remainder of City's claim are self-administered. For the period July 1, 2007 to June 30, 2008, no excess policies in either liability or worker's compensation exist.

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

The Office of the City Attorney, primarily using staff counsel, controls litigated liability claims. Although several incidents created exposure to liability damages in excess of \$1,000,000 during the past year, including two verdicts on employment liability cases arising from occurrences in past years that are being appealed, the historical disposition results on the type of incidents tend to be a defense verdict or settlement at a fraction of the exposure.

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

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

The City bought All Risk Property Insurance on all its buildings with a total scheduled insured value of \$1,092,398,544 with limits of \$1,000,000,000 per occurrence with certain sublimits, including \$25,000,000 for course of construction. The basic deductible was \$25,000. Exclusions include earthquake, pollution clean-up, and mold. The program has 15 insurance companies or facilities participating in the coverage, with Lexington Insurance Company (a member of the AIG group of insurance companies) being the company with the first \$10,000,000 of coverage. The City had two water damage claims

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(22) Self-Insurance, (Continued)

at the Convention Center that occurred during the past fiscal year, one collecting \$123,319.50 and the other pending for about \$170,000.

The City bought Boiler and Machinery insurance as part of the All Risk Property Insurance Purchasing Group for limits of \$100,000,000. The coverage is subject to certain sublimits, with variable deductibles including \$2,500 on Consequential Damage (except \$250,000 at power plants). There have been increases in property values. Lexington is the primary insurer for \$25,000,000, with CNA and foreign insurers excess. CNA will provide boiler inspections. The City has no claims pending.

PCOC is entitled to indemnity from the City, and losses are included in the City's general liability self-insurance program. PCOC carries statutory workers' compensation insurance with no retention. PCOC requires licensees to provide insurance or purchase Special Events Liability Insurance from PCOC. The City buys liability insurance on the parking structures at PCOC. There have been incidents during the past year which have been covered by insurance or not pursued, presenting the City with minor exposure to its self-insurance funds.

RBOC is entitled to indemnity from the City, and its losses are included in the City's general liability self-insurance program. RBOC carries statutory workers' compensation insurance with no retention. Brookside Golf Course is administered through RBOC, which has contracted with American Golf to operate the facility. The Club House is leased to a restaurant and golf shop, each carrying its own liability insurance. Major Rose Bowl tenants include the Pasadena Tournament of Roses, UCLA Football, and the R. G. Canning Swap Meet. Tenants provide insurance on behalf of the City to a varying extent. Some claims are processed by American Golf or the tenants' insurance companies and are not included in the table below.

The claims liability reported in the General Liability and Workers' Compensation Internal Service Funds is based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated, including incurred but not yet reported claims. As of June 30, 2008, claims payable amounted to \$27,108,020, of which \$10,843,208 is estimated to be paid within one year.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(22) Self-Insurance, (Continued)

Changes in the claims payable liability in fiscal years 2007 and 2008 for the General Liability and Workers' Compensation Internal Service Funds are as follows:

	Beginning Fiscal Year Liability	Current Year Claims and Prior Year Changes in Estimates	<u>Claim Payments</u>	Ending Fiscal Year Liability
2006-07	\$20,435,788	11,545,124	7,742,628	24,238,284
2007-08	24,238,284	10,763,445	7,893,709	27,108,020

(23) Deferred Compensation Plan

For the benefit of its employees, the City has adopted a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or an unforeseeable emergency. As a result of changes under the Small Business Job Protection Act of 1996, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts must be held in a trust, custodial account, or annuity contract for the exclusive benefit of the employee participants and their beneficiaries. The new law effectively repeals the requirement that a section 457 plan sponsored by a governmental entity be solely the property of the employer, subject only to the claims of the employer's general creditors.

The plan has a Plan Administrator and an oversight committee. The five member committee is comprised of three elected City employees and two members of the community appointed by the City Council. The oversight committee members basically monitor the plan activity, performance of investment options and ensure that the Plan Administrator carries out his duties and responsibilities. The Plan Administrator is the Director of Finance or his designee and is responsible for the day to day administration, has authority to sign all legal agreements with approved plan providers, and ensures proper amounts are withheld and immediately transferred to trust and invested in accordance with participants' directions. In fiscal year 1999, the City adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Management of the City believes they have

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(23) Deferred Compensation Plan, (Continued)

sufficient administrative involvement with the plan in their role as trustee, thus, plan assets were transferred from an Agency Fund to a Pension Trust Fund.

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

	<u>2008</u>	<u>2007</u>
Assets, beginning of year (market value)	\$151,224,488	130,485,900
Deferrals of compensation	15,024,744	14,238,126
Earnings and adjustments to market value	(3,612,790)	15,779,969
Payments to eligible employees	<u>(9,133,313)</u>	<u>(9,279,507)</u>
Assets, end of year (market value)	<u>\$153,503,129</u>	<u>151,224,488</u>

(24) Pension Plans

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

Pasadena Fire and Police Retirement System

Plan Description

FPRS is a single-employer defined benefit plan governed by a Retirement Board (Board) under provisions of the City Charter. The plan covers all fire and police personnel who were employed by the City prior to July 1, 1977, except for those who elected to transfer to the California Public Employees' Retirement System (CalPERS) at that time. Retirement benefits for all fire and police personnel employed thereafter are provided under CalPERS. The plan provides retirement, death and disability benefits. Copies of FPRS's annual financial report may be obtained from the Department of Finance, 100 North Garfield Avenue, 3rd Floor, Pasadena, California 91109. This annual financial report includes the required three-year trend information.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Funding Policy

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

Pursuant to Section 1509.81 of the Charter, members also contribute an additional 5% of compensation for cost-of-living benefits. Because this is a flat rate and cost-of-living benefits are not fully funded, these contributions continued. The contribution requirements of plan members and the City are established and may be amended by the Board within the provisions of the City Charter.

Annual Pension Cost

For fiscal year 2008, the City's annual pension cost was \$5,018,909 for FPRS. The City's required and actual fiscal year contributions were \$12,524,839 and \$3,193,583, respectively. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return, (b) projected annual salary increases of 5.5%, and (c) 3.8% per year cost-of-living adjustments. The actuarial value of FPRS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period (smoothed market value). During June 2004, FPRS entered into a Settlement and Release Agreement with the City. Under the agreement, the City issued a debenture of \$13,735,616 in June 2004 and agreed to make three payments to FPRS (in addition to the Cost of Living contributions required under the City Ordinance and employer pick-up of employee contributions negotiated in a labor agreement). The debenture included a principal amount of \$12,829,096 plus interest accrued through the end of the fiscal year. The City made the first payment of \$15 million in August 2004. The second payment of \$15 million was made on November 1, 2004. A third payment of \$10 million was made on

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

January 2, 2005. The payments in excess of the debenture are projected to be used to cover any Supplemental Contribution required under actuarial as of June 30, 2004. In exchange for these payments, the FPRS Board agreed to modify the methodology used to calculate the actuarial value of assets in this and subsequent annual valuations. The modified methodology no longer requires that the actuarial value of assets remain within a 20% corridor around the actual market value of the assets. FPRS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Benefits and refunds are recognized when due and payable. The amortization period of the unfunded actuarial liability ends on June 30, 2008.

Three-Year Trend Information for FPRS (in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contributed</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 6,533	1,427	21.851%	41,129
6/30/07	6,744	3,839	56.922%	44,034
6/30/08	5,019	3,194	63.631%	45,860

Required Supplementary Information for FPRS – Unaudited (in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
6/30/06	\$127,841	184,852	57,011	69%	141	40,416%
6/30/07	131,137	183,046	51,909	72%	146	35,607%
6/30/08	131,321	178,748	47,427	73%	179	26,506%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Changes in the Net Pension Obligation (NPO) during the fiscal year ended June 30, 2008 are as follows:

Beginning of year net pension obligation		\$44,034,293
Pension Cost:		
Annual required contribution	12,524,839	
Interest on beginning of year NPO less interest on mid year City contribution	3,522,743	
Amortization of beginning of year NPO	<u>(11,028,673)</u>	
Total pension costs		5,018,909
Less: City contribution		<u>(3,193,583)</u>
End of year net pension obligation		<u>\$45,859,619</u>

California Public Employees' Retirement System

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

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

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The contribution rate indicated for the period is 22.048% of payroll for the safety plan and 8.625% of payroll for the miscellaneous plan. In order to calculate the

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

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

	<u>Retirement Program</u>	<u>Misc. Plan</u>	<u>1959 Survivor Program</u> <u>Safety Plan</u>
Valuation Date	June 30, 2005	N/A	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method	N/A	Modified Term Insurance Method
Amortization Method	Level Percent of Payroll	N/A	Level Percent of Payroll
Average Remaining Period	18 Years as of the Valuation Date (23 years for the Safety Plan)	N/A	Rolling 5 Years
Asset Valuation Method	15 Year Smoothed Market	N/A	3 Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.75% (net of admin. expenses)	N/A	7.75% (net of admin. expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment (3.25% to 13.15% for the Safety Plan)	N/A	N/A
Inflation	3.00%	N/A	N/A
Payroll Growth	3.25%	N/A	N/A
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	N/A	N/A

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

Defined Benefit Pension Plan (PERS)

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

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

Required Supplementary Information – Safety – Unaudited (in thousands)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Valuation of Assets (AVA)	Unfunded Liability (UL)	Funded Ratios		Annual Covered Payroll	UL As a % of Payroll
				AVA	Market Value		
<i>Retirement Program</i>							
06/30/05	\$227,202	190,415	36,787	83.8%	85.9%	33,934	108.4%
06/30/06	247,233	211,753	35,480	85.6%	90.2%	35,030	101.3%
06/30/07	285,822	238,041	47,781	83.3%	95.4%	40,138	119.0%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

Required Supplementary Information – Miscellaneous – Unaudited (in thousands)

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Valuation of Assets (AVA)	Unfunded Liability (UL)	Funded Ratios		Annual Covered Payroll	UL As a % of Payroll
				AVA	Market Value		
<i>Retirement Program</i>							
06/30/05	\$485,651	463,019	22,632	95.3%	98.1%	86,571	26.1%
06/30/06	534,487	496,180	38,307	92.8%	98.5%	93,252	41.1%
06/30/07	585,908	539,717	46,191	92.1%	106.8%	102,135	45.2%

*Information for the 6/30/08 disclosures was not available at the time of printing.

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 6,936	7,402	100%	-
6/30/07	10,056	8,671	100%	-
6/30/08	12,228	9,283	100%	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(24) Pension Plans, (Continued)

Defined Contribution Plan

The City provides pension benefits for employees not covered by CalPERS or FPRS through the Public Agency Retirement System (PARS). This is a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 501, and administered by Phase II Systems. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The plan agreement requires the City to contribute an amount equal to 4.0% of the employees' earnings and the covered employee contributes 3.5%. The City contributions for each employee are fully vested.

The City's payroll for employees covered by PARS for the year ended June 30, 2008, was \$3,844,362. Both the City and the covered employees made the total required 7.5% contributions of \$153,775 from the City and \$134,553 from the covered employees.

(25) Commitments and Contingencies

Primary Government

Jointly Governed Organizations

Joint Power Agreement between the City and the County of Los Angeles

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

"Take or Pay" Contracts

The City's electric operation has entered into six "Take or Pay" contracts to provide for current and future electric generating capacity and transmission of energy for City customers. The City is obligated to pay the amortized cost of indebtedness regardless of the ability of the contracting agency to provide electricity and/or transmission, as applicable. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

A summary of the City of Pasadena "Take or Pay" contracts by project as of June 30, 2008, and its estimated contractual obligations through 2024, based on projected energy prices (in millions) are as follows:

	Unaudited (in millions)					
	IPA Project	SCPPA Palo Verde	SCPPA Southern Transmission System	SCPPA Mead- Adelanto	SCPPA Mead- Phoenix	SCPPA Magnolia
Bonds and Notes sold (outstanding)	2,991	101	810	195	62	340
Interest	<u>1,007</u>	<u>29</u>	<u>353</u>	<u>62</u>	<u>19</u>	<u>240</u>
Combined total debt service	3,998	130	1,163	257	81	580
City percentage	<u>5.30%</u>	<u>4.4%</u>	<u>5.88%</u>	<u>8.59%</u>	<u>13.88%</u>	<u>6.13%</u>
City obligations	<u>\$ 212</u>	<u>6</u>	<u>68</u>	<u>22</u>	<u>11</u>	<u>36</u>

Intermountain Power Authority

The Intermountain Power Authority (IPA), a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,800-MegaWatt (MW) coal-fueled generating plant consisting of two generating units located near Delta, Utah. The City, through contract, is obligated for 79 MW or 4.409% of the generation. In addition, the City entered into an "Excess Power Sales Agreement" with IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the City to an additional share of 29 megawatts or 1.591%. The City's total obligation from the Intermountain Power Project (IPP) is 1,088 MW.

Southern California Public Power Authority

The City of Pasadena Light and Power Fund joined the Southern California Public Power Authority (SCPPA) on November 1, 1980. This authority, consisting of the cities of Los Angeles, Pasadena, Anaheim, Azusa, Banning, Riverside, Colton, Vernon, Burbank,

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

Glendale, Cerritos, San Marcos, and the Imperial Irrigation District, was formed for the purpose of planning, financing, developing, acquiring, constructing future power and transmission resources. The Joint Powers Agreement has a term of fifty years. The City entered into nine projects with SCPPA.

Palo Verde Nuclear Generating Station

The first project SCPPA participated in is a 3,810-MegaWatt nuclear fuel generation plant in Arizona (Palo Verde). The Palo Verde Nuclear Project consists of three (3) units, each having an electric output of approximately 1,270 MW. Unit No. 1 began commercial operation in February 1986, Unit No. 2 was commercially operable in September 1986, and Unit No. 3 attained commercial operation in January 1988. SCPPA has purchased approximately 225 MW of capacity and associated energy in Palo Verde (approximately 5.9% of total output), of which the City received 9.9 MW or 4.4% of SCPPA's entitlement.

Southern Transmission System

SCPPA financed a second project called the Southern Transmission System (STS), which transmits power from the IPP to Southern California. The 500 kV DC is rated at 1,920 MW. The City's share of the line is 5.883% or approximately 113 MW. STS commenced commercial operations in July 1986.

Mead-Adelanto Transmission System

SCPPA financed a third project called the Mead-Adelanto Transmission System consisting of a 202 mile long 500 kV AC transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Commercial operations commenced in April 1996. Nine members own one-third of Mead-Adelanto through SCPPA. SCPPA members are entitled to 815 MW. The City is obligated for 70 MW or 8.589% of the SCPPA entitlement.

Mead-Phoenix Transmission System

SCPPA financed a fourth project called the Mead-Phoenix Transmission System consisting of a 256 mile long 500 kV AC transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. Commercial operations commenced in April 1996. Nine members own one-fifth of Mead-Phoenix

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

through SCPPA. The City is obligated for 33 MW from the Mead-Phoenix project or 13.806% of the SCPPA entitlement.

Magnolia Project

SCPPA financed a fifth project called the "Magnolia Power Project" consisting of a natural gas-fired generating facility with a nominally rated net base capacity of 242 MW to be located on an existing generating site in the City of Burbank, California, including necessary and appurtenant facilities and equipment thereto, the applicable portion of any common facilities and interconnection facilities. The Project was being constructed for the primary purpose of providing the participants in the Project with firm capacity and energy to help meet their power and energy requirements in 2005 and thereafter. Commercial operations commenced September, 2005. SCPPA owns the Magnolia Power Project, and six SCPPA members have contracted with SCPPA for 100% of its output. The City of Pasadena's share is 6.1307% or 14.8 MW of base capacity.

Natural Gas Development Project

In early 2004, Pasadena, along with eight other Southern California Public Power Authority (SCPPA) members, became alarmed about the volatility of price and supply forecasts of natural gas which is used to fuel our on-site and Magnolia generators. Furthermore, prices were projected to rise steadily as demand for natural gas continues to grow while supply remains stagnant or even falls. In order to mitigate some of the risk of the price and supply uncertainty, SCPPA was asked to look into a few different options for securing reliable and low cost sources of natural gas. After reviewing the options, the members decided to investigate further the purchase of a share in a natural gas reserve field. On July 1, 2004, nine SCPPA members signed a Development Agreement to jointly examine the feasibility and economics of purchasing a share in a natural gas reserves field. After almost a year of studying the financial and operational risks as well as the backgrounds of a number of gas drilling operations, Pasadena agreed to go forward and participate in the SCPPA Natural Gas Development Project and purchase property and up to a 1,000 MMBtu/day output share of natural gas reserves. Pasadena, along with five out of the original eight interested members, signed its first agreement with SCPPA effective July 1, 2005.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

Anshutz-Pinedale Gas Reserves Project

On July 1, 2005, SCPPA successfully closed the first transaction to purchase an interest in natural gas reserves under the Natural Gas Development Project to help ensure a stable fuel supply for Pasadena Water and Power's (PWP) power plants. The acquisition, which includes 38 operating oil and gas wells expected to yield about 112 billion cubic feet of natural gas over the life of the field, is believed to be the largest natural gas field owned by public power utilities. It will help ensure a stable supply for PWP's power plants and stabilize the most volatile component of PWP's operating expenses. SCPPA and other participants, including Los Angeles Department of Water and Power and the Turlock Irrigation District, signed a purchase agreement with Anschutz Pinedale Corp. in Denver to buy a portion of the company's natural gas reserves in Wyoming for \$300 million. Pasadena's SCPPA partners include the cities of Anaheim, Burbank, Colton and Glendale. The agreement gives PWP a 2.13% ownership in the acquisition at a total cost of \$6.5 million including development and transaction costs. As of June 30, 2008, PWP have received an average net gas flow deliveries of 806 MMBtu/day to the local power plant at a substantial discount from current market price of \$7.75/MMBtu. Daily deliveries are expected to increase to 1,522 with an additional drilling and capital improvements.

Barnett Gas Reserves Project

On October 26, 2006, SCPPA secured a second property interest in a natural gas reserve field under the Gas Development Agreement located at the Barnett Shale Formation in Texas. The Barnett property is in the early stages of development and will initially provide up to 250 MMBtu per day of gas at less than \$6 per MMBtu. This second acquisition completes PWP's total involvement target of 1,000MMBtu of natural gas per day under the Gas Development Project. However, additional capital development (drilling) of the property may result in greater daily volumes at a lower cost. PWP's share of the acquisition is expected to reach about 1,100 MMBtu per day of natural gas, or 18% of SCPPA's share of the property, at peak production. Pasadena's SCPPA partners in this project include the cities of Anaheim, Burbank, and Colton.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

Prepaid Natural Gas Project

On October 2007, SCPPA and the City of Pasadena along with the Cities of Anaheim, Burbank, Colton, and Glendale have entered into separate Prepaid Natural Gas Program Gas Supply Agreements (Gas Project No.1). Gas Project No.1 primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas from J. Aron pursuant to the terms of the Prepaid Natural Gas Sales Agreements. The gas is to be delivered by J. Aron to SCPPA at designated Delivery Points on the natural gas pipelines that serves each City in specified daily quantities each month beginning July1, 2008, over approximately 30-year term of each of the Prepaid Natural Gas Sales Agreements. Gas sold under the agreement is priced at the applicable Monthly Index Price for the primary Delivery Point less a specified discount. Each agreement provides for the sale to the Cities, on a pay-as-you-go basis. The electric utility systems owned by each City in part provide gas-fired electric utility service to retail consumers located in their respective areas. The City of Pasadena's participation share is 16.50% or an average daily quantity of 2,000 dekatherms (Dth).

Challenges

In response to California Assembly Bill 1890 ("AB1890"), the City chose to open its market to competition on January 1, 2000. The City has long-term contracts with IPA and SCPPA, most of which obligate the City to purchase power and/or services at cost, which was projected to be higher than market in a deregulated environment. As a result, the City was faced with a "stranded investment" with a net present value estimated to be approximately \$145.5 million in 2006. AB1890 provided for the recovery of this stranded investment through a "Competition Transition Charge" on each customer's utility bill. The City stopped collecting this charge after July 1, 2002. A competitive financial strategy, which includes a ten-year financial planning model developed in 1996 and updated annually, serves as the blue print for managing the Utility through the open market transition. The strategy includes recovery and elimination of the stranded investment with minimal impact on customer rates over approximately five years. As of June 30, 2008, the City's Reserve for Stranded Investment fund balance was approximately \$136.6 million. The City has implemented the approved Stranded Investment Utilization Plan by direct defeasance of the debt service of IPP outstanding bonds and mitigation of variable energy costs.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

Additional financial information on the SCPPA may be obtained by contacting Steve Endo, Principal Engineer, with the Resource Planning Section of the Power Supply Business Unit of the City of Pasadena Department of Water and Power at 150 South Los Robles, Suite 200, Pasadena, CA 91101.

Multimodal Operation and Development Entity (MODE)

In April 2003, the City Council approved the formation of the Multimodal Operation and Development Entity (MODE), a joint powers authority between the City of Pasadena and the Los Angeles to Pasadena Metro Blue Line Construction Authority for the purpose of operating the 600 space Del Mar parking structure adjacent to the Del Mar Gold Line station. Once fully operational, the garage is expected to be self supporting from parking revenues. As an active participant in providing oversight of this garage, in November 2003 the City made a loan to the MODE of \$50,000 in order to provide needed funding to maintain a quality parking facility and preserve the City's involvement in the operations of the garage. On June 18, 2007 the City Council agreed to forgive the interest free loan provided to MODE.

Other

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

Litigation

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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2008

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

California ISO Receivable

The Light and Power Fund carries an account receivable of \$19,591,119 that represents energy sales to the California Independent System Operator during the California electrical crisis which occurred in approximately October, 2000 to June, 2001. The electrical crisis has resulted in numerous legal actions, some of which have involved Pasadena Water and Power. The City has recorded an allowance relating to the potential uncollectibility of this receivable. However, the actual amount that will be collected is not determinable at this time.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(26) Defeasance of Debt

Over the years, the City has defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and the liability for the defeased debt issues are not included in the City's financial statements.

As of June 30, 2008 the following defeased debt issues are outstanding:

	Outstanding Balance at June 30, 2008
Electric Works Revenue Bonds, 1980 Series	\$ 3,870,000
Electric Works Revenue Bonds, 1990 Series	5,270,000
Electric Works Revenue Bonds, 1992 Series	13,705,000
1991 Water Revenue Bonds	3,290,000
1994 Financing Authority for Resource – Water	1,250,000
1993 Water Revenue Bonds	17,210,000
Fair Oaks 1985 Tax Allocation Bonds	710,000
Villa-Parke 1985 Tax Allocation Bonds	890,000
Lake/Washington, 1985 Tax Allocation Bonds	210,000
Orange Grove 1989 Subordinate Tax Allocation Bonds	1,210,000
Villa Parke 1989 Subordinate Tax Allocation Bonds	965,000
Fair Oaks 1993 Tax Allocation Bond	2,375,000
Villa Parke 1993 Tax Allocation Bond	635,000
Lake Washington 1993 Tax Allocation Bond	760,000
Housing Set-Aside Revenue Townhouse 1996 Tax Allocation Bond	1,770,000
1985 Certificates of Participation (Old Pasadena Parking Facilities Project of 1985)	14,690,000
1986 Refunding Certificates of Participation (Old Pasadena Parking Facilities Project of 1986)	15,980,000
1987 Certificates of Participation (Capital Improvement Projects)	8,890,000
1989 Certificates of Participation (Public Facilities Project)	14,915,000
1990 Certificates of Participation	20,315,000
1992 Certificates of Participation (Refunding and Capital Project)	10,605,000
1993 Certificates of Participation (Refunding and Capital Project), Partial Refunding	13,490,000
1996 Certificates of Participation (Multi-Purpose Project), Partial Refunding	6,320,000
2004 Certificates of Participation (Auction Rate) Series A and B	<u>29,000,000</u>
Total defeased debt issues outstanding	<u>\$188,325,000</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(27) Debt Without Government Commitment – Primary Government

The City served as a conduit for the Collis P. and Howard Huntington Memorial Hospital Trust, a 501(c)3 public benefit corporation for the financing of the acquisition of computers and related equipment for Huntington Memorial Hospital. The maximum amount of debt was \$10 million, disbursed through several loans and to be repaid over a maximum term of eight years. Wells Fargo is privately placing the notes. Repayment of the notes is the sole responsibility of the trust, not an obligation of the City, and is therefore excluded from the City's financial statements.

The City also participates in private property financing arrangements between lenders and property owners under the Marks Historical Rehabilitation Act of 1976. Such financing arrangements were issued by the City in 1984 in an aggregate amount of \$4,000,000 and are due in December 2014. These are not obligations of the City, and are therefore excluded from the City's financial statements.

Also, on November 13, 1997, the City Issued \$13,290,668 of its Community Facilities District#1 (Civic Center West Public Improvements) 1997 Special Tax Bonds. The Bonds were issued to refinance the previously issued 1992 Special Tax Bonds used to finance the public improvements related to the Civic Center West Project.

Special taxes have been and will continue to be assessed on the property by the City's Finance Department by means of direct billing. The special taxes assessed against the district are tax revenues pledged to pay the debt service on the bonds and cover any administrative expenses. The City is in no way liable for repayments but is only acting as an agent for revenue payers. The bonds are therefore not recorded as liabilities in the accompanying financial statements. As of June 30, 2008, the outstanding balances on the CFD Special Tax Bonds were \$8,865,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

(28) Post-employment Benefits Other Than Pensions

The City of Pasadena provides a subsidy to retirees of the City who are members of the California Public Employees' Retirement System or the Pasadena Fire and Police Pension System. Benefit provisions are established and amended through negotiations between the City and the respective unions. Two different levels of subsidy toward the purchase of medical insurance from CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA) are offered. These are currently at \$97.00 or \$23.50 per month depending on the bargaining unit or the unrepresented group the employee was a member of. For fiscal year ended June 30, 2008 the number of employees covered by the subsidy follows:

	<u>\$97.00</u> <u>Per Month</u> <u>Group</u>	<u>\$23.50</u> <u>Per Month</u> <u>Group</u>	<u>Total</u>
Active Participants	840	1,133	1,973
Participants receiving subsidy	<u>234</u>	<u>206</u>	<u>440</u>
Total	<u>1,074</u>	<u>1,339</u>	<u>2,413</u>

Plan Description

Eligibility. The plan provides benefits to individuals who terminate service with the City and begin to collect a monthly benefit under one of the retirement plans sponsored by the City within 120 days of termination of City service under service retirement or disability retirement and to certain survivors of Safety members who die in active service.

Service Retirement: Employees retiring directly from active status receive medical benefits commencing at retirement. Employee must be age 50 or older with 5 or more years of service.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Pre-retirement Death:

Safety Employees:

Industrial:

Survivor receives medical benefits commencing immediately.

Non-Industrial:

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

Miscellaneous Employees:

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

Dependent Eligibility:

Dependents are not eligible for benefits.

Survivor Eligibility:

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

Benefits:

Medical Benefit:

Eligible retirees are provided a subsidy for medical benefits through PEHMCA. For the year beginning July 1, 2007, this monthly amount is \$97.00 for certain classes of employees and \$23.50 for remaining employees.

Funding Policy and Annual OPEB Cost. The City contribution requirements have been established at the individual retiree levels of \$97.00 or \$23.50 per month depending on bargaining unit membership and policy enacted by CalPERS pursuant to State Law. These minimum requirements may be increased through future negotiations between the City and respective unions. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. This is the first year of implementation of GASB Statement 45 and the city's liability is based on "Pay as you go" funding. If the city should select the "Prefunding" method the annual OPEB cost would be reduced. The City's annual OPEB cost for the current year and related information follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

	\$97.00 Per Month <u>Group</u>	\$23.50 Per Month <u>Group</u>	<u>Total</u>
Normal Cost	\$872,414	\$264,897	\$1,137,311
Amortization of UAAL *	1,074,411	245,957	1,320,368
Interest for mid-year payment	<u>38,936</u>	<u>10,217</u>	<u>49,153</u>
Annual OPEB Cost	1,985,761	521,071	2,506,832
Contributions made	<u>297,429</u>	<u>66,581</u>	<u>364,010</u>
Increase in net OPEB obligation	1,688,332	454,490	2,142,822
Net OPEB obligation – beginning of year	_____ -	_____ -	_____ -
Net OPEB obligation – end of year	<u>\$1,688,332</u>	<u>\$454,490</u>	<u>\$2,142,822</u>

*UAAL is amortized over a 30 year period using level dollar amortization under “Pay as you go” funding.

Annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2008 are as follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Groups receiving \$97 per month benefit	6/30/08	\$1,985,761	14.98%	\$1,688,332
Groups receiving \$23.50 per month benefit	6/30/08	<u>521,071</u>	<u>12.78%</u>	<u>454,490</u>
Total	6/30/08	<u>\$2,506,832</u>	<u>14.52%</u>	<u>\$2,142,822</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008 follows:

	\$97.00 Per Month Group	\$23.50 Per Month Group	Total
Actuarial accrued liability	\$19,321,900	\$4,423,229	\$23,745,129
Actuarial value of plan assets	_____ -	_____ -	_____ -
Unfunded actuarial accrued liability	19,321,900	4,423,229	23,745,129
Funded ratio	0%	0%	0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information will provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Since this is the first year of GASB45 reporting, no trend data is available.

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

Economic Assumptions:

Discount Rate:	Pay-as-you-go – 4.00% per year.
Administrative Expenses:	Not assumed to be paid from this plan.
Trend Rates:	5.0% per year for all years

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

Demographic Assumptions:

Post-retirement mortality:

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

Termination:

Rates varying by age and service.

Pre-retirement mortality:

Rates varying by age.

Disability:

rates varying by age.

Service retirement:

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

Percentage married at Retirement:

85% of miscellaneous active members assumed married at retirement. 90% of safety active members assumed married at retirement.

Spouse Ages:

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

Medical Coverage Elections:

60% of retiring members are assumed to elect coverage.

Implicit Subsidy:

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

Actuarial Methods:

Funding Method:

Entry Age Normal – Level Dollar.

Amortization Period:

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2008

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

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll [(b-a)/c]</u>
6/30/08	\$0	\$23,745,129	\$23,745,129	0%	N/A	N/A

(29) Subsequent Events

Primary Government

Refinancing of the 2003 City Hall Certificates of Participation

The 2003 COPs were issued as Variable Rate Demand Bonds (VRDBs) insured by Ambac and backed by a Standby Purchase Agreement from State Street and CalStrs layered by a synthetic fixed rate swap with Ambac. On June 25, 2008, the City terminated the swap agreement with Ambac and refunded bonds with the 2008C fixed rate Refunding Certificates of Participation.

On July 16, 2008, the City issued the 2008C Refunding Certificates of Participation in the amount of \$71,450,000. These certificates were issued to refund the City's 2003 Variable Rate Demand Certificates of Participation (City Hall and Park Improvements) and finance the costs of execution of the 2008C Refunding COP's. Interest on the certificates is payable semi-annually on February 1 and August 1 commencing February 1, 2009. The rate of interest varies from 4.0% to 5.0% per annum depending on maturity date. Principal is payable in annual installments ranging from \$1,265,000 to \$4,310,000 commencing February 1, 2009 and ending February 1, 2038. The 2008C COP's are in parity with the 1993, 2006A, 2008A and 2008B series. The parity reserve requirement upon issuance of the 2008C COP's was \$20,450,990. The 2008C Refunding COPs had an All-in True Interest Cost (TIC) of 4.53% and a Net Present Value savings of \$18.4 million using the then estimated rate on the variable rate bonds.

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CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2008

(1) Budgets and Budgetary Data

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

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

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the department level and within a single fund. The City Manager may authorize transfers of appropriations within a department so long as it is within a single fund. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are each considered a single department. Supplemental appropriations during the year must be approved by the City Council. There were no significant budget amendments during the fiscal year. All unencumbered appropriations lapse at fiscal year end. In order to be an encumbered appropriation there must be either an approved purchase order or contract in force as of June 30.

(2) Expenditures in Excess of Appropriations

The general fund reported an excess of expenditures over appropriations at June 30, 2008:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Fund:			
General government			
City Attorney/City Prosecutor	6,257,912	6,319,536	(61,624)
City Manager	2,661,005	2,721,482	(60,477)
Non-departmental	6,821,714	9,092,387	(2,270,673)
Culture and Leisure			
PCOC	5,570,305	5,576,562	(6,257)
Special Revenue Funds:			
Donated Funds	-	272,848	(272,848)
Housing and Community Development Fund			
Principal Retirement	-	250,000	(250,000)

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2008

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

The general government, non-departmental expenditures exceeded appropriations due to \$2,569,735 of the expenditures being for billable projects which do not typically have budgets. This overage was partially offset by savings in other non-departmental expenditures.

CITY OF PASADENA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 115,873,615	115,873,615	121,156,311	5,282,696	115,916,861
Licenses and permits	2,219,664	2,219,664	2,715,718	496,054	2,024,034
Intergovernmental revenues	12,233,562	12,259,103	13,578,313	1,319,210	12,705,093
Charges for services	27,743,002	27,764,305	31,917,959	4,153,654	30,711,841
Fines and forfeits	7,222,020	7,222,020	8,024,617	802,597	7,593,705
Investment earnings	18,333,105	22,130,293	21,209,093	(921,200)	22,024,174
Net change in fair value of investments	-	-	371,245	371,245	857,707
Rental income	1,586,621	1,586,621	1,543,172	(43,449)	1,317,087
Miscellaneous revenues	2,067,909	2,092,909	2,647,710	554,801	2,063,664
Total revenues	<u>187,279,498</u>	<u>191,148,530</u>	<u>203,164,138</u>	<u>12,015,608</u>	<u>195,214,166</u>
Expenditures:					
Current:					
General government:					
City Attorney/City Prosecutor	6,246,912	6,257,912	6,319,536	(61,624)	5,664,263
City Clerk	1,618,320	2,088,423	1,839,808	248,615	2,276,910
City Council	1,886,422	1,905,553	1,837,131	68,422	1,725,052
City Manager	2,654,795	2,661,005	2,721,482	(60,477)	2,421,143
Finance	9,850,182	9,906,682	9,436,258	470,424	8,904,747
Human Resources	2,911,392	2,955,952	2,837,094	118,858	2,728,600
Non-departmental	3,302,353	6,821,714	9,092,387	(2,270,673)	10,457,693
Public safety:					
Fire	38,192,433	38,480,538	38,337,101	143,437	36,797,134
Police	56,356,311	56,955,712	55,873,511	1,082,201	51,601,737
Transportation:					
Public Works and Transportation	26,538,604	26,745,491	26,289,894	455,597	24,514,491
Culture and leisure:					
Human Services, Recreation and Neighborhoods	9,220,276	9,428,847	8,972,327	456,520	8,323,610
Non-departmental - PCOC	5,570,305	5,570,305	5,576,562	(6,257)	5,376,947
Community development:					
Planning and Permitting	9,827,292	9,888,067	9,542,687	345,380	9,468,514
Total expenditures	<u>174,175,597</u>	<u>179,666,201</u>	<u>178,675,778</u>	<u>990,423</u>	<u>170,260,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,103,901</u>	<u>11,482,329</u>	<u>24,488,360</u>	<u>13,006,031</u>	<u>24,953,325</u>
Other financing sources (uses):					
Issuance of long-term debt	1,434,640	1,434,640	-	(1,434,640)	87,401
Transfers in	15,070,903	18,256,006	18,538,138	282,132	13,634,346
Transfers out	(40,044,671)	(43,941,859)	(43,589,080)	352,779	(51,653,771)
Total other financing sources (uses)	<u>(23,539,128)</u>	<u>(24,251,213)</u>	<u>(25,050,942)</u>	<u>(799,729)</u>	<u>(37,932,024)</u>
Change in fund balances	(10,435,227)	(12,768,884)	(562,582)	12,206,302	(12,978,699)
Fund balances at beginning of year	<u>66,487,713</u>	<u>66,487,713</u>	<u>66,487,713</u>	<u>-</u>	<u>79,466,412</u>
Fund balances at end of year	<u>\$ 56,052,486</u>	<u>53,718,829</u>	<u>65,925,131</u>	<u>12,206,302</u>	<u>66,487,713</u>

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SUPPLEMENTARY INFORMATION

CITY OF PASADENA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2008	2007
<u>Assets</u>						
Cash and investments	\$ 63,119,985	45,103,020	37,141,070	1,055,105	146,419,180	143,997,155
Accounts receivable	8,216,856	-	561,941	7,058	8,785,855	7,534,496
Less allowance for uncollectible amounts	(29,505)	-	-	-	(29,505)	(28,413)
Notes receivable	22,787,272	-	7,510,084	-	30,297,356	28,507,419
Due from other funds	91,100	-	1,466,264	-	1,557,364	1,685,559
Prepays and other assets	1,670	-	-	-	1,670	-
Advances to other funds	17,021,168	-	10,765,328	-	27,786,496	24,526,426
Allowance for uncollectible long-term receivables	(22,069,491)	-	(10,880,712)	-	(32,950,203)	(32,178,552)
Property held for resale	9,130,065	-	-	-	9,130,065	6,741,565
Total assets	\$ 98,269,120	45,103,020	46,563,975	1,062,163	190,998,278	180,785,655
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,422,081	180,638	354,743	33	4,957,495	5,065,360
Deposits	752,523	-	-	-	752,523	1,040,573
Due to other funds	3,352,740	-	1,501,278	-	4,854,018	4,601,105
Due to other governments	-	-	95,042	-	95,042	-
Deferred revenue	5,150,919	-	-	-	5,150,919	2,759,198
Advances from other funds	480,000	-	4,790,604	-	5,270,604	4,649,052
Total liabilities	14,158,263	180,638	6,741,667	33	21,080,601	18,115,288
Fund balances:						
Reserved for:						
Encumbrances	5,598,406	-	88,261	-	5,686,667	14,383,439
Notes receivable	22,787,272	-	7,510,084	-	30,297,356	16,237,303
Prepays and other assets	1,670	-	-	-	1,670	-
Advances to other funds	-	-	8,351,346	-	8,351,346	5,504,636
Property held for resale	9,130,065	-	-	-	9,130,065	6,741,565
Debt service	-	44,922,382	-	-	44,922,382	41,651,965
Unreserved, reported in:						
Special revenue funds	46,593,444	-	-	-	46,593,444	43,024,637
Capital projects funds	-	-	23,872,617	-	23,872,617	34,079,972
Permanent funds	-	-	-	1,062,130	1,062,130	1,046,850
Total fund balances	84,110,857	44,922,382	39,822,308	1,062,130	169,917,677	162,670,367
Total liabilities and fund balances	\$ 98,269,120	45,103,020	46,563,975	1,062,163	190,998,278	180,785,655

CITY OF PASADENA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2008	2007
Revenues:						
Taxes	\$ 7,731,688	-	5,022,634	-	12,754,322	12,781,187
Licenses and permits	5,929,866	-	-	-	5,929,866	5,097,022
Intergovernmental revenues	33,719,588	-	-	-	33,719,588	36,415,306
Charges for services	6,923,655	-	223,542	-	7,147,197	6,985,916
Fines and forfeitures	-	-	-	-	-	164,095
Investment earnings	2,659,556	2,194,568	1,772,218	46,397	6,672,739	7,774,100
Net change in fair value of investments	299,826	80,496	234,787	5,281	620,390	1,336,885
Rental income	2,471,341	-	1,355,492	-	3,826,833	3,674,111
Miscellaneous revenues	4,620,057	-	336,369	-	4,956,426	6,480,550
Contributions	10,050	-	2,617,432	-	2,627,482	4,195,826
Total revenues	64,365,627	2,275,064	11,562,474	51,678	78,254,843	84,904,998
Expenditures:						
Current:						
General government	-	170,119	869,802	-	1,039,921	538,308
Public safety	2,000,718	-	-	-	2,000,718	4,314,405
Transportation	10,426,769	-	-	-	10,426,769	9,678,130
Sanitation	3,189,090	-	-	-	3,189,090	3,109,637
Health	12,123,825	-	-	-	12,123,825	12,246,665
Culture and leisure	12,270,164	-	-	2,398	12,272,562	11,817,253
Community development	25,353,947	-	4,335,372	-	29,689,319	28,547,751
Capital outlay	-	-	162,442	-	162,442	310,272
Debt service:						
Principal retirement	250,000	39,820,175	-	-	40,070,175	10,865,171
Interest	164,952	14,259,785	154,802	-	14,579,539	15,566,334
Total expenditures	65,779,465	54,250,079	5,522,418	2,398	125,554,360	96,993,926
Excess (deficiency) of revenues over (under) expenditures	(1,413,838)	(51,975,015)	6,040,056	49,280	(47,299,517)	(12,088,928)
Other financing sources (uses):						
Issuance of long-term debt	1,180,172	26,759,131	-	-	27,939,303	-
Other financing use-bond discount	-	835,801	-	-	835,801	-
Transfers in	14,392,460	60,277,188	1,616,966	-	76,286,614	47,036,497
Transfers out	(10,105,692)	(32,626,688)	(7,748,511)	(34,000)	(50,514,891)	(43,934,626)
Total other financing sources (uses)	5,466,940	55,245,432	(6,131,545)	(34,000)	54,546,827	3,101,871
Change in fund balances	4,053,102	3,270,417	(91,489)	15,280	7,247,310	(8,987,057)
Fund balances at beginning of year	80,057,755	41,651,965	39,913,797	1,046,850	162,670,367	171,657,424
Fund balances at end of year	\$ 84,110,857	44,922,382	39,822,308	1,062,130	169,917,677	162,670,367

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other revenue sources that is restricted by law or administrative action to expenditure for specified purposes.

Public Safety Fund - to account for revenue received from State AB3229 funds, revenue derived from the 1/2-cent sales tax approved by the voters in November 1993, high technology grant revenue received from the State of California, and money received by the Police Department from forfeited cash and other tangible property seized in illegal narcotic activities under the Federal Comprehensive Crime Control Act of 1984 and used solely for law enforcement purposes. It also account for revenue received from Federal Emergency Management Agency's (FEMA) for a Firefighters Grant Program for the purpose of funding a Fire Department Wellness Program and a federal grant for Anti-Terrorism.

Health Fund - to account for all grants and revenue received for the provision of health services by the Public Health Department.

Building Services Fund - to account for the operations of the Permit Center including all revenues and expenditures associated with issuing various building permits.

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

Underground Utilities Fund - to account for the use of revenue received from the underground surtax on sales of electric energy.

Transportation Fund - to account for the use of revenue derived from the 1/2-cent sales tax approved by the voters in November 1980 and 1990, gasoline tax collected for the construction and maintenance of the road network system of the City, sales tax collected for bikeways and pedestrian facilities, and State AB2928 traffic congestion relief revenue for the preservation, maintenance and rehabilitation of the City's street and road system.

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

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

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

Parking Fund - to account for revenue derived from parking meters, all revenue from the parking and business improvement tax, parking space rental, and parking permits collected for the South Lake Parking District. Also to account for revenue from parking space leases, zoning credits, meters, and other uses in the West Gateway Parking District.

Air Quality Improvement Fund - to account for the use of revenue derived from a fee added to the motor vehicle registration fee for reducing air pollution.

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

Donated Funds - to account for principal and interest on funds used for expressed purposes.

Low and Moderate Income Housing Fund - to account for funds received and expended to assist low and moderate-income households.

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CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2008

	Public		Building	Sewer		Underground	
	Safety	Health	Services	Construction	and	Utilities	Transportation
	Safety	Health	Services	Maintenance	Maintenance	Utilities	Transportation
<u>Assets</u>							
Cash and investments	\$ 1,503,051	-	3,758,546	3,160,244	24,099,425	8,372,958	
Accounts receivable	963,575	3,081,449	34,606	571,597	470,776	964,147	
Less allowance for uncollectible amounts	-	-	-	(9,988)	(19,517)	-	
Prepays and other assets	-	-	1,670	-	-	-	
Notes receivable	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	
Allowance for uncollectible long-term receivables	-	-	-	-	-	-	
Property held for resale	-	-	-	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,466,626</u>	<u>3,081,449</u>	<u>3,794,822</u>	<u>3,721,853</u>	<u>24,550,684</u>	<u>9,337,105</u>	
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 70,217	490,621	354,642	46,279	-	1,100,043	
Deposits	-	(10)	665,598	-	-	-	
Due to other funds	847,528	1,264,711	-	-	-	-	
Deferred revenue	847,528	2,125,889	-	-	-	100,000	
Advances from other funds	-	-	-	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,765,273</u>	<u>3,881,211</u>	<u>1,020,240</u>	<u>46,279</u>	<u>-</u>	<u>1,200,043</u>	
Fund balances:							
Reserved for:							
Encumbrances	1,920,641	-	863,109	472,167	-	22,898	
Notes receivable	-	-	-	-	-	-	
Prepays and other assets	-	-	1,670	-	-	-	
Property held for resale	-	-	-	-	-	-	
Unreserved, reported in:							
Special revenue funds designated for special fund purposes and undesignated	<u>(1,219,288)</u>	<u>(799,762)</u>	<u>1,909,803</u>	<u>3,203,407</u>	<u>24,550,684</u>	<u>8,114,164</u>	
Total fund balances	<u>701,353</u>	<u>(799,762)</u>	<u>2,774,582</u>	<u>3,675,574</u>	<u>24,550,684</u>	<u>8,137,062</u>	
Total liabilities and fund balances	<u>\$ 2,466,626</u>	<u>3,081,449</u>	<u>3,794,822</u>	<u>3,721,853</u>	<u>24,550,684</u>	<u>9,337,105</u>	

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Low and Moderate Income Housing	Totals	
							2008	2007
1,318,115	1,170,863	2,955,346	860	3,214,649	1,901,584	11,664,344	63,119,985	61,430,304
9,944	59,856	60,967	45,959	1,101,107	23,461	829,412	8,216,856	6,858,605
-	-	-	-	-	-	-	(29,505)	(28,413)
-	-	-	-	-	-	-	1,670	-
-	-	-	-	5,118,323	-	17,668,949	22,787,272	20,997,335
-	-	-	-	-	-	91,100	91,100	58,501
-	-	-	-	17,021,168	-	-	17,021,168	16,793,496
-	-	-	-	(22,069,491)	-	-	(22,069,491)	(21,483,528)
-	-	-	-	-	-	9,130,065	9,130,065	6,510,065
<u>1,328,059</u>	<u>1,230,719</u>	<u>3,016,313</u>	<u>46,819</u>	<u>4,385,756</u>	<u>1,925,045</u>	<u>39,383,870</u>	<u>98,269,120</u>	<u>91,136,365</u>
21,531	912,198	76,036	-	975,038	22,032	353,444	4,422,081	4,352,022
-	2,834	10,300	-	73,801	-	-	752,523	1,040,573
-	-	713,715	-	526,786	-	-	3,352,740	2,926,817
-	27,668	-	-	1,119,834	-	930,000	5,150,919	2,759,198
-	-	55,000	-	425,000	-	-	480,000	-
<u>21,531</u>	<u>942,700</u>	<u>855,051</u>	<u>-</u>	<u>3,120,459</u>	<u>22,032</u>	<u>1,283,444</u>	<u>14,158,263</u>	<u>11,078,610</u>
-	186,225	238,760	-	-	30,000	1,864,606	5,598,406	14,285,750
-	-	-	-	5,118,323	-	17,668,949	22,787,272	16,237,303
-	-	-	-	-	-	-	1,670	-
-	-	-	-	-	-	9,130,065	9,130,065	6,510,065
<u>1,306,528</u>	<u>101,794</u>	<u>1,922,502</u>	<u>46,819</u>	<u>(3,853,026)</u>	<u>1,873,013</u>	<u>9,436,806</u>	<u>46,593,444</u>	<u>43,024,637</u>
<u>1,306,528</u>	<u>288,019</u>	<u>2,161,262</u>	<u>46,819</u>	<u>1,265,297</u>	<u>1,903,013</u>	<u>38,100,426</u>	<u>84,110,857</u>	<u>80,057,755</u>
<u>1,328,059</u>	<u>1,230,719</u>	<u>3,016,313</u>	<u>46,819</u>	<u>4,385,756</u>	<u>1,925,045</u>	<u>39,383,870</u>	<u>98,269,120</u>	<u>91,136,365</u>

CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities	Transportation
Revenues:						
Taxes	\$ -	811,596	-	-	5,026,395	-
Licenses and permits	-	644,195	5,285,671	-	-	-
Intergovernmental revenues	2,164,970	7,904,775	-	-	-	7,955,226
Charges for services	-	697,909	-	5,583,161	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	24,664	-	205,296	152,466	963,798	437,391
Net change in fair value of investments	2,083	-	33,880	19,250	86,861	62,585
Rental income	-	-	-	-	-	-
Miscellaneous revenues	5,276	57,376	2,470	5,000	-	1,377,490
Contributions	-	-	-	-	-	-
Total revenues	<u>2,196,993</u>	<u>10,115,851</u>	<u>5,527,317</u>	<u>5,759,877</u>	<u>6,077,054</u>	<u>9,832,692</u>
Expenditures:						
Current:						
Public safety	2,000,718	-	-	-	-	-
Transportation	-	-	-	-	35,401	8,312,084
Sanitation	-	-	-	3,189,090	-	-
Health	-	12,123,825	-	-	-	-
Culture and leisure	-	-	-	-	-	-
Community development	-	-	6,845,038	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>2,000,718</u>	<u>12,123,825</u>	<u>6,845,038</u>	<u>3,189,090</u>	<u>35,401</u>	<u>8,312,084</u>
Excess (deficiency) of revenues over (under) expenditures	<u>196,275</u>	<u>(2,007,974)</u>	<u>(1,317,721)</u>	<u>2,570,787</u>	<u>6,041,653</u>	<u>1,520,608</u>
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	1,085,121	1,958	7,826	-	362,508
Transfers out	-	(8,722)	(100,040)	(2,656,754)	(1,392,914)	(3,231,653)
Total other financing sources (uses)	<u>-</u>	<u>1,076,399</u>	<u>(98,082)</u>	<u>(2,648,928)</u>	<u>(1,392,914)</u>	<u>(2,869,145)</u>
Change in fund balances	<u>196,275</u>	<u>(931,575)</u>	<u>(1,415,803)</u>	<u>(78,141)</u>	<u>4,648,739</u>	<u>(1,348,537)</u>
Fund balances at beginning of year	<u>505,078</u>	<u>131,813</u>	<u>4,190,385</u>	<u>3,753,715</u>	<u>19,901,945</u>	<u>9,485,599</u>
Fund balances at end of year	<u>\$ 701,353</u>	<u>(799,762)</u>	<u>2,774,582</u>	<u>3,675,574</u>	<u>24,550,684</u>	<u>8,137,062</u>

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Low and Moderate Income Housing	Totals	
							2008	2007
-	1,876,548	17,149	-	-	-	-	7,731,688	7,333,358
-	-	-	-	-	-	-	5,929,866	5,097,022
-	127,012	-	176,697	15,390,908	-	-	33,719,588	36,415,306
-	107,553	535,032	-	-	-	-	6,923,655	6,985,916
-	-	-	-	-	-	-	-	164,095
56,039	23,867	99,289	141	85,574	90,701	520,330	2,659,556	2,594,115
5,971	-	14,927	91	(1,164)	11,762	63,580	299,826	643,880
-	4,007	2,293,557	-	101,938	-	71,839	2,471,341	2,324,986
-	90,235	1,217	-	435,198	81,113	2,564,682	4,620,057	6,275,679
-	-	-	-	-	10,050	-	10,050	10,000
<u>62,010</u>	<u>2,229,222</u>	<u>2,961,171</u>	<u>176,929</u>	<u>16,012,454</u>	<u>193,626</u>	<u>3,220,431</u>	<u>64,365,627</u>	<u>67,844,357</u>
-	-	-	-	-	-	-	2,000,718	4,314,405
-	-	2,079,284	-	-	-	-	10,426,769	9,678,130
-	-	-	-	-	-	-	3,189,090	3,109,637
-	-	-	-	-	-	-	12,123,825	12,246,665
154,305	11,843,011	-	-	-	272,848	-	12,270,164	11,816,170
-	-	-	-	15,897,571	-	2,611,338	25,353,947	24,255,225
-	-	-	-	250,000	-	-	250,000	230,000
-	-	-	-	164,952	-	-	164,952	88,763
<u>154,305</u>	<u>11,843,011</u>	<u>2,079,284</u>	<u>-</u>	<u>16,312,523</u>	<u>272,848</u>	<u>2,611,338</u>	<u>65,779,465</u>	<u>65,738,995</u>
<u>(92,295)</u>	<u>(9,613,789)</u>	<u>881,887</u>	<u>176,929</u>	<u>(300,069)</u>	<u>(79,222)</u>	<u>609,093</u>	<u>(1,413,838)</u>	<u>2,105,362</u>
-	-	180,172	-	-	-	1,000,000	1,180,172	-
200,000	9,191,023	263,224	-	376,903	-	2,903,897	14,392,460	13,263,435
-	-	(943,307)	(179,408)	-	(166,000)	(1,426,894)	(10,105,692)	(12,341,458)
<u>200,000</u>	<u>9,191,023</u>	<u>(499,911)</u>	<u>(179,408)</u>	<u>376,903</u>	<u>(166,000)</u>	<u>2,477,003</u>	<u>5,466,940</u>	<u>921,977</u>
107,705	(422,766)	381,976	(2,479)	76,834	(245,222)	3,086,096	4,053,102	3,027,339
<u>1,198,823</u>	<u>710,785</u>	<u>1,779,286</u>	<u>49,298</u>	<u>1,188,463</u>	<u>2,148,235</u>	<u>35,014,330</u>	<u>80,057,755</u>	<u>77,030,416</u>
<u>1,306,528</u>	<u>288,019</u>	<u>2,161,262</u>	<u>46,819</u>	<u>1,265,297</u>	<u>1,903,013</u>	<u>38,100,426</u>	<u>84,110,857</u>	<u>80,057,755</u>

CITY OF PASADENA

Public Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	1,908,527	1,908,527	2,164,970	256,443	4,069,274
Charges for services	-	-	-	-	-
Investment earnings	-	-	24,664	24,664	21,273
Net change in fair value of investments	-	-	2,083	2,083	5,143
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	5,276	5,276	810
Total revenues	<u>1,908,527</u>	<u>1,908,527</u>	<u>2,196,993</u>	<u>288,466</u>	<u>4,096,500</u>
Expenditures:					
Current:					
Public safety	2,273,750	4,391,043	2,000,718	2,390,325	4,314,405
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,273,750</u>	<u>4,391,043</u>	<u>2,000,718</u>	<u>2,390,325</u>	<u>4,314,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(365,223)</u>	<u>(2,482,516)</u>	<u>196,275</u>	<u>2,678,791</u>	<u>(217,905)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>(365,223)</u>	<u>(2,482,516)</u>	<u>196,275</u>	<u>2,678,791</u>	<u>(217,905)</u>
Fund balance at beginning of year	<u>505,078</u>	<u>505,078</u>	<u>505,078</u>	<u>-</u>	<u>722,983</u>
Fund balance at end of year	<u>\$ 139,855</u>	<u>(1,977,438)</u>	<u>701,353</u>	<u>2,678,791</u>	<u>505,078</u>

CITY OF PASADENA

Health Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 875,326	875,326	811,596	(63,730)	784,312
Licenses and permits	649,622	649,622	644,195	(5,427)	610,201
Intergovernmental revenues	9,677,326	9,823,857	7,904,775	(1,919,082)	8,726,407
Charges for services	758,187	758,187	697,909	(60,278)	649,553
Investment earnings	-	-	-	-	-
Net change in fair value of investments	-	-	-	-	-
Rental income	-	-	-	-	-
Miscellaneous revenues	12,000	12,000	57,376	45,376	8,792
Total revenues	<u>11,972,461</u>	<u>12,118,992</u>	<u>10,115,851</u>	<u>(2,003,141)</u>	<u>10,779,265</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	13,062,096	13,257,557	12,123,825	1,133,732	12,246,665
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>13,062,096</u>	<u>13,257,557</u>	<u>12,123,825</u>	<u>1,133,732</u>	<u>12,246,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,089,635)</u>	<u>(1,138,565)</u>	<u>(2,007,974)</u>	<u>(869,409)</u>	<u>(1,467,400)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	1,085,121	1,085,121	1,085,121	-	1,184,347
Transfers out	-	-	(8,722)	(8,722)	(33,965)
Total other financing sources (uses)	<u>1,085,121</u>	<u>1,085,121</u>	<u>1,076,399</u>	<u>(8,722)</u>	<u>1,150,382</u>
Change in fund balances	(4,514)	(53,444)	(931,575)	(878,131)	(317,018)
Fund balance at beginning of year	<u>131,813</u>	<u>131,813</u>	<u>131,813</u>	<u>-</u>	<u>448,831</u>
Fund balance at end of year	<u>\$ 127,299</u>	<u>78,369</u>	<u>(799,762)</u>	<u>(878,131)</u>	<u>131,813</u>

CITY OF PASADENA

Building Services Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	4,750,000	4,750,000	5,285,671	535,671	4,486,821
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	100,000	100,000	205,296	105,296	233,032
Net change in fair value of investments	-	-	33,880	33,880	61,413
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	2,470	2,470	1,645
Total revenues	<u>4,850,000</u>	<u>4,850,000</u>	<u>5,527,317</u>	<u>677,317</u>	<u>4,782,911</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	7,182,705	8,307,833	6,845,038	1,462,795	6,110,928
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>7,182,705</u>	<u>8,307,833</u>	<u>6,845,038</u>	<u>1,462,795</u>	<u>6,110,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,332,705)</u>	<u>(3,457,833)</u>	<u>(1,317,721)</u>	<u>2,140,112</u>	<u>(1,328,017)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	1,958	1,958	1,958	-	-
Transfers out	<u>(21,000)</u>	<u>(21,000)</u>	<u>(100,040)</u>	<u>(79,040)</u>	<u>(1,929)</u>
Total other financing sources (uses)	<u>(19,042)</u>	<u>(19,042)</u>	<u>(98,082)</u>	<u>(79,040)</u>	<u>(1,929)</u>
Change in fund balances	(2,351,747)	(3,476,875)	(1,415,803)	2,061,072	(1,329,946)
Fund balance at beginning of year	<u>4,190,385</u>	<u>4,190,385</u>	<u>4,190,385</u>	<u>-</u>	<u>5,520,331</u>
Fund balance at end of year	<u>\$ 1,838,638</u>	<u>713,510</u>	<u>2,774,582</u>	<u>2,061,072</u>	<u>4,190,385</u>

CITY OF PASADENA
Sewer Construction and Maintenance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	5,311,212	5,311,212	5,583,161	271,949	5,592,821
Investment earnings	107,124	107,124	152,466	45,342	150,945
Net change in fair value of investments	-	-	19,250	19,250	37,373
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	5,000	5,000	17,638
Total revenues	<u>5,418,336</u>	<u>5,418,336</u>	<u>5,759,877</u>	<u>341,541</u>	<u>5,798,777</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	3,305,733	4,189,738	3,189,090	1,000,648	3,109,637
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>3,305,733</u>	<u>4,189,738</u>	<u>3,189,090</u>	<u>1,000,648</u>	<u>3,109,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,112,603</u>	<u>1,228,598</u>	<u>2,570,787</u>	<u>1,342,189</u>	<u>2,689,140</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	7,826	7,826	7,826	-	-
Transfers out	<u>(3,841,576)</u>	<u>(3,841,576)</u>	<u>(2,656,754)</u>	<u>1,184,822</u>	<u>(2,878,774)</u>
Total other financing sources (uses)	<u>(3,833,750)</u>	<u>(3,833,750)</u>	<u>(2,648,928)</u>	<u>1,184,822</u>	<u>(2,878,774)</u>
Change in fund balances	(1,721,147)	(2,605,152)	(78,141)	2,527,011	(189,634)
Fund balance at beginning of year	<u>3,753,715</u>	<u>3,753,715</u>	<u>3,753,715</u>	-	<u>3,943,349</u>
Fund balance at end of year	<u>\$ 2,032,568</u>	<u>1,148,563</u>	<u>3,675,574</u>	<u>2,527,011</u>	<u>3,753,715</u>

CITY OF PASADENA
Underground Utilities Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 4,081,071	4,081,071	5,026,395	945,324	4,723,170
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	963,798	963,798	878,359
Net change in fair value of investments	-	-	86,861	86,861	225,937
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	125,000
Total revenues	<u>4,081,071</u>	<u>4,081,071</u>	<u>6,077,054</u>	<u>1,995,983</u>	<u>5,952,466</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	35,401	35,401	35,401	-	34,370
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>35,401</u>	<u>35,401</u>	<u>35,401</u>	<u>-</u>	<u>34,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,045,670</u>	<u>4,045,670</u>	<u>6,041,653</u>	<u>1,995,983</u>	<u>5,918,096</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(3,479,649)</u>	<u>(3,479,649)</u>	<u>(1,392,914)</u>	<u>2,086,735</u>	<u>(4,860,353)</u>
Total other financing sources (uses)	<u>(3,479,649)</u>	<u>(3,479,649)</u>	<u>(1,392,914)</u>	<u>2,086,735</u>	<u>(4,860,353)</u>
Change in fund balances	566,021	566,021	4,648,739	4,082,718	1,057,743
Fund balance at beginning of year	<u>19,901,945</u>	<u>19,901,945</u>	<u>19,901,945</u>	<u>-</u>	<u>18,844,202</u>
Fund balance at end of year	<u>\$ 20,467,966</u>	<u>20,467,966</u>	<u>24,550,684</u>	<u>4,082,718</u>	<u>19,901,945</u>

CITY OF PASADENA

Transportation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	7,951,824	7,951,824	7,955,226	3,402	7,368,454
Charges for services	-	-	-	-	-
Investment earnings	379,233	379,233	437,391	58,158	456,875
Net change in fair value of investments	-	-	62,585	62,585	119,478
Rental income	-	-	-	-	-
Miscellaneous revenues	<u>1,391,900</u>	<u>1,391,900</u>	<u>1,377,490</u>	<u>(14,410)</u>	<u>1,268,236</u>
Total revenues	<u>9,722,957</u>	<u>9,722,957</u>	<u>9,832,692</u>	<u>109,735</u>	<u>9,213,043</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	8,423,243	8,493,243	8,312,084	181,159	7,727,593
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>8,423,243</u>	<u>8,493,243</u>	<u>8,312,084</u>	<u>181,159</u>	<u>7,727,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,299,714</u>	<u>1,229,714</u>	<u>1,520,608</u>	<u>290,894</u>	<u>1,485,450</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	362,508	362,508	362,508	-	341,779
Transfers out	<u>(2,356,450)</u>	<u>(2,356,450)</u>	<u>(3,231,653)</u>	<u>(875,203)</u>	<u>(2,879,379)</u>
Total other financing sources (uses)	<u>(1,993,942)</u>	<u>(1,993,942)</u>	<u>(2,869,145)</u>	<u>(875,203)</u>	<u>(2,537,600)</u>
Change in fund balances	(694,228)	(764,228)	(1,348,537)	(584,309)	(1,052,150)
Fund balance at beginning of year	<u>9,485,599</u>	<u>9,485,599</u>	<u>9,485,599</u>	<u>-</u>	<u>10,537,749</u>
Fund balance at end of year	<u>\$ 8,791,371</u>	<u>8,721,371</u>	<u>8,137,062</u>	<u>(584,309)</u>	<u>9,485,599</u>

CITY OF PASADENA
Human Services Endowment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	60,000	60,000	56,039	(3,961)	54,329
Net change in fair value of investments	-	-	5,971	5,971	14,461
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>62,010</u>	<u>2,010</u>	<u>68,790</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	158,090	158,090	154,305	3,785	154,451
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>158,090</u>	<u>158,090</u>	<u>154,305</u>	<u>3,785</u>	<u>154,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,090)</u>	<u>(98,090)</u>	<u>(92,295)</u>	<u>5,795</u>	<u>(85,661)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	200,000	200,000	200,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Change in fund balances	101,910	101,910	107,705	5,795	(85,661)
Fund balance at beginning of year	<u>1,198,823</u>	<u>1,198,823</u>	<u>1,198,823</u>	<u>-</u>	<u>1,284,484</u>
Fund balance at end of year	<u>\$ 1,300,733</u>	<u>1,300,733</u>	<u>1,306,528</u>	<u>5,795</u>	<u>1,198,823</u>

CITY OF PASADENA

Library Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 1,850,176	1,850,176	1,876,548	26,372	1,810,931
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	153,336	153,336	127,012	(26,324)	470,167
Charges for services	103,000	103,000	107,553	4,553	101,743
Fines and forfeitures	-	-	-	-	164,095
Investment earnings	-	-	23,867	23,867	43,667
Net change in fair value of investments	-	-	-	-	8,847
Rental income	1,000	1,000	4,007	3,007	685
Miscellaneous revenues	33,000	33,000	90,235	57,235	413,374
Total revenues	<u>2,140,512</u>	<u>2,140,512</u>	<u>2,229,222</u>	<u>88,710</u>	<u>3,013,509</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	11,952,344	12,136,575	11,843,011	293,564	11,471,877
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>11,952,344</u>	<u>12,136,575</u>	<u>11,843,011</u>	<u>293,564</u>	<u>11,471,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,811,832)</u>	<u>(9,996,063)</u>	<u>(9,613,789)</u>	<u>382,274</u>	<u>(8,458,368)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	9,191,023	9,191,023	9,191,023	-	8,629,127
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>9,191,023</u>	<u>9,191,023</u>	<u>9,191,023</u>	<u>-</u>	<u>8,629,127</u>
Change in fund balances	(620,809)	(805,040)	(422,766)	382,274	170,759
Fund balance at beginning of year	<u>710,785</u>	<u>710,785</u>	<u>710,785</u>	<u>-</u>	<u>540,026</u>
Fund balance at end of year	<u>\$ 89,976</u>	<u>(94,255)</u>	<u>288,019</u>	<u>382,274</u>	<u>710,785</u>

CITY OF PASADENA

Parking Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 19,500	19,500	17,149	(2,351)	14,945
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	658,103	658,103	535,032	(123,071)	545,825
Investment earnings	63,064	63,064	99,289	36,225	76,058
Net change in fair value of investments	-	-	14,927	14,927	17,792
Rental income	2,620,297	2,620,297	2,293,557	(326,740)	2,189,091
Miscellaneous revenues	500	500	1,217	717	6,286
Total revenues	<u>3,361,464</u>	<u>3,361,464</u>	<u>2,961,171</u>	<u>(400,293)</u>	<u>2,849,997</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	2,370,366	2,579,110	2,079,284	499,826	1,916,167
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	49,987	49,987	-	49,987	-
Total expenditures	<u>2,420,353</u>	<u>2,629,097</u>	<u>2,079,284</u>	<u>549,813</u>	<u>1,916,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>941,111</u>	<u>732,367</u>	<u>881,887</u>	<u>149,520</u>	<u>933,830</u>
Other financing sources (uses):					
Issuance of long-term debt	135,000	135,000	180,172	45,172	-
Transfers in	263,224	318,224	263,224	(55,000)	152,904
Transfers out	(657,000)	(657,000)	(943,307)	(286,307)	(722,105)
Total other financing sources (uses)	<u>(258,776)</u>	<u>(203,776)</u>	<u>(499,911)</u>	<u>(296,135)</u>	<u>(569,201)</u>
Change in fund balances	682,335	528,591	381,976	(146,615)	364,629
Fund balance at beginning of year	<u>1,779,286</u>	<u>1,779,286</u>	<u>1,779,286</u>	<u>-</u>	<u>1,414,657</u>
Fund balance at end of year	<u>\$ 2,461,621</u>	<u>2,307,877</u>	<u>2,161,262</u>	<u>(146,615)</u>	<u>1,779,286</u>

CITY OF PASADENA
Air Quality Improvement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	182,100	182,100	176,697	(5,403)	176,945
Charges for services	-	-	-	-	-
Investment earnings	-	-	141	141	-
Net change in fair value of investments	-	-	91	91	50
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>182,100</u>	<u>182,100</u>	<u>176,929</u>	<u>(5,171)</u>	<u>176,995</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,100</u>	<u>182,100</u>	<u>176,929</u>	<u>(5,171)</u>	<u>176,995</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(179,408)</u>	<u>(179,408)</u>	<u>(179,408)</u>	<u>-</u>	<u>(175,000)</u>
Total other financing sources (uses)	<u>(179,408)</u>	<u>(179,408)</u>	<u>(179,408)</u>	<u>-</u>	<u>(175,000)</u>
Change in fund balances	2,692	2,692	(2,479)	(5,171)	1,995
Fund balance at beginning of year	<u>49,298</u>	<u>49,298</u>	<u>49,298</u>	<u>-</u>	<u>47,303</u>
Fund balance at end of year	<u>\$ 51,990</u>	<u>51,990</u>	<u>46,819</u>	<u>(5,171)</u>	<u>49,298</u>

CITY OF PASADENA
Housing and Community Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	16,428,360	16,422,235	15,390,908	(1,031,327)	15,354,059
Charges for services	-	-	-	-	95,974
Investment earnings	-	-	85,574	85,574	57,700
Net change in fair value of investments	-	-	(1,164)	(1,164)	14,359
Rental income	-	-	101,938	101,938	36,362
Miscellaneous revenues	825,000	825,000	435,198	(389,802)	510,360
Total revenues	<u>17,253,360</u>	<u>17,247,235</u>	<u>16,012,454</u>	<u>(1,234,781)</u>	<u>16,068,814</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	16,533,220	16,533,220	15,897,571	635,649	15,698,635
Debt service:					
Principal retirement	-	-	250,000	(250,000)	230,000
Interest	332,279	332,279	164,952	167,327	88,763
Total expenditures	<u>16,865,499</u>	<u>16,865,499</u>	<u>16,312,523</u>	<u>552,976</u>	<u>16,017,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>387,861</u>	<u>381,736</u>	<u>(300,069)</u>	<u>(681,805)</u>	<u>51,416</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	520,000	520,000	376,903	(143,097)	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>520,000</u>	<u>520,000</u>	<u>376,903</u>	<u>(143,097)</u>	<u>-</u>
Change in fund balances	907,861	901,736	76,834	(824,902)	51,416
Fund balance at beginning of year	<u>1,188,463</u>	<u>1,188,463</u>	<u>1,188,463</u>	<u>-</u>	<u>1,137,047</u>
Fund balance at end of year	<u>\$ 2,096,324</u>	<u>2,090,199</u>	<u>1,265,297</u>	<u>(824,902)</u>	<u>1,188,463</u>

CITY OF PASADENA
Donated Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	90,701	90,701	91,205
Net change in fair value of investments	-	-	11,762	11,762	23,497
Rental income	-	-	-	-	-
Miscellaneous revenue	-	-	81,113	81,113	151,155
Contributions	-	-	10,050	10,050	10,000
Total revenues	<u>-</u>	<u>-</u>	<u>193,626</u>	<u>193,626</u>	<u>275,857</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	272,848	(272,848)	189,842
Community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>272,848</u>	<u>(272,848)</u>	<u>189,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(79,222)</u>	<u>(79,222)</u>	<u>86,015</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	15,000
Transfers out	-	-	(166,000)	(166,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(166,000)</u>	<u>(166,000)</u>	<u>15,000</u>
Change in fund balances	-	-	(245,222)	(245,222)	101,015
Fund balance at beginning of year	<u>2,148,235</u>	<u>2,148,235</u>	<u>2,148,235</u>	<u>-</u>	<u>2,047,220</u>
Fund balance at end of year	<u>\$ 2,148,235</u>	<u>2,148,235</u>	<u>1,903,013</u>	<u>(245,222)</u>	<u>2,148,235</u>

CITY OF PASADENA
Low and Moderate Income Housing Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>	<u>Prior</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Year</u>
				<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	1,029,000	1,029,000	-	(1,029,000)	250,000
Charges for services	-	-	-	-	-
Investment earnings	265,000	265,000	520,330	255,330	530,672
Net change in fair value of investments	-	-	63,580	63,580	115,530
Rental income	50,400	50,400	71,839	21,439	98,848
Miscellaneous revenues	2,867,315	2,867,315	2,564,682	(302,633)	3,772,383
Total revenues	<u>4,211,715</u>	<u>4,211,715</u>	<u>3,220,431</u>	<u>(991,284)</u>	<u>4,767,433</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Sanitation	-	-	-	-	-
Health	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Community development	19,862,046	19,862,046	2,611,338	17,250,708	2,445,662
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>19,862,046</u>	<u>19,862,046</u>	<u>2,611,338</u>	<u>17,250,708</u>	<u>2,445,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,650,331)</u>	<u>(15,650,331)</u>	<u>609,093</u>	<u>16,259,424</u>	<u>2,321,771</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	1,000,000	1,000,000	-
Transfers in	2,524,937	2,524,937	2,903,897	378,960	2,940,278
Transfers out	(1,636,998)	(1,636,998)	(1,426,894)	210,104	(789,953)
Total other financing sources (uses)	<u>887,939</u>	<u>887,939</u>	<u>2,477,003</u>	<u>1,589,064</u>	<u>2,150,325</u>
Change in fund balances	(14,762,392)	(14,762,392)	3,086,096	17,848,488	4,472,096
Fund balance at beginning of year	<u>35,014,330</u>	<u>35,014,330</u>	<u>35,014,330</u>	<u>-</u>	<u>30,542,234</u>
Fund balance at end of year	<u>\$ 20,251,938</u>	<u>20,251,938</u>	<u>38,100,426</u>	<u>17,848,488</u>	<u>35,014,330</u>

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

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

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

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

1996 Multi-Purpose Capital Project Certificates of Participation Fund - to account for the payment of interest and principal on certain public facilities and capital improvements.

2001 Certificates of Participation - to account for the payment of interest and principal on construction projects.

2003 – Certificates of Participation – to account for the payment of interest and principal on certain municipal building renovation and park improvement projects.

2004 Auction Certificates of Participation Debt Service Fund – to account for the payment of interest and principal on certain construction projects and infrastructure, public facilities and capital improvements.

2006 Lease Revenue Bond Debt Service – to account for the payments of interest and principal on certain construction projects and infrastructure, public facilities and capital improvements, which include the Rose Bowl Stadium and City Hall.

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

CITY OF PASADENA
Non-Major Governmental Funds
Debt Service Funds
Combining Balance Sheet
June 30, 2008

	General	1993	1996	2001
	Debt Service	Certificates of	Multi-Purpose	Certificates of
	<u>Debt Service</u>	<u>Participation</u>	<u>Participation</u>	<u>Participation</u>
<u>Assets</u>				
Cash and investments	\$ 30,291,434	4,641,530	-	2,290,757
Total assets	<u>30,291,434</u>	<u>4,641,530</u>	<u>-</u>	<u>2,290,757</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	180,638	-	-	-
Total liabilities	<u>180,638</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	30,110,796	4,641,530	-	2,290,757
Total fund balances	<u>30,110,796</u>	<u>4,641,530</u>	<u>-</u>	<u>2,290,757</u>
Total liabilities and fund balances	<u>\$ 30,291,434</u>	<u>4,641,530</u>	<u>-</u>	<u>2,290,757</u>

2003 Certificates of Participation	2004 Auction Certificates of Participation	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding Cop Debt Service	Totals	
				2008	2007
<u>5,678,424</u>	<u>118,841</u>	<u>856,888</u>	<u>1,225,146</u>	<u>45,103,020</u>	<u>41,658,261</u>
<u>5,678,424</u>	<u>118,841</u>	<u>856,888</u>	<u>1,225,146</u>	<u>45,103,020</u>	<u>41,658,261</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,638</u>	<u>6,296</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,638</u>	<u>6,296</u>
<u>5,678,424</u>	<u>118,841</u>	<u>856,888</u>	<u>1,225,146</u>	<u>44,922,382</u>	<u>41,651,965</u>
<u>5,678,424</u>	<u>118,841</u>	<u>856,888</u>	<u>1,225,146</u>	<u>44,922,382</u>	<u>41,651,965</u>
<u>5,678,424</u>	<u>118,841</u>	<u>856,888</u>	<u>1,225,146</u>	<u>45,103,020</u>	<u>41,658,261</u>

CITY OF PASADENA
Non-Major Governmental Funds
Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

		1993	1996	2001
	General	Certificates of	Multi-Purpose	Certificates of
	<u>Debt Service</u>	<u>Participation</u>	<u>Certificates of</u>	<u>Participation</u>
Revenues:				
Investment earnings	\$ 1,295,914	299,980	-	193,598
Net change in fair value of investments	<u>80,496</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,376,410</u>	<u>299,980</u>	<u>-</u>	<u>193,598</u>
Expenditures:				
Current:				
General government	11,026		-	1,975
Debt service:				
Principal retirement	4,673,788	-	-	2,193,069
Interest	<u>8,439,670</u>	<u>1,329,743</u>	<u>-</u>	<u>367,119</u>
Total expenditures	<u>13,124,484</u>	<u>1,329,743</u>	<u>-</u>	<u>2,562,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,748,074)</u>	<u>(1,029,763)</u>	<u>-</u>	<u>(2,368,565)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-		-
Other Financing use-bond discount				
Transfers in	17,939,218	1,329,668	-	2,479,934
Transfers out	<u>(3,185,103)</u>	<u>(812,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>14,754,115</u>	<u>517,668</u>	<u>-</u>	<u>2,479,934</u>
Change in fund balances	3,006,041	(512,095)	-	111,369
Fund balances at beginning of year	<u>27,104,755</u>	<u>5,153,625</u>	<u>-</u>	<u>2,179,388</u>
Fund balances at end of year	<u>\$ 30,110,796</u>	<u>4,641,530</u>	<u>-</u>	<u>2,290,757</u>

2003 Certificates of Participation	2004 Auction Certificates of Participation	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding Cop Debt Service	Totals	
				2008	2007
261,711	61,600	59,090	22,675	2,194,568	2,056,571
-	-	-	-	80,496	224,344
<u>261,711</u>	<u>61,600</u>	<u>59,090</u>	<u>22,675</u>	<u>2,275,064</u>	<u>2,280,915</u>
-	-	-	157,118	170,119	47,087
1,495,000	30,998,318	460,000	-	39,820,175	10,635,171
<u>2,784,068</u>	<u>1,013,517</u>	<u>325,668</u>	<u>-</u>	<u>14,259,785</u>	<u>15,336,019</u>
<u>4,279,068</u>	<u>32,011,835</u>	<u>785,668</u>	<u>157,118</u>	<u>54,250,079</u>	<u>26,018,277</u>
<u>(4,017,357)</u>	<u>(31,950,235)</u>	<u>(726,578)</u>	<u>(134,443)</u>	<u>(51,975,015)</u>	<u>(23,737,362)</u>
-	-	-	26,759,131	26,759,131	-
4,501,039	32,069,053	761,155	835,801	835,801	-
-	(1,197,121)	-	1,197,121	60,277,188	31,902,576
<u>4,501,039</u>	<u>30,871,932</u>	<u>761,155</u>	<u>(27,432,464)</u>	<u>(32,626,688)</u>	<u>(5,293,679)</u>
<u>483,682</u>	<u>(1,078,303)</u>	<u>34,577</u>	<u>1,359,589</u>	<u>3,270,417</u>	<u>2,871,535</u>
<u>5,194,742</u>	<u>1,197,144</u>	<u>822,311</u>	<u>-</u>	<u>41,651,965</u>	<u>38,780,430</u>
<u>5,678,424</u>	<u>118,841</u>	<u>856,888</u>	<u>1,225,146</u>	<u>44,922,382</u>	<u>41,651,965</u>

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NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

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

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

1992 Refunding and Capital Project Certificates of Participation Fund - to account for the financing of certain construction projects.

1993 Refunding and Capital Project Certificates of Participation Fund - to account for the financing of certain construction projects and infrastructure improvements.

1996 Multi-Purpose Capital Project Certificates of Participation Fund - to account for the acquisition, construction, and installation of certain public facilities and capital improvements.

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

2003 Variable Rate Demand Certificates of Participation Capital Projects Fund – to account for the financing of major renovation to certain municipal buildings and park facilities.

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

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

(Continued)

2004 Auction Certificate of Participation Capital Project Fund – to account for the financing of certain construction projects and infrastructure, public facilities and capital improvements.

2006 Lease Revenue Bond Capital Project Fund – to account for the financing of certain construction projects and infrastructure improvements to the City’s City Hall and related facilities.

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

Pasadena Community Development Commission Fund - to account for all redevelopment and public improvement projects of the Pasadena Community Development Commission.

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CITY OF PASADENA
Non-Major Governmental Funds

Capital Projects Funds
Combining Balance Sheet

June 30, 2008

	Charter	New	Residential	1992 Refunding	1993 Refunding	1996
	Capital	Development	Development	and Capital Project	and Capital Project	Multi-Purpose
	Projects	Impact	Impact	Certificates of	Certificates of	Capital Project
	Projects	Impact	Impact	Participation	Participation	Certificates of
	Projects	Impact	Impact	Participation	Participation	Participation
<u>Assets</u>						
Cash and investments	\$ 7,542,171	2,031,307	8,620,575	9,754	-	179,368
Accounts receivable	50,393	11,350	1,427	-	-	1,526
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	355,490	-	-	-	6,683,544
Allowance for uncollectible long-term receivables	-	-	-	-	-	(2,413,982)
Property held for resale	-	-	-	-	-	-
Total assets	<u>7,592,564</u>	<u>2,398,147</u>	<u>8,622,002</u>	<u>9,754</u>	<u>-</u>	<u>4,450,456</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	-	-	-	5,123	2,682	-
Deposits	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,123</u>	<u>2,682</u>	<u>-</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Cultural arts	-	-	-	-	-	-
Pledges	-	-	-	-	-	-
Endowment	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Prepays and other assets	-	-	-	-	-	-
Advances to other funds	-	355,490	-	-	-	4,269,562
Property held for resale	-	-	-	-	-	-
Unreserved, reported in:						
Capital projects funds designated for projects and undesignated	<u>7,592,564</u>	<u>2,042,657</u>	<u>8,622,002</u>	<u>4,631</u>	<u>(2,682)</u>	<u>180,894</u>
Total fund balances	<u>7,592,564</u>	<u>2,398,147</u>	<u>8,622,002</u>	<u>4,631</u>	<u>(2,682)</u>	<u>4,450,456</u>
Total liabilities and fund balances	<u>\$ 7,592,564</u>	<u>2,398,147</u>	<u>8,622,002</u>	<u>9,754</u>	<u>-</u>	<u>4,450,456</u>

10% Green Fee Capital Projects	2003 Variable Rate Demand Certificate of Participation Capital Project	Capital Public Art	2004 Auction Certificate of Participation Capital Project	2006 Lease Revenue Bond Capital Project	Traffic Reduction Transportation Improvement	Pasadena Community Development Commission	Totals	
							2008	2007
725,561	3,150,598	629,380	-	-	227,513	14,024,843	37,141,070	39,869,571
136,980	-	38	-	-	-	360,227	561,941	668,060
-	-	-	-	-	-	7,510,084	7,510,084	7,510,084
-	-	-	-	-	-	1,466,264	1,466,264	1,627,058
-	-	-	-	-	-	3,726,294	10,765,328	7,732,930
-	-	-	-	-	-	(8,466,730)	(10,880,712)	(10,695,024)
-	-	-	-	-	-	-	-	231,500
<u>862,541</u>	<u>3,150,598</u>	<u>629,418</u>	<u>-</u>	<u>-</u>	<u>227,513</u>	<u>18,620,982</u>	<u>46,563,975</u>	<u>46,944,179</u>
-	-	24	-	-	17	346,897	354,743	707,042
-	-	-	-	-	-	-	-	-
-	-	-	95,042	-	-	1,501,278	1,501,278	1,674,288
-	-	-	-	-	-	-	95,042	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,790,604	4,790,604	4,649,052
<u>-</u>	<u>-</u>	<u>24</u>	<u>95,042</u>	<u>-</u>	<u>17</u>	<u>6,638,779</u>	<u>6,741,667</u>	<u>7,030,382</u>
-	-	-	-	-	-	88,261	88,261	97,689
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,510,084	7,510,084	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,726,294	8,351,346	5,504,636
-	-	-	-	-	-	-	-	231,500
<u>862,541</u>	<u>3,150,598</u>	<u>629,394</u>	<u>(95,042)</u>	<u>-</u>	<u>227,496</u>	<u>657,564</u>	<u>23,872,617</u>	<u>34,079,972</u>
<u>862,541</u>	<u>3,150,598</u>	<u>629,394</u>	<u>(95,042)</u>	<u>-</u>	<u>227,496</u>	<u>11,982,203</u>	<u>39,822,308</u>	<u>39,913,797</u>
<u>862,541</u>	<u>3,150,598</u>	<u>629,418</u>	<u>-</u>	<u>-</u>	<u>227,513</u>	<u>18,620,982</u>	<u>46,563,975</u>	<u>46,944,179</u>

CITY OF PASADENA
Non-Major Governmental Funds
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Charter Capital Projects	New Development Impact	Residential Development Impact	1992 Refunding and Capital Project Certificates of Participation	1993 Refunding and Capital Project Certificates of Participation	1996 Multi-Purpose Capital Project Certificates of Participation
Revenues:						
Taxes	\$ -	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	351,908	50,675	395,218	421	-	66,772
Net change in fair value of investments	114,699	3,337	47,556	46	-	(147)
Rental income	9,000	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
Contributions	-	539,672	2,077,760	-	-	-
Total revenues	<u>475,607</u>	<u>593,684</u>	<u>2,520,534</u>	<u>467</u>	<u>-</u>	<u>66,625</u>
Expenditures:						
Current:						
General government	-	-	-	-	6,964	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,964</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>475,607</u>	<u>593,684</u>	<u>2,520,534</u>	<u>467</u>	<u>(6,964)</u>	<u>66,625</u>
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	-	-	-
Other financing use-bond discount	-	-	-	-	-	-
Transfers in	-	-	-	-	4,282	-
Transfers out	(3,967,514)	554,762	(2,169,941)	-	-	-
Total other financing sources (uses)	<u>(3,967,514)</u>	<u>554,762</u>	<u>(2,169,941)</u>	<u>-</u>	<u>4,282</u>	<u>-</u>
Change in fund balances	<u>(3,491,907)</u>	<u>1,148,446</u>	<u>350,593</u>	<u>467</u>	<u>(2,682)</u>	<u>66,625</u>
Fund balances (deficits) at beginning of year	<u>11,084,471</u>	<u>1,249,701</u>	<u>8,271,409</u>	<u>4,164</u>	<u>-</u>	<u>4,383,831</u>
Fund balances (deficits) at end of year	<u>\$ 7,592,564</u>	<u>2,398,147</u>	<u>8,622,002</u>	<u>4,631</u>	<u>(2,682)</u>	<u>4,450,456</u>

10% Green Fee Capital Projects	2003 Variable Rate Demand Certificate of Participation Capital Project	Capital Public Art	2004 Auction Certificate of Participation Capital Project	2006 Lease Revenue Bond Capital Project	Traffic Reduction Trans Improvent	Pasadena Community Development Commission	Totals	
							2008	2007
-	-	-	-	-	-	5,022,634	5,022,634	5,447,829
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	223,542	-	223,542	-
45,743	126,831	24,692	-	68,035	4,936	636,987	1,772,218	3,079,436
7,950	-	3,375	-	-	(982)	58,953	234,787	457,369
310,152	-	-	-	-	-	1,036,340	1,355,492	1,349,125
-	-	155,993	-	-	-	180,376	336,369	204,871
-	-	-	-	-	-	-	2,617,432	4,185,826
<u>363,845</u>	<u>126,831</u>	<u>184,060</u>	<u>-</u>	<u>68,035</u>	<u>227,496</u>	<u>6,935,290</u>	<u>11,562,474</u>	<u>14,724,456</u>
335,000	329,868	-	173,949	24,021	-	-	869,802	491,221
-	-	-	-	-	-	4,335,372	4,335,372	4,292,526
-	-	162,442	-	-	-	-	162,442	310,272
-	-	-	-	-	-	154,802	154,802	141,552
-	-	-	-	-	-	-	-	-
<u>335,000</u>	<u>329,868</u>	<u>162,442</u>	<u>173,949</u>	<u>24,021</u>	<u>-</u>	<u>4,490,174</u>	<u>5,522,418</u>	<u>5,235,571</u>
<u>28,845</u>	<u>(203,037)</u>	<u>21,618</u>	<u>(173,949)</u>	<u>44,014</u>	<u>227,496</u>	<u>2,445,116</u>	<u>6,040,056</u>	<u>9,488,885</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	329,868	12,000	78,907	25,828	-	1,166,081	1,616,966	1,870,486
<u>(419,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,035)</u>	<u>-</u>	<u>(1,677,951)</u>	<u>(7,748,511)</u>	<u>(26,299,489)</u>
<u>(419,832)</u>	<u>329,868</u>	<u>12,000</u>	<u>78,907</u>	<u>(42,207)</u>	<u>-</u>	<u>(511,870)</u>	<u>(6,131,545)</u>	<u>(24,429,003)</u>
<u>(390,987)</u>	<u>126,831</u>	<u>33,618</u>	<u>(95,042)</u>	<u>1,807</u>	<u>227,496</u>	<u>1,933,246</u>	<u>(91,489)</u>	<u>(14,940,118)</u>
<u>1,253,528</u>	<u>3,023,767</u>	<u>595,776</u>	<u>-</u>	<u>(1,807)</u>	<u>-</u>	<u>10,048,957</u>	<u>39,913,797</u>	<u>54,853,915</u>
<u>862,541</u>	<u>3,150,598</u>	<u>629,394</u>	<u>(95,042)</u>	<u>-</u>	<u>227,496</u>	<u>11,982,203</u>	<u>39,822,308</u>	<u>39,913,797</u>

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NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

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

Singer Trust Fund - for maintenance of Singer Park.

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

Holmes Bequest Fund - for charitable and humanitarian purposes.

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

Pasadena Center Capital Improvement Trust Fund - for capital improvements.

Cox Trust Fund - for purchase of literary classics.

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

CITY OF PASADENA
Non-Major Governmental Funds
Permanent Funds
Combining Balance Sheet
June 30, 2008

	Vroman Art Bequest	Singer Trust	Noble Award	Holmes Bequest
<u>Assets</u>				
Cash and investments	\$ 6,538	39,146	5,200	50,557
Accounts receivable	55	374	-	529
Total assets	\$ 6,593	39,520	5,200	51,086
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Unreserved, reported in:				
Permanent funds	6,593	39,520	5,200	51,086
Total fund balances	6,593	39,520	5,200	51,086
Total liabilities and fund balances	\$ 6,593	39,520	5,200	51,086

<u>Sheldon Memorial</u>	Pasadena Center Capital Improvement Trust	<u>Cox Trust</u>	<u>Jankos Trust</u>	<u>Totals</u>	
				<u>2008</u>	<u>2007</u>
276	921,534	5,030	26,824	1,055,105	1,039,019
13	5,791	48	248	7,058	7,831
<u>289</u>	<u>927,325</u>	<u>5,078</u>	<u>27,072</u>	<u>1,062,163</u>	<u>1,046,850</u>
-	-	-	33	33	-
-	-	-	33	33	-
<u>289</u>	<u>927,325</u>	<u>5,078</u>	<u>27,039</u>	<u>1,062,130</u>	<u>1,046,850</u>
<u>289</u>	<u>927,325</u>	<u>5,078</u>	<u>27,039</u>	<u>1,062,130</u>	<u>1,046,850</u>
<u>289</u>	<u>927,325</u>	<u>5,078</u>	<u>27,072</u>	<u>1,062,163</u>	<u>1,046,850</u>

CITY OF PASADENA
Non-Major Governmental Funds
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	<u>Vroman Art Bequest</u>	<u>Singer Trust</u>	<u>Noble Award</u>	<u>Holmes Bequest</u>
Revenues:				
Investment earnings	\$ 282	1,689	224	2,964
Net change in fair value of investments	31	185	25	511
Total revenues	<u>313</u>	<u>1,874</u>	<u>249</u>	<u>3,475</u>
Expenditures:				
Current:				
Culture and leisure	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>313</u>	<u>1,874</u>	<u>249</u>	<u>3,475</u>
Other financing sources (uses):				
Transfers out	-	-	-	(34,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,000)</u>
Change in fund balances	313	1,874	249	(30,525)
Fund balances at beginning of year	<u>6,280</u>	<u>37,646</u>	<u>4,951</u>	<u>81,611</u>
Fund balances at end of year	<u>\$ 6,593</u>	<u>39,520</u>	<u>5,200</u>	<u>51,086</u>

<u>Sheldon Memorial</u>	<u>Pasadena Center Capital Improvement Trust</u>	<u>Cox Trust</u>	<u>Jankos Trust</u>	<u>Totals</u>	
				<u>2008</u>	<u>2007</u>
				13	39,774
<u>1</u>	<u>4,358</u>	<u>30</u>	<u>140</u>	<u>5,281</u>	<u>11,292</u>
<u>14</u>	<u>44,132</u>	<u>271</u>	<u>1,350</u>	<u>51,678</u>	<u>55,270</u>
-	373	592	1,433	2,398	1,083
<u>-</u>	<u>373</u>	<u>592</u>	<u>1,433</u>	<u>2,398</u>	<u>1,083</u>
<u>14</u>	<u>43,759</u>	<u>(321)</u>	<u>(83)</u>	<u>49,280</u>	<u>54,187</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,000)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,000)</u>	<u>-</u>
14	43,759	(321)	(83)	15,280	54,187
<u>275</u>	<u>883,566</u>	<u>5,399</u>	<u>27,122</u>	<u>1,046,850</u>	<u>992,663</u>
<u>289</u>	<u>927,325</u>	<u>5,078</u>	<u>27,039</u>	<u>1,062,130</u>	<u>1,046,850</u>

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NON-MAJOR ENTERPRISE FUNDS

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

Plaza Las Fuentes Parking Fund - to account for the operations of the underground parking facility on Los Robles Avenue and Union Street.

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

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

Delmar Goldline Parking Garage – to account for the operations of the parking facility at the Delmar Goldline Station.

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Net Assets
June 30, 2008

	Plaza	Refuse	Tele-	Del Mar	Totals	
	Las Fuentes			Collection	communi-	Goldline
	Parking		cations	Parking		
		Garage				
Assets						
Current assets:						
Cash and investments	\$ 6,053,842	3,586,118	407,515	539,959	10,587,434	8,728,399
Accounts receivable	273,396	1,707,885	62,863	32,132	2,076,276	1,892,654
Less allowance for uncollectible amounts	-	(41,717)	-	-	(41,717)	(38,107)
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	55,000	-	-	-	55,000	-
Advances to component units	-	-	-	-	-	-
Other deferred assets	-	-	-	-	-	-
Prepays and other assets	-	-	-	-	-	-
Total current assets	<u>6,382,238</u>	<u>5,252,286</u>	<u>470,378</u>	<u>572,091</u>	<u>12,676,993</u>	<u>10,582,946</u>
Restricted assets - cash and investments:						
To finance stranded investments	-	-	-	-	-	-
Other restricted cash and investments	2,710,424	-	-	-	2,710,424	2,777,360
Total restricted assets - cash and investments	<u>2,710,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710,424</u>	<u>2,777,360</u>
Capital assets						
Less accumulated depreciation	15,852,268	8,626,151	-	2,450,000	26,928,419	24,992,380
Net property, plant and equipment	(6,953,016)	(6,021,584)	-	-	(12,974,600)	(12,285,285)
Total assets	<u>8,899,252</u>	<u>2,604,567</u>	<u>-</u>	<u>2,450,000</u>	<u>13,953,819</u>	<u>12,707,095</u>
Total assets	<u>17,991,914</u>	<u>7,856,853</u>	<u>470,378</u>	<u>3,022,091</u>	<u>29,341,236</u>	<u>26,067,401</u>
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	13,558	647,878	-	82,220	743,656	1,142,442
Deposits	-	3,214,335	-	-	3,214,335	3,058,647
Due to other funds	-	4,800	-	-	4,800	9,600
Certificates of participation - current	1,500,000	-	-	-	1,500,000	1,300,000
Capitalized lease obligations - current	-	29,369	-	-	29,369	369,959
Advances from other funds	-	1,430,109	-	2,959,136	4,389,245	1,615,231
Total current liabilities	<u>1,513,558</u>	<u>5,326,491</u>	<u>-</u>	<u>3,041,356</u>	<u>9,881,405</u>	<u>7,495,879</u>
Long-term liabilities:						
Certificates of participation - long-term	8,000,000	-	-	-	8,000,000	9,500,000
Capitalized lease obligations - long-term	-	173,903	-	-	173,903	-
Unamortized premium (discount)	(116,287)	-	-	-	(116,287)	(155,050)
Total long-term liabilities	<u>7,883,713</u>	<u>173,903</u>	<u>-</u>	<u>-</u>	<u>8,057,616</u>	<u>9,344,950</u>
Total liabilities	<u>9,397,271</u>	<u>5,500,394</u>	<u>-</u>	<u>3,041,356</u>	<u>17,939,021</u>	<u>16,840,829</u>
Net Assets						
Invested in capital assets, net of related debt	2,225,963	2,401,295	-	2,450,000	7,077,258	4,469,546
Restricted for debt services	-	-	-	-	-	-
Unrestricted	6,368,680	(44,836)	470,378	(2,469,265)	4,324,957	4,757,026
Total net assets	<u>\$ 8,594,643</u>	<u>2,356,459</u>	<u>470,378</u>	<u>(19,265)</u>	<u>11,402,215</u>	<u>9,226,572</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	Plaza Las Fuentes Parking	Refuse Collection	Tele- communi- cations	Del Mar Goldline Parking Garage	Totals	
					2008	2007
Operating revenues:						
Charges for services:						
Plaza Las Fuentes parking	\$ 1,921,365	-	-	-	1,921,365	1,887,805
Refuse collection	-	10,011,635	-	-	10,011,635	9,626,950
Telecommunication	-	-	428,414	-	428,414	358,376
Del Mar Goldline Parking Garage	-	-	-	164,686	164,686	-
Total operating revenues	<u>1,921,365</u>	<u>10,011,635</u>	<u>428,414</u>	<u>164,686</u>	<u>12,526,100</u>	<u>11,873,131</u>
Operating expenses:						
Plaza Las Fuentes parking	1,717,685	-	-	-	1,717,685	1,597,474
Refuse collection	-	11,140,297	-	-	11,140,297	10,051,511
Telecommunications	-	-	470,463	-	470,463	363,712
Del Mar Goldline Parking Garage	-	-	-	201,370	201,370	-
Depreciation	324,373	893,891	-	-	1,218,264	963,679
Total operating expenses	<u>2,042,058</u>	<u>12,034,188</u>	<u>470,463</u>	<u>201,370</u>	<u>14,748,079</u>	<u>12,976,376</u>
Operating income (loss)	<u>(120,693)</u>	<u>(2,022,553)</u>	<u>(42,049)</u>	<u>(36,684)</u>	<u>(2,221,979)</u>	<u>(1,103,245)</u>
Nonoperating revenues (expenses):						
Taxes	1,883,314	2,214,588	-	-	4,097,902	3,749,951
Intergovernmental revenues	-	157,241	-	-	157,241	107,641
Investment earnings	367,556	138,696	17,480	6,417	530,149	456,935
Net change in fair value of investments	24,215	6,683	2,945	11,002	44,845	83,587
Interest expense	(441,563)	(63,754)	-	-	(505,317)	(696,186)
Gain (loss) on disposal of assets	-	(9,730)	-	-	(9,730)	-
Miscellaneous revenues	-	-	-	-	-	11,115
Other nonoperating revenues (expenses)	-	195,772	-	-	195,772	178,995
Total nonoperating revenues (expenses)	<u>1,833,522</u>	<u>2,639,496</u>	<u>20,425</u>	<u>17,419</u>	<u>4,510,862</u>	<u>3,892,038</u>
Income (loss) before transfers and contributions	1,712,829	616,943	(21,624)	(19,265)	2,288,883	2,788,793
Transfers:						
Contributions	-	-	-	-	-	-
Transfers in	-	85,000	-	-	85,000	-
Transfers out	-	(198,240)	-	-	(198,240)	(198,240)
Net income (loss)	1,712,829	503,703	(21,624)	(19,265)	2,175,643	2,590,553
Net assets at beginning of year	<u>6,881,814</u>	<u>1,852,756</u>	<u>492,002</u>	<u>-</u>	<u>9,226,572</u>	<u>6,636,019</u>
Net assets at end of year	<u>\$ 8,594,643</u>	<u>2,356,459</u>	<u>470,378</u>	<u>(19,265)</u>	<u>11,402,215</u>	<u>9,226,572</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2008

	Plaza	Refuse	Tele-	Del Mar	Totals	
	Las Fuentes				Goldline	2008
	Parking	Collection	communi- cations	Parking		
Cash flows from operating activities:						
Cash received from customers	\$ 2,014,941	9,828,215	370,377	132,554	12,346,087	11,830,222
Cash payments to suppliers for goods and services	(1,602,842)	(4,746,938)	(470,463)	(119,150)	(6,939,393)	(5,017,269)
Cash payments to employees for services	(63,880)	(4,667,509)	-	-	(4,731,389)	(4,294,015)
Cash payments to other funds for services	(2,236)	(2,061,134)	-	-	(2,063,370)	(1,932,924)
Other nonoperating revenues (expenses)	-	195,772	-	-	195,772	189,945
Net cash provided by (used for) operating activities	345,984	(1,451,594)	(100,086)	13,404	(1,192,292)	775,959
Cash flows from noncapital financing activities:						
Transfers to other funds	-	(198,240)	-	-	(198,240)	(198,240)
Transfers from other funds	-	85,000	-	2,959,136	3,044,136	-
Cash received (paid) on loans to other funds	-	(189,922)	-	-	(189,922)	1,610,431
Cash received (paid) on loans from other funds	(55,000)	-	-	-	(55,000)	-
Taxes received	1,883,314	2,214,588	-	-	4,097,902	3,749,952
Intergovernmental revenues	-	157,241	-	-	157,241	107,641
Net cash provided by (used for) noncapital financing activities	1,828,314	2,068,667	-	2,959,136	6,856,117	5,269,784
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	(24,716)	-	(2,450,000)	(2,474,716)	(2,010,366)
Proceeds from sale of capital assets	-	-	-	-	-	165
Principal paid on debt	(1,300,000)	(166,687)	-	-	(1,466,687)	(1,911,578)
Interest paid on debt	(441,563)	(63,754)	-	-	(505,317)	(696,186)
Net cash used for capital and related financing activities	(1,741,563)	(255,157)	-	(2,450,000)	(4,446,720)	(4,617,965)
Cash flows from investing activities:						
Investment earnings (expenses)	391,771	145,379	20,425	17,419	574,994	540,522
Net cash provided by investing activities	391,771	145,379	20,425	17,419	574,994	540,522
Net increase (decrease) in cash and cash equivalents	824,506	507,295	(79,661)	539,959	1,792,099	1,968,300
Cash and cash equivalents at beginning of year	<u>7,939,760</u>	<u>3,078,823</u>	<u>487,176</u>	<u>-</u>	<u>11,505,759</u>	<u>9,537,459</u>
Cash and cash equivalents at end of year	<u>\$ 8,764,266</u>	<u>3,586,118</u>	<u>407,515</u>	<u>539,959</u>	<u>13,297,858</u>	<u>11,505,759</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:						
Cash and investments	\$ 6,053,842	\$ 3,586,118	\$ 407,515	\$ 539,959	10,587,434	8,728,399
Stranded investments	-	-	-	-	-	-
Other restricted cash and investments	2,710,424	-	-	-	2,710,424	2,777,360
Less non-cash equivalents	-	-	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ 8,764,266</u>	<u>3,586,118</u>	<u>407,515</u>	<u>539,959</u>	<u>13,297,858</u>	<u>11,505,759</u>

(continued)

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2008

	<u>Plaza Las Fuentes Parking</u>	<u>Refuse Collection</u>	<u>Tele- communi- cations</u>	<u>Del Mar Goldline Parking</u>	<u>Totals</u>	
					<u>2008</u>	<u>2007</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (120,693)	(2,022,553)	(42,049)	(36,684)	(2,221,979)	(1,103,245)
Adjustments to reconcile operating income (loss) to net						
Depreciation	324,373	893,891	-	-	1,218,264	963,679
Amortization of bond premiums and discounts	38,762	-	-	-	38,762	38,762
Other non-operating revenues (expenses)	-	195,772	-	-	195,772	189,945
(Increase) decrease in accounts receivable	93,576	(187,029)	(58,037)	(32,132)	(183,622)	(46,024)
Increase (decrease) in allowance for uncollectible accounts	-	3,610	-	-	3,610	3,115
Increase (decrease) in accounts payable and accrued liabilities	9,966	(490,973)	-	82,220	(398,787)	655,466
Increase (decrease) in deposits payable	-	155,688	-	-	155,688	74,261
Total adjustments	<u>466,677</u>	<u>570,959</u>	<u>(58,037)</u>	<u>50,088</u>	<u>1,029,687</u>	<u>1,879,204</u>
Net cash provided by (used for) operating activities	<u>\$ 345,984</u>	<u>(1,451,594)</u>	<u>(100,086)</u>	<u>13,404</u>	<u>(1,192,292)</u>	<u>775,959</u>
Non-cash investing, capital and financing related activity						
Non-cash changes in fair value of investments	<u>\$ 24,215</u>	<u>6,683</u>	<u>2,944</u>	<u>11,002</u>	<u>44,844</u>	<u>83,587</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

1992 Equipment Leasing Fund - to account for the leasing of equipment, machinery, vehicles, and the acquisition and construction of real property from the Pasadena Civic Improvement Corporation.

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

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

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

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

CITY OF PASADENA
Internal Service Funds
Combining Statement of Net Assets
June 30, 2008

Assets	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Current assets:				
Cash and investments	\$ 2,462,427	1,345,936	1,909,501	6,604,608
Accounts receivable	6,321	2,813	95,081	5,691,764
Due from other funds	-	-	4,800	-
Inventories	-	-	267,816	-
Prepays and other assets	-	-	-	174,198
Total current assets	<u>2,468,748</u>	<u>1,348,749</u>	<u>2,277,198</u>	<u>12,470,570</u>
Noncurrent assets:				
Restricted assets - cash and investments	1,048,183	-	163,744	-
Advances to other funds	-	-	1,430,109	-
Less allowance for long-term receivable	-	-	-	-
Total noncurrent asset	<u>1,048,183</u>	<u>-</u>	<u>1,593,853</u>	<u>-</u>
Property held for resale	-	-	-	-
Capital assets	7,426,034	288,119	24,392,312	2,111
Less accumulated depreciation	<u>(5,590,552)</u>	<u>(193,179)</u>	<u>(16,705,740)</u>	<u>(633)</u>
Net property, plant and equipment	<u>1,835,482</u>	<u>94,940</u>	<u>7,686,572</u>	<u>1,478</u>
Total assets	<u>5,352,413</u>	<u>1,443,689</u>	<u>11,557,623</u>	<u>12,472,048</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	480,404	652,675	514,304	5,778,171
Deposits	-	-	-	-
Insurance claims payable - current	-	-	-	-
Due to other funds	-	-	-	-
Compensated absences	-	-	-	8,721,272
OPEB liability - current	-	-	-	364,010
Capitalized lease obligations - current	<u>281,502</u>	<u>-</u>	<u>370,419</u>	<u>-</u>
Total current liabilities	<u>761,906</u>	<u>652,675</u>	<u>884,723</u>	<u>14,863,453</u>
Long-term liabilities:				
Insurance claims payable - long-term	-	-	-	-
OPEB liability - long-term	-	-	-	1,778,812
Capitalized lease obligations - long-term	<u>588,114</u>	<u>-</u>	<u>773,814</u>	<u>-</u>
Total long-term liabilities	<u>588,114</u>	<u>-</u>	<u>773,814</u>	<u>1,778,812</u>
Total liabilities	<u>1,350,020</u>	<u>652,675</u>	<u>1,658,537</u>	<u>16,642,265</u>
Net Assets				
Invested in capital assets, net of related debt	2,014,049	94,940	6,706,083	1,478
Unrestricted	<u>1,988,344</u>	<u>696,074</u>	<u>3,193,003</u>	<u>(4,171,695)</u>
Total net assets	<u>\$ 4,002,393</u>	<u>791,014</u>	<u>9,899,086</u>	<u>(4,170,217)</u>

1992						
<u>Equipment Leasing</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Printing Services</u>	<u>Mail Services</u>	<u>Totals</u>	
					<u>2008</u>	<u>2007</u>
1,529,277	6,670,754	3,030,618	-	168,753	23,721,874	29,959,057
16,588	366,466	113,314	3,429	1,550	6,297,326	5,682,347
-	-	-	-	-	4,800	9,600
-	-	-	-	-	267,816	265,151
-	-	-	-	170,203	344,401	339,333
<u>1,545,865</u>	<u>7,037,220</u>	<u>3,143,932</u>	<u>3,429</u>	<u>340,506</u>	<u>30,636,217</u>	<u>36,255,488</u>
-	-	-	3,772	-	1,215,699	1,383,268
-	-	2,833,425	-	-	4,263,534	4,367,356
-	-	(650,409)	-	-	(650,409)	(569,109)
-	-	2,183,016	3,772	-	4,828,824	5,181,515
-	-	3,714,391	-	-	3,714,391	-
-	6,505	25,171	998,848	205,193	33,344,293	31,578,542
-	(6,205)	(22,654)	(346,422)	(158,583)	(23,023,968)	(21,876,509)
-	300	3,716,908	652,426	46,610	14,034,716	9,702,033
<u>1,545,865</u>	<u>7,037,520</u>	<u>9,043,856</u>	<u>659,627</u>	<u>387,116</u>	<u>49,499,757</u>	<u>51,139,036</u>
-	267,683	126,933	54,539	86,588	7,961,297	7,561,269
-	-	-	-	-	-	-
-	6,317,074	4,526,134	-	-	10,843,208	8,483,399
-	-	-	330,067	-	330,067	-
-	-	-	-	-	8,721,272	7,858,348
-	-	-	-	-	364,010	-
-	-	-	63,345	-	715,266	728,826
-	6,584,757	4,653,067	447,951	86,588	28,935,120	24,631,842
-	9,475,612	6,789,200	-	-	16,264,812	15,754,885
-	-	-	-	-	1,778,812	-
-	-	-	132,362	39	1,494,329	2,209,471
-	9,475,612	6,789,200	132,362	39	19,537,953	17,964,356
-	16,060,369	11,442,267	580,313	86,627	48,473,073	42,596,198
-	300	3,716,908	460,491	46,571	13,040,820	8,147,004
<u>1,545,865</u>	<u>(9,023,149)</u>	<u>(6,115,319)</u>	<u>(381,177)</u>	<u>253,918</u>	<u>(12,014,136)</u>	<u>395,834</u>
<u>1,545,865</u>	<u>(9,022,849)</u>	<u>(2,398,411)</u>	<u>79,314</u>	<u>300,489</u>	<u>1,026,684</u>	<u>8,542,838</u>

CITY OF PASADENA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Fiscal Year Ended June 30, 2008

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Operating revenues:				
Charges for services:				
Computing and communication services	\$ 8,613,905	-	-	-
Building maintenance	-	8,319,674	-	-
Fleet maintenance	-	-	9,901,098	-
Employee benefits	-	-	-	28,575,284
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>8,613,905</u>	<u>8,319,674</u>	<u>9,901,098</u>	<u>28,575,284</u>
Operating expenses:				
Computing and communication services	8,502,857	-	-	-
Building maintenance	-	8,817,319	-	-
Fleet maintenance	-	-	7,811,484	-
Depreciation	446,554	7,481	1,461,775	106
Benefits	-	-	-	32,836,204
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating expenses	<u>8,949,411</u>	<u>8,824,800</u>	<u>9,273,259</u>	<u>32,836,310</u>
Operating income (loss)	<u>(335,506)</u>	<u>(505,126)</u>	<u>627,839</u>	<u>(4,261,026)</u>
Nonoperating revenues (expenses):				
Investment earnings	164,324	70,986	143,541	463,546
Net change in fair value of investments	15,568	13,058	15,182	39,860
Miscellaneous revenue	-	-	-	-
Interest expense	(32,013)	-	(41,720)	-
Gain (loss) on disposal of assets	(738)	-	20,749	-
Other nonoperating revenues (expenses)	-	215,810	-	-
Total nonoperating revenues (expenses)	<u>147,141</u>	<u>299,854</u>	<u>137,752</u>	<u>503,406</u>
Income (loss) before operating transfers	<u>(188,365)</u>	<u>(205,272)</u>	<u>765,591</u>	<u>(3,757,620)</u>
Transfers from (to) other funds:				
Transfers in	2,517	183,238	-	-
Transfers out	-	(942,477)	(1,054,879)	-
Net income (loss)	<u>(185,848)</u>	<u>(964,511)</u>	<u>(289,288)</u>	<u>(3,757,620)</u>
Net assets at beginning of year	<u>4,188,241</u>	<u>1,755,525</u>	<u>10,188,374</u>	<u>(412,597)</u>
Net assets at end of year	<u>\$ 4,002,393</u>	<u>791,014</u>	<u>9,899,086</u>	<u>(4,170,217)</u>

1992 Equipment Leasing	Workers' Compensation	General Liability	Printing Services	Mail Services	Totals	
					2008	2007
-	-	-	-	-	8,613,905	8,083,804
-	-	-	-	-	8,319,674	8,083,416
-	-	-	-	-	9,901,098	8,356,114
-	-	-	-	-	28,575,284	24,984,621
-	9,380,334	2,587,253	-	-	11,967,587	11,760,180
-	-	-	1,071,794	-	1,071,794	1,186,157
-	-	-	-	420,288	420,288	426,113
-	9,380,334	2,587,253	1,071,794	420,288	68,869,630	62,880,405
-	-	-	-	-	8,502,857	7,579,996
-	-	-	-	-	8,817,319	7,436,352
-	-	-	-	-	7,811,484	7,137,460
-	150	2,517	38,518	8,800	1,965,901	2,050,754
-	-	-	-	-	32,836,204	27,783,448
-	7,740,766	6,893,849	-	-	14,634,615	14,277,591
-	-	-	1,057,096	-	1,057,096	1,109,580
-	-	-	-	471,144	471,144	374,104
-	7,740,916	6,896,366	1,095,614	479,944	76,096,620	67,749,285
-	1,639,418	(4,309,113)	(23,820)	(59,656)	(7,226,990)	(4,868,880)
67,888	293,295	109,905	(12,755)	6,710	1,307,440	1,668,967
7,746	30,032	1,954	233	1,075	124,708	382,841
-	-	-	-	-	-	-
-	-	-	(7,176)	(148)	(81,057)	(114,522)
-	-	-	-	-	20,011	60,585
-	-	-	-	-	215,810	241,964
75,634	323,327	111,859	(19,698)	7,637	1,586,912	2,239,835
75,634	1,962,745	(4,197,254)	(43,518)	(52,019)	(5,640,078)	(2,629,045)
-	-	-	-	678	186,433	161,899
(54,153)	-	-	-	(11,000)	(2,062,509)	(3,141,201)
21,481	1,962,745	(4,197,254)	(43,518)	(62,341)	(7,516,154)	(5,608,347)
1,524,384	(10,985,594)	1,798,843	122,832	362,830	8,542,838	14,151,185
1,545,865	(9,022,849)	(2,398,411)	79,314	300,489	1,026,684	8,542,838

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2008

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Cash flows from operating activities:				
Cash payments to suppliers for goods or services	\$ (3,485,110)	(3,088,939)	(5,212,632)	(2,968,641)
Cash payments to employees for services	(4,527,570)	(4,859,946)	(2,416,071)	(26,258,657)
Cash payments to other funds for services	(442,385)	(604,866)	(489,186)	(42,114)
Cash payments from other funds for services	8,613,349	8,333,503	9,887,920	27,924,036
Other nonoperating revenues (expenses)	-	215,810	-	-
Net cash provided by (used for) operating activities	<u>158,284</u>	<u>(4,438)</u>	<u>1,770,031</u>	<u>(1,345,376)</u>
Cash flows from noncapital financing activities:				
Operating transfers in	2,517	183,238	-	-
Operating transfers out	-	(942,477)	(1,054,879)	-
Cash paid on loans to other funds	-	-	185,122	-
Net cash provided by (used for) noncapital financing activities	<u>2,517</u>	<u>(759,239)</u>	<u>(869,757)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(666,809)	(39,309)	(1,525,751)	-
Proceeds from sale of capital assets	-	-	29,799	-
Principal paid on debt	(294,698)	-	(359,021)	-
Interest paid on debt	(32,013)	-	(41,720)	-
Net cash used for capital and related financing activities	<u>(993,520)</u>	<u>(39,309)</u>	<u>(1,896,693)</u>	<u>-</u>
Cash flows from investing activities:				
Investment earnings (expenses)	<u>181,747</u>	<u>85,129</u>	<u>160,554</u>	<u>517,950</u>
Net cash provided by investing activities	<u>181,747</u>	<u>85,129</u>	<u>160,554</u>	<u>517,950</u>
Net increase (decrease) in cash and cash equivalents	(650,972)	(717,857)	(835,865)	(827,426)
Cash and cash equivalents at beginning of year	<u>4,161,582</u>	<u>2,063,793</u>	<u>2,909,110</u>	<u>7,432,034</u>
Cash and cash equivalents at end of year	<u>\$ 3,510,610</u>	<u>1,345,936</u>	<u>2,073,245</u>	<u>6,604,608</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:				
Cash and investments	\$ 2,462,427	1,345,936	1,909,501	6,604,608
Stranded investments	-	-	-	-
Other restricted cash and investments	1,048,183	-	163,744	-
Less non-cash equivalents	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ 3,510,610</u>	<u>1,345,936</u>	<u>2,073,245</u>	<u>6,604,608</u>

1992						
<u>Equipment</u>	<u>Workers'</u>	<u>General</u>	<u>Printing</u>	<u>Mail</u>	<u>Totals</u>	
<u>Leasing</u>	<u>Compensation</u>	<u>Liability</u>	<u>Services</u>	<u>Services</u>	<u>2008</u>	<u>2007</u>
-	(4,088,729)	(2,301,729)	(579,461)	(117,156)	(21,842,397)	(15,138,544)
-	(5,066,766)	(206,031)	(440,646)	(280,354)	(44,056,041)	(43,202,640)
-	(75,195)	(164,254)	273,479	(89,918)	(1,634,439)	(1,850,942)
-	9,380,539	2,604,840	1,071,246	419,688	68,235,121	62,354,358
-	-	(3,714,391)	-	-	(3,498,581)	241,964
-	149,849	(3,781,565)	324,618	(67,740)	(2,796,337)	2,404,196
-	-	-	-	678	186,433	161,899
(54,153)	-	-	-	(11,000)	(2,062,509)	(3,141,201)
-	-	-	-	-	185,122	(1,615,231)
(54,153)	-	-	-	(10,322)	(1,690,954)	(4,594,533)
-	-	-	(362,110)	-	(2,593,979)	(1,953,556)
-	-	-	-	-	29,799	99,991
-	-	-	(64,414)	(10,569)	(728,702)	(827,488)
-	-	-	(7,176)	(148)	(81,057)	(114,522)
-	-	-	(433,700)	(10,717)	(3,373,939)	(2,795,575)
76,784	328,510	110,861	(12,813)	7,756	1,456,478	2,009,885
76,784	328,510	110,861	(12,813)	7,756	1,456,478	2,009,885
22,631	478,359	(3,670,704)	(121,895)	(81,023)	(6,404,752)	(2,976,027)
1,506,646	6,192,395	6,701,322	125,667	249,776	31,342,325	34,318,352
1,529,277	6,670,754	3,030,618	3,772	168,753	24,937,573	31,342,325
						(Continued)
1,529,277	6,670,754	3,030,618	-	168,753	23,721,874	29,959,057
-	-	-	-	-	-	-
-	-	-	3,772	-	1,215,699	1,383,268
-	-	-	-	-	-	-
1,529,277	6,670,754	3,030,618	3,772	168,753	24,937,573	31,342,325

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2008

	<u>Computing and Communication Services</u>	<u>Building Maintenance</u>	<u>Fleet Maintenance</u>	<u>Benefits</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (335,506)	(505,126)	627,839	(4,261,026)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	446,554	7,481	1,461,775	106
Other nonoperating revenues (expenses)	-	215,810	-	-
(Increase) decrease in accounts receivable	(556)	13,829	(17,978)	(651,248)
(Increase) decrease in due from other funds	-	-	4,800	-
(Increase) decrease in inventories	-	-	(2,665)	-
(Increase) decrease in prepaids and other assets	-	-	-	75,160
Increase (decrease) in accounts payable and accrued liabilities	47,792	263,568	(303,740)	485,886
Increase (decrease) in deposits payable	-	-	-	-
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in OPEB liability	-	-	-	2,142,822
Increase (decrease) in compensated absences	-	-	-	862,924
Total adjustments	<u>493,790</u>	<u>500,688</u>	<u>1,142,192</u>	<u>2,915,650</u>
Net cash provided by (used for) operating activities	<u>\$ 158,284</u>	<u>(4,438)</u>	<u>1,770,031</u>	<u>(1,345,376)</u>
<u>Non-cash investing, capital and financing related activity:</u>				
Non-cash changes in fair value of investments	<u>\$ 15,568</u>	<u>13,058</u>	<u>15,182</u>	<u>39,860</u>

1992 Equipment Leasing	Workers' Compensation	General Liability	Printing Services	Mail Services	Totals	
					2008	2007
<u>-</u>	<u>1,639,418</u>	<u>(4,309,113)</u>	<u>(23,820)</u>	<u>(59,656)</u>	<u>(7,226,990)</u>	<u>(4,868,880)</u>
-	150	2,517	38,518	8,800	1,965,901	2,050,754
-	-	(3,714,391)	-	-	(3,498,581)	241,964
-	205	17,587	(548)	(600)	(639,309)	(435,683)
-	-	-	330,067	-	334,867	4,800
-	-	-	-	-	(2,665)	(11,464)
-	-	-	-	(80,228)	(5,068)	(171,616)
-	(55,660)	(82,165)	(19,599)	63,944	400,026	1,004,075
-	-	-	-	-	-	(95,164)
-	(1,434,264)	4,304,000	-	-	2,869,736	3,802,496
-	-	-	-	-	2,142,822	-
-	-	-	-	-	862,924	882,914
<u>-</u>	<u>(1,489,569)</u>	<u>527,548</u>	<u>348,438</u>	<u>(8,084)</u>	<u>4,430,653</u>	<u>7,273,076</u>
<u>-</u>	<u>149,849</u>	<u>(3,781,565)</u>	<u>324,618</u>	<u>(67,740)</u>	<u>(2,796,337)</u>	<u>2,404,196</u>
<u>7,746</u>	<u>30,032</u>	<u>1,954</u>	<u>233</u>	<u>1,075</u>	<u>124,708</u>	<u>382,841</u>

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FIDUCIARY FUNDS

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

Pension Trust Fund:

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

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

Agency Funds:

South Lake Business Improvement District Fund - to account for the collection and payment of business license tax levied on South Lake Avenue.

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

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

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

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

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Net Assets
June 30, 2008

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Assets				
Cash and cash equivalents	\$ 153,503,129	1,305,777	154,808,906	155,308,223
Receivables:				
Interest	-	329,623	329,623	431,406
Total receivables	-	329,623	329,623	431,406
Investments, at fair value:				
Government and agencies	-	23,204,987	23,204,987	23,071,256
Domestic corporate obligations		18,547,978	18,547,978	18,908,651
International corporate obligations	-	674,572	674,572	1,015,315
Real estate investment trust (REIT)	-	7,181,379	7,181,379	9,876,189
Domestic corporate stocks		55,746,986	55,746,986	73,077,517
International corporate stocks	-	18,061,526	18,061,526	16,952,456
Total investments	-	123,417,428	123,417,428	142,901,384
Total assets	153,503,129	125,052,828	278,555,957	298,641,013
Liabilities				
Accounts payable and accrued liabilities	-	88,569	88,569	105,673
Total liabilities	-	88,569	88,569	105,673
Net assets reserved in trust for employees' pension benefits	<u>\$ 153,503,129</u>	<u>124,964,259</u>	<u>278,467,388</u>	<u>298,535,340</u>

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Additions:				
Contributions:				
Employer	\$ -	3,193,583	3,193,583	3,839,128
Plan members	<u>15,024,744</u>	<u>23,744</u>	<u>15,048,488</u>	<u>14,257,638</u>
Total contributions	<u>15,024,744</u>	<u>3,217,327</u>	<u>18,242,071</u>	<u>18,096,766</u>
Net investment income:				
Net change in fair value of investments	(3,612,790)	(14,169,454)	(17,782,244)	34,934,623
Interest	-	2,571,805	2,571,805	2,192,787
Dividends	-	1,605,881	1,605,881	994,870
Gross investment income (loss)	<u>(3,612,790)</u>	<u>(9,991,768)</u>	<u>(13,604,558)</u>	<u>38,122,280</u>
Less investment expenses	<u>-</u>	<u>(407,095)</u>	<u>(407,095)</u>	<u>(491,796)</u>
Net investment income (loss)	<u>(3,612,790)</u>	<u>(10,398,863)</u>	<u>(14,011,653)</u>	<u>37,630,484</u>
Total additions	<u>11,411,954</u>	<u>(7,181,536)</u>	<u>4,230,418</u>	<u>55,727,250</u>
Deductions:				
Benefits paid to participants	9,133,313	14,864,336	23,997,649	23,851,993
Administrative expenses	<u>-</u>	<u>300,721</u>	<u>300,721</u>	<u>257,366</u>
Total deductions	<u>9,133,313</u>	<u>15,165,057</u>	<u>24,298,370</u>	<u>24,109,359</u>
Net increase (decreases)	2,278,641	(22,346,593)	(20,067,952)	31,617,891
Net assets reserved in trust for employees' pension benefits:				
Beginning of year	<u>151,224,488</u>	<u>147,310,852</u>	<u>298,535,340</u>	<u>266,917,449</u>
End of year	<u>\$ 153,503,129</u>	<u>124,964,259</u>	<u>278,467,388</u>	<u>298,535,340</u>

CITY OF PASADENA

Agency Funds

Combining Balance Sheet

June 30, 2008

	South Lake Business Improvement District	Lake/ Washington Special Assessment District	Library Equipment Replacement	Workforce Investment Act	Community Facilities District No. 1
<u>Assets</u>					
Cash and investments	\$ 98,463	1,556	1,442,927	-	1,438,533
Accounts receivable	-	-	3,357	937,305	-
Other assets	-	-	-	905	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 98,463</u>	<u>1,556</u>	<u>1,446,284</u>	<u>938,210</u>	<u>1,438,533</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 98,463	74	40,066	761,590	-
Due to other funds	-	-	-	-	-
Due to other governments	-	1,482	1,406,218	-	1,438,533
Deferred revenue	-	-	-	176,620	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 98,463</u>	<u>1,556</u>	<u>1,446,284</u>	<u>938,210</u>	<u>1,438,533</u>

Totals

<u>2008</u>	<u>2007</u>
2,981,479	2,794,845
940,662	458,311
<u>905</u>	<u>905</u>
<u>3,923,046</u>	<u>3,254,061</u>

900,193	628,634
-	-
2,846,233	2,625,427
<u>176,620</u>	<u>-</u>
<u>3,923,046</u>	<u>3,254,061</u>

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2008

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<u>SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 155,930	178,380	235,847	98,463
Total assets	\$ 155,930	178,380	235,847	98,463
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 155,930	261,467	318,934	98,463
Total liabilities	\$ 155,930	261,467	318,934	98,463
<u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ -	1,556	-	1,556
Accounts receivable	\$ 809	915	1,724	-
Total assets	\$ 809	2,471	1,724	1,556
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 3,014	3,519	6,459	74
Due to other governments	(2,205)	29,782	26,095	1,482
Total liabilities	\$ 809	33,301	32,554	1,556

(Continued)

CITY OF PASADENA

Agency Funds

Combining Statements of Changes in Assets and Liabilities, (Continued)

For the Fiscal Year Ended June 30, 2008

	<u>Balance at</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2008</u>
 <u>LIBRARY EQUIPMENT REPLACEMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,211,002	265,053	33,128	1,442,927
Accounts receivable	4,418	104,751	105,812	3,357
Total assets	<u>\$ 1,215,420</u>	<u>369,804</u>	<u>138,940</u>	<u>1,446,284</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 15,700	63,454	39,088	40,066
Due to other governments	1,199,720	121,844	(84,654)	1,406,218
Total liabilities	<u>\$ 1,215,420</u>	<u>185,298</u>	<u>(45,566)</u>	<u>1,446,284</u>
 <u>WORKFORCE INVESTMENT ACT</u>				
<u>Assets</u>				
Cash and investments	\$ -	4,493,564	4,493,564	-
Accounts receivable	453,084	3,493,152	3,008,931	937,305
Other assets	905	1,759	1,759	905
Total assets	<u>\$ 453,989</u>	<u>7,988,475</u>	<u>7,504,254</u>	<u>938,210</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 453,989	5,711,659	5,404,058	761,590
Deferred revenue	-	176,620	-	176,620
Total liabilities	<u>\$ 453,989</u>	<u>5,888,279</u>	<u>5,404,058</u>	<u>938,210</u>

(Continued)

CITY OF PASADENA

Agency Funds

Combining Statements of Changes in Assets and Liabilities, (Continued)

For the Fiscal Year Ended June 30, 2008

	<u>Balance at</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2008</u>
<u>COMMUNITY FACILITIES DISTRICT NO. 1</u>				
<u>Assets</u>				
Cash and investments	\$ 1,427,913	1,395,685	1,385,065	1,438,533
Total assets	\$ 1,427,913	1,395,685	1,385,065	1,438,533
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	3,168	3,168	-
Due to other governments	1,427,913	459,080	448,460	1,438,533
Total liabilities	\$ 1,427,913	462,248	451,628	1,438,533

CITY OF PASADENA

Agency Funds

Combining Statements of Changes in Assets and Liabilities, (Continued)

For the Fiscal Year Ended June 30, 2008

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 2,794,845	6,334,238	6,147,604	2,981,479
Accounts receivable	458,311	3,598,818	3,116,467	940,662
Other assets	905	1,759	1,759	905
Total assets	\$ 3,254,061	9,934,815	9,265,830	3,923,046
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 628,633	6,043,267	5,771,707	900,193
Due to other funds	-	-	-	-
Due to other governments	2,625,428	610,706	389,901	2,846,233
Deferred revenue	-	176,620	-	176,620
Total liabilities	\$ 3,254,061	6,830,593	6,161,608	3,923,046

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DISCRETELY PRESENTED COMPONENT UNIT

ROSE BOWL OPERATING COMPANY

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

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

CITY OF PASADENA
Discretely Presented Component Unit
Rose Bowl Operating Company
Combining Statement of Net Assets
June 30, 2008

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Assets				
Current assets:				
Cash and investments	\$ 6,323,012	973,392	7,296,404	6,641,041
Accounts receivable, net	330,251	731,044	1,061,295	1,746,092
Prepays and other assets	4,686	-	4,686	26,572
Due from other funds	12,880	-	12,880	-
Other receivable	-	55,397	55,397	55,397
Total current assets	<u>6,670,829</u>	<u>1,759,833</u>	<u>8,430,662</u>	<u>8,469,102</u>
Noncurrent assets:				
Cash and investments with fiscal agent	3,057,630	-	3,057,630	4,891,162
Other receivable	-	120,028	120,028	175,425
Unamortized bond issuance costs	244,061	-	244,061	260,335
Construction in progress	1,281,872	578,339	1,860,211	15,721,892
Other capital assets, net	46,095,046	3,796,399	49,891,445	35,046,160
Total noncurrent assets	<u>50,678,609</u>	<u>4,494,766</u>	<u>55,173,375</u>	<u>56,094,974</u>
Total assets	<u>57,349,438</u>	<u>6,254,599</u>	<u>63,604,037</u>	<u>64,564,076</u>
Liabilities				
Current liabilities:				
Accounts payable and other liabilities	1,354,992	138,246	1,493,238	1,993,777
Accrued salaries and benefits	41,712	-	41,712	-
Interest payable	33,882	-	33,882	-
Due to other funds	-	12,880	12,880	-
Deposits	36,900	-	36,900	68,310
Deferred revenue	1,287,341	104,167	1,391,508	1,057,617
Current portion of certificates of participation	48,817	-	48,817	1,686,931
Revenue Bonds-current (notes 9 and 13)	1,720,000	-	1,720,000	-
Total current liabilities	<u>4,523,644</u>	<u>255,293</u>	<u>4,778,937</u>	<u>4,806,635</u>
Noncurrent liabilities:				
Compensated absences	118,406	29,191	147,597	129,090
Long term portion of certificates of participation	103,711	-	103,711	35,067,214
Revenue Bonds- long-term (notes 9 and 13)	33,585,000	-	33,585,000	-
Unamortized premium (discount)	(314,419)	-	(314,419)	-
Total noncurrent liabilities	<u>33,492,698</u>	<u>29,191</u>	<u>33,521,889</u>	<u>35,196,304</u>
Total liabilities	<u>38,016,342</u>	<u>284,484</u>	<u>38,300,826</u>	<u>40,002,939</u>
Net Assets				
Invested in capital assets, net of related debt	15,501,618	4,374,738	19,876,356	19,054,257
Unrestricted:			-	
Designated	3,831,478	1,048,778	4,880,256	5,198,077
Undesignated	-	546,599	546,599	308,803
Total net assets	<u>\$ 19,333,096</u>	<u>5,970,115</u>	<u>25,303,211</u>	<u>24,561,137</u>

CITY OF PASADENA
Discretely Presented Component Units
Rose Bowl Operating Company
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Operating revenues:				
Charges for services:				
Rose Bowl	\$ 8,762,911	-	8,762,911	2,757,556
Golf course	-	2,849,362	2,849,362	7,776,109
Total operating revenues	<u>8,762,911</u>	<u>2,849,362</u>	<u>11,612,273</u>	<u>10,533,665</u>
Operating expenses:				
Rose Bowl	7,110,097	-	7,110,097	823,517
Golf course	-	892,331	892,331	6,692,387
Depreciation	2,621,871	165,098	2,786,969	2,093,750
Total operating expenses	<u>9,731,968</u>	<u>1,057,429</u>	<u>10,789,397</u>	<u>9,609,654</u>
(not: Operating income	<u>(969,057)</u>	<u>1,791,933</u>	<u>822,876</u>	<u>924,011</u>
Nonoperating revenues (expenses):				
Investment gain (loss)	224,478	354,965	579,443	1,041,530
Interest expense	(1,264,041)	-	(1,264,041)	(1,495,818)
Other nonoperating revenues (expenses)	(24,332)	243,128	218,796	560,222
Total nonoperating revenues (expenses)	<u>(1,063,895)</u>	<u>598,093</u>	<u>(465,802)</u>	<u>105,934</u>
Income before other revenues, expenses, gains, losses, and other items	<u>(2,032,952)</u>	<u>2,390,026</u>	<u>357,074</u>	<u>1,029,945</u>
Transfer (to) from other funds	7,909,326	(7,909,326)	-	-
Capital contributions	50,000	335,000	385,000	297,530
Change in net assets	5,926,374	(5,184,300)	742,074	1,327,475
Net assets at beginning of year	<u>13,406,722</u>	<u>11,154,415</u>	<u>24,561,137</u>	<u>23,233,662</u>
Net assets at end of year	<u>\$ 19,333,096</u>	<u>5,970,115</u>	<u>25,303,211</u>	<u>24,561,137</u>

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GOVERNMENTAL FUNDS

CAPITAL ASSETS

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

CITY OF PASADENA

**Capital Assets Used in the Operation of Government Funds
Comparative Schedule by Source⁽¹⁾
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 55,467,474	55,467,474
Buildings and improvements	272,589,398	271,112,168
Machinery and equipment	20,815,655	19,919,175
Infrastructure	203,196,466	197,342,870
Construction in progress	<u>93,806,398</u>	<u>76,503,235</u>
 Total governmental funds capital assets	 <u>\$ 645,875,391</u>	 <u>620,344,922</u>
 Investment in governmental funds capital assets by source:		
General Fund	\$ 169,809,915	169,769,804
Special revenue fund	19,414,812	19,484,788
Capital projects funds	<u>456,650,664</u>	<u>431,090,330</u>
 Total governmental funds capital assets	 <u>\$ 645,875,391</u>	 <u>620,344,922</u>

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

CITY OF PASADENA

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity ⁽¹⁾
June 30, 2008**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Totals</u>
General government:						
City Council	\$ -	-	75,503	-	-	75,503
City Manager	-	180,804	115,520	-	-	296,324
City Attorney	-	-	185,651	-	-	185,651
City Prosecutor	-	-	67,372	-	-	67,372
City Clerk	-	-	312,104	-	-	312,104
Finance	-	7,013,021	694,676	-	-	7,707,697
Human Resources	-	-	148,459	-	-	148,459
Affirmative Action	-	-	40,818	-	-	40,818
Non-departmental	<u>54,226,482</u>	<u>152,217,898</u>	<u>185,650</u>	<u>-</u>	<u>-</u>	<u>206,630,030</u>
Total general government	<u>54,226,482</u>	<u>159,411,723</u>	<u>1,825,753</u>	<u>-</u>	<u>-</u>	<u>215,463,958</u>
Public safety:						
Fire	-	4,399,600	2,147,964	-	-	6,547,564
Police	-	<u>27,258,534</u>	<u>6,106,181</u>	<u>-</u>	<u>-</u>	<u>33,364,715</u>
Total public safety	<u>-</u>	<u>31,658,134</u>	<u>8,254,145</u>	<u>-</u>	<u>-</u>	<u>39,912,279</u>
Transportation:						
Public Works and Transportation	<u>1,240,992</u>	<u>18,831,186</u>	<u>3,684,383</u>	<u>203,196,466</u>	<u>93,806,398</u>	<u>320,759,425</u>
Health:						
Public Health	<u>-</u>	<u>5,599,411</u>	<u>404,434</u>	<u>-</u>	<u>-</u>	<u>6,003,845</u>
Culture and leisure:						
Human Services, Recreation and Neighborhoods	<u>-</u>	<u>17,727,940</u>	<u>2,334,605</u>	<u>-</u>	<u>-</u>	<u>20,062,545</u>
Community development:						
Planning and Permitting	-	6,927,375	1,101,232	-	-	8,028,607
Housing and Development	-	<u>32,433,629</u>	<u>3,211,103</u>	<u>-</u>	<u>-</u>	<u>35,644,732</u>
Total community development	<u>-</u>	<u>39,361,004</u>	<u>4,312,335</u>	<u>-</u>	<u>-</u>	<u>43,673,339</u>
Total general fixed assets	<u>\$55,467,474</u>	<u>272,589,398</u>	<u>20,815,655</u>	<u>203,196,466</u>	<u>93,806,398</u>	<u>645,875,391</u>

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

CITY OF PASADENA

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity ⁽¹⁾

For the fiscal year ended June 30, 2008

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Governmental Funds Capital Assets June 30, 2008</u>
General government:				
City Council	\$ 75,503	-	-	75,503
City Manager	296,324	-	-	296,324
City Attorney	185,651	-	-	185,651
City Prosecutor	67,372	-	-	67,372
City Clerk	314,172	-	(2,068)	312,104
Finance	7,714,297	-	(6,600)	7,707,697
Human Resources	148,459	-	-	148,459
Affirmative Action and Diversity	40,818	-	-	40,818
Non-departmental	<u>205,306,834</u>	<u>1,323,196</u>	<u>-</u>	<u>206,630,030</u>
Total general government	<u>214,149,430</u>	<u>1,323,196</u>	<u>(8,668)</u>	<u>215,463,958</u>
Public safety:				
Fire	6,477,578	69,986	-	6,547,564
Police	<u>33,381,692</u>	<u>46,812</u>	<u>(63,789)</u>	<u>33,364,715</u>
Total public safety	<u>39,859,270</u>	<u>116,798</u>	<u>(63,789)</u>	<u>39,912,279</u>
Transportation:				
Public Works and Transportation	<u>297,294,839</u>	<u>34,830,457</u>	<u>(11,365,871)</u>	<u>320,759,425</u>
Health:				
Public Health	<u>6,014,747</u>	<u>-</u>	<u>(10,902)</u>	<u>6,003,845</u>
Culture and leisure:				
Human Services, Recreation and Neighborhoods	<u>20,123,994</u>	<u>-</u>	<u>(61,449)</u>	<u>20,062,545</u>
Community development:				
Planning and Permitting	8,028,607	-	-	8,028,607
Housing and Development	<u>34,874,035</u>	<u>770,697</u>	<u>-</u>	<u>35,644,732</u>
Total community development	<u>42,902,642</u>	<u>770,697</u>	<u>-</u>	<u>43,673,339</u>
Total governmental funds capital assets	<u>\$ 620,344,922</u>	<u>37,041,148</u>	<u>(11,510,679)</u>	<u>645,875,391</u>

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

STATISTICAL SECTION

(Unaudited)

This section of the City of Pasadena’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	262
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	267
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	274
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	282
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	285

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Table 1

CITY OF PASADENA
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 46,116	148,883	178,073	177,710	221,450	284,366	280,704
Restricted	39,745	15,077	3,326	11,021	37,608	44,513	36,428
Unrestricted	<u>112,104</u>	<u>58,176</u>	<u>81,998</u>	<u>84,615</u>	<u>52,625</u>	<u>15,402</u>	<u>55,836</u>
Total governmental activities net assets	<u>\$197,965</u>	<u>222,136</u>	<u>263,397</u>	<u>273,346</u>	<u>311,683</u>	<u>344,281</u>	<u>372,968</u>
Business-type activities							
Invested in capital assets, net of related debt	\$187,923	125,217	120,562	144,993	172,776	211,672	254,992
Restricted	12,184	280,460	-	184,290	191,111	191,731	153,935
Unrestricted	<u>188,276</u>	<u>-</u>	<u>295,394</u>	<u>108,110</u>	<u>76,034</u>	<u>88,377</u>	<u>119,139</u>
Total business-type activities net assets	<u>\$388,383</u>	<u>405,677</u>	<u>415,956</u>	<u>437,393</u>	<u>439,921</u>	<u>491,780</u>	<u>528,066</u>
Primary government							
Invested in capital assets, net of related debt	\$234,039	274,100	298,635	322,703	394,226	496,038	535,697
Restricted	51,929	295,537	3,326	195,311	228,719	236,244	190,362
Unrestricted	<u>300,380</u>	<u>58,176</u>	<u>377,392</u>	<u>192,725</u>	<u>128,659</u>	<u>103,779</u>	<u>174,974</u>
Total primary government net assets	<u>\$586,348</u>	<u>627,813</u>	<u>679,353</u>	<u>710,739</u>	<u>751,604</u>	<u>836,061</u>	<u>901,033</u>

The City of Pasadena implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Table 2

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 26,779	49,562	27,947	50,248	38,301	45,708	44,788
Public safety	60,890	64,948	70,480	78,920	82,372	95,181	99,785
Transportation	28,517	33,787	30,918	37,322	42,277	34,109	50,035
Sanitation	2,083	2,669	2,739	2,409	3,104	3,110	3,189
Health	10,035	10,070	10,991	10,834	11,548	12,469	12,444
Culture and leisure	20,986	22,115	22,602	23,379	24,725	26,123	27,608
Community development	16,809	32,108	37,996	31,593	33,655	38,596	40,763
Interest and other fiscal charges	15,008	16,739	15,592	15,740	15,979	16,753	15,345
Total governmental activities expenses	181,107	231,998	219,265	250,445	251,961	272,049	293,957
Business-type activities:							
Electric	121,280	115,360	126,921	125,859	143,063	141,189	162,719
Water	26,513	27,996	29,132	30,281	29,424	32,886	36,394
Refuse	8,221	8,401	8,975	9,331	10,737	10,785	12,098
Parking	9,843	10,615	10,209	10,727	11,293	11,960	12,437
Telecommunication	-	-	-	416	382	364	470
Total business-type activities expenses	165,857	162,372	175,237	176,614	194,899	197,184	224,118
Total primary government expenses	\$ 346,964	394,370	394,502	427,059	446,860	469,233	518,075
Program Revenues							
Governmental activities:							
Charges for services							
General government	\$ 11,909	12,882	14,481	14,246	14,786	16,161	16,679
Public safety	14,397	13,739	10,698	16,497	12,068	13,274	14,064
Transportation	3,585	4,035	9,076	5,466	10,964	12,275	13,802
Sanitation	4,183	4,331	4,796	4,884	5,358	5,593	5,583
Health	703	712	724	734	766	731	788
Culture and leisure	1,431	1,215	1,857	2,029	2,112	2,152	2,114
Community development	6,742	9,066	10,014	11,735	11,768	9,867	10,503
Operating grants and contributions	26,623	26,242	36,220	32,560	34,842	33,668	41,254
Capital grants and contributions	6,351	13,816	15,421	22,602	16,113	17,166	14,456
Total governmental activities program revenues	75,924	86,038	103,287	110,753	108,777	110,887	119,243
Business-type activities:							
Charges for services:							
Electric	116,564	126,425	138,530	138,642	149,985	167,538	185,043
Water	26,519	28,958	31,860	34,267	34,508	39,942	39,560
Refuse	7,190	8,392	7,996	8,744	9,136	9,627	10,012
Parking	8,035	8,778	10,337	11,075	11,878	12,282	13,867
Telecommunication	327	180	452	446	356	358	428
Operating grants and contributions	1,738	3,168	2,495	2,764	2,693	2,670	3,233
Total business-type activities program revenues	160,373	175,901	191,670	195,938	208,556	232,417	252,143
Total primary government program revenues	\$ 236,297	261,939	294,957	306,691	317,333	343,304	371,386
Net Revenues (Expenses)							
Governmental activities	\$(105,183)	(145,960)	(115,978)	(139,692)	(143,184)	(161,162)	(174,714)
Business-type activities	(5,484)	13,529	16,433	19,324	13,657	35,233	28,025
Total net revenues (expenses)	\$(110,667)	(132,431)	(99,545)	(120,368)	(129,527)	(125,929)	(146,689)

(continued)

Table 2

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property tax, levied for general purpose	\$ 38,801	42,843	46,966	46,268	51,116	61,736	63,449
Sales tax	29,479	33,219	32,472	34,025	33,992	34,634	36,519
Utility users' tax	24,748	24,142	25,928	26,639	26,766	28,063	29,640
Transient occupancy tax	6,456	6,610	7,022	7,445	8,481	8,565	8,848
Construction tax	2,764	3,339	4,474	3,974	3,223	3,828	3,984
Business license tax	4,041	4,021	4,784	4,147	5,289	5,321	5,604
Franchise tax	1,907	1,756	2,026	2,079	2,194	2,187	2,108
Other taxes	995	4,960	5,440	5,475	5,721	6,153	6,222
Other intergovernmental	10,645	10,738	8,929	14,213	13,478	14,145	14,565
Investment earnings	11,746	10,567	7,254	10,091	11,302	13,808	11,688
Net change in fair value of investments	1,238	466	(1,883)	(311)	(2,482)	2,640	1,163
Gain on sale of assets	63	604	31	-	23	-	146
Miscellaneous revenues	2,844	4,775	4,733	12,094	9,429	6,361	5,329
Transfers	5,637	14,321	14,257	16,587	22,915	6,320	14,137
Total governmental activities	141,364	162,361	162,433	182,726	191,447	193,761	203,402
Business-type activities:							
Taxes:							
Transient occupancy tax	1,175	1,017	1,174	1,439	1,766	1,793	1,883
Franchise tax	507	749	792	1,110	1,659	1,957	2,215
Investment earnings	12,734	13,216	9,094	9,895	10,059	13,580	11,918
Net change in fair value of investments	2,817	592	(5,260)	906	(5,604)	2,476	3,529
Gain on sale of assets	(14)	13	-	1,106	-	-	(149)
Miscellaneous revenues	2,163	2,498	2,302	4,244	3,906	3,139	3,004
Transfers	(8,844)	(14,321)	(14,257)	(16,587)	(22,915)	(6,320)	(14,137)
Total business-type activities	10,538	3,764	(6,155)	2,113	(11,129)	16,625	8,263
Total primary government	\$ 151,902	166,125	156,278	184,839	180,318	210,386	211,665
Changes in Net Assets							
Governmental activities	\$ 36,181	16,401	46,455	43,034	48,263	32,599	28,688
Business-type activities	5,054	17,293	10,278	21,437	2,528	51,858	36,288
Total primary government	\$ 41,235	33,694	56,733	64,471	50,791	84,457	64,976

The City of Pasadena implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Table 3

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

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:							
Reserved	\$13,995	14,883	9,906	7,085	7,065	6,971	7,127
Unreserved	<u>34,845</u>	<u>35,566</u>	<u>49,391</u>	<u>61,996</u>	<u>72,401</u>	<u>59,517</u>	<u>58,798</u>
Total general fund	<u>\$48,840</u>	<u>50,449</u>	<u>59,297</u>	<u>69,081</u>	<u>79,466</u>	<u>66,488</u>	<u>65,925</u>
All Other Governmental Funds:							
Reserved	\$49,104	68,211	58,468	67,444	77,662	84,568	98,390
Unreserved, reported in:							
Special revenue funds	37,069	38,455	51,444	43,104	44,033	43,025	46,593
Capital project funds	23,810	103,581	93,985	95,572	54,847	38,463	22,592
Debt service funds	(37,760)	(38,719)	(32,775)	(24,786)	(25,363)	(24,475)	(23,379)
Permanent funds	<u>839</u>	<u>870</u>	<u>946</u>	<u>971</u>	<u>993</u>	<u>1,047</u>	<u>1,062</u>
Total all other governmental funds	<u>\$73,062</u>	<u>172,398</u>	<u>172,068</u>	<u>182,305</u>	<u>152,172</u>	<u>142,628</u>	<u>145,258</u>

The City of Pasadena has elected to show only seven years of data for this schedule.

Table 4

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Revenues:							
Taxes	\$109,190	120,889	129,111	130,053	136,783	150,487	156,373
Licenses and permits	5,647	7,333	7,386	9,438	9,185	7,121	8,646
Intergovernmental revenues	39,370	48,799	53,974	64,173	56,485	60,304	57,531
Charges for services	27,692	29,063	25,299	32,358	34,653	37,892	39,088
Fines and forfeits	4,379	4,120	5,425	6,542	7,080	7,758	8,025
Investment earnings	20,341	21,469	25,066	22,870	24,970	30,192	28,311
Net change in fair value of investments	912	399	(1,351)	(288)	(2,096)	2,258	1,039
Rental income	4,418	4,502	4,931	4,870	4,867	4,991	5,370
Miscellaneous revenues	3,834	5,707	7,949	15,148	11,336	8,756	7,894
Contributions	4,126	2,546	2,560	2,382	4,836	7,292	6,005
Forgiveness of advances	-	-	2,900	-	-	-	-
Total revenues	<u>219,909</u>	<u>244,827</u>	<u>263,250</u>	<u>287,546</u>	<u>288,099</u>	<u>317,051</u>	<u>318,282</u>
Expenditures:							
Current:							
General government	24,733	25,788	25,939	27,261	31,037	34,717	35,124
Public safety	60,529	64,139	69,450	77,965	81,861	92,713	96,211
Transportation	26,392	27,655	29,822	31,012	33,923	34,193	36,717
Sanitation	2,083	2,669	2,739	2,409	3,104	3,109	3,189
Health	9,927	9,960	10,880	10,727	11,430	12,247	12,124
Culture and leisure	20,477	21,564	22,095	22,912	24,293	25,518	26,821
Community development	30,172	32,324	38,543	35,142	37,059	38,052	39,682
Capital outlay	13,460	16,370	33,803	38,786	75,111	60,902	34,999
Debt service:							
Principal retirement	8,507	10,702	10,488	53,054	12,322	12,296	41,972
Interest	25,288	28,055	30,630	29,577	31,557	35,212	34,165
Bond issuance costs	-	912	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	1,408	-	-
Total expenditures	<u>221,568</u>	<u>240,138</u>	<u>274,389</u>	<u>328,845</u>	<u>343,105</u>	<u>348,959</u>	<u>361,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,659)</u>	<u>4,689</u>	<u>(11,139)</u>	<u>(41,299)</u>	<u>(55,006)</u>	<u>(31,908)</u>	<u>(42,722)</u>
Other financing sources (uses):							
Discount on debt issued	-	(210)	-	-	(36)	-	836
Issuance of long-term debt	27,276	73,790	40,168	42,932	17,542	87	27,939
Payment to refunded bond escrow agent	(21,604)	-	(38,527)	-	(5,186)	-	-
Transfers in	62,130	77,173	82,052	134,570	136,498	109,124	112,228
Transfers out	(52,941)	(61,160)	(64,035)	(116,182)	(112,144)	(99,825)	(96,215)
Transfers to component units	(3,499)	-	-	-	-	-	-
Transfers from component units	291	-	-	-	-	-	-
Total other financing sources (uses)	<u>11,653</u>	<u>89,593</u>	<u>19,658</u>	<u>61,320</u>	<u>36,674</u>	<u>9,386</u>	<u>44,788</u>
Net change in fund balances	<u>\$ 9,994</u>	<u>94,282</u>	<u>8,519</u>	<u>20,021</u>	<u>(18,332)</u>	<u>(22,522)</u>	<u>2,066</u>
Debt service as a percentage of noncapital expenditures	16.2%	17.3%	17.1%	28.5%	16.4%	16.5%	23.4%

The City of Pasadena has elected to show only seven years of data for this schedule.

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

Fiscal Year	Secured Valuations	Homeowners Exemption	Net Secured Valuations	Unsecured Valuations	Total Assessed Valuation	Total Direct Tax Rate
1999	\$9,131,132	(137,558)	8,993,574	458,544	9,452,118	n/a
2000	9,620,391	(135,869)	9,484,522	465,739	9,950,261	n/a
2001	10,236,475	(134,430)	10,102,045	503,730	10,605,775	n/a
2002	10,781,460	(133,467)	10,647,993	577,896	11,225,889	n/a
2003	11,537,777	(132,466)	11,405,311	606,087	12,011,398	0.36%
2004	12,667,923	(131,710)	12,536,213	587,938	13,124,151	0.36%
2005	13,672,183	(134,055)	13,538,128	564,808	14,102,936	0.34%
2006	15,071,977	(134,405)	14,937,572	598,396	15,535,968	0.34%
2007	16,759,245	(133,112)	16,626,133	620,524	17,246,657	0.37%
2008	18,339,519	(134,380)	18,205,139	607,798	18,812,937	0.34%

NOTES:

Amounts pertaining to the Pasadena Community Development Commission and the City have been combined.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Total direct tax rate information was not available for years prior to 2003.

Source: Los Angeles County Auditor-Controller and California Municipal Statistics, Inc

Table 6

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Direct Rates:					
City basic rate	0.2090	0.1894	0.1925	0.2139	0.1926
Pasadena Community Development Commission	<u>0.1488</u>	<u>0.1515</u>	<u>0.1480</u>	<u>0.1552</u>	<u>0.1447</u>
Total City Direct Rate	0.3578	0.3409	0.3405	0.3691	0.3373
Overlapping Rates:					
Los Angeles County General	0.3174	0.3332	0.3225	0.3067	0.3277
Pasadena School District	0.3341	0.3316	0.3555	0.2847	0.2993
Pasadena Community College District	0.0999	0.1019	0.0964	0.1122	0.1103
Flood Control District	0.0005	0.0003	0.0001	0.0001	-
Metropolitan Water District	<u>0.0061</u>	<u>0.0058</u>	<u>0.0052</u>	<u>0.0047</u>	<u>0.0045</u>
Total Direct Rate	<u>1.1158</u>	<u>1.1137</u>	<u>1.1202</u>	<u>1.0775</u>	<u>1.0791</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the various intergovernmental overlapping debt.

Source: County of Los Angeles Tax Assessor and California Municipal Statistics, Inc.

Table 7

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

<u>Property Owner</u>	<u>2008</u>		<u>1999</u>	
	<u>Total Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Kaiser Foundation Health Plan Inc.	\$ 203,318,761	0.98%	\$ 191,072,654	2.09%
Paseo Colorado Holdings LLC	127,391,704	0.61%	-	0.00%
SSR Paseo Colorado LLC	106,206,848	0.51%	-	0.00%
Pasadena Towers LLC	104,164,646	0.50%	-	0.00%
Equity Office Properties Trust	103,537,991	0.50%	-	0.00%
Archstone Smith Operating Trust	95,133,577	0.46%	-	0.00%
Operating Engineers Funds, Inc.	77,914,178	0.38%	43,888,832	0.48%
Crown City Center LLC	75,234,474	0.36%	-	0.00%
Parfinco EWA LLC	71,198,279	0.34%	-	0.00%
621 Colorado Associates	71,001,649	0.34%	-	0.00%
Spieker Properties	-	0.00%	103,164,000	1.13%
ZML Pasadena Towers LLC	-	0.00%	76,989,600	0.84%
One Colorado Associates	-	0.00%	62,064,953	0.68%
Ralph M. Parsons Company	-	0.00%	59,739,420	0.65%
Avery Dennison Corporation	-	0.00%	57,353,719	0.63%
Aetna Life Insurance Company	-	0.00%	56,613,107	0.62%
Koar Pasadena Investment Partnership	-	0.00%	53,082,545	0.58%
Teachers Insurance & Annuity Association	-	0.00%	45,493,387	0.50%
Total principal property taxpayers gross assessed value	<u>\$ 1,035,102,107</u>	4.98%	<u>\$ 749,462,217</u>	8.20%

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Data is only presented for the top ten properties in each of the two years presented.

Source: California Municipal Statistics, Inc.

CITY OF PASADENA
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	\$ 16,936,104	17,175,041	101.41%		17,173,385	101.40%
2000	17,507,487	18,152,353	103.68%		18,149,109	103.66%
2001	18,486,531	19,324,844	104.53%		19,307,904	104.44%
2002	19,343,432	20,538,378	106.18%		20,538,105	106.18%
2003	21,614,925	21,657,649	100.20%		21,647,412	100.15%
2004	25,035,000	24,263,454	96.92%		24,256,163	96.89%
2005	25,035,000	23,473,719	93.76%		24,407,118	97.49%
2006	27,050,015	26,707,198	98.73%	386,497	27,093,695	100.16%
2007	32,496,995	31,420,267	96.69%	485,647	31,905,914	98.18%
2008	33,781,403	34,227,671	101.32%	*	34,227,671	101.32%

(1) Excludes collections from Police Building General Obligation Bond Assessment.

For fiscal years 1999-2005, insufficient data was available to determine what portion of the amount collected within the fiscal year was actually levied in another year, therefore the total taxes collected during the fiscal year are lump summed into the Total Collections.

* Collection in subsequent year information for fiscal year 2008 is not available.

Table 9

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

	1999	2000	2001 ³	2002	2003	2004	2005	2006	2007	2008
Type of Customer:										
Residential	291,183	277,673	289,371	268,803	287,717	306,776	313,470	314,235	337,905	338,855
Commercial and Industrial ¹	797,444	824,196	802,181	766,785	815,701	844,449	830,523	862,664	880,661	884,070
Street Lights and Traffic Signals ¹	13,905	13,921	13,934	13,944	16,488	18,563	18,667	16,841	15,744	15,701
Wholesales to other Utilities	101,443	77,006	150,214	144,714	50,249	113,919	125,250	27,816	122,496	315,484
Other	<u>41,257</u>	<u>39,684</u>	<u>34,543</u>	<u>36,613</u>	<u>40,366</u>	<u>6,120</u>	<u>8,369</u>	<u>(6,119)</u>	<u>9,045</u>	<u>(7,212)</u>
Total	1,245,232	1,232,480	1,290,243	1,230,859	1,210,521	1,289,827	1,296,279	1,215,437	1,365,851	1,546,898
Total direct rate per megawatt hour ²	109.62	138.60	233.77	94.70	104.44	107.40	106.95	123.40	109.81	119.62

¹ Commercial and Industrial Sales were reported separately prior to 2001.

² Rate represents average cost per megawatt hour with respect to total revenue sales from electricity.

³ Increase in total energy revenue in Fiscal Year 2001 resulted from unusually high market prices and sales volume. Wholesale sales to other utilities was \$33,335,325 in 2000 and \$132,890,825 in 2001.

Source: Pasadena Water and Power

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

Fiscal Year Ended June 30	Residential	Commercial & Industrial	Street Lights & Traffic Signals	Other
1999	0.1030	0.2045	0.0922	0.0916
2000	0.1087	0.2147	0.0920	0.1036
2001	0.1364	0.2655	0.1252	0.1156
2002	0.1070	0.2170	0.0960	N/A
2003	0.1060	0.0940	0.0950	0.2300
2004	0.1150	0.1030	0.1050	0.7140
2005	0.1150	0.1050	0.0930	1.0190
2006	0.1180	0.1060	0.1010	N/A
2007	0.1310	0.1160	0.1160	N/A
2008	0.1450	0.1210	0.1220	N/A

Source: Pasadena Water and Power

CITY OF PASADENA
Electricity Customers
Current Year and Nine Years Ago

<u>Electricity Customer</u>	<u>2008</u>	
	<u>Electricity</u> <u>Charges</u>	<u>Percent of</u> <u>Operating Electric</u> <u>Revenues</u>
California Institute of Technology	\$ 6,183,064	3.34%
Huntington Memorial Hospital	4,317,966	2.33%
AT&T	2,164,720	1.17%
Kaiser Permanente	1,891,559	1.02%
Pasadena City College - Street Lights	1,831,555	0.99%
City of Pasadena	1,702,550	0.92%
Earthlink, Inc.	1,330,841	0.72%
Paseo Colorado Holdings	1,308,524	0.71%
Aetna Insurance	1,260,646	0.68%
Parfinco EWA LLC	<u>1,250,553</u>	<u>0.68%</u>
	<u>\$ 23,241,977</u>	<u>12.56%</u>

Source: Pasadena Water and Power

Information for the fiscal year 1999 is not available.

CITY OF PASADENA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	General Obligation Bonds	Pension Bonds ¹	Certificates of Participation ²	Tax Allocation Bonds	Capitalized Lease Obligations	Notes Payable	
1999	10,460,000	-	103,739,000	22,743,475	979,000	4,885,000	142,806,475
2000	9,365,000	101,940,000	97,948,000	16,231,766	1,614,000	4,835,000	231,933,766
2001	8,225,000	101,470,000	94,248,484	15,421,254	5,242,699	5,675,000	230,282,437
2002	7,025,000	100,655,000	89,251,551	14,654,231	4,836,605	11,727,247	228,149,634
2003	5,760,000	99,460,000	157,550,913	13,839,947	4,427,913	9,949,097	290,987,870
2004	4,425,000	97,850,000	154,346,344	12,977,606	4,051,253	10,088,812	283,739,015
2005	3,025,000	135,590,000	149,034,480	12,065,364	9,618,935	7,811,133	317,144,912
2006	1,550,000	131,960,000	154,256,497	10,607,328	9,291,742	8,144,865	315,810,432
2007		128,045,000	149,318,861	9,928,550	7,812,910	7,162,835	302,268,156
2008		123,610,000	140,931,605	8,819,025	6,527,207	7,120,623	287,008,460

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Taxable Pension Funding Bonds issued in 1999 for \$101,940,000 and \$40,750,000 in 2005.

² Certificates of Participation (City Hall & Park Improvement) and Electric Revenue Bonds in the amount of \$73,790,000 and \$82,320,000, respectively; issued in 2003. Electric Revenue Bonds and Water Revenue Bonds in the amount of \$9,905,000 and \$47,425,000, respectively, issued in 2004. Lease Revenue Bonds in the amount of \$10,355,000 issued in 2006. Water Revenue Bonds in the amount of \$21,550,000 issued in 2007, Certificates of Participation (2008 Series B) and Electric Revenue Bonds in the amount of \$27,650,000 and \$58,555,000 were issued in 2008.

* Percentage of Personal Income and Debt Per Capital is an estimated.
 Per Capita Personal Income data not available for last two fiscal years. Used data from 2006. See table 18.

Table 12

Business-type Activities							
Revenue Bonds ²	Certificates of Participation	Capitalized Lease Obligations	Notes Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income *	Debt Per Capita *
97,800,000	43,348,000	-	-	141,148,000	283,954,475	71.23267972	1,993
95,455,000	42,056,000	4,650,000	2,562,000	144,723,000	376,656,766	95.08374603	2,779
125,345,000	40,625,180	4,130,109	2,481,690	172,581,979	402,864,416	96.19351997	2,934
122,735,000	39,057,516	4,996,009	2,397,665	169,186,190	397,335,824	92.83268158	2,862
196,095,000	37,341,495	4,238,258	2,309,369	239,984,122	530,971,992	118.7182925	3,734
220,220,000	35,705,243	3,437,886	2,216,898	261,580,027	545,319,042	114.1017217	3,786
210,515,000	33,688,067	3,247,905	2,119,416	249,570,388	566,715,300	113.2846105	3,900
201,535,000	31,469,000	2,353,109	2,016,981	237,374,090	553,184,522	101.3156989	3,785
213,785,000	29,106,683	1,284,128	1,909,341	246,085,152	548,353,308	99.66430835	3,724
262,250,000	26,530,869	537,119	1,796,485	291,114,473	578,122,933	104.4621081	3,903

Table 13

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Pension Bonds	Certificates of Participation and Revenue Bonds	Tax Allocation Bonds	Total		
1999	10,460,000	-	103,739,000	22,743,475	136,942,475	1.45%	961
2000	9,365,000	101,940,000	97,948,000	16,231,766	225,484,766	2.27%	1,664
2001	8,225,000	101,470,000	94,248,484	15,421,254	219,364,738	2.07%	1,598
2002	7,025,000	100,655,000	89,251,551	14,654,231	211,585,782	1.88%	1,524
2003	5,760,000	99,460,000	157,550,913	13,839,947	276,610,860	2.30%	1,945
2004	4,425,000	97,850,000	154,346,344	12,977,606	269,598,950	2.05%	1,872
2005	3,025,000	135,590,000	149,034,480	12,065,364	299,714,844	2.13%	2,063
2006	1,550,000	131,960,000	154,256,497	10,607,328	298,373,825	1.92%	2,042
2007	-	128,045,000	149,318,861	9,928,550	287,292,411	1.67%	1,951
2008	-	123,610,000	140,931,605	8,819,025	273,360,630	1.45%	1,845

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

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Table 14

CITY OF PASADENA
Direct and Overlapping Debt
June 30, 2008

City Assessed Valuation		\$ 16,200,802,079	
Redevelopment Agency Incremental Valuation		2,612,134,921	
Total Assessed Valuation		<u>\$ 18,812,937,000</u>	
	Percentage	Outstanding	Estimated
	Applicable ¹	Debt 6/30/08	Share of
			Overlapping
			Debt
Overlapping Tax and Assessment Debt:			
Los Angeles County Flood Control District	2.029%	99,210,000	2,012,971
Metropolitan Water District	0.926%	327,215,000	3,030,011
Pasadena Area Community College District	32.421%	85,115,552	27,595,313
La Canada Unified School District	0.230%	25,958,786	59,705
Pasadena Unified School District	69.968%	198,570,000	138,935,458
City of Pasadena Community Facilities District No. 1	100.000%	8,685,000	8,685,000
Los Angeles County Improvement District No. 2658-M	0.987%	1,000,000	9,870
Los Angeles County Regional Park and Open Space Assessment District	1.858%	<u>269,995,000</u>	<u>5,016,507</u>
Total overlapping tax and assessment debt		<u>1,015,749,338</u>	<u>185,344,835</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	1.858%	\$ 1,019,552,788	18,943,291
Los Angeles County Pension Obligations	1.858%	6,544,905	121,604
Los Angeles County Superintendent of Schools Certificates of Participation	1.858%	17,861,064	331,859
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	0.357%-58.007%	66,517,874	14,308,737
Pasadena Area Community College District Certificates of Participation	32.421%	<u>3,410,000</u>	<u>1,105,556</u>
Total gross overlapping other debt		<u>1,113,886,631</u>	<u>34,811,047</u>
Total net overlapping debt		<u>\$ 2,129,635,969</u>	220,155,882
City direct debt			<u>578,122,933</u>
Total direct and overlapping debt			<u>\$798,278,815</u>

Notes:

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Assessed valuation	9,452,118	9,950,261	10,605,775	11,225,889	12,011,398
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,363,030	2,487,565	2,651,444	2,806,472	3,002,850
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	354,454	373,135	397,717	420,971	450,427
Total net debt applicable to limit:					
General obligation bonds	<u>10,460</u>	<u>9,365</u>	<u>8,225</u>	<u>7,025</u>	<u>5,760</u>
Legal debt margin	<u>343,994</u>	<u>363,770</u>	<u>389,492</u>	<u>413,946</u>	<u>444,667</u>
Total debt applicable to the limit as a percentage of debt limit	3.0%	2.5%	2.1%	1.7%	1.3%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Pasadena, Department of Finance
Los Angeles County Tax Assessor

Table 15

Fiscal Year				
2004	2005	2006	2007	2008
13,124,151	14,102,936	15,535,968	17,246,657	18,812,937
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
3,281,038	3,525,734	3,883,992	4,311,664	4,703,234
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
492,156	528,860	582,599	646,750	705,485
<u>4,425</u>	<u>3,025</u>	<u>1,550</u>	<u>-</u>	<u>-</u>
<u><u>487,731</u></u>	<u><u>525,835</u></u>	<u><u>581,049</u></u>	<u><u>646,750</u></u>	<u><u>705,485</u></u>
0.9%	0.6%	0.3%	0.0%	0.0%

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

Fiscal Year Ended June 30	<u>General Obligation Bonds</u>				<u>Tax Allocation Bonds</u>			
	Property Taxes	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
	Principal	Interest	Principal		Interest			
1999	19,715	1,025	1251	8.66	13,738	6,206	1,132	1.87
2000	21,815	1,095	500	13.68	13,389	6,512	1,087	1.76
2001	22,944	1,140	453	14.40	14,030	5,426	743	2.27
2002	23,674	1,200	403	14.77	15,128	767	778	9.79
2003	24,857	1,265	343	15.46	17,987	814	888	10.57
2004	27,434	1,335	280	16.99	19,532	862	839	11.48
2005	26,717	1,400	217	16.52	21,372	912	786	12.59
2006	28,122	1,475	150	17.31	22,994	963	738	13.52
2007	34,969	1,550	76	21.51	26,767	678	459	23.54
2008	36,228	-	-		27,221	1,109	383	18.24

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

Light & Power Revenue Bonds						
Fiscal Year	Light &	Less	Net	Debt Service³		
Ended	Power	Operating	Available	Principal	Interest	Coverage
June 30	Revenue¹	Expenses²	Revenue	Principal	Interest	Coverage
1999	143,303	96,427	46,876	3,945	3,144	661.25%
2000	179,065	114,120	64,945	1,590	3,287	1331.66%
2001	319,079	227,215	91,864	1,690	3,241	1862.99%
2002	128,480	109,715	18,765	1,760	3,132	383.59%
2003	138,395	100,434	37,961	7,400	5,942	284.52%
2004	146,699	111,410	35,289	7,470	6,626	250.35%
2005	147,346	105,701	41,645	7,575	6,472	296.47%
2006	159,104	122,899	36,205	6,740	6,040	283.29%
2007	179,700	120,616	59,084	6,940	5,969	457.70%
2008	198,231	140,503	57,728	7,205	6,454	422.64%

Water Revenue Bonds						
Fiscal Year	Water	Less	Net	Debt Service³		
Ended	Water	Operating	Available	Principal	Interest	Coverage
June 30	Revenue¹	Expenses²	Revenue	Principal	Interest	Coverage
1999	23,454	17,561	5,893	720	1,519	263.20%
2000	25,492	20,956	4,536	755	1,459	204.88%
2001	25,884	21,550	4,334	805	1,437	193.31%
2002	26,934	22,822	4,112	850	1,392	183.41%
2003	29,099	24,326	4,773	905	1,335	213.08%
2004	32,487	24,659	7,828	2,430	1,976	177.67%
2005	35,008	25,502	9,506	1,385	2,235	262.60%
2006	34,971	24,396	10,575	1,450	2,165	292.53%
2007	40,571	27,442	13,129	1,520	2,176	355.22%
2008	40,874	30,192	10,682	1,995	1,995	267.72%

¹ Total operating revenues including investment earnings

² Total operating expenses exclusive of depreciation

³ Requirements are reported on a cash basis, excluding premiums

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

CITY OF PASADENA
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
1999	142,500	3,986,295	27,974	6.0%
2000	135,513	3,961,316	29,232	4.3%
2001	137,300	4,188,062	30,503	4.6%
2002	138,839	4,280,129	30,828	5.5%
2003	142,202	4,472,537	31,452	5.6%
2004	144,044	4,779,236	33,179	5.3%
2005	145,314	5,002,580	34,426	4.3%
2006	146,138	5,460,008	37,362	4.7%
2007	147,262	5,502,003	37,362 *	4.9%
2008	148,126	5,534,284	37,362 *	4.3%

* Per Capita Personal Income data not available for last two fiscal years

Source:

- (1) State of California, Department of Finance County Population Estimates
- (2) Bureau of Economic Analysis - Includes Long Angeles - Long Beach - Glendale Metropolitan Division
- (3) State of California Employment Development Department

CITY OF PASADENA
Principal Employers
Current Year and Nine Years Ago

Employer	2008		1999	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Jet Propulsion Laboratory	5,000	4.94%	6,950	6.88%
Pasadena City College	3,311	3.27%	810	0.80%
Huntington Memorial Hospital	3,300	3.26%	2,983	2.95%
Kaiser Permanente	3,000	2.96%	440	0.44%
California Institute of Technology	2,650	2.62%	3,500	3.47%
ATT (SBC IN 2007, Pacific Bell in 1998)	2,525	2.49%	1,237	1.22%
The City of Pasadena	2,298	2.27%	1,850	1.83%
Pasadena Unified School District	2,200	2.17%	3,000	2.97%
Bank of America	1,300	1.28%	1,500	1.49%
Parsons Corporation	784	0.77%	2,000	1.98%
The Langham Huntington Hotel	570	0.56%	*	*
Avon Products	425	0.42%	600	0.59%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: Municipal Information Services, Pasadena Public Library and Pasadena Chamber of Commerce

* Data were not available

Table 20

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	406.0	416.4	427.0	444.2	461.8	470.1	471.8	474.3	480.1	487.6
Public safety	530.5	535.5	537.5	555.5	562.5	564.6	563.6	564.6	575.6	591.6
Public works	346.5	354.3	357.0	384.2	361.6	361.3	355.8	357.3	360.3	372.3
Transportation ¹	-	-	-	-	39.6	40.0	43.0	43.0	44.0	46.0
Health	88.0	89.8	86.0	85.9	88.6	90.6	93.1	103.4	104.3	108.8
Culture and leisure	124.8	128.0	130.5	140.9	147.5	151.5	148.1	147.3	146.2	147.2
Water & power	316.9	308.5	304.0	324.5	343.2	363.0	383.0	402.0	413.0	423.0
Information Services ²	<u>116.7</u>	<u>116.7</u>	<u>119.2</u>	<u>122.0</u>	<u>122.0</u>	<u>122.0</u>	<u>118.9</u>	<u>119.8</u>	<u>120.2</u>	<u>121.8</u>
Total	<u>1,929.3</u>	<u>1,949.1</u>	<u>1,961.1</u>	<u>2,057.1</u>	<u>2,126.7</u>	<u>2,163.0</u>	<u>2,177.3</u>	<u>2,211.6</u>	<u>2,243.7</u>	<u>2,298.3</u>

¹ The Public Works and Transportation Departments were combined prior to 2003.

² Information Services (Library).

Source: City Budget Office

CITY OF PASADENA
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Arrests	10,633	10,328	8,930	8,982	9,248	10,699	9,815	9,655	10,117	9,722
Parking citations issued	43,395	41,417	37,671	37,501	29,978	39,355	48,067	47,058	32,098	34,466
Fire:										
Number of emergency calls	13,555	13,696	14,361	14,532	15,024	14,975			11,565	16,089
Inspections						3,607	4,827		3,855	5,017
Water:										
New connections	145	124	69	48	73	172	99	84	99	61
Average daily consumption (thousands of gallons)	31,280	30,710	31,030	32,150	32,700	33,090	30,130	29,960	32,970	31,537

Information for the shaded areas was not available.

Source: City of Pasadena

Table 22

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Transportation:										
Streets (miles)	321	321	321	321	321	321	321	322	322	322
Streetlights	16,000	16,000	16,430	16,455	16,500	16,595	16,720	16,798	17,047	17,047
Traffic signals	284	284	297	291	291	309	312	312	324	340
Parking facilities	13	13	13	13	12	11	11	11	11	11
Culture and leisure										
Park sites	24	24	24	23	23	23	23	24	24	24
Community centers	6	6	6	6	6	6	6	6	6	6
Libraries	10	10	10	10	10	10	10	10	10	10
Electric Utility:										
Power plants	5	5	5	1	1	1	1	1	1	1
Customers	58,388	58,403	59,364	58,715	59,613	60,795	61,401	62,256	62,793	62,902
Miles of service	606.0	606.0	606.0	650.0	650.0	650.0	650.0	640.0	531.0	525.0
Maximum capacity (megawatts)	372	353	353	355	355	355	355	258	197	197
Water:										
Water mains (miles)	500	500	500	500	500	500	500	508	508	508
Customers	37,348	37,515	37,353	37,643	37,933	37,143	37,359	37,135	37,463	37,522
Average daily consumption (mgd)	31.28	30.71	31.03	32.15	32.70	33.09	30.13	29.96	32.97	31.53

Source: City of Pasadena